



**INVESTIGATION REPORT INTO ALLEGED IRREGULARITIES IN THE  
CONTRACT FOR MANAGEMENT OF STREET PARKING IN MBARARA CITY  
COUNCIL**

**ENTITY: MBARARA CITY COUNCIL**

**COMPLAINANT: WHISTLE BLOWER**

**MAY 2024**

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## ACRONYMS

PPDA	-	Public Procurement and Disposal of Public Assets
UGX	-	Uganda Shillings
VAT	-	Value Added Tax

## 1.0. SUMMARY OF FACTS

1. On 11<sup>th</sup> January 2017, the Contracts Committee approved the procurement method, bidding document, and the advert procurement of a contractor to manage revenue collection from street parking in Mbarara Municipality at a reserve price of UGX 4,346,048 per week using open national bidding procurement method.
2. On 12<sup>th</sup> January 2017, Mbarara City Council then “Mbarara Municipal Council” (the Entity) published a bid notice for the procurement in the New Vision Newspaper with the deadline for bid submission on 3<sup>rd</sup> February 2017.
3. On 3<sup>rd</sup> February 2017, the Entity received five bids for the collection of revenue from street parking in Mbarara Municipality as indicated in Table 1 below:

**Table 1 :Record of bid receipt**

No.	Bidder
1.	Woodfix Technical Services Limited
2.	Bakega Investments Limited
3.	Kafrey General Enterprises Limited
4.	Globe World Engineering (U) Limited
5.	JIL Company Limited

4. On 13<sup>th</sup> February 2017, the Contracts Committee approved the following Evaluation Committee members as detailed in Table 2 below:

**Table 2: Evaluation Committee**

No.	Names	Position	Designation
1.	Mr. Peter Turyamuhaki	Chairperson	Principal Community Development Officer
2.	Mr. Patrick Kanamugira	Member	Senior Planner
3.	Ms. Dunant Kamugisha	Member	Senior Accountant

5. The Evaluation Report dated 30<sup>th</sup> March 2017 indicated that Globe World Limited was eliminated at preliminary evaluation for not being compliant to the requirement of list of proprietors and their photographs as had been required by the evaluation criteria. Four bidders proceeded for technical evaluation. JIL Company Limited was eliminated at technical evaluation for not submitting the required experience. Three bidders proceeded for financial evaluation and ranked as in Table 3 below:

**Table 3: Ranking of bids at Financial Evaluation**

No	Name of bidder	Evaluated price (UGX)	Rank
1.	Woodfix Technical Services Limited	5,047,500 per week	1
2.	Bakega Investments Limited	4,576,690 per week	2
3.	Kafrey General Enterprises Limited	4,346,048 per week	3

6. The Evaluation Report recommended Woodfix Technical Services Limited as the best-evaluated bidder at a price of UGX 5,047,500 per week.

7. On 5<sup>th</sup> May 2017, Mbarara Municipal Council signed a contract with Woodfix Technical for the collection of revenue from street parking at a price of UGX 5,047,500 per week for a period of 3 years ending 30<sup>th</sup> June 2020.
8. On 13<sup>th</sup> August 2020, Mbarara City Council published a bid notice for a new procurement in the New Vision Newspaper with the deadline for bid submission on 3<sup>rd</sup> September 2020 following the expiry of the earlier contract.
9. On 3<sup>rd</sup> September 2020, the Entity received and opened three bids for the collection of revenue from street parking in Mbarara City as indicated in Table 4 below:

**Table 4 :Record of bid receipt for the second tender**

No.	Bidder	Price read out (UGX)
1.	Woodfix Technical Services Limited	9,652,500 per week
2.	Hanafast Quality BPC	8,750,000 per week
3.	Multiplex Limited	8,548,217 per week

10. On 24<sup>th</sup> September 2020, the Contracts Committee approved the Evaluation Committee as indicated in Table 5 below:

