



**INSPECTION REPORT INTO THE COMPLAINT ON ALLEGED
IRREGULARITIES IN THE PROCUREMENT OF KITONGORE PIPED
WATER SCHEME**

ENTITY: KAZO DISTRICT LOCAL GOVERNMENT

COMPLAINANT: MARUNGI DREAM CO. LTD:

FEBRUARY 2025

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LIST OF ACRONYMS

CC	:	Contracts Committee
Co	:	Company
Ltd	:	Limited
MC	:	Municipal Council
PPDA	:	Public Procurement and Disposal of Public Assets Authority
PPDA Act	:	Public Procurement and Disposal of Public Assets Authority Act Cap, 205
UGX	:	Uganda Shillings

1.0.SUMMARY OF FACTS

1. On 10th June 2024, the District Water Officer initiated the procurement process and the Accounting Officer confirmed availability of funds for the Kitongore piped water scheme with an estimated total cost of UGX 414,000,000.
2. On 14th June 2024, the Procurement and Disposal Unit submitted to the Contracts Committee a request for approval of the procurement method, Evaluation Committee members and the solicitation document for the Kitongore piped water scheme.
3. On 18th June 2024, the Contracts Committee (CC) approved the open bidding procurement method, solicitation document and the Evaluation Committee members for the Kitongore piped water scheme as indicated in Table 1 below:

Table 1: Nominated Evaluation Committee

No.	Name	Designation	Position on Evaluation Committee
1.	Mr. Akampa Aggrey	Procurement Officer	Secretary
2.	Mr. Julius Tugume	District Water Officer	Chairperson
3.	Mr. Polly Muhwezi	District Commercial Development Officer	Member
4.	Mr. Twaib Ssenyonga	Senior Environmental Officer	Member

4. On 1st July 2024, Kazo District Local Government advertised in the New Vision Newspaper the procurement for Kitongore piped water scheme. The deadline for bid submission was 12th July 2024 at 10:30 am.
5. The record of issue of solicitation document dated 8th July 2024 indicated that three firms picked the bidding document for the procurement of Kitongore piped water schemes as shown in Table 2 below:

Table 2: Record of issue of bidding document

No.	Name of bidder	Date of picking bid
1.	Marungi Dream Co Ltd	8 th July 2024
2.	Fleco Holding Ltd	10 th July 2024
3.	New Sun Solar systems Ltd	8 th July 2024

6. On 12th July 2024, the Entity opened the bids for the Kitongore piped water schemes as indicated in Table 3 below:

Table 3: Record of bid opening

No.	Name of bidder	Bid price (UGX)
1.	Marungi Dream Co Ltd	419,846,780
2.	Fleco Holding Ltd	411,269,260
3.	New Sun Solar systems Ltd	399,711,930

7. On 25th July 2024, the evaluation report recommended for award of tender for Kitongore piped water scheme to Fleco Holdings Ltd at UGX 411,269,260. The following firms were disqualified due to the following reasons:

S/n	Bidder	Reasons for disqualification
1	New Solar Ltd	Failure to attach an acceptance to contract terms, submitted 2 audited books of accounts instead of 3 as stated in the evaluation criteria and insufficient qualifications of a hydrologist (did not have a degree in water engineering).
2	Marungi Dream Co. Ltd	Material deviation as the bid price on the bid submission sheet was UGX 419,846,780 and UGX 423,898,605 on the costed bills of quantities.

8. On 31st July 2024, the Contracts Committee under minute KZ06/02/07/2024 (e) did not approve the evaluation report for Kitongore piped water scheme on the basis of pending review of previous performance by the contractor on a previously done project at Akashayi.
9. Kazo District Local Government wrote to the Ministry of Water and Environment requesting for technical support in assessing the performance of Akashayi solar powered water supply system as part of a post qualification exercise.
10. A hydrogeologist was nominated by the Ministry of Water and Environment to carry out this exercise and he discovered that the failure of Akashayi solar powered water supply system was due to a low water table in the area and not the shoddy work from Fleco Holdings Ltd and this report was a basis for award of contract in this procurement as referenced in the letter of 20th June 2024.
11. On 31st October 2024, Contracts Committee approved the evaluation report for Kitongore piped water scheme and awarded the contract to Fleco Holdings at UGX 411,269,260 under minute no. KZ06/04/09/2024 (c).
12. On 1st November 2024, a notice of best evaluated bidder for Kitongore piped water scheme was signed by the Chief Administrative Officer (Badru Majwala Mayanja) and displayed on the notice board from 1/11/2024 to 14/11/2024 .On 13th November 2024, a notification was sent to all bidders who participated in the procurement process on their email addresses namely; deliousde@gmail.com, newsunslorsystems@gmail.com and flecoholding@gmail.com.
13. On 20th November 2024, the Entity wrote to Solicitor General requesting for clearance of contract for Kitongore piped water schemewhich was received on 21st November 2024.
14. On 25th November 2024, PPDA received a letter from Marungi Dream Co Ltd alleging that the procurement for extension of Kitongore piped water scheme phase II in Engari Sub County was not transparent, fair and there was presence of political influence leading to unfairness.

15. On 2nd December 2024, the procurement action file for Kitongore piped water scheme was submitted to the Authority for review and interviews were held with key stakeholders in the process.

