

Our Ref: PPDA/UPF/144

12th December 2024

The Director
Criminal Investigations Directorate
Headquarters
P.O Box 2973
KAMPALA

RE: AUDIT OF PROCUREMENT PROCESSES FOR SUPPLY OF FIVE MOTOR VEHICLES AND RENOVATION OF MINISTRY PREMISES AT FARMER'S HOUSE BY MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES

Reference is made to the above subject.

In the Financial Year 2021/2022, Ministry of Trade, Industry and Cooperatives set out to procure motor vehicles and renovate Ministry premises at Farmer's House at a budget estimate of UGX 2.8 billion and UGX 6.2 billion respectively. The procurements were to be funded through a supplementary budget worth UGX 54.5 billion.

The procurement processes were conducted and contracts signed as tabulated in Table 1 below:

Table 1 showing contracts signed for the procurements

No.	Procurement reference	Subject of procurement	Provider	Contract value (UGX)
1.	MTIC/SPLS/2021-2022/0001	Procurement of five motor vehicles	Suma Bolt Logistics Ltd	2,820,000,000
2.	MTIC/WRKS/2021-2022/0007	Renovation of Ministry premises at Farmer's House	Sarick Construction Limited	6,063,319,346

On 3rd August 2023, the Authority received a letter from the Criminal Investigations Directorate (CID) Ref: CID/A131/094 requesting for a procurement audit of the processes for the procurement of five motor vehicles and renovation of Ministry premises at Farmer's House.

MN /la

In accordance with Section 8 (1) (j) of the PPDA Act, Cap 205 the Authority instituted an audit into the procurement processes whose objectives were to establish whether:

1. The procurement process was conducted in accordance with the PPDA Law; and
2. There was abuse of office by Ministry of Trade Industry and Cooperatives officials during the procurement process.

The Authority observed that there were irregularities in the procurement processes and below is a summary of the findings for each procurement:

A. Supply of motor vehicles

On 9th September 2021, Ministry of Trade, Industry and Cooperatives initiated a procurement of five station wagons and one double cabin pick up at an estimated of UGX 2.8 billion. The procurement process was conducted and concluded with contract signature for supply and delivery of five station wagons on 28th December 2021 with Suma Bolt Logistics Ltd as the supplier at UGX 2,820,000,000 with a delivery period of 20 working days from contract signature. The Authority conducted an audit of the procurement process and noted the following exceptions:

1. The Authority noted retrospective activity in respect to the procurement process: The Authority observed that the contract was signed on 28th December 2021. However, a schedule showing the inspection dates for the motor vehicles submitted by the Chief Mechanical Engineer to the Authority on 13th December 2023 indicated that two station wagons (UG 0465T and UG 0466T) out of the five vehicles delivered on 28th December 2021 had been inspected on 4th October 2021 prior to bid closure on 11th October 2021. In addition, the Ministry issued a purchase order to Suma Bolt Logistics Ltd on 5th November 2021 before the evaluation process was completed on 10th November 2021 which implies that the procurement was conducted retrospectively to rubber stamp the process as vehicles and a provider had been earlier predetermined.
2. Failure to enforce furnishing of Performance Security by the provider which posed risk in case of failure to deliver all the five station wagons by the Supplier. This was contrary to GCC 19.1 of the contract which stated that "*A Performance Security of 10% of the contract price shall be required*". The Contract Manager made no effort to ensure that the Performance Security was submitted by Suma Bolt Logistics Ltd.
3. Irregular payments resulting from non-adherence to the payment terms pointed out in the Special Conditions of the Contract. The Entity did not make any Advance Payment to the supplier as stipulated in the contract and subsequently effected payments as per item delivered. This was contrary to GCC 16.1 of the signed contract which stated that "*The structure of payments shall be: 30% on signing the agreement and the balance shall be paid upon the delivery of the vehicles, fully registered, by the provider and formal acceptance thereof by the Procuring and Disposing Entity. The supplier shall provide a payment security in form of bank guarantee only on all advance payments*". This deviation from the contractual payment terms diminished the Provider's motivation to deliver all the five station wagons within the contractual timelines as evidenced by the delayed delivery of the same.

4. Delayed delivery by 75 working days contrary to GCC 12 of the signed contract which stated that *“The date of delivery shall be within twenty working days after contract signature”*. The Provider delayed to deliver three station wagons which occasioned delayed service delivery to the intended beneficiaries and breach of contractual obligations by the Provider.

Conclusion of the Authority

1. The contract for supply of five station wagons was awarded to Suma Bolt Logistics Ltd. The Authority noted that some of the vehicles were inspected prior to bid submission which was irregular. The Authority found that the Chief Mechanical Engineer inspected two motor vehicles (UG 0465T and UG 0466T) on 4th October 2021 which was a date before closure of bid submission on 11th October 2021. Furthermore, the Ministry issued a purchase order to Suma Bolt Logistics Ltd on 5th November 2021 before the evaluation process was completed on 10th November 2021 hence a retrospective procurement process;
2. The Contract Manager during execution of his duties did not adhere to Regulations 53 (1) and (3) of the PPDA (Contracts) Regulations, 2014 and as such did not ensure that the Special Conditions of Contract were adhered to by the Provider which involved ensuring that the Provider submits a Performance Security and deliver the motor vehicles twenty working days after contract signature which left the Entity unprotected against failure to deliver all the five station wagons by the providers and subsequently caused a delay to deliver fully on the contract; and
3. The Provider Suma Bolt Logistics Ltd was in breach of the contract terms and delayed to deliver three station wagons by 75 working days. In addition, the provider did not submit the 10% Performance Security which put the Ministry at a very high risk of inefficient and ineffective contract performance.

B. Renovation of Ministry premises at Farmer’s House

On 2nd June 2022, the Permanent Secretary/Secretary to the Treasury approved the virement of UGX 5 billion that was meant to rent office premises for the Ministry in FY 2021/22 to renovate the Ministry’s premises and authorized the Accounting Officer, Ministry of Trade, Industry and Cooperatives to adjust the Ministry’s workplan to enable utilization of the funds. A procurement process was conducted and Sarick Construction Limited emerged as the Best Evaluated Bidder (BEB) for the renovation of office premises at Farmer’s House at UGX 6,063,319,346. The contract was signed on 15th June 2022. The Authority conducted an audit of the procurement process and noted the following irregularities:

1. The Accounting Officer in performing her duties flaunted procurement laws as indicated below:
 - i. Approved availability of funding for the procurement on 24th May 2022. This was a date before the PS/ST approved the virement on 2nd June 2022, this implies that the Accounting Officer committed the Entity into a procurement process without evidence of availability

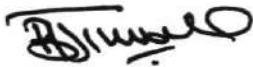
of funds contrary to Regulation 4 (1) (c) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014;

