



PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY

ANNUAL
REPORT

06/07

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7th April, 2009

Hon. Minister,
Ministry of Finance, Planning and Economic Development,
P. O. Box 8147
KAMPALA

RE: ANNUAL REPORT

In accordance with Section 22 of the Public Procurement and Disposal of Public Assets Act No. 1 of 2003, please find attached the Public Procurement and Disposal of Public Assets Authority Annual Report for the Financial Year 2006/2007.

A handwritten signature in blue ink, appearing to read 'Kahoza', is positioned above the printed name and title.

James Kahoza
Chairman, Board of Directors

ACRONYMS

Act	Public Procurement & Disposal of Public Assets Act, No. 1 of 2003
AO	Accounting Officer
BLI	Baseline Indicators
CAA	Civil Aviation Authority
CAO	Chief Administrative Officer
CC	Contracts Committee
CNA	Capacity Needs Assessment
CPD	Continuous Professional Development
CPI	Compliance & Performance Indicators
CRC	Complaints Review Committee
CSO	Civil Society Organization.
CTB	Central Tender Board
DAC	Development Assistance Committee
DANIDA	Danish Agency for International Development
DNC	District NAADS Co-ordinator
EC	Evaluation Committee
EU	European Union
FAL	Functional Adult Literacy
FID	Farmer Institutional Development
HPDU	Head Procurement & Disposal Unit
IGG	Inspectorate of Government
IHN	International Health Network
ITB	Instruction to Bidders
KCC	Kampala City Council
LPO	Local Purchase Order
MCC	Millennium Challenge Corporation
MOFA	Ministry of Foreign Affairs
MOFPED	Ministry of Finance, Planning & Economic Development
MOGLSD	Ministry of Gender, Labour & Social Development
MOLG	Ministry of Local Government
MOWHC	Ministry of Works, Housing & Construction
MUST	Makerere University of Science & Technology
MTTI	Ministry of Tourism, Trade and Industry
NAADS	National Agricultural Advisory Services

NCB	National Competitive Bidding
NDA	National Drug Authority
NHCCL	National Housing & Construction Company Limited
NICL	National Insurance Corporation Limited
NMS	National Medical Stores
OECD	Organization for Economic Co-operation & Development
PAM	Plan for Modernisation of Agriculture
PCY	Project for Children & Youth
PDE	Procuring & Disposal Entity
PDU	Procurement & Disposal Unit
PPDA	Public Procurement & Disposal of Public Assets Authority
PS	Permanent Secretary
RAFU	Road Agency Formation Unit
RFP	Request for Proposal
RFQ	Request for Quotation
SBD	Standard Bidding Document
SHA	Senior Hospital Administrator
SNC	Sub- County NAADS County
SPO	Senior Procurement Officer
TOR	Terms of Reference
TOT	Trainer of Trainer
UD	User Department
UETCL	Uganda Electricity Transmission Company Ltd
ULRC	Uganda Law Reform Commission
UNICEF	United
UPCC	Uganda Publishing Corporation
UPF	Uganda Police Force
URA	Uganda Revenue Authority
USAID	United States Agency for International Development
UWA	Uganda Wildlife Authority
WB	World Bank

OUR VISION

A transparent, accountable and efficient public procurement and disposal system that delivers value for money.

OUR MISSION

To regulate the public procurement and disposal system in Uganda by setting standards, building capacity and monitoring compliance, in order to achieve value for money.

CORE VALUES

- Value for Money
- Reliability
- Integrity
- Professionalism
- Transparency and Accountability
- Commitment and Teamwork
- Partnership

CHAIRMAN'S MESSAGE

Last year, the Authority set a number of benchmarks as follows:

- To increase the number of procurement audits and reviews from 8 last year to 16 this year
- To harmonize the local government procurement regime with the central government, to continue
- To continue monitoring compliance with the provisions of the PPDA Act,
- To work on the amendments to the Local Government Act,
- To continue to build capacity both at central and local government,
- To implement the application of performance indicators. Compliance and Performance Indicators are to enable the Authority measure its performance. Uganda was selected by the OECD/ World Bank Round Table as one of the 13 participating African countries in the pilot exercise to test the new common methodology under different conditions in order to improve the quality and the usefulness of the methodology and to support an improved policy dialogue between partner countries and their development partners about procurement reforms and capacity development. I am pleased to report that Uganda's procurement system scored highly in the assessment, getting a score of 76%.

The objective of these activities is to increase efficiency, build capacity, increase transparency, monitor compliance better and fight corruption in public procurement. More emphasis is however needed in strengthening review of procurement cases and monitoring compliance of Procuring and Disposing Entities (PDEs) so as to address the rampant lack of procurement plans, poor record keeping, lack of use of standard bidding documents, poor management of the procurement process, poor evaluations, poor contract management, lack of funds to procure high quality goods, works and services, and poor payment structures and corruption. The Authority is working with the Ministry of Finance, Planning and Economic Development (MOFPED) to institute mechanisms that will make it mandatory for all PDE's to submit procurement plans alongside their budgets to the MOFPED as a precondition for the release of funds.

PPDA has held several meetings with the Ministry of Defence, External Security Organisation, Internal Security Organisation and

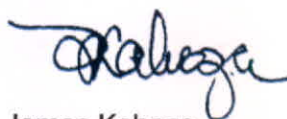
Police in a bid to speed up the process of developing the dual classified list as required under the Act. The process has not achieved much progress as classified procurements have not been identified in these Institutions.

During the year, the PPDA received support for a 2 year programme from the European Union to assist the function of Compliance monitoring and enforcement in Local Government Entities. The project is aimed at building procurement capacity in 10 districts and one Municipality. The Authority was also selected as a beneficiary institution to obtain financial assistance under the US Millennium Challenge Corporation (MCC), an Anti-Corruption Country Plan aimed at combating corruption in Uganda.

The Authority has continued to expand its operations by recruiting more staff to undertake the mandate of the Authority and has also secured a building at Plot 30 Nakasero Road for ease of space at Workers House. On behalf of the Board of the PPDA, I would like to register my gratitude to the Government of Uganda, World Bank, Royal Netherlands Government, European Union, DANIDA, UNDP, DFID and all other stakeholders for their continued support during the year under review.

