



INVESTIGATION REPORT INELIGIBLE COSTS INCURRED UNDER JINJA REGIONAL REFERRAL HOSPITAL ON PROCUREMENT OF IT EQUIPMENT OF DESKTOP COMPUTERS, LAPTOPS AND PRINTERS FUNDED BY USAID UNDER THE JRRH G2G AGREEMENT.

ENTITY: JINJA REGIONAL REFERRAL HOSPITAL (JRRH)

COMPLAINANT: USAID THROUGH MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (MoFPED).

SEPTEMBER 2023

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Acronyms

PPDA	-	Public Procurement and Disposal of Public Assets Authority
UGX	-	Uganda Shilling
USD	-	United States Dollars
JRRH	-	Jinja Regional Referral Hospital
MoFPD	-	Ministry of Finance, Planning & Economic Development
LTD	-	Limited
PDE	-	Procurement & Disposal Entity
USAID	-	United States of Agency for International Development
QNTY	-	Quantity
BEB	-	Best Evaluated Bidder

1.0 SUMMARY OF FACTS

1. On 16th March 2021, Jinja Regional Referral Hospital (JRRH) initiated a procurement for the supply, delivery, installation and commissioning of computers, laptops & printer at an estimated total cost of UGX 72,500,000 with the breakdown of items as listed in table 1 below:

Table 1: Items approved to be procured as per PP Form 5 requisition

No.	Description	Qty	Est price	Market prices
1.	Full set Desktop computers (Monitor, CPU, UPS)	13	3,500,000	45,500,000
2.	Laptops	6	3,500,000	21,000,000
3.	Heavy duty multifunction printer	1	6,000,000	6,000,000
4.	Total			72,500,000

2. On the 17th March 2021, the Contracts Committee approved the request for Quotations procurement method, the bidding document with specifications, the shortlist of firms (Kazinga Channel Office world Ltd, Canon World (U) Ltd & ICT Consults Ltd), Evaluation Committee as indicated in table 2 below:

Table 2: Approved Evaluation Committee Membership.

No.	Name	Designation
1.	Mr. Chrissy Karibwije	Procurement Officer
2.	Mr. Norman Anguandia	Data Clerk
3.	Mr. Abert Kwikiriza	Data Officer
4.	Mr. Mark Semakula	Records Officer

3. On 17th March 2021, the Procurement and Disposal Unit issued the bidding document to the shortlisted firms with the deadline of bid submission on 25th March, 2021.
4. On 25th March 2021, the Procurement and Disposal Unit opened the bids received and read out the bid prices as indicated in Table 3 below:

Table 3: Record of Bid Opening

No.	Name of Bidder	Price Read Out (UGX)
1.	ICT Consults Ltd	80,440,000
2.	Kazinga Channel Office World Ltd	71,850,000
3.	Canon World Ltd	77,927,200

5. On 30th March 2021, the evaluation report, indicated that the Evaluation Committee recommended award of the contract to Kazinga Channel Office World Ltd at a total bid price UGX 71,850,200 inclusive of VAT.
6. On 31st March 2021, the Contracts Committee approved the evaluation report and awarded the contract to Kazinga Channel Office World Ltd at a bid price of UGX 71,850,200 (Seventy-one million, eight hundred fifty-nine thousand two hundred shillings) VAT inclusive.
7. On 31st March, 2021, the Entity displayed the best evaluated bidder notice with a removal date of 15th April 2021, showed that the bidders listed in the table 4 below failed for the reasons as indicated:

Table 4: Reasons for Failure

No.	Name of Bidder	Reasons for being unsuccessful
1.	Canon World Ltd	High price - 80,440,000
2.	ICT Consults Ltd	High price- 77,927,200

8. On 15th April 2021, Jinja Regional Referral Hospital signed a contract with Kazinga Channel Office World Ltd at a contract price of UGX 60,890,000 (exclusive of Value Added Tax) and delivery was three weeks after the date of contract signing.
9. On 19th April, 2021 the Accounting Officer appointed Mr. Norman Anguanga (Data Clerk) as a contract manager for the supply, delivery, installation and commissioning of Computers, laptops, and a multifunctional printer.
10. On 21st April, 2021, a delivery of six laptops, 13 desktop Computers & one multi-functional printer with all related accessories was made and Kazinga Channel Office World Ltd invoiced for payment of UGX 71,850,200 Value Added Tax inclusive.
11. On 27th April, 2021 a Goods Received Note was issued for the delivery of the items indicated in table 5 below:

Table 5: Items delivered

SN.	Description	Quantity
1	Dell OptiPlex GX 3080 Desktop computers	13
2	Windows professional	13
3	Dell latitude laptop E35000	6
4	Back pack	6
5	Ricoh MP	1
6	Network card	1
7	Ricoh toner	1

12. On the 28th April, 2021, an ICT equipment testing and verification report for the supply, delivery, installation and commissioning of computers, laptops & a multifunction printer

was issued by the contract manager which indicted that all the deliveries passed the test except for the desktop computers which failed the equipment/component count T-0100 because none of them was delivered with an accompanying uninterruptible power supply (UPS) unit.