- ii. Signed a contract above the planned estimate. The Accounting Officer signed a contract worth UGX 6,063,319,346 against an approved virement of UGX 5 billion. The Accounting Officer did not secure additional funding worth UGX 1,063,319,346 implying that she over committed the Entity into a contract with no line of funding to meet the obligation contrary to Regulation 7 (1) (e) of the PPDA (Contracts) Regulations, 2014.
2. The Authority established that the Contract Management Team (CMT) was in breach of their roles and responsibilities as explained below:
 - i. The CMT accepted a Payment Security worth UGX 2,981,004,197 from Cairo Bank Uganda with an expiry date of 17th December 2022 which was a date before the contractual completion period contrary to Regulations 47 (4) (c) and (6) of the PPDA (Contracts) Regulations, 2014 which required the validity for a payment security for procurement for works to be three to six months after the final expected date. Whereas the team requested for extension of the validity period by the Contractor, there was no evidence that the security was received by the Entity. As of 2nd September 2024, the payment worth UGX 2,981,004,197 was not secured putting the Ministry at risk of losing funds in case of non-performance by the Contractor;
 - ii. The CMT did not enforce contract terms which resulted in the Contractor not furnishing the Entity with a performance security (10%) as stipulated under GCC53.1(1) of the contract; and
 - iii. The Ministry incurred wasteful expenditure worth UGX 11,575,000 under the disguise of facilitation to the Contract Management Team. Individuals that were not appointed to be part of the Contract Management Team were advanced money without justification. In addition, Ms. Enid Balaba and Mr. Ameja Henry were not part of the Contract Management Team and were not meant to receive these allowances. The Authority found that the expenses for driver, vehicle repair and fuel were unwarranted expenditure as these were not required since the site was in the same building that the Ministry occupied. The legitimate expense for this claim should have therefore been UGX 5,100,000 as indicated in only out of the UGX 16,675,000 as indicated in *table 16 of the report*.
3. The Authority conducted physical verification of the premises on 2nd September 2024 and found that the site had been abandoned as there was no representative of the contractor on site. The Authority noted that the physical progress of works was not complete as indicated in *Annex 2* of the report and the contract had since expired on 29th February 2024 and there was no evidence of extension of the contract period.

Conclusion of the Authority

1. The Contract Management Team during execution of its duties did not ensure that the Contractor submitted a Performance Security and an appropriate payment security. This left the Entity unsecured in the event of non-performance by the Contractor;
2. Engineer Deo A. Byaruhanga, the focal point person on the Contract Management Team representing Ministry of Trade, Industry and Cooperatives recommended the payment of a facilitation worth UGX 16,675,000 which included an unjustified payment worth UGX 11,575,000; and
3. The Contractor although advanced money, there was no evidence to confirm that the works done are commensurate to the amount advanced and has since abandoned site. The Entity should make effort to ensure that the completed works are valued and any deficit is recovered.
4. The Authority shall initiate blacklisting proceedings against the Contractor in accordance with Section 128 (e) of the PPDA Act, Cap 205.

This is to bring to your attention the above information in regard to your request for the Authority to conduct a procurement audit of the above procurement processes.



Benson Turamye

EXECUTIVE DIRECTOR

cc: The Accounting Officer, Ministry of Trade Industry and Cooperatives
cc: The Division CID Officer - Parliamentary Police (Ref: CID/C40/207/PAC)

Encls. Audit Report of Procurement Processes for Supply of Five Motor Vehicles and Renovation of Ministry Premises at Farmer's House by Ministry of Trade, Industry and Cooperatives.



AUDIT REPORT INTO THE PROCUREMENTS:

- i) PURCHASE OF FIVE STATION WAGONS AND ONE DOUBLE CABIN PICK UP**
- ii) RENOVATION OF MINISTRY OF TRADE PREMISES AT FARMER'S HOUSE**

MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES

DECEMBER 2024

Table of Contents

Acronyms.....	ii
List of Tables	iii
EXECUTIVE SUMMARY	iv
CHAPTER ONE: BACKGROUND.....	1
CHAPTER TWO: OBJECTIVES OF INVESTIGATION	2
CHAPTER THREE: LAW APPLICABLE	2
CHAPTER FOUR: METHODOLOGY	2
CHAPTER FIVE: FINDINGS.....	3
A. PROCUREMENT OF FIVE STATION WAGONS AND ONE DOUBLE CABIN PICK UP	3
5.1(a) Summary of facts.....	3
5.2(a) Findings of the Authority.....	6
Objective 1: Whether the procurement process was in accordance with PPDA Law.	6
Objective 2: Whether there was abuse of office by Ministry of Trade Industry and Cooperatives officials during the procurement processes.	8
B. RENOVATION OF MINISTRY PREMISES AT FARMER'S HOUSE.....	8
5.1 (b) Summary of facts.....	8
5.2 (b) Findings of the authority	12
Objective 1: Whether the procurement process was in accordance with PPDA Law.	12
Objective 2: Whether there was abuse of office by Ministry of Trade Industry and Cooperatives officials during the procurement processes.	14
CHAPTER SIX: CONCLUSION	15
A. PROCUREMENT OF FIVE STATION WAGONS.....	15
B. RENOVATION OF MINISTRY PREMISES AT FARMER'S HOUSE.....	15
Annex 1 showing physical verification of the progress of works for the renovation of Ministry premises at Farmer's House.....	16
Annex 2 showing abandoned site	18

Acronyms

AO	Accounting Officer
CME	Chief Mechanical Engineer
CMT	Contract Management Team
Eng	Engineer
MOPS	Ministry of Public Service
MOTIC	Ministry of Trade Industry and Cooperatives
MOWT	Ministry of Works and Transport
PPDA	Public Procurement and Disposal of Public Assets Authority
PS	Permanent Secretary
PS/ST	Permanent Secretary / Secretary to the Treasury
UGX	Uganda Shillings

List of Tables

Table 1 showing contracts signed for the procurements.....	iv
Table 2: Individuals invited as key players in the procurement of five station wagons.....	2
Table 3: Individuals interviewed as key players in the procurement for renovation of office premises	3
Table 4: Evaluation Committee	3
Table 5: Showing Key Specifications for the Vehicles	4
Table 6: Record of issue of bids for vehicles.....	4
Table 7: Bids Received and read out prices for vehicles	4
Table 8: Adjusted bid prices for bidders that proceeded to financial evaluation for vehicles...	4
Table 9: Showing the Details of Delivered Station Wagons	5
Table 10: Showing Individuals that Evaluated	6
Table 11: Showing Delivery Schedule	8
Table 12: Shortlist of Firms Issued with Solicitation Document for the Renovation.....	9
Table 13: Evaluation Committee members for the Renovation.....	9
Table 14: Prices Read Out at Bid Opening for the Renovation.....	9
Table 15: Showing the Contract Management Team Composition.....	10
Table 16: Showing Facilitation for the Contract Management Team	13

EXECUTIVE SUMMARY

In the Financial Year 2021/2022, Ministry of Trade, Industry and Cooperatives set out to procure motor vehicles and renovate ministry premises at Farmer's House at a budget estimate of UGX 2.8 billion and UGX 6.2 billion respectively. The procurements were to be funded through a supplementary budget worth UGX 54.5 billion.

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The Authority received a letter from the Criminal Investigations Directorate (CID) Ref: CID/A131/094 requesting for a procurement audit of the processes for the procurement of five motor vehicles and renovation of ministry premises at Farmer's House.

In accordance with Section 8 (1) (j) of the PPDA Act, Cap 205 the Authority instituted an audit into the procurement processes whose objectives were to establish whether;

1. The procurement process was in accordance with the PPDA Law; and
2. There was abuse of office by Ministry of Trade Industry and Cooperatives officials during the procurement process.

The Authority observed that there were irregularities in the procurement processes and below is a summary of the findings for each procurement:

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that the procurement was conducted retrospectively to rubber stamp the process as vehicles and a provider had been earlier predetermined.

2. Failure to enforce furnishing of Performance Security by the provider which posed risk in case of failure to deliver all the five station wagons by the Supplier. This was contrary to GCC 19.1 of the contract which stated that "*A Performance Security of 10% of the contract price shall be required*". The Contract Manager made no effort to ensure that the Performance Security was submitted by Suma Bolt Logistics Ltd.
3. Irregular payments resulting from non-adherence to the payment terms pointed out in the Special Conditions of the Contract. The Entity did not make any Advance Payment to the supplier as stipulated in the contract and subsequently effected payments as per item delivered. This was contrary to GCC 16.1 of the signed contract which stated that "*The structure of payments shall be: 30% on signing the agreement and the balance shall be paid upon the delivery of the vehicles, fully registered, by the provider and formal acceptance thereof by the Procuring and Disposing Entity. The supplier shall provide a payment security in form of bank guarantee only on all advance payments*". This deviation from the contractual payment terms diminished the Provider's motivation to deliver all the five station wagons within the contractual timelines as evidenced by the delayed delivery of the same.
4. Delayed delivery by 75 working days contrary to GCC 12 of the signed contract which stated that "*The date of delivery shall be within twenty working days after contract signature*". The Provider delayed to deliver three station wagons which occasioned delayed service delivery to the intended beneficiaries and breach of contractual obligations by the Provider.