This is the 4th Annual report the Authority has issued since it came existence. The Annual Report itself is just a short summary of the many procurement audit reports we issue very often. These reports contain details of flawed procurements in procurement entities and in some cases name public officials involved. These reports go to all control institutions and Head of the Civil Service. Unfortunately however, no one seems to take them seriously let alone investigate the officials involved with a view to taking administrative or legal action. Lack of action on those who routinely abuse their offices through either embezzlement, loss of state funds, fraud, influence peddling, or criminal negligence is creating an environment of impunity which continues to undermine the integrity of the state.

I wish to extend my appreciation to the PPDA Management and staff for their untiring zeal and dedication to fulfilling the mandate of the PPDA.



James Kahoza
Chairman, Board of Directors
Public Procurement and Disposal of Public Assets
Authority.

EXECUTIVE DIRECTOR'S MESSAGE

I am pleased to report to you the performance of the PPDA for the financial year 2006/7.

During the year, a number of activities were undertaken by the Authority under the objectives of ensuring transparency, value for money in procurement and disposal practices, harmonization of laws with local governments, setting standards, monitoring compliance and building procurement and disposal capacity in Uganda. I must say that these activities have significantly impacted on our mode of operations, with positive results.

Under ensuring transparency in Government procurement, the Authority carried 16 procurement audits all from central government and findings indicate lack of procurement plans, poor record keeping; lack of solicitor's general's approval, poor evaluations, lack of monthly report submissions to the Authority, retrospective contracts committee approvals, lack of capacity in terms of professionals and poor contract management. We hope to increase the coverage of audits in line with the corporate plan because the audits reveal weak points in the procurement and disposal system that need to be fixed if the objectives of the law are to be met. The Authority also did carry out several investigation and administrative reviews which indicated poor knowledge of the law, lack of professionalism and corrupt tendencies. The Authority did carry out the National Integrity Baseline Survey, a key activity in the procurement work plan which was completed during the year. The findings revealed a number of pertinent issues relating to public procurement, one of which is the rampant corruption in public procurement. The report indicated that between 7% and 9% of total contract values were lost in corrupt payments in procurements at both central and local government. These are significant losses for a sector that accounts for over 35% of government's expenditure. We as the regulator of public procurement have taken up this matter as a matter of concern and plan to increase on the number of procurement audits, compliance monitoring and capacity building in the next financial year, especially in local governments so as to ensure the effective implementation and adherence with the PPDA Act and Regulations.

Research was carried out on areas for consideration for amendment under the current PPDA Act 2003. A discussion paper proposing the amendments to the Act and harmonization of the Act with other laws was prepared. These issues were forwarded to the Ministry of Finance, Planning and Economic Development for consideration once the amendment exercise

begins. The amendment of the Law is intended to make the Law more applicable in promoting best practices in public procurement in the Entities. The PPDA, in collaboration with the Uganda National Bureau of Standards explored areas under the law that need specification standards for use by procuring and disposing entities. Five priority areas on: stationery, furniture, foodstuffs, medical sundries and agricultural tools were identified for the development of specification standards in the next financial year.

The coming into force of the Local Government's Amendment Act 2006 under harmonization of local government practices with central government created an urgent need for procurement professionals to man the PDUs. Recruitment of procurement staff could however not take place without a clear assessment of the needs of the different local governments. The PPDA, in partnership with the Ministry of Local Government categorized the Local Governments into large, medium and small PDUs. Today the Ministry has a total of 5 large, 75 medium districts and 13 municipalities. Under the new structure, the large PDEs will have a total of three staff, a Principle Procurement Officer, a Senior Procurement Officer and a Procurement Officer. The medium PDEs will also have three staff, a Senior Procurement Officer, a Procurement Officer and an Assistant Procurement Officer, while the small PDEs will be manned by two officers, a Senior Procurement Officer and an Officer. A circular on the proposed staffing was issued.

The Authority also developed a total of ten guidelines for Local Governments during the year. The guidelines provide detailed explanations on specific areas under the Local Government's Act. These were developed alongside the Local Government Regulations. More emphasis will be placed on capacity building, especially for local governments in the next financial year. A number of capacity building seminars were carried out during the year to familiarize the Local Governments with the new Local Government Public Procurement and Disposal framework, which became operational in February 2006. A total of 528 officers took part in these seminars out of the 696 that were expected, representing 75.9% participation. The Authority was able to cover 55 LGs out of the 93 LGs, representing 59.1% coverage of Local Governments. We were also able to complete the average price list for works. The price list is used by procuring and disposing entities for benchmarking prices during the budgeting and procurement processes.

This list was posted on the PPDA website and sent out to all entities. I am happy to report that the Authority also successfully purchased a home for the PPDA on plot 39 Nakasero. We intend to refurbish the existing building to accommodate two departments and reduce on the congestion that the Authority is currently faced with at Workers House. The home will house the PPDA library and training centre, in what we hope to become a centre for procurement excellence.

During the year, the PPDA recruited a Public Relations Officer to help the Authority in managing its corporate communications and disseminating information on the activities undertaken by the Authority. A public relations and communications strategy was developed to strengthen awareness of the PPDA's role and mandate in the public. The strategy will enable the Authority improve on transparency in public procurement and strengthen relations with civil society organizations. Key objectives of the strategy are:

- To strengthen and expand PPDA's scope of influence among member organizations and members of the public.
- To promote the image of PPDA as an organization that upholds best practice and value for money procurement policies by strengthening support for PPDA activities among its various stakeholders.

- To build strategic relations with key media persons, explain controversial decisions and respond to inaccurate and misleading statements put out by parties with whom the PPDA is in dispute

As we move to a new financial year, we call upon the Government, our donors and stakeholders to continue supporting the work that the PPDA is doing so that together Uganda's procurement system can continue to flourish and best practices are upheld in public procurement and disposal. More effort in our capacity building initiatives this financial year will be on Local Governments who have just come on board with the enforcement of the Local Government Act 2006. There is need to urgently implement several recommendations made by the Authority so as to improve the application of the law.



Edgat Agaba
EXECUTIVE DIRECTOR

CORPORATE INFORMATION

The Public Procurement and Disposal of Public Assets Act No. 1 of 2003 (PPDA Act) established the Public Procurement and Disposal of Public Assets Authority as an autonomous Regulatory Body. The Act empowers the Authority to formulate policies, set procurement and disposal standards, build procurement and disposal capacity and supervise the procurement and disposal practices of all procuring and disposing entities, which include central government ministries and departments, local governments, constitutional and statutory bodies.