**Table 5: Evaluation Committee**

No.	Names	Position	Designation
1.	Mr. Samuel Tayebwa Rwakinanga	Chairperson	Senior Revenue Officer
2.	Dr. Moses Amanyire	Member	Senior Veterinary Officer
3.	Mr. Edgar Atwiine Rwabutwagu	Member	Senior Procurement Officer

11. The Evaluation Report dated 23<sup>rd</sup> September 2020 indicated Multiplex Limited was eliminated at detailed technical evaluation stage for lacking recommendation letters from at least three previous clients. Two bidders proceeded for financial evaluation and ranked as shown in Table 6 below:

**Table 6: Ranking of bids at Financial Evaluation**

No	Name of bidder	Evaluated price (UGX)	Rank
1.	Woodfix Technical Services Limited	9,652,500 per week	1
2.	Hana Fast/Bushenyi Property Consultants and Commission Agents Limited	8,750,000 per week	2

12. The Evaluation Committee recommended Woodfix Technical Services Limited as the best evaluated bidder at a price of UGX 9,652,500 per week.
13. On 8<sup>th</sup> December 2020, Mbarara City Council signed a contract with Woodfix Technical Services Limited for the collection of revenue from street parking at a price of UGX 9,652,500 per week for a period of 3 years ending 8<sup>th</sup> December 2023.
14. On 7<sup>th</sup> December 2023, the Contracts Committee extended the contract for a period of 3 months running up to 28<sup>th</sup> February 2024 to pave way for the completion of a new procurement process.

15. On 22<sup>nd</sup> November 2023, the Authority received a letter from a whistle-blower dated 10<sup>th</sup> November 2023 complaining about the irregularities and ineffectiveness in the contract for management of the street parking in Mbarara City by Woodfix Technical Services Limited here in after referred to as “the contractor”. The Complainant specifically stated that Woodfix Technical Services Limited had been managing street parking in Mbarara City since 2016 without a competitive process, and that their tenure had been characterised by forgery of parking tickets, fraud in regard to fines and penalties, gross misconduct, unprofessionalism and corruption.
16. On 19<sup>th</sup> December 2023, the Authority instituted an investigation into the matter.

### **Status of the procurement**

The Entity issued a public notice on 19<sup>th</sup> February 2024 for a new procurement. As of 17<sup>th</sup> April 2024, the process was still ongoing and there was no evidence of a running contract for revenue collection between Woodfix Technical Services Limited and Mbarara City Council even though the same company was still undertaking the revenue collection services.

## **2.0. OBJECTIVES OF THE INVESTIGATION**

The investigation was conducted with a view of establishing whether:

- i. Woodfix Technical Services Limited had been managing street parking since 2016 without a competitive procurement process; and
- ii. The tenure of Woodfix Technical Services Limited had been characterized by forgery, unprofessionalism, and high levels of corruption.

## **3.0. LAWS APPLICABLE**

- i. The Public Procurement and Disposal of Public Assets Act, 2003.
- ii. The Local Governments (PPDA) Regulations, 2006.
- iii. The Local Governments (PPDA) Guidelines, 2008.
- iv. The bidding document issued to bidders.
- v. The contract between Mbarara City Council and Woodfix Technical Services Limited.

## **4.0. METHODOLOGY**

The Authority adopted the following methodology:

1. Review of the following documentation:
  - i. The invitation to bid;
  - ii. The bidding document;
  - iii. Record of issue and receipt of bids;
  - iv. Record of bid opening;
  - v. Bids submitted by the bidders;
  - vi. Evaluation report;
  - vii. The Notice of Best Evaluated Bidder;
  - viii. Contracts Committee minutes;
  - ix. The contracts; and
  - x. And any other related correspondences.

