



**PERFORMANCE AUDIT IN RESPECT OF THE PERIODIC
MAINTENANCE OF LOKAPEL–NABILATUK (20.5 KM) AND
NABILATUK–ANGATUN (25.5 KM) ROADS UNDER LOT 16: MOROTO
STATION**

ENTITY: UGANDA NATIONAL ROADS AUTHORITY

CONTRACTOR: CUBEROOT LIMITED

PROCUREMENT REF: UNRA/WORKS/2018-19/00006/16

DECEMBER 2025

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Acronyms

FY	-	Financial Year
GCC	-	General Conditions of the Contract
PPDA	-	Public Procurement and Disposal of Public Assets Authority
ToRs	-	Terms of Reference
UGX	-	Uganda Shillings
USD	-	United States Dollars
VAT	-	Value Added Tax

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (hereinafter “the Authority”) received a request from the Criminal Investigations Directorate of the Uganda Police Force to undertake an audit in respect of the periodic maintenance of the Lokapel–Nabilatuk (20.5 km) and Nabilatuk–Angatun (25.5 km) Roads under Lot 16: Moroto Station, Procurement Reference Number UNRA/WORKS/2018-19/00006/16.

In accordance with Section 8(j)(iii) of the PPDA Act, Cap. 205, the Authority instituted a performance audit into the matter.

The objective of the audit was to assess the level of implementation of the contract in terms of efficiency, effectiveness, and economy during contract implementation and to determine whether the contract was administered in accordance with the applicable legal and contractual framework.

The Authority made the following findings:

1. In terms of efficiency, the contractor failed to submit the required work programmes before the expiry of the original contract completion period on 10th August 2021 while the updated work programmes submitted after Extensions of Time No. 1 and No. 2 were not adhered to, inadequately mobilized key personnel, inconsistently deployed equipment, and repeatedly used construction methods that were contrary to the approved method statement. These inefficiencies resulted in prolonged delays, deterioration of the works, and forced the Entity to undertake remedial interventions to restore minimum trafficability and avert community unrest.
2. In terms of effectiveness, the contractor failed to complete the works within both the contractual and extended timelines, achieving only 33.3% physical progress by 31st August 2023, nearly two years and eight months after commencement on 10th December 2020. The contractor also failed to deliver works to the required quality standards and repeatedly failed to respond to notices to correct performance deficiencies, resulting in continued deterioration of the road and failure to achieve the intended outputs of the contract.
3. In terms of economy, the contractor failed to maintain the mandatory performance security throughout the duration of the contract, exposing the Entity to financial risk and constituting fundamental breaches under the General Conditions of Contract. The Authority also noted delays in payment by the Entity, for which the contractor claimed interest worth UGX 86,810,600; however, these delays did not justify the contractor’s persistent underperformance or failure to meet its contractual obligations.
4. The Authority further noted that the Entity sought and obtained the necessary legal clearance to terminate the contract, and that the termination process was undertaken in accordance with the governing contractual and regulatory framework.

Overall, the Authority found that the contractor’s conduct amounted to persistent and fundamental breaches of the contract in accordance with GCC 59 of the contract. The contractor failed to maintain required securities, failed to progress the works in accordance with the approved

programme, failed to complete the works within the contractual and extended timelines, and failed to deliver works to the required quality standards.

The Authority therefore found that the decision to terminate the contract was justified, necessary, and consistent with the provisions governing fundamental breach and contract termination

CHAPTER 1: INTRODUCTION

1.1 Background

The Uganda National Roads Authority (UNRA) was allocated funds by the Government of Uganda for road maintenance, specifically for the provision of periodic mechanised maintenance on selected national roads.