1.0 Statutory Objectives

The objectives of the Authority are stated in Section 6 of the PPDA Act and these are to:

- i. ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal standards and practices;
- ii. harmonize the procurement and disposal policies, systems and practices of the central government, local governments and statutory bodies;
- iii. set standards for the public procurement and disposal systems in Uganda;
- iv. monitor compliance of procuring and disposing entities; and Build procurement and disposal capacity in Uganda.

1.1 Organisational Structure

The Authority is composed of the following:

(a) Board of Directors

The Authority is governed by a Board of Directors. During the financial year, the Minister of Finance, Planning and Economic Development appointed 7 members of the Board namely:

Mr. James Kahoza	- Chairman
Mr. Joseph Mukasa	- Member
Mrs. Sarah Lubega	- Member
Mr. John B. O. Wabwire	- Member
Mr. Anthony Okwenye	- Member
Eng. Younus B.K. Mpagi	- Member
Mr. David Kabateraine	- Member
Mr. Edgar Agaba	- Executive Director

Section 10 of the PPDA Act empowers the Board to execute the functions and powers of the Authority. The Board is responsible for formulating policies of the Authority, approving the Authority's budgets and overseeing the operations of the Authority by monitoring and evaluating its performance.

(b) Executive Director and the Corporate Office

The Executive Director is responsible for the day-to-day operations of the Authority. He implements the Authority's policies and programmes and supervises all the departments. The Executive Director heads the Corporate Office which is responsible for public relations, internal audit and co-ordination with other government agencies, the donor community and the civil society. The Corporate Office is also assisted by the Technical Advisor who provides technical support to the Authority

(c) Legal and Compliance Department

The department of Legal and Compliance is mandated under Section 7 (c) to set standards for the public procurement and disposal sector. The department's main objective is to provide advisory services on public procurement and disposal of assets to the Authority, Procuring and Disposing Entities, providers and other stakeholders. It also monitors Procuring and Disposing Entities and recommending corrective measures to be undertaken to ensure conformity with the requirements of the law.

(d) Training and Capacity Building Department

The Training and Capacity Building department is responsible for building procurement and disposal capacity. The capacity building functions of the Authority are specified in Sections 6 (e), 7 (c), (m) of the PPDA Act and Regulation 11 and include: setting training standards, competence levels certification systems, development of capacity building operational plans, collaboration with procuring and disposing entities, providers; training and research institutions.

(e) Procurement Audit and Investigations Department

The department of Procurement Audit and Investigations is mandated under Sections 7 and 8 of the Act to commission or undertake investigations. The department also carries out procurement or disposal contract and performance audits. The audits and investigations are undertaken on disposing entities at central and Local government, Statutory bodies, Commissions, Public Hospitals and Tertiary Institutions.

(f) Finance and Administration Department

The department is responsible for smooth management of the internal affairs of the Authority, including finance and administration, human resource management, information technology and library and documentation services. It also oversees the procurement of goods and services for the Authority.

(g) Internal Audit Unit

Internal Audit is a unit in the Authority which is administratively under the office of the Executive Director. The mandate of internal audit is to perform an oversight function and appraise operations, systems and procedures. The unit functionally reports to the Board of Directors.

TRANSPARENCY, VALUE FOR MONEY IN PROCUREMENT AND DISPOSAL PRACTICES

In accordance with Section 6 (a) of the PPDA Act, the Authority is mandated to ensure the application of a fair, competitive, transparent, non-discriminatory value for money procurement and disposal standards and practices. In fulfillment of the above mandate, the following activities were carried out:

2.0 Procurement Audits

The Authority carried out 16 procurement and disposal audits in the following Procuring and Disposing Entities.

Ministry of Justice and Constitutional Affairs
 Courts of Judicature
 Uganda Human Rights Commission
 Road Agency Formation Unit (RAFU)
 National Agricultural Advisory Services (NAADS)
 Uganda Electrical Transmission Company Ltd (UETCL)
 Uganda Revenue Authority (URA)
 Ministry of Gender, Labour and Social Development
 Uganda Police Force
 Uganda Wildlife Authority
 Uganda Law Reform Commission
 Ministry of Foreign Affairs
 Ministry of Works, Housing and Communication
 Ministry of Finance, Planning and Economic Development
 Mbarara University of Science and Technology (M.U.S.T)
 Jinja Referral Hospital

The outstanding issues and high risk cases on these entities are discussed below

I. Ministry of Justice and Constitutional Affairs

25 procurement action files were randomly sampled and the results were as follows:-

Summary of Performance

Rating	No	%	Comment
High Risk	8	32	Specific action has been recommended for each case as detailed below.
Medium Risk	6	24	The PDU should take the recommendations as action points and implement them going forward.
Low Risk	8	32	The control environment should be strengthened to ensure that the risks identified are mitigated.
Satisfactory	3	12	Entity should be encouraged to have more satisfactory audits.
Total	25	100%	

Key findings

- There were no procurement plans for the period under review.
- Some non-qualified firms were contracted during the period, without justifiable reasons.
- Some areas of service provision were omitted during pre-qualification; e.g. in-land air travel and events management.
- Some companies were being used more than others, a sign of non-rotation.
- There was no documentary evidence that contracts above Uganda Shillings 50 million were approved by the Solicitor General who also doubled as the Accounting Officer of the Ministry.
- There was poor recording keeping and filing system at the ministry.
- There was no timely submission of monthly reports to PPDA.
- The Contracts Committee made a number of retrospective approvals.

