



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

**INVESTIGATION REPORT INTO ALLEGED IRREGULARITIES IN THE
PROCUREMENT OF CLEANING SERVICES AND CONSULTANCY
SERVICES FOR DESIGN, SUPERVISION AND PREPARATION OF
DETAILED BOQS FOR THE CONSTRUCTION OF STAFF HOUSES
(10UNITS)**

ENTITY: MOROTO REGIONAL REFERRAL HOSPITAL

COMPLAINANT: WHISTLEBLOWER

NOVEMBER 2018

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ACRONYMS

AO	-	Accounting Officer
Authority	-	Public Procurement and Disposal of Public Assets Authority
BEB	-	Best Evaluated Bidder
CC	-	Contracts Committee
EC	-	Evaluation Committee
HPDU	-	Head Procurement and Disposal Unit
LPO	-	Local Purchasing Order
NoBEB	-	Notice of best evaluated bidder
PPDA Act	-	Public Procurement and Disposal of Public Assets Act No. 1 of 2003
PPDA	-	Public Procurement and Disposal of Public Assets Authority
SBD	-	Standard Bidding Document

1.0 SUMMARY OF FACTS FOR THE PROCUREMENT OF CLEANING SERVICES (MRTRH/SRVCS/16-17/00002)

- i. On 28th July 2016, evaluation of bids commenced and four (4) bids were evaluated as follows:

Table 1: Evaluation results

S/No	Name of firm	Status of evaluation
1.	Global media connections	Best Evaluated Bidder
2.	Alpine	Failed at preliminary
3.	Asah and Sons Ltd	Failed at preliminary
4.	HRN Business services	Failed at preliminary

- ii. On 11th August 2016, the Evaluation Committee recommended award of contract to Global Media Connection as the best evaluated bidder at a price of UGX 4,500,000 per month.
- ii. On 17th August 2016, the Contracts Committee approved the award of the contract for cleaning services to Global Media Connection at UGX 4,500,000 per month.
- iii. On 20th September 2016, the Notice of Best Evaluated Bidder was displayed.
- iv. On 30th September 2016, a framework contract for provision of cleaning services for eighteen months was signed between Moroto Regional Referral Hospital and Global Media Connections at a contract sum of UGX 4,500,000 per month.

2.0 SUMMARY OF FACTS FOR THE PROCUREMENT OF CONSULTANCY SERVICES DOR DESIGN, SUPERVISION AND PREPARATION OF DETAILED BOQS FOR THE CONSTRUCTION OF STAFF HOUSES (10 UNITS)

- i. On 10th November 2016, the procurement was initiated by Mr. David Twine, the Human Resource Officer at an estimated cost of UGX 195,000,000.
- ii. On 10th January 2017, the Contracts Committee approved use of the Request for Quotations method and the following shortlist of bidders:
- a) Tri-Foci Technical Services;
 - b) Arch Design Limited;
 - c) Joadah Consults Limited; and
 - d) KK Partnership Architects.
- iii. On 6th March 2017 an invitation to bid was issued to the bidders.
- iv. On 22nd March 2017, the following three bids were received and opened:
- a) Tri-Foci Technical Services;
 - b) Arch Design Limited; and

- c) KK Partnership Architects.
- v. On 23rd March 2017, the technical evaluation report recommended Tri-Foci Technical Services for financial evaluation of bids having attained a technical score of 88%. Arch Design Limited was eliminated for failure to submit an Income Tax Clearance Certificate and Powers of Attorney while KK Partnership Architects was eliminated for failure to submit Powers of Attorney.
 - vi. On 29th March 2017, the financial bid submitted by Tri-Foci Technical Services with a bid price of UGX 194,877,000 was opened in the presence of Dr. A Ogwang, Chairperson Contracts Committee.
 - vii. On 5th April 2017, financial evaluation was concluded and the Evaluation Committee recommended award of contract to Tri-Foci Technical Services at a cost of UGX 194,877,000.
 - viii. On 25th April 2017, the Contracts Committee approved the award of contract to Tri-Foci Technical Services at a cost of UGX 194,877,000.
 - ix. On 25th April 2017, the Notice of Best Evaluated Bidder was displayed.
 - x. On 11th May 2017, the Accounting Officer, in a letter to the Town Clerk, Moroto Municipal Council, requested that Mr. Robert Kairu (Municipal Engineer) join the team that was to carryout due diligence on Tri-Foci Technical Services Limited. The due diligence team comprised of the following:

Table 2: Due Diligence Team

No.	Name	Designation
1.	Mr. Robert Kairu	Municipal Engineer
2.	Mr. Thomas Waluguba	Principal Psychiatric Officer
3.	Mr. James Otim Onegiu	Senior Hospital Officer
4.	Mr. Ronald Opio	Procurement Officer

- xi. On 18th May 2017, the due diligence report was submitted to the Accounting Officer. The report indicated that Tri-Foci Technical Services Limited did not have a permanent workplace in contravention of the information provided in its bid. The verification of the bidder's past experience indicated that Fame House, that the bidder had indicated as having designed and supervised was instead designed and supervised by New Plan Limited. It was also established that the audited books of accounts presented by Tri-Foci Technical Services Limited, not prepared the audited by Timo Associates as the Audit firm denied having had any dealings with Tri-Foci Technical Services Limited. In light of the above findings, the due diligence team recommended for cancellation of the procurement.

- xii. On 19th May 2017, Mr. Geoffrey Mawa the Accounting Officer following the findings in the due diligence report cancelled the procurement and notified the Head, Procurement and Disposal Unit to retender.

3.0 LAW APPLICABLE

- i. The Public Procurement and Disposal of Public Assets Act of 2003.
- ii. The Public Procurement and Disposal of Public Assets Regulations, 2014.
- iii. The Public Procurement and Disposal of Public Assets Framework Contracts Guidelines, 10/2014.

4.0 OBJECTIVE OF THE INVESTIGATION

The objectives of the investigation were to establish whether:

- i. The contract for cleaning services at Moroto Regional Referral Hospital was awarded irregularly and the service providers belong to the Principal and Senior Hospital Administrators; and
- ii. Moroto Regional Referral Hospital procured a Consultant for design, supervision and preparation of detailed BoQs for the construction of staff houses (10 units) without following the PPDA Act, 2003.

5.0 METHODOLOGY

The Authority adopted the following methodology:

5.1 Review of the following documentation on the procurement process:

- The invitations to bid;
- Solicitation document issued to bidders for supply of food stuffs;
- Records of issue and receipt of bids;
- Records of bid opening;
- Copies of the solicitation documents issued to bidders;
- Bids submitted by the bidders;
- Evaluation reports;
- Contracts Committee minutes;
- The Notices of Best Evaluated Bidder; and
- The contract documents.

5.2 The Authority held a meeting with the following persons as shown in the table below.

Table 3: Officials met.

S/No	NAME	DESIGNATION
1.	Mr. Godfrey Mawa	Principal Hospital Administrator
2.	Mr. Ronald Opio	Procurement Officer
3.	Mr. Jackson Keem	Anesthetic Officer
4.	Mr. James Ojuka	Senior Clinical Officer
5.	Mr. Solomon Ezama	Clinical Officer - Psychiatry

6.0 FINDINGS OF THE AUTHORITY

6.1 Whether the contract for cleaning services at Moroto Regional Referral Hospital was awarded irregularly and the service providers belong to the Principal and Senior Hospital Administrators

- i. The complainant alleged that the contract for cleaning services at Moroto Regional Referral Hospital was awarded irregularly and the service providers belong to the Principal and Senior Hospital Administrators.
- ii. The Authority conducted verification with Uganda Registration Services Bureau of both Global Media Connections and Oasis Enterprises and found that none of the registered Directors in either Global Media Connections or Oasis Enterprises included Mr. Godfrey Mawa the Principal Hospital Administrator and Mr. James Otim Onegui the Senior Hospital Administrator respectively.
- iii. The Authority noted that the Evaluation Committee failed to detect and correct arithmetic errors in the bid submitted by the best evaluated bidder, Global Media Connections Ltd. Global Media Connections Ltd's bid quoted two different figures i.e. UGX 4,500,000 in the Bid Submission Sheet and UGX 4,750,000 VAT inclusive in the price schedule, however the Evaluation Committee recommended award of contract at UGX 4,500,000. The Chairman of the Evaluation Committee Mr. Godfrey Mawa stated that the error was an oversight on the part of the Evaluation Committee but in the end saved the Entity money.
- iv. The Authority noted that the Accounting Officer at the time, Dr. John Filbert Nyeko did not sign the contract on behalf of the Entity. Whereas Mr. Jamal Abdunansi Moses signed on behalf of the provider on 1st October 2016, there was no corresponding signature by the Accounting Officer.
- v. Alpine Services Limited was eliminated for failure to submit a price schedule yet its bid included a price schedule of UGX 4,100,000 per month and was hence wrongly eliminated during evaluation of bids.
- vi. The Authority noted that the following records were missing and thus unavailable for perusal:
 - a) Confirmation of funding by the Accounting Officer;
 - b) Records of issue, receipt and opening of bids;
 - c) Contracts Committee approval of the procurement method, solicitation document and Evaluation Committee;
 - d) Invitation to bid;
 - e) Solicitation document issued to bidders;
 - f) Bids submitted by Asah and Sons and HRN Business Services; and
 - g) Contract management records.