The Uganda National Roads Authority conducted periodic maintenance to ensure the quality and safety of the road infrastructure. This maintenance is crucial for the following reasons:

- i. Preventive Maintenance: To address minor issues before they escalate, ensuring that roads remain in good condition and are safe for use.
- ii. Rehabilitation: Periodic maintenance allowed for the rehabilitation and upgrading of existing roads, improving their overall condition.
- iii. Emergency Repairs: Provided for emergency repairs to restore access following natural disasters or other emergencies.
- iv. Cost Efficiency: The use of term maintenance contracts was envisaged to reduce maintenance costs by 30% – 50%, making it more financially viable to maintain roads over longer periods.

To this end, UNRA in the FY 2018/19 sought the services of a capable and experienced contractor to undertake the periodic maintenance of the Lokapel–Nabilatuk (20.5 km) and Nabilatuk–Angatun (25.5 km) Roads under Lot 16: Moroto Station.

Consequently, UNRA signed a contract with Cuberoot Ltd on 10th November 2020 for the periodic maintenance of the Lokapel–Nabilatuk (20.5 km) and Nabilatuk–Angatun (25.5 km) Roads under Lot 16: Moroto Station at UGX 5,782,152,810 with the intention of completing the works within eight months.

In view of Section 8 (j) (iii) of the PPDA Act, Cap. In 205, the Authority conducted an audit of the above-mentioned contract to assess its implementation in terms of effectiveness, efficiency, economy, and equity in contract execution.

1.2 Laws applicable

The applicable laws and legal framework were:

- i. The Public Procurement and Disposal of Public Assets Act, Cap. 205;
- ii. The Central Governments PPDA Regulations, 2014; and
- iii. The Central Governments PPDA Guidelines, 2014.

1.3 Objectives

The overall objective of the contract audit was to assess the level of achievement of value for money in terms of effectiveness, efficiency, economy and equity.

1.4 Scope of the Audit

The audit covered the contract implementation and management of the contract for the periodic maintenance of the Lokapel–Nabilatuk (20.5 km) and Nabilatuk–Angatun (25.5 km) Roads under

Lot 16: Moroto Station. Specifically, the scope included assessing the effectiveness, efficiency, economy and equity during contract implementation, as well as undertaking a value for money assessment before making an overall audit conclusion.

1.5 Audit Methodology

The Authority adopted the following methodology:

- i. Review of documentation in the procurement action file.
- ii. Interviews with the Entity
- iii. Interviews with the Contractor; and
- iv. Reporting on findings of the audit and providing recommendations where applicable.

CHAPTER 2: SUMMARY OF FACTS

2.1 Contract Summary

Under this section, the Authority provides a contract summary for the the periodic maintenance of the Lokapel–Nabilatuk (20.5 km) and Nabilatuk–Angatun (25.5 km) Roads under Lot 16: Moroto Station. The contract summary is tabulated below:

Table 1: Summary of Contract Details

Name of Entity	Uganda National Roads Authority		
Financing Institution	Government of Uganda		
Contract Title	Periodic maintenance of the Lokapel–Nabilatuk (20.5 km) and Nabilatuk–Angatun (25.5 km) Roads under Lot 16: Moroto Station		
Contract Scope	1. Grading; 2. Full gravelling; 3. Drainage improvement; and 4. Raising of low-lying spots.		
Name of Contractor	Cuberoot Ltd		
Method of procurement	Open Domestic Bidding		
Type of Contract	Admeasurement Contract		
Contract Price (UGX)	5,782,152,810 (VAT Inclusive)		
Contract Signature Date	10 th November 2020		
Contract commencement date	10 th December 2020		
Contract end date	10 th August 2021	Revised Contract Completion Date	31 st August 2023

2.2 Summary of facts

1. On 19th July 2018, the procurement for the periodic maintenance of the Lokapel–Nabilatuk (20.5 km) and Nabilatuk–Angatun (25.5 km) Roads under Lot 16: Moroto Station was initiated at a cost of UGX 4,441,944,191.
2. On 28th December 2018, the Contracts Committee approved the procurement method, (open domestic bidding), the solicitation document, the bid notice and the recommended Evaluation Committee (EC). The EC comprised of the members indicated in Table 2 below:

Table 2: Evaluation Committee members

S/No	Name	Title
1.	Mr. Abubaker Busobozi	Maintenance Engineer
2.	Mr. Arnold Job Aryatuha	Maintenance Engineer
3.	Mr. Michael Kwihangana	Maintenance Engineer
4.	Mr. Fred Mazanga	Senior Procurement Officer
5.	Mr. Marcelliano Rubahamya	Regional Manager
6.	Ms. Bennice Kiganda	Regional Manager

S/No	Name	Title
7.	Mr. Albert Oleja	Regional Manager

3. On 17th January 2019, the bid notice was advertised in the NewVision newspaper with a date of bid closing of 28th February 2019.
4. Ten bidders responded to the advert and were issued the bidding document.
5. On 25th January 2019, a pre bid meeting was held as provided for in the bidding document and the bid notice. Minutes of the meeting were recorded using Form 10.
6. On 28th February 2019, receipt of bids was closed. Eight bidders submitted bids that were received and opened on the same day as indicated in Table 3 below:

Table 3: Record of opening of bids

S/No	Bidder	Price Read Out (UGX)
1.	Top Class Engineering Services Ltd	13,067,882,270
2.	M&B Engineers Ltd	7,038,573,740
3.	R.M.K (U) Ltd	5,484,557,400
4.	Cuberoot Ltd	5,304,215,640
5.	Reddy's Engineering and Services Ltd	3,788,972,714
6.	Kabb's Technical Services Ltd	8,888,009,924
7.	Rolda Services Ltd	5,980,090,140
8.	Excel Construction Ltd	7,964,832,704

7. On 13th March 2019, the Evaluation Committee was appointed as approved by the Contracts Committee.
8. On 10th September 2019, the evaluation of bids was concluded. The Evaluation Committee recommended Cuberoot Ltd for the award of the contract at UGX 5,782,152,810.
9. On 30th June 2020, the Contracts Committee approved the evaluation report and award of contract to Cuberoot Ltd at UGX 5,782,152,810.
10. On 7th July 2020, the Notice of Best Evaluated Bidder was displayed with a removal date of 21st July 2020.
11. On 13th August 2020, the Solicitor General approved the draft contract for signature.
12. On 2nd November 2020, Cuberoot Ltd submitted both the advance payment and performance guarantees, both expiring on 30th October 2021.
19. On 10th November 2020, the Entity entered into a contract with Cuberoot Ltd for the periodic maintenance of the Lokapel–Nabilatuk (20.5 km) and Nabilatuk–Angatun (25.5 km) Roads under Lot 16: Moroto Station at UGX 5,782,152,810.

CHAPTER 3: FINDINGS AND RECOMMENDATIONS

This chapter presents the findings and recommendations relevant to the contract audit regarding the periodic maintenance of the Lokapel–Nabilatuk (20.5 Km) and Nabilatuk–Angatun (25.5 Km) Roads under Lot 16: Moroto Station.

3.1 Efficiency in Contract Implementation

Efficiency relates to how well the contractor utilized time, personnel, equipment, and methods to deliver the required works within the expected operational parameters.

3.1.1 Inefficient Adherence to Work Programmes

1. The Authority reviewed the contract and noted that GCC 27 required the contractor to execute the works in accordance with an approved work programme and to update the programme every 15 working days, and that the amount to be withheld for late submission of an updated programme would be UGX 10,000,000.
2. The Authority reviewed the progress reports and minutes of site and management meetings held with the contractor and noted that although the contractor did not submit a programme of works before expiry of the initial contract completion period on 10th August 2021. Further, although the contractor periodically submitted revised work programmes, these were often submitted after multiple reminders and were never adhered to.
3. The Authority found that the contractor, given delays in execution of the works, was required to submit a recovery plan, which was submitted in October 2021. However, despite submission of the recovery plan, only 6% physical progress of works was achieved over the entire period within which the contractor indicated in the recovery plan that it would complete the works. Additionally, all other subsequent programmes were not implemented as planned.
4. The Authority found that the contractor's failure to follow the approved work programmes resulted in inefficient use of time and resources and contributed significantly to the persistent delays in contract execution.

