



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

**ALLEGED IRREGULARITIES IN THE AUCTIONING OF NAADS MOTOR  
VEHICLES REF NAADS/18-19/00001**

**ENTITY: NATIONAL AGRICULTURAL ADVISORY SERVICES**

**COMPLAINANT: WHISLE BLOWER**

**NOVEMBER 2019**

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## **ACRONYMS**

Authority	-	Public Procurement and Disposal of Public Assets Authority
EC	-	Evaluation Committee
HPDU	-	Head Procurement and Disposal Unit
Ltd	-	Limited
NAADS	-	National Agricultural Advisory Services
PDU	-	Procurement and Disposal Unit
PPDA Act	-	Public Procurement and Disposal of Public Assets Act No. 1 of 2003
PPDA	-	Public Procurement and Disposal of Public Assets Authority
UGX	-	Uganda Shillings

## 1.0 SUMMARY OF FACTS

1. On 30<sup>th</sup> May 2018, an inspection vehicle report was submitted by the Chief Mechanical Engineer.
2. On 4<sup>th</sup> July 2018, the National Agricultural Advisory Services initiated the procurement of auctioning of 14 NAADS motor vehicles and other assorted assets at an estimated cost of UGX.101,200,000.
3. The NAAD's Secretariat declared obsolete assets during the annual board of survey for the last three (3) financial years. As a result, an adhoc board of survey team was set up to attach the minimum monetary values of fourteen used vehicles and other assets that are due for disposal.
4. On 31<sup>st</sup> July 2018, the Contracts Committee approved the Evaluation Committee, Disposal method (Public Auction method), Request for quotation method to hire a firm to conduct the disposal and the shortlist of three (3) firms i.e Simba Speed Auctioneers, Kiwa Associates and Auctioneers and Expeditious Associates.
5. On 31<sup>st</sup> July 2018, the Contracts Committee approved the Evaluation Committee indicated in Table 1 below:

**Table 1: Evaluation Committee**

S/n	Name of Bidder	Designation
1.	Mr. George Malongo	Accountant
2.	Ms. Eunice K. Katto	Procurement Officer
3.	Ms. Mary Kansiime	HR & Admin Officer

6. On 22<sup>nd</sup> August 2018, the above three (3) firms were invited to submit bids.
7. According to the record of issue of the solicitation document, three (3) bidders responded to the bid notice.
8. On 27<sup>th</sup> August 2018, the Entity received and opened three (3) bids with the bid prices indicated in Table 2 below:

**Table 2: Record of Bid Opening**

S/n	Name of Bidder	Percentage (%)
1.	Kiwa Associates and Auctioneers	0.1% plus 600,000 advance
2.	Simba Speed Auctioneers	0.1%
3.	Expeditious Associates.	0.1%

9. The Evaluation Report dated 31<sup>st</sup> August 2018 indicated that all three (3) firms passed preliminary evaluation and only Expeditious Associates failed at detailed evaluation on the requirement to provide photocopies of contracts or Local Purchase Orders indicating evidence of having performed at least nine public auctions for government entities in Uganda in the last two years.

10. Simba Speed Auctioneers, Kiwa Associates and Auctioneers were evaluated at technical stage and progressed to financial comparison.
11. Simba Speed Auctioneers, Kiwa Associates and Auctioneers were ranked at financial comparison stage as indicated in Table 3 below:

**Table 3: Ranking at Financial Comparison Stage**

S/n	Name of Bidder	Bid Price as Read (UGX)	Rank
1.	Simba Speed Auctioneers	0.1%	1 <sup>st</sup>
2.	Kiwa Associates and Auctioneers	0.1% plus 600,000 advance	2 <sup>nd</sup>