High Risk Cases

Procurement	Audit Findings	PPDA Recommendations
<p>MJCA/SRVS\04-05\0079: Tiling and Partitioning Works</p> <p>Provider: Muhekamu Enterprise Ltd</p> <p>Contract price: Shs. 186,914,000/=</p> <p>Method of Procurement: Request for Quotations</p>	<ul style="list-style-type: none"> • The Ministry wanted to relocate the department of Registrar General and Administrator General. The procurement involved partitioning, supply and fixing aluminum doors, wall-to-wall carpeting (1032m²), and supply and fixing of ceramic tiles (264m²) of Registrar General's offices on floor 4 and 5, Amamu House. • There was no evidence that the PDU was involved in this procurement. The Ag Registrar General Mr. Bisereko Kyomuhendo handled the invitation of bidders and selection. • The procurement was not initiated with the requisition Form PP Form 20. • There was no written invitation to the providers. • The three (3) providers who participated were not on the pre-qualification list. • Request for Quotation (RFQ) was used instead of open bidding. • There was no evidence of bid receipt, bid closing, opening, evaluation, and notice of best-evaluated bidder. • There was no bid document issued to the providers. The providers gave in their bids in form of proforma invoices. • The Secretary, Contracts Committee communicated the award and not the Accounting Officer. • There was no contract document seen on file. • The Contracts Committee gave a retrospective approval of the variation. • Contract management information was lacking on file and there was no Contract Manager. 	<ul style="list-style-type: none"> • The Ag. Registrar General Mr. Bisereko Kyomuhendo should be cautioned by the Accounting Officer for sourcing for providers outside the pre-qualification list and playing roles that were outside the mandate of the user department in this procurement. • The Accounting Officer should caution user departments to stop interfering with the PDU's mandate of managing the procurement process as mandated under regulation 61 of PPDA Regulations, 2003. • The Accounting Officer should ensure that all stages of the procurement cycle are implemented.

Procurement	Audit Findings	PPDA Recommendations
<p>MJCA/SRVS/04-05\0159: Procurement of Printing Services</p> <p>Provider: Central Trading Co.</p> <p>Contract price: Shs 78,975,000/=</p> <p>Method of Procurement: Request for Quotations</p>	<ul style="list-style-type: none"> • The Ministry procured printing services to produce and supply 4500 copies of the Government White Paper on the Constitutional Review Process. These were produced for the Government Ministers and the Hon. Members of Parliament. • A requisition in form of a loose minute originated from the Minister's office requesting the Solicitor General to ensure the copies are printed and paid for in two days. PP Form 20 was not used for this procurement. • There was no evidence that the Contracts Committee approved this emergency procurement before commencing the process and using the method. • Of the firms that participated, only Central Trading Co. was pre-qualified, despite having 10 pre-qualified providers for printing. • There was no evaluation report seen on file. • Notification of award and displaying of the best-evaluated bidder were not done. • The payment voucher was passed for payment on 12/11/04 and paid the same date. • This procurement was handled hurriedly and as a result flouted most of the procurement rules (use of a wrong procurement method, no evaluation was carried out, and did not communication to the best evaluated bidder was never made). 	<ul style="list-style-type: none"> • The Accounting Officer should ensure that all the officials of the Ministry always adhere to the procurement procedures and rules. • The Accounting Officer should not sign contracts whose procurement process has contravened the law.
<p>MJCA/SUPLS/04-05/0077: Procurement of Rodeo Mitsubishi Double Cabin</p> <p>Contract price: Shs 170,035,962/=</p> <p>Provider: Victoria Motors</p> <p>Method of Procurement: Direct procurement</p>	<ul style="list-style-type: none"> • The Ministry procured two (2) Mitsubishi Rodeo Double Cabin Pick-ups, Model 2.8 TD. • There was no requisition form PP Form 20 on file and it was not clear who initiated the procurement. • There was only one proforma from Victoria Motors Ltd quoting Ranttd 589,458 for the two (2) units. There was no evidence of other providers invited to participate in this procurement. This was proof that the Ministry was in preference of Mitsubishi type of vehicle • The open competitive bidding should have been the appropriate procurement method. • There was no evaluation of the quotation to confirm the responsiveness and eligibility of the provider. • The contract award was communicated by a member of the Contracts Committee, contrary to Reg. 65 of PPDA Regulations. • The Ministry signed a contract with General Machinery Ltd instead of Victoria Motors Ltd and the contract was not dated. The Entity indicated that Victoria Motors Ltd was a subsidiary of General Machinery Ltd. 	<ul style="list-style-type: none"> • The Accounting Officer is held responsible for the anomalies in this procurement and should ensure that the Ministry always adheres to the procurement rules and regulations. • The Accounting Officer should caution all the user departments to refrain from specifying brand names as per Regulation 265 of PPDA Regulations in order to create competition and attain value for money in all procurements of the Ministry.

Procurement	Audit Findings	PPDA Recommendations
<p>MJCA/SRVC/04-05/0151: Tiling of Administrator General's Offices</p> <p>Contract price: Shs 73,157,600/=</p> <p>Provider: K. Rogers Ltd</p> <p>Method of Procurement: Request for Quotations</p>	<ul style="list-style-type: none"> • The Administrator General's new offices at Amamu House required floor tiling. This covered floors 2 and 3 with 30cm x 30 cm size of tiles. • There was no requisition PP Form 20 for initiating the procurement. • There was no written invitation of providers to quote on file. • There were no written specifications on file to guide the providers in their quotations. • There was only one quotation on file. • The Ag Administrator General recommended M/s K. Rogers Ltd (the highest priced bid, with Ugshs 16m over and above the lowest bid) on grounds that they had offered to do the work and demand for payment later. • The bidders were not pre-qualified for 2004/05. BGH Construction Ltd who was pre-qualified was not invited to bid. • Solicitation of providers to bid and recommendation for award to the Contracts Committee are responsibilities of Head PDU, but the Administrator General took over these roles contrary to Regulation 59 of PPDA Regulations, 2003. • There was no evaluation committee and no evaluation report, but Ag. Administrator General assumed the evaluation role. • Ag. Administrator recommended the highest bidder on grounds of payment after work was accomplished. It was not clear whether such negotiation was made with other bidders. • No approvals from the Contracts Committee were seen on file. • There was no evidence of the contract signed by both parties. 	<ul style="list-style-type: none"> • The Accounting Officer should severely reprimand Mrs. Kiggundu Jane who was the Ag. Administrator General for interfering with the procurement process. • The Head PDU should ensure that the relevant standard forms are used during the procurement process.
<p>MJCA/SUPLS/03-04/0020: Procurement of Two Photocopier Machines</p> <p>Contract price: Shs 40,002,300/=</p> <p>Provider: Kazinga Channel Office World Ltd</p> <p>Method of Procurement: Request for Quotations</p>	<ul style="list-style-type: none"> • The Registrar General's office wanted to purchase computers and two (2) heavy-duty photocopiers. • The Commercial Justice Reform Programme initiated the procurement through a loose minute. PP Form 20 was not used in the procurement. • There were no solicitation documents issued to bidders. • There were no approvals on file to show that the Contracts Committee approved the purchase; neither was there any document related to the evaluation process used to award Kazinga Channel the contract. • The order was split to avoid the use of open bidding. • The Secretary, Contracts Committee communicated the award of tender to Kazinga Channel instead of the Accounting Officer contrary to Reg. 65 of PPDA Regulation, 2003. 	<ul style="list-style-type: none"> • The Head PDU should always be compelled by the Accounting Officer to apply the correct method of procurement as per the guideline 1/2003 on the thresholds. • The Head PDU should always invite at least three bidders to compete so as to attain value for money procurements. • The Accounting Officer should always exercise his power of communicating award of tender. Where this function has been delegated, it should not be to the Secretary Contracts Committee or any other member of the Contacts Committee as required by regulation 65 of PPDA Regulation, 2003