Conclusion of the Authority

1. The contract for supply of five station wagons was awarded to Suma Bolt Logistics Ltd. The Authority noted that some of the vehicles were inspected prior to bid submission which was irregular. The Authority found that the Chief Mechanical Engineer inspected two motor vehicles (UG 0465T and UG 0466T) on 4th October 2021 which was a date before closure of bid submission on 11th October 2021. Furthermore, the Ministry issued a purchase order to Suma Bolt Logistics Ltd on 5th November 2021 before the evaluation process was completed on 10th November 2021 hence a retrospective procurement process;
2. The Contract Manager during execution of his duties did not adhere to Regulations 53 (1) and (3) of the PPDA (Contracts) Regulations, 2014 and as such did not ensure that the Special Conditions of Contract were adhered to by the Provider which involved ensuring that the Provider submits a Performance Security and deliver the motor vehicles twenty working days after contract signature which left the Entity unprotected against failure to deliver all the five station wagons by the providers and subsequently caused a delay to deliver fully on the contract; and
3. The Provider Suma Bolt Logistics Ltd was in breach of the contract terms and delayed to deliver three station wagons by 75 working days. In addition, the provider did not submit the 10% Performance Security which put the Ministry at a very high risk of inefficient and ineffective contract performance.

B. Renovation of Ministry premises at Farmer's House

On 2nd June 2022, the Permanent Secretary/Secretary to the Treasury approved the virement of UGX 5 billion that was meant to rent office premises for the Ministry in FY 2021/22 to renovate the Ministry's premises and authorized the Accounting Officer, Ministry of Trade, Industry and Cooperatives to adjust the Ministry's workplan to enable utilization of the funds. A procurement process was conducted and Sarick Construction Limited emerged as the Best Evaluated Bidder (BEB) for the renovation of office premises at Farmer's House at UGX 6,063,319,346. The contract was signed on 15th June 2022. The Authority conducted an audit of the procurement process and noted the following irregularities:

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 - i. Approved availability of funding for the procurement on 24th May 2022. This was a date before the PS/ST approved the virement on 2nd June 2022, this implies that the Accounting Officer committed the Entity into a procurement process without evidence of availability of funds contrary to Regulation 4 (1) (c) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014;
 - ii. Signed a contract above the planned estimate. The Accounting Officer signed a contract worth UGX 6,063,319,346 against an approved virement of UGX 5 billion. The Accounting Officer did not secure additional funding worth UGX 1,063,319,346 implying that she over committed the Entity into a contract with no line of funding to meet the obligation contrary to Regulation 7 (1) (e) of the PPDA (Contracts) Regulations, 2014.
2. The Authority established that the Contract Management Team (CMT) was in breach of their roles and responsibilities as explained below:
 - i. The CMT accepted a Payment Security worth UGX 2,981,004,197 from Cairo Bank Uganda with an expiry date of 17th December 2022 which was a date before the contractual completion period contrary to Regulations 47 (4) (c) and (6) of the PPDA (Contracts) Regulations, 2014 which required the validity for a payment security for procurement for works to be three to six months after the final expected date. Whereas the team requested for extension of the validity period by the Contractor, there was no evidence that the security was received by the Entity. As of 2nd September 2024, the payment worth UGX 2,981,004,197 was not secured putting the Ministry at risk of losing funds in case of non-performance by the Contractor;
 - ii. The CMT did not enforce contract terms which resulted in the Contractor not furnishing the Entity with a performance security (10%) as stipulated under GCC53.1(1) of the contract; and
 - iii. The Ministry incurred wasteful expenditure worth UGX 11,575,000 under the guise of facilitation to the Contract Management Team. Individuals that were not appointed to be part of the Contract Management Team were advanced money without justification. In addition, Ms. Enid Balaba and Mr. Ameja Henry were not part of the

Contract Management Team and were not meant to receive these allowances. The Authority found that the expenses for driver, vehicle repair and fuel were unwarranted expenditure as these were not required since the site was in the same building that the Ministry occupied. The legitimate expense for this claim should have therefore been UGX 5,100,000 as indicated in only out of the UGX 16,675,000 as indicated in *table 16 of the report*.

3. The Authority conducted physical verification of the premises on 2nd September 2024 and found that the site had been abandoned as there was no representative of the contractor on site. The Authority noted that the physical progress of works was not complete as indicated in *Annex 2* of the report and the contract had since expired on 29th February 2024 and there was no evidence of extension of the contract period.

Conclusion of the Authority

1. The Contract Management Team during execution of its duties did not ensure that the Contractor submitted a Performance Security and an appropriate payment security. This left the Entity unsecured in the event of non-performance by the Contractor;
2. Engineer Deo A. Byaruhanga, the focal point person on the Contract Management Team representing Ministry of Trade, Industry and Cooperatives recommended the payment of a facilitation worth UGX 16,675,000 which included an unjustified payment worth UGX 11,575,000; and
3. The Contractor although advanced money, there was no evidence to confirm that the works done are commensurate to the amount advanced and has since abandoned site. The Entity should make effort to ensure that the completed works are valued and any deficit is recovered.
4. The Authority shall initiate blacklisting proceedings against the Contractor in accordance with Section 128 (e) of the PPDA Act, Cap 205.

CHAPTER ONE: BACKGROUND

On 4th August 2021, the Accounting Officer (AO) of Ministry of Trade, Industry and Cooperatives (MoTIC) wrote to the Permanent Secretary / Secretary to the Treasury (PS/ST) requesting for a supplementary budget worth UGX 54.5 billion.

Among the breakdown for the 54.5 billion were two key deliverable outputs which were procurement of five motor vehicles of which four were for the MoTIC's Ministers estimated at UGX 600 million each and one was for the PS of the Ministry estimated at UGX 400 million each.

A procurement process was conducted and concluded with contract signature for delivery of five station wagons on 28th December 2021 with Suma Bolt Logistics Ltd as the supplier.

The second key deliverable was relocation of the Ministry's office to new office premises citing over the years Farmer's house had become dilapidated and unsuitable contrary to the requirement of Occupational Safety and Health Act No. 9 of 2006. The Ministry had identified shifting to the government campus in Bwebajja which would cost an estimate of UGX 8 billion broken down as follows: acquisition of 3,000 square meters of office space worth UGX 3 billion, partitioning and purchase of furniture for the office worth UGX 3 billion and UGX 2 billion to cater for arrangements to shift from Farmer's House to Bwebajja.

On 20th May 2022, the Accounting Officer MoTIC wrote to Permanent Secretary/Secretary to the Treasury proposing the Ministry is allowed to divert the UGX 5 billion allocated for rent of new office space for ministry be used to facilitate improvement of office accommodation for staff.

On 2nd June 2022, Permanent Secretary/Secretary to the Treasury approved the virement of UGX 5 billion that was meant to rent office premises for the Ministry in FY 2021/22 to renovation of the Ministry's premises and authorized the Accounting Officer Ministry of Trade Industry and Cooperatives to adjust the Ministry's workplan to enable utilization of the funds.