3.1.2 Inefficient Deployment of Equipment and Personnel

1. The Authority reviewed the signed contract and noted that:
 - i. GCC 9 provided that if the Schedule of Key Personnel is specified in the SCC, the Contractor shall employ the key personnel named in the Schedule, or other personnel approved by the Project Manager, to carry out the functions stated in the Schedule. The Project Manager will approve any proposed replacement of key personnel only if their relevant qualifications and abilities are substantially equal to or better than those of the personnel listed in the Schedule.
 - ii. GCC 9.1 provided that the Schedule of Key Personnel shall form part of the contract.
 - iii. Clause 4.5 of the statement of requirements and method statement submitted by the contractor required that the contractor was to deploy the equipment listed in its bid and maintain adequate machinery on site.
1. The Authority reviewed the progress reports and minutes of site and management meetings held with the contractor and noted that Cuberoot Ltd delayed to mobilize equipment and

personnel after commencement of works on 10th December 2020 to wit, a warning letter was issued on 5th February 2021, and a site meeting held on 18th February 2021 to discuss the failure to mobilize equipment and personnel on site. The Authority noted that Cuberoot Ltd apologised for the delayed mobilisation of equipment and personnel during the site meeting held on 18th February 2021.

2. The Authority further noted from a review of the progress reports that Cuberoot Ltd did not deploy the required equipment and personnel consistently. Equipment deployment was intermittent, resulting in slow progress and extended periods where no meaningful work was undertaken. For example, despite committing to mobilize equipment and personnel during the site meeting held on 18th February 2021, the contractor mobilized equipment and personnel for only an initial four-day period from 13th March 2021 to 17th March 2021 before demobilising and yet the works were not complete. The contractor remobilised a month later on 15th April 2021, but maintained only a minimal presence on site.
3. The Authority found that the contractor's inadequate and inconsistent deployment of equipment and personnel reduced operational efficiency and hindered the timely execution of the works.

3.1.3 Inefficient Construction Methods

1. The Authority reviewed the signed contract and the statement of requirements and noted that the contractor was required to execute the works in accordance with the approved method statement.
2. The Authority reviewed the progress reports and minutes of site and management meetings held with the contractor and noted that Cuberoot Ltd repeatedly failed to comply with the approved work methods. Gravel was dumped full-width over long stretches and left unspread for extended periods, without watering, compaction, or adequate traffic signage. These practices created safety hazards, impeded traffic flow, and exposed road users to unnecessary risk.
3. The Authority further noted that the contractor's failure to process the dumped gravel and maintain the road surface led to rapid deterioration of the carriageway, resulting in deep ruts, potholes, and impassable sections. The situation escalated to the extent that communities along the project road expressed dissatisfaction and threatened to take action due to the worsening road conditions. To avert potential strife and ensure continued access for the public, the Entity was compelled to intervene and undertake remedial works using its own resources to restore minimum trafficability.
4. The Authority found that the contractor's non-compliance with construction methods resulted in inefficient execution, wastage of effort, deterioration of the works and forced the Entity to incur additional costs to safeguard public safety and maintain road usability.

3.2 Effectiveness in Contract Implementation

Effectiveness relates to whether the Contractor achieved the intended outputs and outcomes of the contract, namely; the timely completion and delivery of a functional, safe, and durable road.