Procurement	Audit Findings	PPDA Recommendations
<p>MJCA/SUPPL\04-05\0058 Procurement of Furniture</p> <p>Contract Price: US \$ 25,072.63</p> <p>Provider: Modulico Modular Furniture Co</p> <p>Method of Procurement: Direct procurement</p>	<ul style="list-style-type: none"> • The Uganda Law Society Resource Centre needed to procure library fittings. Ms Brenda Nabatanzi, Administrator Uganda Law Society developed the specifications. • The User Department did not fill PP Form 20. No single procurement form was used in the whole procurement process. • The Commercial Justice Advisor, Mr. John Gara dictated on the brand i.e. modular make, which was in contravention of Regulation 265 of PPDA Regulations, 2003. • The provider was not pre-qualified by the Ministry. • There was no evidence of approval of the procurement method and the award. • The Provider committed himself to a 10% discount if awarded the tender. This should have reduced the contract price by US \$2,507. • The issued LPO did not deduct the 10% discount the bidder promised. • The Entity was to follow up on the quantity discount of US\$2,507 as recommended so that it can be recovered. 	<ul style="list-style-type: none"> • The Accounting Officer should caution all the user departments to refrain from specifying a brand name as per regulation 265 of PPDA Regulations, 2003 in order to create competition and attain value for money in all procurements of the Ministry. • The Ministry should endeavour to recover US \$ 2,507 from the provider, a discount commitment in their quotation, which was contracted and paid in error.
<p>MJCA/SRVS\04-05\0155: Partitioning of Administrator Generals Office</p> <p>Contract Price: 93,817,298/=</p> <p>Provider: A.M. Aluminium</p> <p>Method of Procurement: Request for Quotations</p>	<ul style="list-style-type: none"> • The Ministry wanted to relocate the Administrator General's Office. This required partitioning of the office using bronze profiles and MDF boards with fixed vent louvers at the top • There was no evidence that the PDU was involved in this procurement. • There was no record of the requisition (PP Form 20) on file. • There was no record of issue of bid documents. • Request for Quotation was used instead of open bidding. • The firms that quoted were not pre-qualified. • The contract document never specified the contract duration. • The contractor asked for variations of Shs 45,566,140 (49% of initial contract price) due to delays in contract execution. • The payment voucher was not on file to confirm what was finally paid to the contractor. • There was no interim certificate of completion and contract management information on file. Post verification confirmed that work was still incomplete 18 months after signing the contract. 	<ul style="list-style-type: none"> • The Head PDU should always ensure maximum competition so as to attain value for money procurements and use correct methods of procurement as required by PPDA Regulations, 2003. • The Accounting Officer should ensure that partitioning of the offices is completed as per the drawings and bills of quantities and copy of certificate of completion.
<p>MJCA/Supls/04-05/0311: Services for GoU-Donor Review Meeting</p> <p>Contract Price: \$ 9,600 (Shs 16.9m/=)</p> <p>Provider: Sheraton Hotel</p> <p>Method of Procurement: Direct procurement</p>	<ul style="list-style-type: none"> • The Ministry organized the 9th Semi-annual GoU/Donor Review workshop for two days. The targeted number was 100 participants. All conference facilities plus meals were to be provided. • There was no evidence that the PDU was involved in this procurement. • There was no requisition in any form. Most of the documents on file were from Sheraton, Kampala. • There was no Ministry's commitment in form of an LPO. • There was also no evidence that other hotels were invited to participate in this procurement. • The procurement was conducted using single sourcing (direct procurement) without any competition and the Contracts Committee did not approve this method of procurement. • The award was communicated by the Secretary Contracts Committee contrary to PPDA Regulations. • The provider was paid all the money in advance. • The procurement regulations were not followed in this procurement. • In their response, the ministry informed the PPDA that donors usually have preference on specific venues for the review workshops and deal directly with the user department in booking. 	<ul style="list-style-type: none"> • The Accounting Officer should ensure that hotel and events management facilities are handled like any other procurement by the PDU unless under delegation in accordance with regulation 66 of PPDA Regulations, 2003. • The Accounting Officer should caution the head of the user department that was responsible for this event for usurping the mandate of the PDU. • The Accounting Officer should not sign contracts where the PPDA Act and Regulations have been flouted.

Recommendations

1. The Solicitor General should provide legal guidance to PPDA of being an Accounting Officer and Solicitor General responsible for approving contracts above UGX 50,000,000=.
2. The committee should ensure that the retrospective approvals are stopped altogether.
3. The PDU should ensure that procurement plans are prepared and linked to the PDE's approved annual budget and work plan.
4. Use of non-prequalified providers should stop unless under open competitive bidding.
5. The Head PDU should enforce use of the relevant PP Forms as provided for in the PPDA Regulations, 2003.

II. Courts of Judicature

30 procurement action files were randomly sampled and the results were as follows:-

Summary of Performance

Rating	No	%	Comment
High Risk	8	27	Specific action has been recommended for each of these cases as detailed below.
Medium Risk	13	43	The PDU should take the recommendations as action points and implement them going forward.
Low Risk	9	30	The control environment should be strengthened to ensure that the risks identified are mitigated.
Satisfactory	0	0	Not applicable
Total	30	100	

Key findings

- There were no procurement plans for the period under review.
- They had a pre-qualification list which was not well managed.
- There was poor co-ordination of contracts' execution due to lack of appointed contracts managers.
- There was no documentation to verify the system to monitor deliveries of the goods in Judiciary.
- The filing system was poor, hence lack of documentation in the PDU.
- The procurement reports sent to PPDA were incomplete.
- The user departments usurped the powers of the PDU.
- There was no clear delegation of powers to junior officers by the Accounting Officer.