2. The Authority held meetings with the persons shown in Table 7 below:

**Table 7: Persons met by the Authority**

No.	Name	Organisation	Designation
1.	Ms. Lilian Kobusingye	Mbarara City Council	Deputy City Clerk
2.	Mr. Mathias Lugemwa	Woodfix Technical Services Limited	Treasurer
3.	Ms. Dinah Mwije	Mbarara City Council	Principal Procurement Officer
4.	Anonymous		The Whistle Blower

## 5.0. FINDINGS BY THE AUTHORITY

### 5.1. Whether Woodfix Technical Services Limited had been managing street parking since 2016 without a competitive procurement process

1. The complainant alleged that Woodfix Technical Services Limited had been managing street parking in Mbarara City since 2016 and the City Council had never invited any bidders for the tender since 2016.
2. Section 43(c) of the PPDA Act, 2003 requires a Procuring and Disposing Entity to conduct procurements in a manner that maximizes competition and promotes the achievement of value for money.
3. The Authority reviewed two procurement processes for non-consultancy services to manage revenue collection from street parking in Mbarara City and noted that the Entity:
  - i. Held two successive competitive procurement processes from which Woodfix Technical Services emerged as the best evaluated bidder;
  - ii. Published the bid advert for the first procurement process on 12<sup>th</sup> January 2017 and received five bids of which Woodfix Technical Services Limited was evaluated as the best evaluated bidder at a bid price of UGX 5,047,500 per week, according to the evaluation report dated 30<sup>th</sup> March 2017. The Entity signed a contract with Woodfix Technical Services Limited on 5<sup>th</sup> May 2017 for a period of three years; and
  - iii. Published another bid advert on 13<sup>th</sup> August 2020 and three bids were received of which Woodfix Technical Services Limited was evaluated as the best evaluated bidder at a bid price of 9,652,500 per week as per the evaluation report dated 23<sup>rd</sup> September 2020. The Entity signed a contract with Woodfix Technical Services Limited on 8<sup>th</sup> December 2020 for a period of three years ending 7<sup>th</sup> December 2023; and
  - iv. Extended the contract for a period of three months running from 7<sup>th</sup> December 2023 to 28<sup>th</sup> February 2024 after approval of the Contracts Committee on grounds that the Entity wanted to commence a new procurement process for street parking.
4. The Authority established that the Entity used the open bidding method and advertised in a new paper of wide circulation on both occasions, more than one bid was received and Woodfix Technical Services Limited emerged as the best-evaluated bidder.
5. The Authority did not find merit in the allegation that Woodfix Technical Services Limited was managing street parking in Mbarara City since 2016 without a competitive procurement process.

## 5.2. Whether the tenure of Woodfix Technical Services Limited had been characterized with forgery, unprofessionalism, and high levels of corruption

1. The complainant alleged that the tenure of Woodfix Technical Services Limited had been characterised by forgery of parking tickets, fraud regarding fines, and penalties where penalties would be imposed on vehicles that had not defaulted. The complainant further added that the tenure had been characterized by gross misconduct by the street managers, high levels of unprofessionalism, and corruption.
2. According to the contract signed between Mbarara City Council and Woodfix Technical Services Limited on 8<sup>th</sup> December 2020, the following terms of reference were highlighted:
  - (i). *“The contractor shall, all the time during the life of this agreement, for purposes of all work under the contract, issue receipt books that are exclusively and strictly supplied by Mbarara City”;*
  - (ii). *“ The Contractor should employ a reasonable number of competent and skilled revenue collectors, supervise, pay and discipline them independently of City authorities”;*
  - (iii). *“The Contractor shall identify defaulters on behalf of the City authorities and forward them for prosecution in courts of law”;*
  - (iv). *“The Contractor shall provide uniform to the revenue collection team for easy of identification”;*
  - (v). *“The contractor is required to open up offices within the town to handle all complaints related to the assignment”;*
  - (vi). *“The Contractor shall establish a computerized data base of all vehicles that park in the city that can show the parking fee per hour, monthly reserve fee, wrong parking fee, and also notify the customer before their motor vehicle gets clamped so as to pay via mobile money or where applicable using rock spot technology.”;* and
  - (vii). *“In consultation with the City Engineer and the Physical Planner, the Contractor shall demarcate and mark street parking bays along all roads.”*
3. The Authority found that:
  - (i). Woodfix Technical Services Limited:
    - (a). Was using receipts obtained from the City Council Division offices on a monthly basis. These were serially numbered and used receipt books would be taken back to the Division offices before obtaining new ones;
    - (b). Had records of allocation of uniforms to staff after recruitment. The Authority conducted physical visits on the streets and found that the street parking conductors had uniforms. This was for the identification of staff during operations;
    - (c). Had set up physical offices at Bwerere Building on Marrkhan Singh Street. Parking defaulter notices would refer the road users to the mentioned office to make payments and in case they had any complaints against the notices; and
    - (d). Had also set up a system that had data concerning the daily parking fee collections, the penalties, notices, and outstanding balances per car;
  - (ii). Even though Woodfix Technical Services Limited had a list of contracted staff and records of staff training, there was no documentary evidence of a recruitment system showing the minimum requirements for personnel to be recruited, interviews conducted and/or background check of staff recruited. The Authority further noted that there was a high rate of staff turnover and/or staff would be recruited on a daily basis and this would not give ample time for conducting due diligence on staff backgrounds, conduct, and

