



**PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY**

**INVESTIGATION REPORT INTO THE COMPLAINT ABOUT UNFAIRNESS IN THE  
PROCUREMENT PROCESS AT UGANDA WILDLIFE AUTHORITY IN THE  
PROVISION OF MEDICAL INSURANCE SERVICES TO STAFF**

**ENTITY: UGANDA WILDLIFE AUTHORITY**

**COMPLAINANT: AAR HEALTH SERVICES (U) LTD**

**AUGUST 2017**

## ACRONYMS

AO	-	Accounting Officer
BEB	-	Best Evaluated Bidder
CC	-	Contracts Committee
FY	-	Financial Year
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I A A	-	International Air Ambulance
PDU	-	Procurement and Disposal Unit
PPDA	-	Public Procurement and Disposal of Public Assets Authority
UGX	-	Uganda Shillings
UWA	-	Uganda Wildlife Authority

## 1.0 SUMMARY OF FACTS

1. On 21<sup>st</sup> April 2016, Uganda Wildlife Authority initiated the procurement for medical services for staff, dependents and aid swift staff at an estimated cost of UGX 2,660,499,558.
2. On 25<sup>th</sup> April 2017 and 27<sup>th</sup> April 2017, bid notices were advertised in the Daily Monitor and the New Vision newspapers respectively.
3. On 8<sup>th</sup> May 2017, a pre-bid meeting was held at the Entity and was attended by representatives of the bidders.
4. On 25<sup>th</sup> May 2017, bidding was closed and the following five (5) bidders submitted bids as indicated in Table 1:

**Table 1: Record of Bid opening**

No	Name of Bidder	Price read out (UGX)
1.	AAR Health Services (U) Ltd	2,633,700,00
2.	International Medical Link	2,902,575,500
3.	IAA Health Care	2,983,425,834
4.	Case Medicare Ltd	3,148,250,000
5.	Jubilee Insurance	6,044,750,921

5. On 2<sup>nd</sup> June 2017, the Contracts Committee approved the following Evaluation Committee:

**Table 2: Evaluation Committee**

No	Name of Bidder	Designation
1.	Mr. Tom Okello	Assistant Director Murchison Falls Conservation Area
2.	Mr. Fredrick Kizza Kayanja	Chief Warden Mountain Elgon Conservation Area
3.	Ms. Juliet Anguria	Senior Warden Accounts
4.	Ms. Lilian Nali	Warden Human Resource
5.	Ms. Annet Tuheisomwe	Legal Counsel
6.	Mr. Andrew Ssebalu	Warden Procurement

6. The Evaluation Report dated 16<sup>th</sup> June 2017 indicated that the bids of IAA Health Care and AAR Health Services (U) Ltd were responsive at the preliminary and technical stages and proceeded for financial evaluation. The Evaluation Committee corrected arithmetic errors in the bid of IAA Health Care from UGX. 2,998,377,963 that was read out at bid opening to UGX. 2,998,495,865. The Committee recommended award to AAR Health Services (U) Ltd at a contract price of UGX 2,633,700,000 per annum, taxes inclusive under a framework contract of 3 years.
7. On 27<sup>th</sup> June 2017, the Contracts Committee approved the award of the contract to AAR Health Service (U) Ltd at a contract price of UGX 2,633,700,000 and advised Management

to consider extension of the contract for IAA Health Care that was expiring on 30<sup>th</sup> June 2017, for a period of 2 months to ensure continuity of service provision to staff.