A procurement process was conducted and Sarick Construction Limited emerged at the Best Evaluated Bidder (BEB) for the renovation of office premises at Farmer's House at UGX 6,063,319,346. The contract was signed on 15th June 2022.

On 3rd August 2023, the Authority received a letter from the Criminal Investigations Directorate (CID) – Parliament Division Ref: CID/A131/094 requesting for a review of the procurement processes for the procurement of five motor vehicles and renovation of ministry premises at Farmer's House.

In accordance with Section 8 (1) (j) of the PPDA Act, Cap 205 the Authority instituted an audit into the procurement process whose objectives were to establish whether;

1. The procurement process was in accordance with the PPDA Law; and
2. There was abuse of office by Ministry of Trade Industry and Cooperatives officials during the procurement process.

CHAPTER TWO: OBJECTIVES OF INVESTIGATION

The objectives of the audit were to establish whether:

- i. The procurement processes were in accordance with PPDA Law; and
- ii. There was abuse of office by Ministry of Trade Industry and Cooperatives officials.

CHAPTER THREE: LAW APPLICABLE

- i. The Public Procurement and Disposal of Public Assets Act, Cap 205; and
- ii. The Public Procurement and Disposal of Public Assets Regulations, 2014.

CHAPTER FOUR: METHODOLOGY

1. The Authority reviewed the following records of proceedings:
 - i. The bid notice;
 - ii. Bidding documents issued;
 - iii. Record of issue of bidding document;
 - iv. Record of bid receipt and opening;
 - v. Bids submitted;
 - vi. Minutes of Evaluation Committee meetings;
 - vii. Evaluation reports;
 - viii. Contracts Committee minutes and decisions;
 - ix. Best Evaluated Bidder Notice;
 - x. Contract document;
 - xi. Payment records;
 - xii. Vehicle inspection reports.
2. The Authority invited key players in the procurement processes as indicated in Tables 2 and 3 below: Six of these attended the interviews while four did not attend as invited as indicated in Table 2 below:¹

Table 2: Individuals interviewed as key players in the procurement of five station wagons

No.	Name	Designation / Role played in procurement	Attendance
1.	Mr. Lionel Barigye	Managing Director (MD), Articon Global - Bidder	Attended
2.	Mr. Wilson Kanyankole	MD, Maybach Motors Limited - Bidder	Attended
3.	M/s Muwema & Co. Advocates	Legal representative, Suma Bolt Logistics Limited - Bidder	Attended
4.	Mr. Alfred Lapyem	Former Principal Procurement Officer (PPO), Ministry of Trade Industry and Cooperatives	Attended
5.	Eng. Deo A. Byaruhanga	Chairperson evaluation committee	Attended

¹ The Authority invited 11 individuals to interview for the procurement of motor vehicles however five did not show up for the interviews as indicated in Table 2.

No.	Name	Designation / Role played in procurement	Attendance
6.	Mr. Richard Okot Okello	Chairperson Contracts Committee for the procurement process	Attended
7.	Mr. Tom Acwera	Procurement Officer	Did not attend
8.	Mr. Daniel Kalule	Contract Manager	Did not attend
9.	Mr. Jackson Nabongho	Verifier for the vehicles	Did not attend
10.	Mr. R. Wambi	Verifier for the vehicles	Did not attend
11.	Head of Internal Audit Ministry of Trade Industry and Cooperatives	Internal Auditor	Did not attend

Table 3: Individuals interviewed as key players in the procurement for renovation of Ministry's premises at Farmer's House

No.	Name	Designation	Attendance
1.	Eng. Deo A. Byaruhanga	Contract Management Team, MTIC representative	Attended
2.	Eng. Asha Arinda	Contract Management Team, MoWT representative	Attended
3.	Mr. Samuel Okurut	Sarick Construction Limited, Contract	Attended

CHAPTER FIVE: FINDINGS

On 3rd August 2023, the Authority received a letter from the Criminal Investigations Directorate (CID) requesting for an audit of the procurement processes for the procurement of five motor vehicles and renovation of Ministry premises at Farmer's House.

In accordance with Section 8 (1) (j) of the PPDA Act, Cap 205 the Authority commenced audits into the procurement processes and covered in this chapter are the findings from the audit.

A. PROCUREMENT OF FIVE STATION WAGONS AND ONE DOUBLE CABIN PICK UP

5.1(a) Summary of facts

- On 9th September 2021, the Ministry of Trade, Industry and Cooperatives (MOTIC) initiated the procurement of vehicles (5 station wagons and one double cabin pickup) at an estimated cost of UGX 2,800,000,000.
- On 10th September 2021, the Contracts Committee approved the Open Domestic Bidding method of the procurement, bidding document with the following key specifications and the Evaluation Committee as indicated below in Tables 4 & 5:

Table 4: Evaluation Committee

No.	Name	Title
1.	Mr. Daniel Kalule	Senior Assistant Secretary
2.	Mr. Tom Acwera	Procurement Officer
3.	Mr. Alfred Lapyem	Principal Procurement Officer

No.	Name	Title
4.	Eng. Deo Byaruhanga	Ag. Principal Industrial Officer

Table 5: Showing Key Specifications for the Vehicles

No	Vehicle Type and Quantity	Key Specifications
1.	Station wagon (4)	Not exceeding 4,500cc Year of manufacture ≥ 2020
2.	Station wagon (1)	Not exceeding 3,000cc Year of manufacture ≥ 2020
3.	Double cabin pick-up (1)	Not exceeding 2,400cc Year of manufacture ≥ 2020

- On 13th September 2021, the bid notice was published in the New Vision with a deadline of submission of bids as 11th October 2021 at 12:00 pm for supply and delivery of five station wagons and one double cabin pick up year of manufacture 2020 and above.
- On 11th October 2021, the Entity received and opened three bids out of four bidders that picked bidding documents to participate in the procurement for supply of five station wagons and one double cabin pick up as listed in Tables 6 and 7 below:

Table 6: Record of issue of bids for vehicles

No.	Name of Bidder
1.	Maybach Motors Ltd
2.	Suma Bolt Logistics Ltd
3.	Arcticon Global Ltd
4.	Toyota (U) Ltd

Table 7: Bids Received and read out prices for vehicles

No.	Name of Bidder	Bid price (UGX)
1.	Maybach Motors Ltd	3,205,000,000
2.	Suma Bolt Logistics Ltd	3,030,000,000
3.	Arcticon Global Ltd	2,809,107,672

- On 4th November 2021, the Entity placed a purchase order to Suma Bolt Logistics Limited for supply and delivery of two station wagons 4,500 CC and was authorized by the Accounting Officer on 5th November 2021.
- On 10th November 2021, evaluation was concluded and Suma Bolt Logistics Ltd emerged as the Best Evaluated Bidder and was recommended for contract award at UGX 2,820,000,000 for the supply of five station wagons only. The Evaluation Committee with the respective approvals changed the scope to exclude the supply of double cabin to fit within the Entity's budget and therefore bidders were evaluated against the price of five station wagons alone as indicated in Table 8 below.