2.0.LAW APPLICABLE:

- i.The Public Procurement and Disposal of Public Assets Act Cap, 205;
- ii.The PPDA (Evaluation) Regulations, 2023;
- iii.The PPDA (Contracts) Regulations, 2023;
- iv.The PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023;
- v.The PPDA (Procuring and Disposing Entities) Regulations, 2023; and
- vi.PPDA Guidelines.

3.0.OBJECTIVE:

The objective of the inspection was to establish:

- i. Whether the Entity did not display and/or issue the notice of best evaluated bidder to all participating bidders; and
- ii. Whether there was political influence in the bidding process by awarding the contract Fleco Holdings Ltd to compensate him for the long standing arears.

4.0. METHODOLOGY

4.1. The Authority adopted the following methodology:

The Authority reviewed the following documentation submitted by the Entity:

- i.Procurement requisition;
- ii.Contracts Committee approvals;
- iii.Bid notice;
- iv.Record of issue of bidding document;
- v.Record of receipt of bidding document
- vi.Bids submitted by all bidders;
- vii.Evaluation report; and
- viii.All correspondences on file related to this matter.

4.2. The Authority interviewed the following persons in Table 4 below:

Table 4: Persons interviewed by the Authority

No.	Name	Designation	Entity
1.	Mr. Aggrey Akampa	Procurement Officer	Kazo District Local Government
2.	Mr. Julius Tugume	District Water Officer	Kazo District Local Government
3.	Ms. Kyogabirwe Divine	Chaiperson CC	Kazo District Local Government

5.0. FINDINGS OF THE AUTHORITY

5.1. Whether the Entity did not display and/or issue the notice of best evaluated bidder to all participating bidders.

PPDA findings

1. The complainant, Marungi Dream Co Ltd, alleges that the Entity did not display and/or issue the notice of best evaluated bidder to all participating bidders.
2. Regulation 17 (2) (f) of the PPDA (Procuring and Disposing Entities) Regulations, 2023 requires *Procuring and Disposing Entities to display notices of the best-evaluated bidders on the procurement and disposal notice board*. In addition, Regulation 3 (1) of the PPDA (Contracts) Regulations, 2023 states that *“A Procuring and Disposing Entity shall, within five working days after the award decision of the Contracts Committee, display a notice of best-evaluated bidder on the notice board of the Procuring and Disposing Entity for ten working days.”*
3. Regulation 3 (4) of the PPDA (Contracts) Regulations, 2023 states that *“A Procuring and Disposing Entity shall deliver a copy of the notice of best-evaluated bidder to all bidders who participated in the bidding process in any of the following ways- (i) by electronic mail; (ii) by post or courier; or (iii) in person.”*
4. The Entity displayed the Notice of best evaluated bidder on its notice board for ten working days from 1st November 2024 to 14th November 2024 and communicated the same to all bidders by email on 13th November 2024.
5. During interviews, the Senior Procurement Officer clarified that the best-evaluated bidder notice was displayed on 1st November 2024 on the procurement and disposal notice board which was placed in a suitable and accessible location in accordance with Regulation 3 (1) of the PPDA (Contracts) Regulations, 2023. The same notice was sent to all bidders by email on 13th November 2024.
6. In his submission, the Chairperson of the Contracts Committee confirmed that the notice of best-evaluated bidder was displayed immediately after the Contracts Committee meeting held on 1st November 2024 under minute CC Min Kz06/02/07/2024.
7. From the review of the documentation provided and collaborative information, the Authority notes that the notice of the best-evaluated bidder was displayed and shared with all participating bidders in accordance with Regulation 17 (2) (f) of the PPDA (Procuring and Disposing Entities) Regulations, 2023, and Regulation 3 (4) of the PPDA (Contracts) Regulations, 2023.

The Authority found **no merit** in Objective 1 since the Notice of best evaluated bidder was displayed on the entity’s notice board for ten working days and was sent to all bidders by email.

5.2 Whether there was political interference in the procurement process.

1. The complainant alleged that he was informed that the whole procurement process was politically interfered with and that the contract was awarded to Fleco Holdings Ltd to compensate him for the long standing arears.
2. According to the documentation received and reviewed, the Authority could not establish and obtain sufficient evidence to determine whether there was any political interference in the process.
3. The Authority interviewed the Senior Procurement Officer who denied the above allegations from the complainant.
4. Regulation 21 (5) of the PPDA (Evaluation) Regulations, 2023 states that "*The best evaluated bid shall be the lowest priced bid which is eligible and administratively compliant to the technical requirements specified in the bidding document.*"
5. The Authority noted that the complainant, Marungi Dream Co Ltd, quoted UGX 419,846,780 which was corrected to UGX 423,898,605 at evaluation. However, the contract was awarded to Fleco Holdings Ltd, the best evaluated bidder, who had the lowest quoted price of UGX 411,269,260.
6. The Authority found that the contract was awarded to the best evaluated bidder in accordance with Regulation 21 (5) of the PPDA (Evaluation) Regulations, 2023.

The Authority found **no merit** in Objective 2 as there was no proof of political interference documented on file to this effect, and there was no mention by the people that were interviewed.

7.0. CONCLUSION AND RECOMMENDATIONS

In light of the above findings, the Authority found **no merit** in the allegations raised in objectives 1 and 2.