12. On 31<sup>st</sup> August 2018, the Evaluation Committee recommended Simba Speed Auctioneers as the best evaluated bidder at a bid price of 0.1% of the total disposal proceeds for the provision of disposal services by public auction.
13. On 5<sup>th</sup> September 2018, the Contracts Committee awarded the contract of auctioning the items to Simba Speed Auctioneers at a bid price of 0.1% of the total disposal proceeds.
14. On 10<sup>th</sup> September 2018, the Entity displayed the Notice of Best Evaluated Bidder with a removal date of 21<sup>st</sup> September 2018.
15. On 18<sup>th</sup> October 2018, the Entity signed a contract with Simba Speed Auctioneers at a contract price of 0.1% of the total disposal proceeds.
16. On 19<sup>th</sup> October 2018, Ms. Mary K. Mwine and Mr. Malongo Geoffrey were appointed the contract managers for provision of disposal services.
17. On 19<sup>th</sup> November 2018, the Entity handed over the assets to the auctioneer.
18. On 4<sup>th</sup> December 2018, the Entity issued a handover certificate of the vehicles bought.
19. On 12<sup>th</sup> November 2018, Simba Speed Auctioneers Limited published the bid notice in New Vision Newspapers inviting bidders to view the items from 16<sup>th</sup> to 21<sup>st</sup> November 2018. Interested bidders were to pay a participation deposit of UGX 500,000 (Refundable) before the auction day.
20. On 16<sup>th</sup> November 2018, Simba Speed Auctioneers Limited published addendum No.1 that required bidders to pay a non-refundable fee of UGX 100,000 per lot for Motorvehicles and UGX 20,000 per category for those assorted assets.
21. On 22<sup>nd</sup> November 2018, the public auction took place at the MAAIF Offices on Buganda Road.
22. On 3<sup>rd</sup> December 2018, Simba Speed Auctioneers submitted the disposal report to the Entity.

23. On 27<sup>th</sup> August 2019, the Authority received a letter from the Inspectorate of Government in relation to the alleged irregularities in the auctioning of NAADS motor vehicles raised by the whistle blower.

## **2.0 LAW APPLICABLE**

- i. The Public Procurement and Disposal of Public Assets Authority Act, 2003;
- ii. The Public Procurement and Disposal of Public Assets Authority Regulations, 2014; and
- iii. The bidding document issued.

## **3.0 OBJECTIVES OF THE INVESTIGATION**

The objectives of the investigation were to establish whether:

1. NAADS officials who participated in the auctioning of NAADS vehicles were not transparent and had conflict of interest.
2. There were irregularities in the way the disposal process was handled.

## **4.0 METHODOLOGY**

The Authority adopted the following methodology:

4.1 Review of the following documentation on the procurement process:

- i. The invitation to bid;
- ii. Solicitation document issued to bidders;
- iii. Record of issue and receipt of bids;
- iv. Record of bid opening;
- v. Evaluation report;
- vi. Contracts Committee minutes;
- vii. The Contract; and
- viii. All correspondences related to this matter.

4.2 The Authority held a meeting with the following persons:

**Table 4: Officials Met**

<b>S/No</b>	<b>NAME</b>	<b>DESIGNATION</b>	<b>ENTITY</b>
1.	Ms. Esereda Bakisula	Procurement Manager	NAADS
2.	Ms. Eunice K. Katto	Procurement Officer	NAADS
3.	Mr. Geoffrey Mabugo	Accountant	NAADS
4.	Ms. Mary Kansiime Mwine	Human Resource Manager	NAADS

## **5.0 FINDINGS OF THE AUTHORITY**

## **5.1 Whether the NAADS officials who participated in the auctioning of NAADS vehicles were not transparent and had conflict of interest**

1. The complaint alleged that the NAADS officials who participated in the auctioning of vehicles were not transparent and had conflict of interest.
2. The Authority noted that the Entity signed a contract with Simba Speed Auctioneers Limited on 18<sup>th</sup> October 2018 at contract price of 0.1% of the total disposal proceeds.
3. The Authority established that Simba Speed Auctioneers Limited on 16<sup>th</sup> November 2018 published the bid notice in New Vision Newspaper and requested bidders to view the items from 16<sup>th</sup> to 21<sup>st</sup> November 2018. Interested bidders were required to pay a non-refundable fee of UGX 100,000 per lot for motor vehicles and UGX 20,000 per category for those assorted assets.
4. All assets to be disposed of were handed over to Simba Speed Auctioneers Limited on 19<sup>th</sup> November 2018.
5. The Authority found that the Public auction was conducted by Simba Speed Auctioneers Limited at the Ministry of Agriculture, Animal Industry and Fisheries offices at Buganda Road on 22<sup>nd</sup> November 2018.
6. The Authority noted that on 4<sup>th</sup> December 2018, the handover certificates were issued by the Entity to the bidders for the various items bought.
7. During the hearing at the Authority, the NAADS officials indicated that the auction was conducted by Simba Speed Auctioneers Limited in the presence of some NAADS officials with interested bidders present. The items disposed of were awarded to the highest bidders.
8. Mr. Geoffrey Mabugo, the Accountant and Ms. Mary Kansiime Mwine, the Human Resource Manager who over saw the auction exercise informed the Authority that the disposal process was conducted in a fair and transparent manner with the auctioneer awarding the items to the highest priced bidders.
9. The Authority noted that the following staff were involved in the disposal process i.e. Contracts Committee, Board of Survey and the Contract Manager.
10. The Authority reviewed the auctioneers report and found that no staff of NAADS that participated in the process bid or were awarded any of the items disposed of.
11. Regulation 7(4) of the PPDA (Disposal of Public Assets) Regulations, 2014, require that *“the procuring and disposing entity shall solicit for bids to dispose of a public asset by public auction by publishing an invitation notice to the public”*.