During the interview, the Accounting Officer indicated that the previous Head, Procurement and Disposal Unit was interdicted and did not complete the handover to the current Head Procurement and Disposal Unit thus the number of missing documents.

- vii. The Authority noted that the contract for cleaning services was awarded irregularly to Global Media Connections Ltd at UGX 4,500,000 yet the bid of Alpine Services Limited included a price schedule amounting to UGX 4,100,000 per month and was thus wrongly eliminated for non submission of a price schedule.
- viii. The Authority found that the best evaluated bidder was not properly evaluated and should have been found non responsive for failure to indicate whether it was not under suspension by PPDA and non-submission of a work schedule contrary to ITB 14.1(i) in the solicitation document.
- ix. The Authority further found that the service providers did not belong to the Principal and Senior Hospital Administrators.

6.2 Whether Moroto Regional Referral Hospital procured a consultant for design, supervision and preparation of detailed BoQs for the construction of staff houses (10 units) without following the PPDA Act, 2003.

- i. The complainant alleged that Moroto Regional Referral Hospital procured a consultant for design, supervision and preparation of detailed Bills of Quantities for the construction of staff houses (10 units) without following established public procurement procedures.
- ii. On 23rd March 2017, technical evaluation of bids was concluded and the Evaluation Committee recommended Tri-Foci Technical Services for financial evaluation of its bid having attained a technical score of 88%. Arch Design Limited was eliminated for failure to submit an Income Tax Clearance Certificate and Powers of Attorney while KK Partnership Architects was eliminated for failure to submit Powers of Attorney.
- iii. On 5th April 2017, financial evaluation was concluded and the Evaluation Committee recommended award of contract to Tri-Foci Technical Services at a cost of UGX 194,877,000.
- iv. On 25th April 2017, the Contracts Committee approved the recommendation of award of contract to Tri-Foci Technical Services at a cost of UGX 194,877,000.
- v. On 18th May 2017, the Due Diligence Report was submitted to the Accounting Officer which revealed the following :
 - a. That Tri-Foci Technical Services Limited did not have a permanent workplace in contravention of the information provided in its bid.
 - b. Verification of the bidder's past experience revealed that Fame House was designed and supervised by New Plan Limited and not Tri-Foci Technical Services Limited, as presented in its bid.

- c. The audited books of accounts presented by Tri-Foci Technical Services Limited were not prepared by Timo Associates which denied having had any dealings with Tri-Foci Technical Services Limited.

In light of the due diligence findings, the due diligence team recommended for cancellation of the procurement.

- vi. On 19th May 2017, the Accounting Officer following the findings in the due diligence report cancelled the procurement and notified the Head Procurement and Disposal Unit to retender.
- vii. The Authority found that the procurement of a consultant for design, supervision and preparation of detailed Bills of Quantities for the construction of staff houses (10 units) was conducted in accordance with the PPDA Act, 2003 and the PPDA (Consultancy) Regulations, 2014.

6.0 OBSERVATIONS

The Authority observed that the Notice of Best Evaluated Bidder for procurement of cleaning services was displayed on 20th September 2016 which was thirty three (33) days after Contracts Committee approval of the recommendation of contract award on 17th August 2016 contrary to Regulation 4 of the PPDA (Contracts) Regulations, 2014 which requires that the Notice of Best Evaluated Bidder should be displayed within five (5) working days of Contracts Committee approval of award of contract.

7.0 RECOMMENDATIONS

In light of the above findings and in accordance with Section 9 of the PPDA Act 2003, the Authority recommends that:

1. The Evaluation Committee should always detect, correct and communicate arithmetic errors to the concerned bidders through a written request for clarification as per Regulation 14 (3) of the PPDA (Evaluation) Regulations, 2014;
2. The Head, Procurement and Disposal Unit should provide technical guidance to the Evaluation Committee so that it adheres to the criteria set out in the solicitation document in accordance with Regulation 23(1) of the PPDA (Evaluation) Regulations, 2014; and
3. The Procurement and Disposal Unit should maintain a complete procurement action file for all procurements in accordance with Section 31 (o) of the PPDA Act, 2003.