

LILONGA – KIPATWA ROAD PROJECT

Lilonga District Council floated competitive bids for periodic maintenance of 60km road from Lilonga Street to Kipatwa Primary School. The main activities included heavy reshaping of isolated spots covering 34 km, light grading of the rest of 26km, installation of two lines of concrete pipe culverts of 90 cm and re-gravelling including compaction of 2000m³. The Annual Procurement Plan shows that National Competitive Bidding (NCB) method was to be used due to presence of many potential contractors to undertake the works. After the advertisement of the tender notice the Accounting Officer was not happy with the use of NCB as it would delay the proceedings thus wanted the procurement to be done in the state of emergency. The Accounting Officer instructed the Procurement Management Unit (PMU) to cancel the notice and use Restricted Tendering procurement method and gave them a list of prospective bidders to be prequalified and thereafter invited for bidding process. The PMU proceeded with prequalification of the prospective bidders and remained with a list of 5 bidders namely ABC Company Ltd; XYZ Company Ltd; B2Z Company Ltd; DND Company Ltd and ADM Company Ltd. because of the rush the PMU shared the names of the 5 firms with the user department without endorsement of the Tender Board.

The User Department believed that the PMU were not knowledgeable on specification of road construction hence, they prepared the tender document and communicated with the proposed bidder who came to obtain the document. The bidders were given adequate team to prepare their priced offers and returned the bid documents before the deadline date and time as stipulated in the original bid document. The members of Evaluation Committee appointed by the Head-PMU conducted the evaluation and thereafter recommended that DND Company Ltd should be awarded the contract as the firm was the lowest evaluated bidder. The recommendations for contract award were submitted to the Tender Board and after a heated up discussion the members after being highly convinced by the Head PMU overturned the recommendations for contract award. Instead of awarding to DND Company Ltd the contract was proposed to be awarded to B2Z Company Ltd and wrote to the Accounting Officer about their contract awards decisions. The Accounting Officer went along to issue the intention to award and thereafter the contract was signed between the Council and B2Z Company Ltd accordingly.

The works commenced as planned and the Accounting Officer appointed the Contract Management Team for ensuring effective management of the contract. The contractor requested for a 25% advance payment of the contract sum and was paid in order to mobilize resources to the site. The members of contract management committee were occupied with their daily administrative responsibilities thus were not able to conduct site meeting regularly and the contractor continued with implementation independently. Along implementation the contractor encountered some challenges and decided to change the specifications by making diversions which increased the distance of the road to 80km. Hence, there was a variation of 20km of which the contractor submitted his claim for the additional payments resulting from the additional works in terms of material and labour. Upon receiving the variation claims the Head PMU forwarded to claims to the Finance Manager who approved and the contractor was paid immediately. The construction of the road was expected to be finalized within 90 days however, due to the unwarranted variations and unguaranteed commitment of the contract management team the construction ended after 120 days.

Upon submission of the claims for verification before payment the Chairman of the Contract Management Team came to notice that the works were delayed for 40 days without any variation order or time extension order from the tender board and accounting officer but also the certificates of completion as well as inspection reports were not intact. Nonetheless, in order to cover for their lack of commitment the chairman decided to endorse the payment claims so as not to publicize their failures as team. Hence, the contractor went on to be paid the full amount claimed. Once the contract implementation was finalized and payments done the Accounting Officer suspected elements of malpractices as he was tipped by one of the employees that the Head PMU had received a commission (tip/token) from B2Z Company Ltd before tender evaluation in order to guarantee that they are awarded the contract. Hence, the Accounting Officer formed a Compliance Committee to review the proceeding and realized that the Head PMU committed fraud after manipulation of tender documents intentionally in order to rig the tender evaluation. The Accounting Officer upon receiving the report of compliance committee decided to submit the report to the Labor Affairs Committee for resolutions.