12. The Authority found no evidence to support the allegation of lack of transparency and conflict of interest on the part of the NAADs Officials who participated in the disposal process since the disposal process was conducted in accordance with the PPDA (Disposal of Public Assets) Regulations 2014.
13. The Authority found no merit in the allegation.

## 5.2 Whether there were irregularities in the way the disposal was handled

1. The complainant alleged that some of the vehicles being auctioned were boarded off and not availed to the public and were later bought by NAADS Officials who participated in the auction exercise.
2. The Authority noted that the disposal process of 14 motor vehicles and other assorted assets was initiated on 4<sup>th</sup> July 2018 at an estimated cost of UGX101,200,000.
3. The Board of Survey Report indicated that the items for disposal comprised of assorted items i.e. motor vehicles, laptops, chairs (visitors & Office), air conditioners, printers, desktop telephones, photocopying machines, uninterrupted power units, keyboards, televisions and a money counter.
4. The Authority noted the Contracts Committee on 31<sup>st</sup> July 2018 approved the public auction method and the Request for quotation method to hire a firm to conduct the disposal with a shortlist comprised of three firms i.e. Simba Speed Auctioneers, Kiwa Associates and Auctioneers and Expeditious Associates.
5. The Authority established that Simba Speed Auctioneers was approved by the Contracts Committee on 5<sup>th</sup> September 2018. The Entity signed a contract with Simba Speed Auctioneers at a contract price of 0.1% of the total disposal proceeds on 18<sup>th</sup> October 2018.
6. The Authority established that Simba Speed Auctioneers Limited on 16<sup>th</sup> November 2018 published the bid notice in the New Vision Newspaper required bidders to view the items from 16<sup>th</sup> to 21<sup>st</sup> November 2018. Bidders were to pay a non-refundable fee of UGX 100,000 per lot for Motor vehicles and UGX 20,000 per category for those assorted assets.
7. The Auctioneers report dated 22<sup>nd</sup> November 2018 indicated that the public auction was held on 22<sup>nd</sup> November 2019.
8. The Authority noted that the Entity issued handover certificates on 4<sup>th</sup> December 2018 as detailed in the Table 5 below;

**Table 5: List of items disposed and handed over**

No	Description	Amount Paid (UGX)	Handover date	Handed Over to
1.	Make: Nissan Pathfinder SE Colour: Silver Fuel: Diesel	15,030,000	4 <sup>th</sup> December 2018	Mr. Peter Wamala

No	Description	Amount Paid (UGX)	Handover date	Handed Over to
	Engine No: YD25T1-726934B Chassis No: VSKJVWR51Z0-444477 Model: R51			
2.	Lot 001: 10 chairs 001: Air Conditioners 004: Air Conditioners 005: Air Conditioners 006: Air Conditioners 009: 5 power savers, 1 printer and 1 keyboard 001: Television set	1,563,000	27 <sup>th</sup> November 2018	Mr. Lawrence Mugerwa
3.	Lot 002: Air Conditioner 001: 2 Flat Monitors, 4 CPUs, 1 Printer and Keyboard	1,005,500	27 <sup>th</sup> November 2018	Mr. Kasirivu Emmanuel
3.	Highest bidder for Lot 002	455,900	27 <sup>th</sup> November 2018	Mr. Edwin Felix Lumonya
4.	Lot 3: 10 chairs Lot 3: Ordinary monitors (IBM), 2 CPUs, 1 printer and keyboard Lot 7: 5 power savers, 1 printer, 2 mouse Lot 10: 2 ordinary, monitors (IBM), 2 CPUs, 1 flat monitors Lot 13: 5 power savers, 1 printer, 1 Mouse Lot 14: 5 power savers, 1 printer, 1 mouse Lot 16: 5 power savers, 1 printer, 2 mouse Lot 17: 5 power savers, 1 printer	1,420,000	27 <sup>th</sup> November 2018	Ms. Annet Tumushemereuwe
5.	Lot 002: 2 ordinary monitors (IBM), 2 CPU's, 1 printer and 1 key board Lot 004: 2 flat Monitors, 2 Lot 006: 5 power savers, 1 printer, 1 mouse Lot 008: 5 power savers, 1 printer, 1 mouse Lot 11: Lot 12: 2 ordinary monitors,	1,000,000	27 <sup>th</sup> November 2018	Mr. Isaac Kigozi