High Risk Cases

Procurements/ Disposals	Findings	Recommendations
<p>CJ/wrks 2004-2005/00621 Construction of VIP Latrines in Entebbe Court</p> <p>Contract price: Shs 4,646,129</p> <p>Provider: Western Suppliers and Contractors (WESCO)</p> <p>Method of Procurement: Request for Quotations</p>	<ul style="list-style-type: none"> • It was observed that the PP form 20 was raised after selection of the provider. • The PP form was signed off by the Accountant who does not have delegated authority to do so. • Although there were three bids submitted, it was noted that one M/s Superb Engineering Works submitted their bid two months before the two other bids were received. • There was no evaluation report seen on file or submitted to the contracts committee although the CC on 03/03/05 discussed this procurement considering the three firms' proposals, and based on the lowest bidder Western Suppliers and Contractors at shs 4,646,129/= • There was no evaluation team constituted or submitted to the CC for approval as required by the law. • The file did not have any payment vouchers to confirm completion of contract between the Judiciary and Western Suppliers & Contractors • The procurement process did not fully involve the PDU other than issuing the LPO, which was written on 03/03/2005 on request of the Estates department. 	<ul style="list-style-type: none"> • The Accounting Officer should clearly communicate the person delegated to carry out the function of approval of funds, and the Accountant should be cautioned for this anomaly. • Eng.C. Ebal should be cautioned for interfering with the procurement process and not to make decisions on supplier selection. • User departments should submit PP Form 20 before the selection process.
<p>CJ/wrks/2004-2005/00550: Repair of Tororo Chief Magistrate Court</p> <p>Contract price: Ugs. 29,244,150</p> <p>Provider: Keystone Construction</p> <p>Method of Procurement: Request for Quotation</p>	<ul style="list-style-type: none"> • The solicitation or bid notice used was not compliant with the recommended standard bid notice by the Authority according to Regulations 140 of the PPDA Regulations 2003. • There was no evidence of approval of the procurement method by the CC or approval of the evaluation team. • The evaluation report was written and signed by the Estates Manager Eng.C.Ebal. • The PP Form 20 was raised by the user department on the 17/12/2004 after the evaluation and selection process was under way and the estimated value was the exact amount of the best evaluated bid of shs 29,244,150. • There was no contract on file. 	<ul style="list-style-type: none"> • The User department should desist from carrying out the functions of the PDU.
<p>CJ/supls/2004-2005/00613: Procurement of Station Wagon</p> <p>Contract Price: Ugs. 65,619,720</p> <p>Provider: Lonhro Motors</p> <p>Method of Procurement: Direct procurement</p>	<ul style="list-style-type: none"> • The PP Form did not have any approval to procure signed off by the relevant authorities. • There was no approval of the procurement method or any justification of the direct procurement on file; • There is no evidence to show that the PDU was involved in the procurement process for the motor vehicle. • The contract was not based on the general recommended format from the Authority • There was no approval from the Solicitor General on the contract terms as required for any procurements above 50 million 	<ul style="list-style-type: none"> • The Accounting Officer should caution user departments from interfering with the work of the PDU. • The Head PDU should ensure that appropriate procurement methods are used according to the PPDA Regulations. • The Solicitor General's approval should always be sought in future procurement before final signing of contract.

Procurements/ Disposals	Findings	Recommendations
<p>CJ/Supls/2004-05/00416: Procurement of Station Wagon</p> <p>Contract Price: Shs 115,172,000.</p> <p>Provider: Victoria Motors</p> <p>Method of Procurement: Direct procurement</p>	<ul style="list-style-type: none"> • Procurement requisition PP Form 20 was raised by the user department AS/TO However, the Accountant, Mr. Oucha-Pascal, endorsed confirmation of funding and delegation of this function was not evident on file. • The requisition form raised by AS/TO quoted the proforma invoice from Victoria Motors Ltd that was on file, dated 5/08/2004, of the amount JY 8,075,485. • There was no record of receipt, bid closing and opening on file. • There was no information/record related to evaluation. The only proforma invoice on file was not evaluated to confirm whether it conforms to the entity's requirements. 	<ul style="list-style-type: none"> • The Accounting Officer should caution the AS/TO Mr. Hirome Sulaiman for direct sourcing of a provider and failing to subject the procurement to competition. • The Accounting Officer should caution the Accountant Mr. Ouchar Pascal for confirming funding without proven evidence of delegation.
<p>CJ/Supls/2004-05/00550: Printing Of Christmas Cards</p> <p>Contract Price: Shs 4,650,000</p> <p>Provider: Sonicks Ent. Ltd</p>	<ul style="list-style-type: none"> • A procurement requisition was partially filled on 4/01/05 by the Assistant OS, Were Lamech. This was after Christmas and after the cards had been delivered, hence a retrospective requisition. • There was no invitation to any provider on file, to confirm who was invited to participate in this procurement. • There was only one proforma invoice (1227) not dated from Sonicks Ent. Ltd for 2325 cards valued at Shs 4,650,000/=. • There was no evidence of approval on file for this procurement from the CC. • LPO 00237 was issued on 05/01/05 after delivery of the goods. 	<ul style="list-style-type: none"> • The Assistant Officer Supervisor, Mr. Were Lamech should be cautioned for retrospectively initiating procurement.
<p>CJ/Supls/2004-05/00699: Procurement of Toyota Land Cruiser 100 4X.</p> <p>Contract Price: shs 94,623,528 exclusive of taxes.</p> <p>Provider: Lonrho Motors</p> <p>Method of Procurement: Direct procurement</p>	<ul style="list-style-type: none"> • The procurement requisition was raised by the AS/TO on 04/02/05 and approved two months later by way of confirmation of funds. • Mr. Ouchar, the entity's Accountant, who did not have delegated authority, made confirmation of funds. • There was no evidence of invitation to bidders on file. • The contracts committee meeting held on 11/04/05 deferred this procurement to make more consultations on procurement of other vehicles required by the entity. There was no further approval by the CC. • The only proforma invoice from Lonrho Motors was dated 20/04/05. • There was no evaluation of the only quotation. • The LPO was issued on 25/4/05 for shs 94,623,528 exclusive of taxes. • There was no approval of award from the Contract Committee as required by PPDA Regulations. • It is not documented on file how the payment was done since the Hon. Justice wanted to pay the difference between what the entity had and the purchase price. 	<ul style="list-style-type: none"> • The Accounting Officer should always execute his/her responsibilities in the procurement and disposal process as mandated by Section 26 of PPDA Act 2006. • The Head PDU should always subject all procurements and disposals to competition as per Section 43 of PPDA Act, 2003.