Table 8: Adjusted bid prices for bidders that proceeded to financial evaluation for vehicles

No.	Name of Bidder	Bid price (UGX)
1.	Suma Bolt Logistics Ltd	2,820,000,000
2.	Maybach Motors Ltd	3,010,000,000

7. On 12th November 2021, the Contracts Committee approved the evaluation report and awarded Suma Bolt Logistics Ltd at UGX 2,820,000,000 and thereafter, the Accounting Officer submitted a draft contract to the Solicitor General for approval.
8. On 28th December 2021, the Solicitor General recommended adjustments to the Special Conditions of Contract for the draft contract and cleared it for signature. The Ministry and Suma Bolt Logistics Ltd signed the contract for supply of five Motor Vehicles (Station Wagons) on 28th December 2021 at UGX 2,820,000,000 with a delivery period of 20 working days from date of contract signature and appointed Senior Assistant Secretary – Mr. Daniel Kalule as the Contract Manager.
9. On 28th December 2021, Suma Bolt Logistics Ltd delivered two (2) Toyota Landcruiser station wagons of the following details in Table 8;

Table 9: Showing the Details of Delivered Station Wagons

Colour	Chassis Number	Registration number	Year of Manufacture
Grey	JTMHV01J204334647	UG 0465T	2021
Black	JTMHV01J704336376	UG 0466T	2021

10. On 29th December 2021, the Contract Manager Mr. Daniel Kalule wrote an internal memo to the Accounting Officer requesting confirmation for payment of UGX 1,200,000,000 for delivery of two station wagons that were received by the Ministry under the Goods Received Note No. 850141 dated 28th December 2021.
11. On 21st January 2022, the Chief Mechanical Engineer (CME) submitted an inspection report of a Toyota Landcruiser VX V8 chassis number JTMHV05JX04303236. This was in response to a letter dated 17th January 2022 in which the Accounting Officer of MoTIC requested the CME to inspect a car that was identified by the Accounting Officer at Kampala Modernity Bonded Warehouse in Bugolobi that belongs to Suma Bolt Logistics Ltd. In the report, the CME highlighted the year of manufacture was 2020, the station wagon was without traces of tampering or alteration on its subparts with odometer readings of 105km.
12. Upon delivery of a third unit (black Toyota Landcruiser V8, Station wagon year of manufacture 2020 chassis number JTMHV05J304313042) on 25th January 2022 the Entity issued a Goods Received Note 850143 and thereafter Suma Bolt Logistics Ltd submitted an invoice Ministry of Trade Industry and Cooperatives worth UGX 600,000,000 for delivery made.
13. On 27th January 2022, the Contract Manager wrote an internal memo to the Accounting Officer requesting for approval of payment worth UGX 600,000,000 for delivery of one station wagon.
14. On 6th April 2022, the Chief Mechanical Engineer submitted another inspection report of a Toyota land cruiser VXR V8 chassis number JTMHV05J304313042 as response to a letter dated 17th January 2022 in which the Accounting Officer of MoTIC requested the CME to inspect a car that was identified at Kampala Modernity Bonded Warehouse in Bugolobi which belongs to Suma Bolt Logistics Ltd. In this report, the CME highlighted

the year of manufacture was 2020 and the station wagon was without traces of tampering or alteration on its subparts with odometer readings of 75km.

15. Upon delivery of a black Toyota Landcruiser V8, Station wagon year of manufacture 2020 chassis number JTMHV05J304313042 on 7th April 2022, Suma Bolt Logistics Ltd submitted an invoice to Ministry of Trade Industry and Cooperatives worth UGX 600,000,000.
16. On 7th April 2022, the Contract Manager wrote an internal memo to the Accounting Officer requesting confirmation for payment of UGX 600,000,000 for delivery of one station wagon that was received by the Ministry.
17. On 14th April 2022, the Contract Manager wrote an internal memo to the Accounting Officer confirming performance by the provider (Suma Bolt Logistic Ltd) requesting the Accounting Officer to authorize a payment of UGX 600,000,000 for delivery of one station wagon which was the 4th station wagon to be delivered ie. chassis number JTMHV05J304313042 for the invoice submitted on 7th April 2021.
18. On 13th June 2022, Suma Bolt Logistics Ltd submitted an invoice to Ministry of Trade Industry and Cooperatives worth UGX 420,000,000 for delivery of a black Toyota Landcruiser V8, station wagon year of manufacture of 2021 chassis No. JTMHV05584333020 against a Goods Received Note 750443.

5.2(a) Findings of the Authority

Objective 1: Whether the procurement process was in accordance with PPDA Law.

To determine whether the procurement was conducted in line with the PPDA Law, the Authority reviewed the procurement process at each stage and found the following exceptions.

1.1 Evaluation was conducted in absence of an Evaluation Committee member.

Regulation 5 (3) of the PPDA (Evaluation) Regulations, 2014 stated that *“a meeting of an evaluation committee shall not be held unless all members of the evaluation committee are present.”*

The Contracts Committee approved an Evaluation Committee in Table 4 above however, evaluation of bids was conducted by only three out of the four members approved. It was unclear as to why Mr. Alfred Lapyem did not participate in the evaluation exercise which could have been a sign of disagreement on the evaluation process for the procurement.

Table 10: Showing Individuals that Evaluated

No.	Name	Title
1.	Mr. Daniel Kalule	Senior Assistant Secretary
2.	Mr. Tom Acwera	Procurement Officer
3.	Eng. Deo Byaruhanga	Ag. Principal Industrial Officer

1.2 Contracting

The following anomalies were found under the contracting process for the procurement.

i) Retrospective procurement

The Authority observed that the contract was signed on 28th December 2021, however, the correspondences on inspection of the vehicles that were received by the Authority on 13th December 2023 from the Chief Mechanical Engineer indicated that two station wagons delivered on 28th December 2021 had been inspected prior to bid closure on 11th October 2021. The CME inspected two vehicles (UG 0465T and UG 0466T) before bid closure. In addition, the Ministry issued a purchase order to Suma Bolt Logistics Limited on 5th November 2021 before evaluation was completed on 10th November 2021 which implies the procurement was conducted retrospectively to rubber stamp the process as vehicles and a provider had been earlier predetermined.

1.3 Contract management

Regulation 1 (b) of the PPDA (Contracts) Regulations, 2014 stated that *“A Contract Manager shall make certain that the provider performs the Contract in accordance with the terms and conditions specified in the Contract.”*

The Authority found anomalies in the contract management process where the Contract Manager acted contrary to this Regulation as explained below;

i) Failure to enforce furnishing of performance security by the provider

GCC 19.1 of the signed contract stated *“A Performance Security of 10% of the contract price shall be required”* however, this was not submitted by Suma Bolt Logistics Ltd and the Contract Manager made no effort to ensure that the Performance Security was submitted which implied that the Entity had not fall-back position in the event of failure by the Provider to deliver.

ii) Irregular payments

Whereas GCC 16.1 of the contract stated *“The structure of payments shall be: 30% on signing the agreement and the balance shall be paid upon the delivery of the vehicles, fully registered, by the provider and formal acceptance thereof by the Procuring and Disposing Entity. The supplier shall provide a payment security in form of bank guarantee only on all advance payments”*, the Entity made partial payments for individual units as they were delivered on 28th December 2021, 25th January 2022, 7th April 2022 and on 13th June 2022 contrary to the payment terms in the signed contract. This deviation from the contractual payments terms diminished the Provider’s motivation to deliver all vehicles with in the contractual timelines as evidenced by the delayed delivery of the same.

iii) Delayed delivery

GCC 12 of the contract required that *“the date of delivery shall be within twenty working days of contract signature.”* The contract was signed on 28th December 2021 with an expected delivery date of 25th January 2022 for all the vehicles however delivery was not completed until 13th June 2022 (6 months later) as per the delivery schedule in the Table11. This occasioned delayed service delivery to the intended beneficiaries and breach of contractual obligations by the Provider.

Table 11: Showing Delivery Schedule

Vehicles	Chassis Number Inspection report	Delivery date
2 station wagons UG 0466T UG 0465T	JTMHV01J704336376 JTMHV01J204334647	28 th December 2021
1 station wagon UG 0467T	JTMHV05JX04303236	25 th January 2022
1 station wagon UG 0468T	JTMHV05J304313042	7 th April 2022 (51 days)
1 station wagon UG 0475T	JTMHV05J504333020	13 th June 2022 (98 days)

Objective 2: Whether there was abuse of office by Ministry of Trade Industry and Cooperatives officials during the procurement processes.

