



# Public Procurement and Disposal of Public Assets Authority



## CONTRACTS MANAGEMENT

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# PPdA PRESENTATION OUTLINE



- Definitions;
- Essential elements of a contract;
- Key issues in a contract document;
- Contract management documents and structure;
- Contract Amendment;
- Termination of contracts.
- Challenges in contract management.





- A contract is an agreement between two or more parties enforceable in law. It may be verbal or written.
- The essential elements of a contract are laid out under *Reg. 10 of the PPDA (Contracts) Regulations, 2014*:
  - Agreement between parties;
  - Intention to enter into a legally binding agreement;
  - Both parties must provide a consideration;
  - Parties must be of legal capacity;
  - Effective supervision and adequate monitoring.



- A Procuring and Disposing Entity shall only issue a contract after fulfillment of the conditions set under the PPDA Regulations. These include:
  - Following a Contracts Committee (CC) decision to award a contract;
  - Confirmation by the Accounting Officer (AO) that the contract price is not higher than the market price established at the commencement of the procurement;
  - A lapse of the display period of 10 days has occurred;
  - Confirmation that no administrative review is ongoing for the procurement;
  - Commitment of the full amount of funding; and
  - The necessary agencies make approval, including the Attorney General.



- ❑ Contract management is the process which ensures that both parties to a contract fully meet their respective obligations in order to efficiently and effectively deliver the objectives required from either party in the contract.
  
- ❑ It aims to achieve maximum performance from suppliers and seek continuous improvements during the contract period.



*The project was abandoned by the contractor after digging the foundation trenches and the site has become hazardous to the community around. **Contractor:** M/s T. K Engineers Ltd.*

# PPdA KEY ISSUES IN A CONTRACT DOCUMENT



- Each contract should have an effective commencement date;
- Performance indicators;
- Obligations of the parties should be clearly identified;
- A basis for payments commensurate with performance;
- Minimisation of risk using performance security from a recognized banking institution and warranty obligations in bidding documents;
- Effective supervision arrangement should be in place;
- Delivery, acceptance and handover arrangements should be clear;
- Criteria for changes and termination.

# PPdA CONTRACT MANAGEMENT DOCUMENTS



- Contract;
- Goods received/delivery notes and schedules;
- Inspection records;
- Inspection reports e.g. for cars there must be approval from MOWT;
- Contract management plan & progress reports;
- Payment records, retained payments;
- Interim/completion certificates; and
- Negotiation notes or any correspondence with the provider.





# PPdA COMPONENTS OF CONTRACT MANAGEMENT REPORT



- ❑ **Background:** Standard information about the contract, type, sum, duration, subject among others;
- ❑ **Current status of the contract:** Amount paid so far, time consumed, contract value delivered so far, etc;
- ❑ **Status of contract securities:** Retentions, liability periods, performance guarantee, advance guarantee, warranties, etc;
- ❑ **Findings from meetings/inspections;**
- ❑ **Where applicable, supplier performance:** Qualitative and quantitative appraisals;
- ❑ **Recommendations and issues arising:** These inform the decisions that follow; and
- ❑ **Challenges.**





- ❑ However, key stakeholders in contract management structure include the PDU, Management of the PDE, Providers/Contractors and the Community.
- ❑ The Entity may use contract management teams for high value or complex projects.

# PPDA RESPONSIBILITY OF THE USER DEPARTMENT



- Nominates contract manager from among the User Department staff or a member of staff of another Department in the Entity;
- Informs Accounting Officer in writing of appointed manager copying the Internal Audit, Contracts Committee and any other;
- Controls performance of the provider while ensuring acceptable progress and execution of contract.
- Conducts supplier appraisals.



- ❑ Contract manager becomes responsible for contract management and should be availed a copy of the contract. The roles played include:
  - ❑ Managing day-to-day technical supervision, managing obligations and ensuring provider performs contract according to obligations;
  - ❑ Monitoring adequate cost, quality and time control;



- ❑ Ensuring payments, inspecting & testing components;
- ❑ Seeking authority for extensions, variations, suspension, performance certification etc. from the Contracts Committee in writing;
- ❑ Preparing progress reports and issuing certificates for contract performance; and
- ❑ Managing hand over and acceptance procedure.





- Contract manager submits recommendation to the Accounting Officer;
  - State name of provider, procurement number;
  - Reasons for termination - contractual grounds;
  - Costs resulting from termination;
  - Seek approval of Attorney General (Regulation 56 of the PPDA (Contracts) Regulations, 2014);
  - If approved, contract is terminated and PPDA is informed for suspension recommendations.
- Website: [www.ppda.go.ug](http://www.ppda.go.ug) Email: [info@ppda.go.ug](mailto:info@ppda.go.ug)





- Delay in delivery of services;
- Inadequate specification & variations;
- Poor workmanship -contractors;
- Payment delays & risks;
- Retrospective contract extensions.





# Public Procurement and Disposal of Public Assets Authority



# Thank You!

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