Procurements/ Disposals	Findings	Recommendations
<p>CJ/Supls/2004/05/00612: Procurement of Motor Vehicle</p> <p>Contract Price: Shs. 72,049,080</p> <p>Provider: Lonrho Motors Ltd</p> <p>Method of Procurement: Direct procurement</p>	<ul style="list-style-type: none"> • The PAS/TO was requested to initiate the process and accordingly forward the request to the Head Procurement and Disposal Unit. • There was no documentation on solicitation of bids from the providers; • There was a quotation from one provider; Lonrho Motors Ugandan Ltd dated 3/2/05. This was before the approval of the requisition. It was not clear how the Head, Procurement and Disposal Unit received the quotation of \$ 41,890 tax inclusive from Lonrho. • Since, there was no evidence that other providers were invited, and only one bidder quoted, this was a direct procurement. • There was no evidence on file that the Contracts Committee approved the procurement, the method of procurement, and the award to Lonrho Motors Ltd; 	<ul style="list-style-type: none"> • The Head, Procurement and Disposal Unit, Mr. Geoffrey Serunjogi should be held responsible for direct sourcing and failing to subject the procurement to competition. • The former Secretary to Judiciary Mr. J.A Ocaya-Lakidi should be held responsible for signing an agreement without approval of the award from the Contracts Committee.
<p>CJ/Wrks /2004-2005/00619: Construction of Mukono Court</p> <p>Contract Price: shs 339,972,504</p> <p>Provider: Dynamic Engineering Services Ltd</p> <p>Method of Procurement: Request for Quotations</p>	<ul style="list-style-type: none"> • The tender document, instructions to bidders and drawings were not on file although these are mentioned in the evaluation report. The audit team could not therefore check for consistency between the bid document and the submitted bids. • The CC did not approve the procurement method and Evaluation Committee. • There were no receipts of bid purchases from all the bidders in accordance with Regulation 146 (2) and (3). • The PPDA forms required at the evaluation stage were not all used. • There was no letter from the Solicitor General approving the contract on record as required by contracts above 50 million. • The process of contract and notification of best evaluated bidder was not made in accordance to Regulation 224; • With the exception of the interim payment certificate no.1 (certificate serial no. Mukono/05 dated 5th May 2005 issued by the estates department, there are no other interim payments certificates issued. 	<ul style="list-style-type: none"> • The Head PDU should ensure that all procurement documents are filed according to the PPDA Act and Regulations, 2003 • The Accounting Officer should ensure that all Contracts above shs 50 million are approved by the Solicitor General

Recommendations:

1. The PDU should ensure that procurement plans are prepared and linked to the PDE's approved annual budget and work plan.
2. The PDU together with the Contracts Committee should ensure that there is rotation of suppliers to ensure a fair and equal opportunity.
3. The PDU should respect the pre-qualification list.
4. The Head PDU should ensure that all record on the pre-qualification process are maintained
5. The AO should ensure that an area for safe storage of all procurements is identified.

III Uganda Human Rights Commission

Thirty (30) procurement action files were sampled. However, most files were split procurements thereby bringing the number of audited cases to 18 instead of 30. The results were as follows:-

Summary of Performance

Rating	Number	%	Comment
High risk (with documents)	3	17	The PDU should make extra effort to ensure proper record keeping
High risk (without documents)	14	78	Specific action has been recommended for each of these cases.
Medium risk	1	5	The PDU should take the recommendations as action points and implement them going forward.
Low risk	0	0	The control environment should be strengthened to ensure that the risks identified are mitigated.
Satisfactory	0	0	Not applicable
Total	18	100	

Key findings

- The Commission did not have annual procurement plans for the two-years under review.
- Partial procurements were reported to PPDA.
- There were a number of firms used/contracted outside the pre-qualified list.
- Procurements carried out by the Regional Offices were not captured by the PDU.
- There was poor recording keeping and filing system at the entity.
- There were no substantive officers to manage the PDU and at times the PDU was by-passed by user departments.
- The Contracts Committee carried out retrospective approvals
- The user departments usurped powers of the PDU in some instances.
- The complaints handling mechanism was not clear.

Procurements without documentation

At the time of the audit, three (3) procurements had no files or any information provided. However, they were provided after the audit deadline and were therefore not reviewed as the audit team could not guarantee their authenticity. These were categorized as mis-procurements and are listed below:

Sample No.	Description	Method of procurement	Provider	Amount
19	Stationery	RFQ	Picfare Industries	7,945,500
20	Cartridges and Toners	RFQ	Chalm Enterprises	3,142,500
29	Cartridges and Toners	RFQ	Paperline Stationers	4,725,000
	Total Value			15,813,000

Entity's Response: The documents for the above named procurements were available only that information was filed on different files.

Specific recommendation: The Accounting Officer should caution the Head PDU for not providing the documents in time.