Given the findings above under objective 1, the Authority found that there was abuse of office by the following Ministry of Trade officials;

Accounting Officer

The Accounting Officer owing to their overall responsibility enshrined in Section 28 of the PPDA Act, Cap 205 participated in a retrospective procurement process. Correspondences received by the Authority from the Chief Mechanical Engineer showing a schedule of the inspection for all the motor vehicles indicated that two station wagons (UG 0465T and UG 0466T) delivered on 28th December 2021 had been inspected on 4th October 2021 prior to bid closure on 11th October 2021. In addition, the Ministry issued a purchase order for supply and delivery of two station wagons on 5th November 2021 which was a date before evaluation was concluded on 10th November 2021. These breached the basic principles of transparency, accountability and fairness provided for in Section 48 of the PPDA Act, Cap 205.

Contract Manager

The Contract Manager in exceptions above did not perform his required roles and responsibilities as prescribed by Regulations 53 (1) and (3) of the PPDA (Contracts) Regulations, 2014 and as such the provider was in breach of multiple provisions of the signed contract.

B. RENOVATION OF MINISTRY PREMISES AT FARMER'S HOUSE

5.1 (b) Summary of facts

1. On 24th May 2022, the User Department initiated a procurement for renovation of office space at Farmer's House Plot 6/8 Parliamentary Avenue at a cost estimate of UGX 6,200,000,000 and the Accounting Officer (AO) confirmed availability of funding on the same day.
2. On 30th May 2022, the Procurement Officer Mr. Tom Acwera submitted a request for approval of procurement to Contracts Committee with a justification for use of a less

competitive procurement method which was Restricted Domestic Bidding method for this procurement.

- On 30th May 2022, the Contracts Committee in its 12th sitting approved the Restricted Domestic Bidding method, a shortlist of firms, the solicitation document and Evaluation Committee members as tabulated below in Tables 12 and 13;

Table 12: Shortlist of Firms Issued with Solicitation Document for the Renovation

No.	Firm
1.	Sarick Construction Limited
2.	Sikal Engineering Company Limited
3.	Jarckes Consult

Table 13: Evaluation Committee members for the Renovation

No.	Name	Position
1.	Eng. Byaruhanga Deo	Principal Engineer
2.	Kiiza David	Senior Industrial Officer
3.	Acwera Tom	Procurement Officer

- On 7th June 2022, three bids were received and prices read at bid opening as follows in Table 14;

Table 14: Prices Read Out at Bid Opening for the Renovation

No.	Bidder	Bid Amount (UGX)
1.	Sarick Construction Limited	6,063,319,346
2.	Sikal Engineering Company Limited	7,449,934,227
3.	Jarckes Consult	6,767,781,027

- On 8th June 2022, evaluation of bids was concluded and Sarick Construction Ltd was the lowest technically compliant bidder and was recommended for award of contract.
- On 10th June 2022, the Contracts Committee approved the evaluation report and awarded Sarick Construction Ltd the contract for repair and renovation of office space at Farmers' House at UGX 6,063,319,346.
- The Notice of Best Evaluated Bidder was displayed between 11th and 14th June 2022.
- On 12th June 2022, the Solicitor General cleared the draft contract for signature.
- On 15th June 2022, a contract for renovation of office space at Farmers' House was signed between Ministry of Trade Industry and Cooperatives and Sarick Construction Ltd for UGX 6,063,319,346.
- On 16th June 2022, the Accounting Officer Ministry of Trade Industry and Cooperatives wrote to Sarick Construction Ltd requesting the contractor to submit a payment security in form of an irrevocable bank guarantee to secure the additional payment of UGX 2,981,004,197 the Entity intended to make alongside the 30% advance payment worth UGX 1,818,995,803.

11. On 17th June 2022, the Ministry's Accounting Officer appointed Engineer Deo A. Byaruhanga as the Contract Manager on behalf of MoTIC for contract between the Ministry and Sarick Construction Ltd on behalf of the Ministry.
12. On 17th June 2022, Cairo Bank Uganda issued an Advance Payment Guarantee (CBU/APG/008/SCL/2022) to Ministry of Trade Industry and Cooperatives in lieu of 30% advance payment worth UGX 1,818,995,803 valid until 17th December 2022. On the same date Cairo Bank Uganda issued another payment guarantee (CBU/PG/11/SCL/2022) in lieu of payment worth UGX 2,981,004,197 valid until 17th December 2022.
13. On 20th June 2022, the Head of Credit - Cairo Bank Uganda responded to the Permanent Secretary Ministry of Trade Industry and Cooperatives' letter dated 17th June 2022 confirming authenticity of Bank Guarantees issued to Sarick Construction Limited.
14. On 20th June 2022, the Accounting Officer approved an internal memo submitted by the Principal Engineer MoTIC – Engineer. Deo A. Byaruhanga requesting payment to Sarick Construction Ltd worth UGX 4.8 Billion after confirming the validity of the submitted securities thus clearing the payment to be processed.
15. On 4th July 2022, a start-up meeting was held between the Accounting Officer, the Contractor and the Contract Management Team (CMT) which resolved that the Accounting Officer issue a letter of commencement to the contractor, issue appointment and terms of reference for the contract management team and prepare handover of site to contractor.
16. On 6th July 2022, payment number 44306004 to Sarick Construction Ltd worth UGX 4,800,000,000 was completed.
17. On 11th July 2022, the Accounting Officer wrote to the Contractor issuing a notification of appointment of the Contract Management Team including duties and responsibilities as shown in Table 15 below:

Table 15: Showing the Contract Management Team Composition

No.	Name	Responsibility
1.	Eng. Asha Arinda	Team Leader
2.	Eng. Deo A. Byaruhanga	Focal point MTIC
3.	Mr. David Mutegeki	Legal Officer
4.	Mr. Tom Acwera	PDU representative

18. On 27th July 2022, a planning meeting chaired by Under Secretary Finance and Administration was held at the Ministry between the Contractor and various Ministry Departments where resolutions were made on evacuation of official documents from staff, laptop distribution, storage of item from offices under renovation, human resource management plan during renovation and a communication from Accounting Officer to staff on renovation.

19. On 12th August 2022, a Commencement Order was issued to Sarick Construction Ltd by Engineer Deo A. Byaruhanga with a site possession date of 12th August 2022 and site handover certificate issued that same day. The contract was subjected to a Completion Period of 12 months projecting the completion date to be 13th August 2023 and a defects liability period of six months. The Commencement Order further emphasized that the Contractor in fulfilment of the Contract shall submit a program of works and an all-insurance cover policy.
20. On 12th August 2022, the Contractor submitted a revised work plan, schedule of key staff and work methods for various aspects of the project for review and approval by the Contract Management Team.
21. On 12th September 2022, the Contractor wrote to Accounting Officer stating that demolition, site clearance and set up were complete however, they could not proceed since there was some equipment which was meant to be moved by the Ministry and had not been relocated thus stopping them from continuing with execution of works.
22. On 14th December 2022, in a second site meeting, the Contract Management Team, noted the expiry of securities and a reminder was brought to the attention of the Contractor and in addition noted the slow progress of works and cautioned the Contractor to increase the pace of execution of works.
23. On 18th April 2023, Engineer Deo A. Byaruhanga wrote to the Contractor citing delayed execution of works and failure to adhere to the reminders made by the Ministry to submit an updated performance and payment guarantees. It was further brought to the attention of the Contractor that floors five and six should have been handed over to the Ministry by 13th February 2023.
24. On 26th May 2023, the Contractor submitted a request for a three-month time extension until 29th September 2023 to enable him execute and handover the pending works.
25. On 14th June 2023, the Contracts Committee authorized the Contract Manager and Accounting Officer to exercise their duties under Regulation 54 (3) and (4) and issue a time extension to the Contractor.
26. On 14th June 2023, Engineer Deo A. Byaruhanga wrote to the Contractor communicating the approval of a four-month time extension of the Contract until 15th October 2023 at no cost.
27. On 15th June 2023, the Contractor wrote to the Accounting Officer requesting the Ministry to issue a commencement order for floors four and three and handover floors five and six as partially completed but can be occupied.