No	Description	Amount Paid (UGX)	Handover date	Handed Over to
	2 CPU's and 1 key board			
	Lot 15: 5 power savers, 2 printer, 1 mouse			
6.	001: 10 chairs	1,563,000	27 <sup>th</sup> November 2018	Mr. Lawrence Mugerwa
	001: Air Conditioners			
	004: Air Conditioners			
	005: Air Conditioners			
	006: Air Conditioners			
	009: 5 power savers, 1 printer, 1 keyboard			
	001: Television set			
	Make: Nissan Terrano II Colour: Metallic Green Fuel: Diesel Engine No: TD27-015089Y Chassis No: VSKTVUR20004726883 Model: R20U	2,000,000	4 <sup>th</sup> December 2018	Mr. Peter Wamala
7.	003: Air Conditioners	600,000	27 <sup>th</sup> November 2018	Mr. Emmanuel Muhumuza
	001: 4 CPUs and 4 flat Monitors			
8.	018 for 5 Flat Monitors, 5 CPUs, 5 key board and 2 printers	250,000	27 <sup>th</sup> November 2018	Mr. Jackson Igembe
9.	Lot 005 Computer items 2 flat Monitors, 2 CPU's, 1 Printer, 1 Keys Board	325,500	27 <sup>th</sup> November 2018	Mr. ObeedSserugera
10.	Make: Toyota Hilux Colour: White Fuel: Diesel Engine No: 5L-6043955 Chassis No: AHTFK22G-903022400 Model: 2007	32,920,000	27 <sup>th</sup> November 2018	Mr. Malik Sabiiti Abdul
11.	Make: Toyota Hilux Colour: White Fuel: Diesel Engine No: 2KD-5135960 Chassis No: AHTFR22G206034270 Model: 2010	38,000,000	27 <sup>th</sup> November 2018	Mr. John Kiwalabye
12.	Make: Nissan Pathfinder SE Colour: White Fuel: Diesel	20,200,000	27 <sup>th</sup> November 2018	Mr. Nicholas Kwarija

No	Description	Amount Paid (UGX)	Handover date	Handed Over to
	Engine No: YD25T1-725927B Chassis No: VSKJVR51Z0-443737 Model: R51			
13.	Make: Toyota Double Cabin Pickup Colour: White Fuel: Diesel Engine No: 2KD7495900 Chassis No: AHTFR22G706013673 Model: 2008	26,525,000	27 <sup>th</sup> November 2018	Mr. Obed Sserugera
14.	Make: Nissan Terrano II Colour: Metallic Green Fuel: Diesel Engine No: TD27-016599Y Chassis No: VD27-016599Y Model: 2001	4,900,000	4 <sup>th</sup> December 2018	Mr. Jackson Igembe
15.	Make: Nissan X-trail Colour: Metallic Silver Fuel: Petrol Engine No: QR25-786706A Chassis No: JNITANT31Z0006864 Model: JNITAN	10,500,000	27 <sup>th</sup> November 2018	Mr. Ekulu Emmanuel
16.	Make: Ford Ranger Colour: White Fuel: Diesel Engine No: WLA1286980 Chassis No: AYAADGL05ARU358368 Model: XLT	1,000,000	4 <sup>th</sup> December 2018	Mr. P.D and Sons General Enterprises
17.	Make: Nissan Terrano II Colour: Metallic Green Fuel: Diesel Engine No: TD27-015089Y Chassis No: VSKTVUR20004726883 Model: R20U	2,000,000	4 <sup>th</sup> December 2018	Mr. Peter Wamala
18.	Make: Nissan Pathfinder SE Colour: Silver Fuel: Diesel Engine No: YD25T1-726934B Chassis No: VSKJVR51Z0-444477 Model: R51	15,030,000	4 <sup>th</sup> December 2018	