High Risk Cases

Procurement	Findings	PPDA Recommendations
<p>Cleaning and Fumigation by Guardian services</p> <p>Contract Price: Shs 2,656,485</p> <p>Provider: Guardian Services</p> <p>Method of Procurement: Request for Quotations</p>	<ul style="list-style-type: none"> Bidders were given only two days to respond instead of five working days. The Evaluation Committee was approved retrospectively by the Contracts Committee. T/K Faith, the lowest bidder was denied a contract. The CC recommended Guardian Services based on an assumption made by the Evaluation Committee that they would get substandard services from T/K Faith because of the low prices quoted for cleaning curtains. This contravenes regulation 217(4) of the PPDA Regulations, 2003. There was no evidence that other bidders were notified of the award, contrary to Regulation 224(6) of the PPDA Regulations, 2003. There is a letter dated 1st July 2005 extending the contract of Guardian Services to 30/06/2006. The basis for extension was not availed. This contract variation beyond 15% was irregular and was not approved by PPDA. The letter of extension of contract is signed by Mr. Francis Borgia Kabwisho, Secretary PDU and not Accounting Officer. This contravenes section 38 of the PPDA Act, which emphasizes independence of functions. Contract management information was missing on file. 	<ul style="list-style-type: none"> There should be independence of functions as per section 38 of the PPDA Act, 2003. Mr. F.B Kabwisho should be cautioned for usurping the functions of the Accounting Officer. All contract variations beyond 25% should be submitted to PPDA for approval as per Regulations 262 (6), 339 and 340 of the PPDA Regulations 2003.
<p>Procurement of Radio Drama play</p> <p>Contract Price: Shs 3,600,000</p> <p>Provider: Wycliffe Kiyingi</p> <p>Method of Procurement: Request For Proposals</p>	<ul style="list-style-type: none"> No firm /provider was pre-qualified for Public Relations, according to prequalification list for 2004/05. The service should therefore have been competitively procured to maximize benefits. Bidders were invited on 4th May 2005 and the deadline given was 6th May 2005 at 4:00pm. This contravenes Regulation 145 (1) (e) of the PPDA Regulations that requires the minimum bidding period to be at least 5 working days under RFP method. The procurement went ahead on Radio without Contracts Committee approval. The Certificate of Registration bearing Wycliffe Kiyingi Group had the registration date as 8th June 2005. This indicates that Kiyingi Group was not registered at the time of bidding and should not have qualified. The LPO No. 249552 was signed and dated 13/6/05 while the Contracts Committee formally awarded the contract to Wycliffe Kiyingi on 20/06/05. This was a retrospective approval and it's illegal. 	<ul style="list-style-type: none"> The Contracts Committee should stop retrospective approvals, as they are illegal. There should be independence of functions as per section 38 of the PPDA Act 2003. The Public Relations Officer at the time, Ms Florence Munyirwa should limit her involvement as a user department in initiating and developing statements of requirements and leave the rest of the work to the PDU.
<p>Procurement of a photocopier</p> <p>Contract Price: Shs15,983,220</p> <p>Provider: C opycat</p> <p>Method of Procurement: Direct procurement</p>	<ul style="list-style-type: none"> No documents regarding payment for the photocopier were seen other than a commission invoice from Crown Agents. No other bids other than that of Copycat were seen on file. No service contract document seen on file. 	<ul style="list-style-type: none"> The Head PDU at the time should be cautioned for the missing information. The Accounting Officer is responsible for this procurement and should be cautioned for poor contract management.

Procurement	Findings	PPDA Recommendations
<p>Printing of 7th Annual Report 2004</p> <p>Contract Price: Shs 45,058,300</p> <p>Provider: Graphic Systems</p> <p>Method of Procurement: Request for Quotations</p>	<ul style="list-style-type: none"> Mr. Byonabye Kamadi and Ms. Nakirya Prossie were not approved by the CC to be on the Evaluation Committee, but they evaluated and signed the Code of Ethical Conduct in Business. This was a breach of section 37(2) of the PPDA Act, 2003. Specifications/statements of requirements were varied after CC approval and negotiations. The initial document that Graphic Systems (U) Ltd had quoted for was to contain only 160 pages, according to the specifications. However, later the report turned out to be 244 pages. Because of the above variations, the price increased from Shs 41,300,000 to Shs 45,058,300 (difference Shs 3,758,300), and only 3,000 copies, instead of 6,000 in the LPO were printed. 	<ul style="list-style-type: none"> The Accounting Officer should ensure that only the nominated and approved Evaluation Committee members participate in evaluation process. All contract variations should be approved by the CC before proceeding to the next stage.
<p>Consultancy services to integrate the Right-based approach to Development into PEAP</p> <p>Contract price: Shs 37,235,855</p> <p>Provider: Apex Development Consultants</p> <p>Method of Procurement: Restricted bidding</p>	<ul style="list-style-type: none"> Restricted tendering was used, yet this area had not been pre-qualified. The basis of inviting the bidders was not clear to the audit team. No evidence that all bidders listed were invited to participate. Bids were opened at 2.35p.m – 1st Sept. 2004 by Mr. Francis Kabwiso (Secretary to the CC). It is the role of the PDU to open bids and not CC. There was no evidence that there were other people to witness the opening other than him. Contracts Committee minutes to consider the bids were not duly signed. Copies of bids were not on file therefore; the accuracy of the evaluation report could not be confirmed. Evaluation was done by the Contracts Committee instead of an independent Evaluation Committee contrary to Section 38 of the PPDA Act. No evidence that the consultancy was ever done, other than signing the agreement/contract document dated 11/11/04. Contract management information was missing on file. 	<ul style="list-style-type: none"> The Accounting Officer should ensure that there is independence of functions as per section 38 of the PPDA Act. Contract management information should always be kept on file as per regulation 91 of the PPDA Regulations 2003. Mr. F.B. Kabwiso should be cautioned for opening bids (a function of the PDU).
<p>Procurement of Desk Diaries</p> <p>Contract Price: Shs 4,300,000</p> <p>Provider: Chalm Enterprises</p> <p>Method of Procurement: Request for Quotations</p>	<ul style="list-style-type: none"> Only four (4) days were given for response as opposed to five (5) days, as per Regulation 145(i) e of PPDA Regulations 2003. The record on receipt of bids, bid closing and opening was not availed for review. The bid proposals were not availed for review to confirm the record of the evaluation report. No evidence on file that the Evaluation Committee was approved by the CC as per Regulation 48(c) i of PPDA Regulations, 2003. Despite the fact that Picfare (the only provider who quoted for diaries) provided a sample that was not up to the required specifications, it was recommended as the best-evaluated bidder. The award of the contract to Chalm Enterprises was made irregularly (had not qualified) and against PPDA regulations. The notice of best-evaluated bidder cancelled Picfare and replaced with Chalm Enterprises however, Picfare was still demanding for the LPO. It was not clear whether the notice was displayed on the notice board and communicated to all bidders. S.B. Kitonsa, Head PDU, signed the notice. This was the same date of the evaluation report recommending Picfare. There was no written communication between the entity and Picfare Industries, despite several allegations that Picfare was not willing to do the job. 	<ul style="list-style-type: none"> The Accounting Officer should caution APRO, Mr. Justus Muhanguzi and Head PDU S.B. Kitonsa for denying the best-evaluated bidder an opportunity to supply in preference to Chalm Enterprises, who had failed at the evaluation stage.