28. On 11th August 2023, the Accounting Officer issued an internal memo to all staff of the Ministry requesting staff occupying 4th floor to vacate the premises by 11th August 2023 for renovation works to commence.
29. On 19th August 2023, the Accounting Officer - MoTIC wrote to the Commissioner Public Structures Ministry of Works and Transport (MoWT) through the Permanent Secretary requesting for technical support to certify the works done by the Contractor following substantial handover of works executed on 5th and 6th floors, terrace floor and preliminary and general items.
30. On 10th October 2023, the Contract Management Team granted four months no cost extension of the contract ending February 2024 which was received by the Contractor on 18th October 2023.

5.2 (b) Findings of the authority

Objective 1: Whether the procurement process was in accordance with PPDA Law.

The Authority reviewed the procurement process from initiation to award and noted the following flaws:

1.1 Procurement Initiation

Regulation 4 (1) (c) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014 stated that *"A Procuring and Disposing Entity (PDE) shall not initiate any procurement for which funds are not available or adequate, except where the Secretary to the Treasury confirms in writing that the required funding shall be made available."*

The Accounting Officer approved availability of funding for the procurement on 24th May 2022. This was a date before the PS/ST approved the virement on 2nd June 2022, this implies that the Accounting Officer committed the Entity into a procurement process without evidence of availability of funds which could lead distortion of other planned priorities of the Entity.

1.2 Contracting

Regulation 7 (1) (e) of the PPDA (Contracts) Regulations, 2014 stated that *"A Procuring and Disposing Entity shall not issue a contract document, purchase order, or other communication in any form, conveying acceptance of a bid that binds a Procuring and Disposing Entity to a contract with a provider, until the full amount of the funding for the period of the proposed contract is committed."*

The Accounting Officer signed a contract above the approved budget. The Accounting Officer signed a contract worth UGX 6,063,319,346 against an approved virement of UGX 5 billion. The Accounting Officer did not secure additional funding worth UGX 1,063,319,346 implying there was over commitment of the Entity which could have led to accrual of domestic arrears on the Entity.

1.3 Contract Management

The Authority reviewed contract management records of the contract for renovation of office space at Farmers' House and below were the key findings.

1. Regulation 47 (4) (c) of the PPDA (Contracts) Regulations, 2014 stated that “A Payment Security shall be valid for a prescribed period beyond the expected final date of completion of a contract or expected release date.” And Regulation 47 (6) confirms that “the validity period for a payment security for procurement for works shall be for three to six months after the final expected transaction date.”

The Authority established that the Entity accepted a Payment Security worth UGX 2,981,004,197 from Cairo Bank Uganda with an expiry date of 17th December 2022 which was a date before the contractual completion date of the contract, the Entity therefore accepted a voidable Payment Security which left the Entity unsecured in the event the Contractor does not perform in accordance with the Contract special and general conditions.

2. Regulation 51 (3) of the PPDA (Contracts) Regulation, 2014 stated that “upon receipt of a contract, the Contract Manager shall prepare a contract management plan using Form 49 is Schedule 2, and forward a copy to the Procurement and Disposal Unit for purposes of monitoring.”

The Authority established that whereas the Contract Management Team was appointed on 11th June 2022, the Contract Management Team did not prepare a contract management plan which puts contract execution at the risk of failure to meet the contractual requirements in a way that achieves value for money for the Entity.

3. Regulation 53 (1) of the PPDA (Contracts) Regulations, 2014 states “A Contract Manager shall –
 - (a) manage the obligations and duties of the procuring and disposing entity specified in the contract; and
 - (b) make certain the provider performs the contract in accordance with the terms and conditions specified in the contract.”

The Authority observed that CMT did not enforce the following terms and condition of the contract;

- The Contractor did not furnish the Entity with a Performance Security (10%) as stipulated under GCC53.1(1) of the contract; and
- Delayed contract commencement; GCC 1.1 (ee) stated The Start Date shall be: Seven calendar days after Contract Signature, however, the Contractor was issued the commencement order on 12th August 2022 which was 35 working days later.

1.4 Unwarranted Expenditure

The Ministry under the disguise of facilitation for the Contract Management Team advanced money to individuals that were not appointed on the Contract Management Team. The details for the facilitation are as tabulated in Table 16 below.

Table 16: Showing Facilitation for the Contract Management Team

Item	Quantity	Rate (UGX)	Amount (UGX)
Eng. Byaruhanga Deo	15	130,000	1,950,000
Enid Balaba	15	120,000	1,800,000
Mutegeki David	15	110,000	1,650,000
Ameja Henry	15	110,000	1,650,000

Item	Quantity	Rate (UGX)	Amount (UGX)
Driver	15	55,000	825,000
Vehicle repair (UG 0353T)	1	4,500,000	4,500,000
Fuel	400	7,000	2,800,000
Printing drawings	100	15,000	1,500,000
Total			16,675,000

The Authority found that the expenses for driver, vehicle repair and fuel were unwarranted expenditure as these were not required since the site was in the same building that the Ministry occupied. In addition, Ms. Enid Balaba and Mr. Ameja Henry were not part of the Contract Management Team and were not meant to receive these allowances. The legitimate expense for this claim should have therefore been UGX 5,100,000 only implying payment of the excess UGX 11,575,000 led to a financial loss to the Ministry.

1.5 Expiry of Payment Security

Regulation 47 (4) (c) and (6) of the PPDA (Contracts) Regulations, 2014 stated that “a payment security shall be valid for a prescribed period beyond the expected final date of completion of a contract or expected release date.” and “the validity of a payment security for works shall be for three to six months after the final expected transaction date.”

The Authority established that the Advance Payment Guarantees submitted by the Contractor on 17th June 2022 expired on 17th December 2022 which was a date before expected final date of 13th August 2023 and therefore the Entity had no leverage against non-performance of the Contractor.

1.6 Site abandonment

The Authority conducted physical verification of the premises on 2nd September 2024 and found that the site had been abandoned as there was no representative of the Contractor on site and this has been the status on ground since the beginning of 2024. The Authority noted that the physical progress of works was behind schedule since the contract had expired on 29th February 2024. There was no evidence of extension of the contract period and no ongoing activity on site.

Objective 2: Whether there was abuse of office by Ministry of Trade Industry and Cooperatives officials during the procurement processes.

Accounting Officer

- The Accounting Officer in exceptions above over committed the Ministry by signing a contract above the funds available and no additional funding had been secured for the procurement.

Contract Management Team

- The Contract Management Team allowed the Contractor to commence works without submission of a Performance Security and in addition accepted a Payment Security that was set to expire before date of contract completion; and

- The Ministry of Trade Industry and Cooperatives (Principal Engineer) - Eng. Deo A. Byaruhanga indulged in wasteful expenditure worth UGX 11,575,000 paid under the disguise of facilitation to the Contract Management Team.