- competences before recruitment. Therefore, the contractor's recruitment system was weak and was susceptible to recruitment of unprofessional staff;
- (iii). The parking areas and streets had not been demarcated as stated in the contract. This would make it difficult for the road users to distinguish the designated parking zones from the private parking areas or disallowed parking zones; and
  - (iv). There were errors in the record of parking documents, the document that indicates the vehicle details, and the time parked to enable billing. For example, the record of 26<sup>th</sup> February 2024 indicated a bill on a motor vehicle with number plate UBS 180U, whose number plate did not exist. Woodfix Technical Services Limited had noted the concern and resolved to capture data on the motor vehicle type and street name to aid the reconciliation in case they received complaints from road users. Therefore, the current system of capturing data for street parking users was prone to errors and there was a likelihood that a wrong road user could be charged.
4. The Authority did not find evidence of gross misconduct, unprofessionalism, or corruption by the street managers or forgery of parking tickets. The Authority therefore did not find merit in the allegation that the tenure of Woodfix Technical Services Limited had been characterised by forgery, unprofessionalism, and high levels of corruption

### **Observations**

The Authority however observed the following:

1. The fine for defaulting on payment of parking fees set by the City Council of UGX 30,000 per ticket of UGX 500 was unrealistic and contributed to the defaulting problem. For example, motor vehicle No. UBB 559A which had parking tickets worth UGX 50,000 had accumulated a debt worth UGX 3,000,000 as at 1<sup>st</sup> March 2024. Whereas Woodfix Technical Services Limited explained that there was an avenue for a waiver of penalties, the firm did not provide supporting evidence and/or documentation on public awareness; and
2. There was no running contract for revenue collection from street parking for the period running from 30<sup>th</sup> June 2020 to 8<sup>th</sup> December 2020 after the expiry of the first contract of Woodfix Technical Services Limited. Currently, as of 12<sup>th</sup> April 2024, there was no running contract of Woodfix Technical Services Limited for the same revenue source after expiry of the last contract on 28<sup>th</sup> February 2024 although the procurement process for the new provider was still ongoing, an indicator of poor contract management by the User Department.

## **6.0. RECOMMENDATIONS**

In light of the above, the Authority therefore recommends that the Accounting Officer should:

- (a). Ensure that the new provider for street parking acquires and/or uses a revenue collection system that is less susceptible to errors and can provide verifiable evidence in case of complaints from the street parking users;
- (b). Ensure that the penalty for defaulting on payment of street parking fees to a surcharge that is considerate to the users to make enforcement more efficient and effective;
- (c). Ensure that the new provider conducts regular sensitization of their staff and puts in place a grievance redress mechanism for handling complaints; and
- (d). Ensure that the Contract Managers to keep track of the validity of contracts during contract implementation and appropriately plan for new procurement processes to enable the procurement of new providers before the expiry of the existing contracts.