13. On 4th May 2021, the Hospital Director (Dr. Tugumisirize Florence) wrote to The Operations Manager Kazinga Channel Office World Ltd informing him of the web cameras not being delivered and specifications not being clear.
14. On 20th May, 2021, Kazinga Channel Office World Ltd confirmed receipt of UGX 53,500,000 partial payment.
15. On 10th June, 2021 the Sales Consultant of Kazinga Channel Office World Ltd confirmed that the delivery of 13 units of 1600va APC UPS, would be made on 22nd June, 2021.
16. On the 16th June, 2021, an ICT equipment testing and verification report for the supply, delivery, installation and commissioning of computers, laptops & a multifunction printer was issued by the Contract Manager (Mr. Anguandia Norman) indicating that all the deliverables were made, passed the test and awaiting engraving, installation, configuration and deployment.
17. On 16th June 2021, a certificate of completion of procurement ref No. JRRH/SPLS/2020/21 0001 G2G was issued by the Contract Manager (Anguandia Norman) confirming that all the delivery passed the test and recommended for deployment.
18. On 25th April 2023, the Authority received a letter dated 17th April, 2023 from Ministry of Finance Planning & Economic Development with an attached complaint from USAID requesting for an investigation and advise on the appropriate action to take on:
 - i- Alleged breach of Government of Uganda procurement process including evidence of inappropriate engagement of the Hospital's former Senior Management with the vendor.
 - ii- Alleged price inflation of \$6,771.29.

2.0 OBJECTIVE OF THE INVESTIGATION

- i. To establish whether there was breach of Government of Uganda procurement process including evidence of inappropriate engagement of the Hospital's former Senior Management with the vendor.
- ii. To establish whether there was price inflation of \$ 6,771.29 in the procurement of equipment of desktop computers, laptops, printers using USAID funds.

3.0 LAW APPLICABLE

- i. The Public Procurement and Disposal of Public Assets Act 2003;
- ii. The Central Governments (PPDA) Regulations, 2014; and

- iii. The Standard Bidding Document issued to bidders.

4.0 SCOPE OF INVESTIGATION

The investigation will cover the procurement process leading to award of contract to Kazinga Channel.

5.0 METHODOLOGY

1. The Authority undertook a review of the following documents:
 - i. Bidding documents issued;
 - ii. Records of issue of bidding documents;
 - iii. Records of bid receipt and opening;
 - iv. Evaluation reports;
 - v. Contracts Committee decisions;
 - vi. Bids submitted; and
 - vii. Contract agreement.
 - viii. Other relevant correspondences on file.
2. On 27th June 2023 and on 29th June 2023, the Authority held meetings with the following officials from the Entity and the service providers as indicated in table 6 below.

Table 6: Officials Met/Interviewed

No.	Name	Designation	Organization
1.	Dr. Alfred Yayi	Accounting Officer/ Hospital Director	Jinja Regional Referral Hospital
2.	Mr. Chrissy Karibwije	Procurement Officer (Head of Procurement and Disposal Unit)	Jinja Regional Referral Hospital
3.	Mr. Norman Anguandia	Data Clerk (Contract Manager)	Jinja Regional Referral Hospital
4.	Mr. Adams Joggo	Accounts Manager	Canon World Ltd
5.	Mr. Patel Asif	Operations Manager	Kazinga Channel Office World Ltd

5.0 FINDINGS OF THE AUTHORITY

5.1 Whether the Entity breached Government of Uganda procurement processes, including inappropriately engaged of the hospital former Senior Management with the vendors

- i. According the letter from Ministry of Finance, Planning, and Economic Development (MoFPED) with an attached compliant from USAID, it is alleged that;
 - a) There was breach of Government of Uganda procurement process including evidence of inappropriate engagement of the Hospital's former Senior Management with the vendor.
 - b) There was a price inflation of \$6,771.29.