CHAPTER SIX: CONCLUSION

A. PROCUREMENT OF FIVE STATION WAGONS

1. The contract for supply of five station wagons was awarded to Suma Bolt Logistics Ltd however, the Authority notes that the Ministry issued a purchase order to the Provider for supply and delivery of two station wagons on 4th October 2021 prior to bid submission on 11th October 2021 which was irregular and occasioned a retrospective procurement process;
2. The Contract Manager during execution of his duties did not adhere to Regulations 53 (1) and (3) of the PPDA (Contracts) Regulations, 2014 and as such did not ensure that the special conditions of the signed contract were adhered to by the Provider which involved ensuring the Provider submits a Performance Security and deliver the motor vehicles twenty working days after contract signature; and
3. The Provider Suma Bolt logistics was in breach of the contract terms and delayed to deliver three station wagons by 75 working days. In addition, the provider did not submit the 10% Performance Security which put the Ministry at a very high risk of inefficient and ineffective contract performance.

B. RENOVATION OF MINISTRY PREMISES AT FARMER'S HOUSE

1. The Contract Management Team during execution of its duties did not ensure that the Contractor submitted a Performance Security and an appropriate payment security. This left the Entity unsecured in the event of non-performance by the Contractor;
2. Engineer Deo A. Byaruhanga the focal point person on the Contract Management Team, Ministry of Trade, Industry and Cooperatives in addition recommended the payment of a facilitation worth UGX 16,675,000 which included an unjustified payment worth UGX 11,575,000;
3. The Contractor although advanced money, there was no evidence to confirm that the works done are not commensurate to the amount advanced and has since abandoned site. The Entity should make effort to ensure that the completed works are valued and any deficit is recovered and the Authority is to initiate blacklisting proceedings for the Contractor; and
4. The Authority shall initiate blacklisting proceedings against the Contractor in accordance with Section 128 (e) of the PPDA Act, Cap 205.

Annex 1 showing physical verification of the progress of works for the renovation of Ministry premises at Farmer's House



Annex 1 showing physical verification of the progress of works for the renovation of Ministry premises at Farmer's House



Images showing;

Floor 5 & 6 handed over and occupied by the Ministry officials

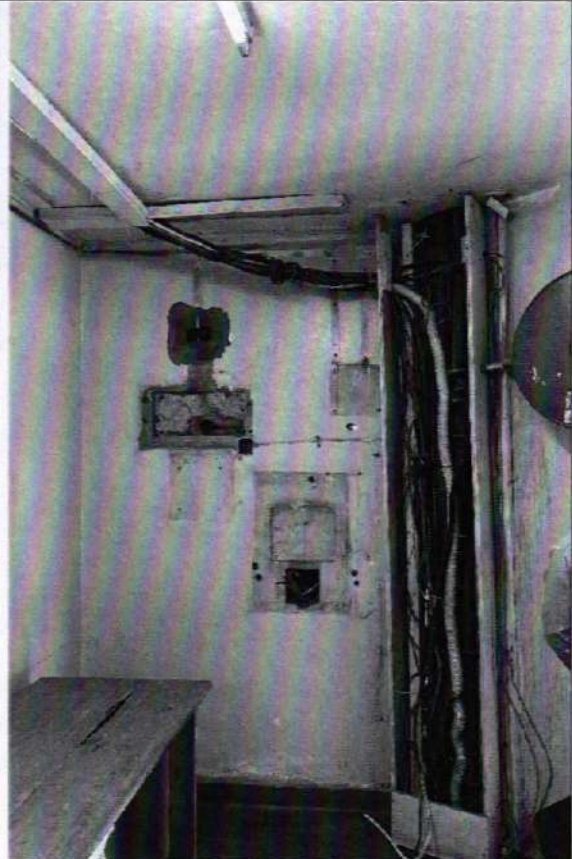
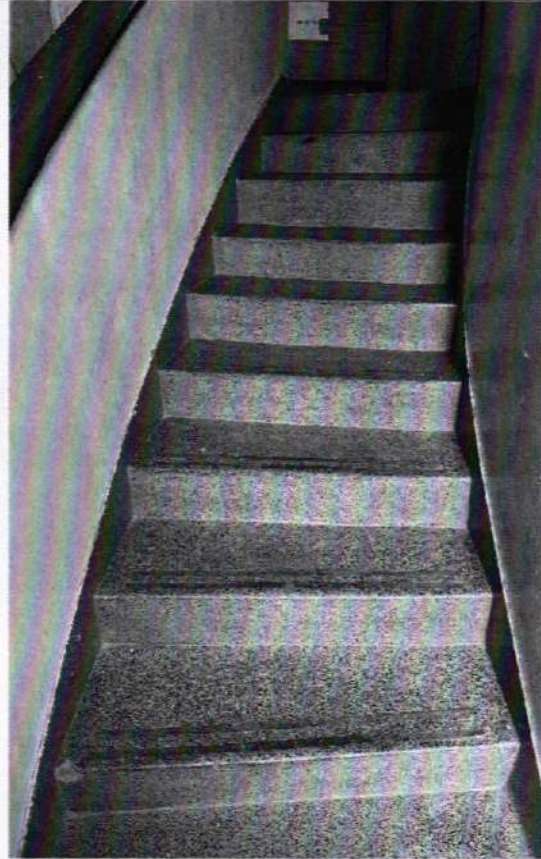
Exterior staircase completed

Floor 6 works partially completed

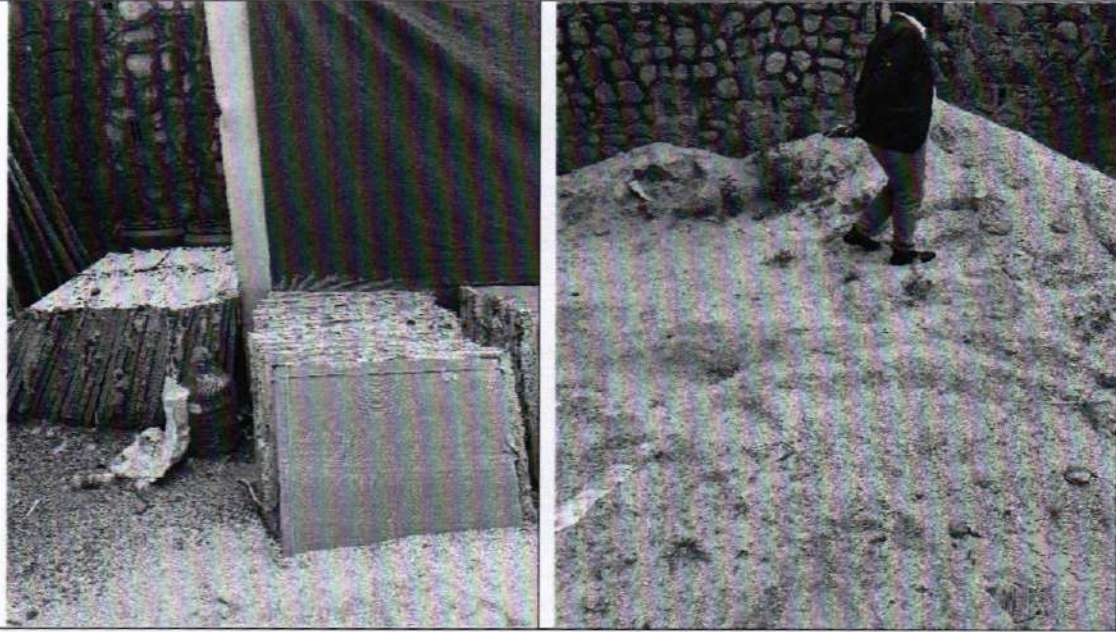
Annex 2 showing abandoned site



Annex 2 showing abandoned site



Annex 2 showing abandoned site



Images showing:

- The Contractor abonded at floor 4 where the roof terrace was left undone, demolished floor 4 and abandoned works mid way;
- The Contractor left materials on site among which were doors, sand, tiles and scaffolding metal