8. The notice of the best evaluated bidder was displayed from 26<sup>th</sup> June 2017 with a removal date of 7<sup>th</sup> July 2017.
9. On 29<sup>th</sup> June 2017, the Accounting Officer directed the Chairperson Contracts Committee to review and address the following anomalies in the procurement process:
  - i. Absence of the Contracts Committee approval of the Bidding document, the procurement methodology and terms of reference contrary to Section 28 of PPDA Act.
  - ii. Absence of minutes of the Contracts Committee approving the Evaluation Report, though a copy dated 26<sup>th</sup> June 2017 was on file submitted to the Authority.
  - iii. Absence of consultation of the Uganda Medical and Dental Practitioners Council in the preparation of the bidding documents and evaluation yet UWA does not have the expertise in this area.
10. On 29<sup>th</sup> June 2017, the Contracts Committee decided to re-tender the procurement in accordance with the law.
11. On 3<sup>rd</sup> July 2017, the Entity wrote to all bidders withdrawing the best evaluated bidder notice.
12. On 17<sup>th</sup> July 2017, AAR Health Services (U) Limited complained to the Authority alleging unfairness in the procurement process for provision of medical insurance services to Uganda Wildlife Authority staff.

## **2.0 OBJECTIVES OF THE INVESTIGATION**

The objectives of the investigation were to establish whether:

- i. The Entity unfairly withdrew the best evaluated bidder notice for the procurement.
- ii. The Entity negotiated with the second best evaluated bidder to extend the contract.

## **3.0 LAW APPLICABLE**

- i. The Public Procurement and Disposal of Public Assets Act, 2003;
- ii. The Public Procurement and Disposal of Public Assets Regulations, 2014;
- iii. The Public Procurement and Disposal of Public Assets Guidelines 2014; and
- iv. The Bidding Document issued to bidders.

#### 4.0 METHODOLOGY

The Authority adopted the following methodology:

4.1 Reviewed the following documentation:

- i. Procurement Requisition;
- ii. Solicitation document issued to bidders;
- iii. Records of bid closing and bid opening;
- iv. Bids submitted by bidder;
- v. Evaluation Reports;
- vi. Contracts Committee minutes;
- vii. Nomination and approval of Contracts Committee; and
- viii. Notice of the Best Evaluated Bidder.

4.2 The Authority held a meeting on 8<sup>th</sup> August 2017 with the following persons from Uganda Wildlife Authority.

**Table 4: Officials who attended the meeting**

No.	Name	Designation
1.	Dr. Andrew G. Seguya	Executive Director
2.	Mr. Tom O. Okello	Assistant Director Murchison Falls Conservation area
3.	Ms. Susan L. Namuli	Monitoring & Evaluation Manager
4.	Dr. Adonai Bintooro	Manager Community Conservation
5.	Mr. Stephen Masaba	Business Development and Marketing Manager
6.	Mr. Mack Opowo	Procurement Manager
7.	Mr. Robert Maani	Senior Warden Accounts
8.	Ms. Juliet Anguria. N	Senior Warden Accounts
9.	Ms. Annet Tuheisomwe	Legal Counsel
10.	Mr. Ali Luzinda	Legal Counsel
11.	Ms. Lillian Nali	Warden Human Resource
12.	Mr. Andrew Ssebalu	Warden Procurement

#### 5.0 FINDINGS BY THE AUTHORITY

5.1 Whether the Entity unfairly withdrew the best evaluated bidder notice for the procurement

- i. The Authority established that the Contracts Committee approved the award of the contract for the procurement to AAR Health Service (U) Ltd at a contract price of UGX 2,633,700,000 on 27<sup>th</sup> June 2017. However on 29<sup>th</sup> June 2017, the Accounting Officer directed the Chairperson Contracts Committee to review and address anomalies in the procurement process for procurement of medical services.