- ii. The Entity received funding from USAID to procure 13 desktop computers, six laptops and a multifunctional printer at a total estimated price of UGX. 72,500,000 as per the cost reimbursement document.
- iii. On 17th March 2021, the Contracts Committee approved the Request for Quotations procurement method, shortlist of firms, bidding document and evaluation committee in line with Section 28 of the PPDA Act, 2003.
- iv. Three firms namely; Kazinga Channel Office World Ltd, Canon World (U) Ltd & ICT Consults Ltd were selected from the PPDA register of providers and invited to bid in line with Regulation 38 (4) (a) of the Local Governments (PPDA) Regulations 2006. All the three firms submitted their bids by the bid closing date of 25th March, 2023 according to Mr. Chrissy Karibwije, the Head PDU and PP Form 11 record of receipt of bids.
- v. A review of the evaluation report on file by the Authority indicated that both Canon World (U) Ltd and ICT Consults Ltd were compliant, however both firms should have failed at the preliminary evaluation stage because they did not provide/attach a certificate of registration issued by the Authority, evidence of fulfilment of obligations to pay taxes, Income tax clearance and Powers of Attorney.
- vi. The Authority observed that the minutes of evaluation were not part of the evaluation report Contrary to Reg. 5(12) of the PPDA (Evaluation) Regulations, 2014.
- vii. The Authority observed that, there was no evidence on file to confirm that the Entity had delivered a copy of the notice of best evaluated bidder to all the bidders who participated in the bidding process contrary to Regulation 4 (1) (a) of the PPDA (Contracts) Regulations 2014.
- viii. During an interview with Mr. Adams Juko the Accounts Manager of Canon World Ltd, denied submitting a bid to Jinja Regional Referral Hospital for the said procurement despite the Entity having a bid on file from the said firm.
- ix. The Authority established from the record of issue and receipt of bids that all three firms picked the bidding document and submitted bids. However, the Authority was unable to reach Ms. ICT Consults Ltd for an interview to confirm whether or not the firm submitted a bid.
- x. The Authority further observed that the procurement file did not have a copy of a Contract management plan contrary to Regulation 51 of the PPDA (Contract) Regulations 2014.

In light of the above, the Authority found merit in the allegation of breach of GOU procurement procedures evidenced by the Evaluation Committee passing both Canon World (U) Ltd & ICT Consults Ltd as compliant yet both firms should have failed at the preliminary evaluation stage due to non-submission of:

- i. Certificates of registration on the Register of Providers issued by the Authority.

- ii. Evidence of fulfilment of obligations to pay taxes, Income tax clearance and.
- iii. Powers of Attorney.

The Authority was not able to confirm whether or not Canon World (U) Ltd submitted a bid because whereas the firm denied ever submitting the bid, there is a record of receipt of the bid on file and Head PDU stated during the interview that the bidder submitted a bid.

5.2 Whether there was price inflation of \$ 6,771.29 in the procurement of desktop computers, laptops, printers using USAID funds.

- i. The letter alleged price inflation of \$ 6,771.29 which is equivalent to UGX 25,054,773.
- ii. The Authority noted that the bidder's total price of UGX 71,850,200 was UGX 649,800 lower than the estimated market price of UGX 72,500,000 as indicated in table 7 below:

Table 7: Detailed breakdown of procurement requisition and bidder's prices schedule

Procurement requisition PP Form 5					Kazinga Channel Office World Ltd	
No.	Description	Qty	Est price	Market prices	Unit price	Total price
1.	Desktop computers	13	3,500,000	45,500,000	2,500,000	32,500,000
2.	APC backup UPS 1600VA	13	-	-	530,000	6,890,000
3.	Laptops	6	3,500,000	21,000,000	3,000,000	18,000,000
4.	Multifunction printer	1	6,000,000	6,000,000	3,500,000	3,500,000
	VAT					10,960,200
	Total			72,500,000		71,850,200
	Total Saving					649,800

- iii. The Authority noted that the Contracts Committee approved the evaluation report and awarded the contract to Kazinga Channel Office World Ltd on March 31 2021, at a total bid price of UGX 71,859,200, which was within the total budget estimate of UGX 72,500,000.
- iv. A contract was signed between Jinja Regional Referral Hospital and Kazinga Channel Office World Ltd on April 15, 2021, at a contract sum of UGX 60,890,000 VAT exclusive. This was in line with the implementation letter terms of the Development Objective Agreement between the United States of America and the Government of the

Republic of Uganda, which stated that funds provided under the project were to be exempted from all taxes imposed under the laws for Uganda.

- v. During an interview with Mr. Asif Patel the Operations Manager of the Kazinga Channel Office World Ltd, he confirmed that Kazinga Channel Office World Ltd received full payment of UGX 71,850,200 VAT inclusive. He also provided evidence of paying taxes worth UGX 10,960,199.96 to the Uganda Revenue Authority, with an e-invoice/tax invoice number 120125630593 dated June 29, 2021. This is contrary to the signed contract of UGX 60,890,000 (sixty million, eight hundred ninety thousand shillings), VAT exclusive.

In light of the above, the Authority found no merit in the allegation that there was a price inflation of \$ 6,771.29, since the total bid price was lower than the estimated market price. However, there was irregular payment of VAT worth UGX 10,960,199.96 contrary to the signed contract and the USAID funding terms.

6.0 CONCLUSION AND RECOMMENDATION

In accordance with Section 9 of the PPDA Act 2003, and in light of the findings above, the Authority recommends that the Permanent Secretary/Secretary to the Treasury (PS/ST) should take the following Actions:

- i. Task the Accounting Officer to explain why two bidders with non-complaint bids were passed as compliant.
- ii. Refer the matter to the Criminal Investigation Department (CID) for further investigation into the possibility of criminal wrongdoing in light of denial of one of the bidders of ever submitting the bid document.
- iii. Task the Accounting Officer to explain why VAT was paid contrary to donor requirements and instruct the hospital to refund UGX 10,960,199.96 VAT paid to Kazinga Channel Office World Ltd to the Funder.