No	Description	Amount Paid (UGX)	Handover date	Handed Over to
19.	Make: Nissan Terrano II Colour: Metallic Green Fuel: Diesel Engine No: TD27-015089Y Chassis No: VSKTVUR20004726883 Model: R20U	2,000,000	4 <sup>th</sup> December 2018	
20.	Make: Nissan Pathfinder, Station Wagon Colour: Silver Fuel: Diesel Engine No: YD25T1-727213B Chassis No: VSKJVR51Z0-444762 Model: R51	22,000,000	27 <sup>th</sup> November 2018	Mr. Jeff Ssekajja
21.	Make: Nissan Hardbody 4WD Colour: White Fuel: Diesel Engine No: QD32-303851 Chassis No: ADNCJUD22Z0-018237 Model: 2011	25,500,000	27 <sup>th</sup> November 2018	Mr. Paddy Turyamwijuka
22.	Make: Ford Ranger Colour: White Fuel: Diesel Engine No: WLAJ330387 Chassis No: AR470981 Model: ADGLP501	1,000,000	4 <sup>th</sup> December 2018	Mr. Paul Ddingiro
23.	Make: Toyota Hilux Colour: White Fuel: Diesel Engine No: 2KD-7871671 Chassis No: AHTFR22G-206025004 Model: 2009	24,797,000	27 <sup>th</sup> November 2018	Mr. Sulaiman Katwaalo

9. The Authority found that out of the fourteen (14) vehicles to be disposed of, one vehicle i.e Ford Ranger pick up double cabin reg no. UAA 557E was in custody of Busia District Local Government and was disposed of by the district and handed over to Mr. Wafula Massey who was the highest bidder at a cost of UGX 3,150,000. The District Contracts Committee approved the proceedings under Min 11-13 DCC/18/05/2017-18 dated 18<sup>th</sup> May 2018.

10. The Authority established from the contract management report dated 19<sup>th</sup> December 2018, that the items below were not paid for and hence were to be disposed of in the next disposal exercise as detailed in the Table 6 below:

**Table 6: List of items not disposed**

No	Description
1.	Assorted desk top telephone sets
2.	Photocopying machine
3.	Photocopying machine

11. During a meeting with the Authority, NAADS Officials submitted that the disposal process was conducted in a fair and transparent manner and all bidders were given the opportunity to inspect all items prior to the auctioning date.
12. The Authority was further informed that, all the vehicles and other items to be auctioned were inspected by interested bidders prior to the auction. The disposal exercise was conducted on 22<sup>nd</sup> November 2018 at 9:00am at the MAAIF Offices on Buganda Road. All items were awarded to the highest bidders and the lower bidder's prices were also recorded.
13. The Authority found that the Contracts Committee approved the public auction method, the shortlist of 3 firms and the award of contract to Simba Speed Auctioneers to conduct the auction. In addition, the items disposed of were handed over to the highest bidders.
14. The Authority found no irregularities in the way the disposal of vehicles and other items was handled by the Entity and there was also no evidence to the effect that the vehicles were later bought by the NAADS officials since the handover certificates reviewed by the Authority clearly indicated the names of the persons to whom the vehicles were handed over to. The Authority found no merit in the allegation.

## 6.0 OTHER FINDINGS

The Authority observed the following omissions in the disposal process as stated below:

1. The requirement for bidders to provide experience in terms of photocopies of contract or Local Purchase Orders indicating evidence of having performed at least nine public auctions for Government Entities in Uganda in the last two years was found to be unrealistic and would in turn affect competition yet disposal of assets by Government Agencies is carried out on a financial year basis which is usually once every financial year.
2. The Authority further established that the Entity did not request Simba Speed Auctioneers Limited to submit a performance security contrary to Regulation 8 (4) of the PPDA (Disposal) Regulations 2014 which stated that *"The auctioneer appointed under this regulation shall provide a performance security in the format required by the procuring and disposing entity"*.

## **7.0 RECOMMENDATIONS**

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

1. The Contracts Committee should always play its oversight role in quality assuring requirements in the bidding documents prior to their issuance in accordance with Section 28 (1) (c) of the PPDA Act, 2003.
2. The Head Procurement and Disposal Unit should ensure that the auctioneer appointed under provides a performance security in accordance with Regulation 8 (4) of the PPDA (Disposal) Regulations 2014.