- ii. The Authority established that the concerns of the Accounting Officer were considered at the Contracts Committee meeting held on 29<sup>th</sup> June 2017 where it indicated that the procurement could not continue with grave errors that contravene the provisions of the law and hence decided that the procurement be done de novo (afresh) in accordance with the law. The Authority found that the Contracts Committee had therefore cancelled the procurement process.
- iii. The Authority further established that on 3<sup>rd</sup> July 2017 the Accounting Officer withdrew the best evaluated bidder notice which indicated that it had been displayed on 26<sup>th</sup> June 2017 and was to be removed on 7<sup>th</sup> June 2017. The notice also indicated that it was issued in error and the correct version would be issued out. The Authority finds that the Notice of best evaluated bidder was irregularly issued before the Contracts Committee awarded the contract. The notification of bidders that the best evaluated bidder notice was issued in error and that a correct version would be issued out after the Contracts Committee had cancelled the procurement and resolved that the Entity should re-tender the procurement demonstrated lack of transparency on the part of the Accounting Officer and the Entity contrary to section 45 of PPDA Act, 2003.
- iv. The Authority established that the Contracts Committee did not approve the procurement method and bidding document contrary to Section 28 (c) and (d) of the PPDA Act, 2003 which require prior approval by the Contracts Committee.
- v. The Authority established that at the time of initiation of the procurement process, on 21<sup>st</sup> April 2017, there was no Contracts Committee in place since the Entity had not received approval of the Contracts Committee by the Permanent Secretary/Secretary to Treasury. The Accounting Officer had on 15<sup>th</sup> March 2017 sought approval of the nominations to the Contracts Committee from the Permanent Secretary/Secretary to Treasury. The approval dated 10<sup>th</sup> April 2017 was subsequently received by the Entity on 19<sup>th</sup> May 2017.
- vi. The Authority noted that the Accounting Officer is empowered under Section 27(2b) of the PPDA Act, 2003 to perform the role of the Contracts Committee during the period when the Entity has not received approval of nominations of Contracts Committee from the Permanent Secretary/Secretary to Treasury but found no evidence that the Accounting Officer undertook the role of the Contracts Committee in accordance with Section 27(2b) of the PPDA Act, 2003.
- vii. The Authority found that the withdraw of the best evaluated bidder notice was unfair to the bidders since it was reasonable for them to assume that the procurement procedures had been properly complied with by the Entity on publication of the notice and in the circumstances it was within the power of the Accounting Officer to approve the procurement activity including the bidding document and procurement method in accordance with Section 27(2b) of the PPDA Act, 2003.

**5.2 Whether the Entity negotiated with the second best evaluated bidder to extend the contract.**

- i. The complainant alleged that the Entity negotiated with IAA, the second ranked bidder to extend an expired contract.
- ii. The Authority found that the Entity had on 24<sup>th</sup> October 2016 signed a contract with IAA for provision of medical insurance services for the Financial Year 2016/2017 that expired on 30<sup>th</sup> June 2017.
- iii. On 27<sup>th</sup> June 2017 the Contracts Committee had advised the Procurement and Disposal Unit to consider extension of the contract for IAA Health Care since the contract was ending on 30<sup>th</sup> June 2017 but this was not done.
- iv. The Authority found no documentary evidence that the Entity entered negotiations with IAA on extension of the contract that had expired on 30<sup>th</sup> June 2017.

**6.0 OBSERVATION**

- i. The Authority noted that the display date indicated on the notice of best evaluated bidder was 26<sup>th</sup> June 2017 which was a day earlier than the date (27<sup>th</sup> June 2017) when the Contracts Committee approved award of the contract to AAR Health Care (U) Ltd. However, during the meeting held with the Entity the Head Procurement and Disposal Unit informed the Authority that it was an error.
- ii. The Authority observed that staff of the Entity are currently not under medical cover since the contract with IAA Health Care expired on 30<sup>th</sup> June 2017
- iii. The Authority further observed that the Entity has to date not communicated to the bidders that the procurement process was cancelled which shows lack of transparency and fairness and contrary to Section 45 of PPDA Act, 2003.

**7.0 RECOMMENDATION**

In accordance with Section 9 of the PPDA Act, 2003 the Authority recommends that:

- i. In light of the sensitivity and urgency of the need to provide medical insurance services to staff, the Contracts Committee should consider reviewing all stages of the procurement process that needed their approval, if satisfied, then they revalidate the procurement stages and proceed to the conclusion of the provision of medical insurance services.
- ii. If the Contracts Committee is not satisfied with the procurement process, the entity should consider re-tendering the procurement for provision of medical insurance services for the staff and their dependants using procurement procedures under emergency situations which do not exclude competition in order to ensure value for money.

- iii. In future, the Entity should ensure that in the absence of the Contracts Committee the procurement procedures are approved by the Accounting Officer in accordance with Section 27(2b) of the PPDA Act, 2003.
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