3.2.1 Failure to Complete Works Within Contractual and Extended Timelines

1. The Authority reviewed the contract and noted that GCC 17.1 provided that the completion period of the works would be eight months from issuance of a commencement order.
2. The Authority reviewed the commencement order dated 17th November 2020 and observed that the commencement date for the works would be 10th December 2020 with a completion period of eight months. Therefore, the intended completion date was 10th August 2021.
3. The Authority reviewed the progress reports and minutes of site and management meetings held with the contractor and noted that at the expiry of the original completion period on 10th August 2021, the contractor had executed only 19% of the physical works.
4. The Authority further noted that the contractor, citing delays attributed to COVID-19, insecurity, floods, and delayed payments, claimed for an Extension of Time of 110 days, which was granted as Extension of Time (EoT) No. 1.
5. Additionally, the contractor claimed for additional time of four months on 17th February 2023 to allow completion of the works, pursuant to which Extension of Time No. 2 dated 1st March 2023 was issued, extending the contract completion period by six months to 31st August 2023.
6. The Authority, however, found that despite these extensions, the contractor's performance remained inadequate. By 31st August 2023, nearly two years and eight months after commencement, Cuberoot Ltd had achieved only 33.3% physical progress.
7. Further, by the time the extended contract implementation period expired on 31st August 2023, the liquidated damages applicable to the contract had exceeded the 200 days for which the maximum amount of liquidated damages could be imposed.
8. The Authority found that the contractor's inability to complete the works within both the contractual and extended timelines demonstrated ineffective contract implementation and constituted a fundamental breach under GCC 59.2(g) of the signed contract that provided that a fundamental breach of contract existed where the rate of progress of the works at any time during the period of the contract was such that the completion of the works will, as measured against the current program, be delayed by the number of days for which the maximum amount of liquidated damages could be imposed.

3.2.2 Failure to Deliver Works to the Required Quality Standards

1. The Authority reviewed the contract and noted that GCC 35 required the contractor to maintain the quality of work and protect it from damage.

2. The Authority reviewed the works inspection reports and noted that the road had developed potholes, gullies, and poor drainage even while the contractor was still on site. Gravel was being spread after the extended completion date and was neither watered nor compacted.
3. The Authority found that the contractor failed to meet the required quality standards and failed to protect the works, resulting in deterioration and public complaints. This demonstrated ineffective delivery of the intended outputs of the contract.

3.2.3 Failure to Respond to Reminders and Correct Performance Deficiencies

1. The Authority reviewed the contract and noted that GCC 35.2 provided that every time a Notice to Correct is given, the contractor shall correct the notified issues within the length of time specified by the Project Manager's notice.
2. The Authority reviewed the progress reports, minutes and correspondences and noted that the contractor was repeatedly reminded to extend guarantees, submit revised programmes, mobilize equipment, and address performance gaps. Despite these reminders, the contractor consistently failed to remedy the breaches.
3. For example, a notification of expiry of both performance and advance payment guarantees was
4. sent to the contractor on 27th March 2023, 17th April 2023 and 27th April 2023. Despite these reminders, the extended completion period expired on 31st August 2023 without submission of a renewed performance guarantee.
5. The Authority found that the Contractor's persistent non-responsiveness and failure to take corrective action undermined the effectiveness of contract implementation and contributed to prolonged underperformance.

3.3 Economy in Contract Implementation

Economy relates to whether the Contractor safeguarded public resources, maintained mandatory securities, and ensured that the Authority received value for money with minimal exposure to financial risk.

3.3.1 Failure to Maintain the Performance Security

1. The Authority reviewed the signed contract and noted that:
 - i. GCC 52 provided that the Contractor shall maintain a valid performance security amounting to 10% of the contract sum throughout the duration of the contract; and
 - ii. GCC 59.2(f) provided that a fundamental breach of contract exists where the Contractor does not maintain a security which is required.
2. The Authority reviewed the progress reports, minutes and correspondences and noted that although the Contractor initially submitted a valid Performance security worth UGX 578,215,281, this guarantee expired on 30th October 2021. A subsequent extension expired on 30th April 2022, and the Contractor failed to renew the last submitted guarantee before its expiry on 30th April 2023, despite numerous reminders by the Contract Manager. No new security was submitted thereafter.

3. The Authority found that the Contractor's repeated failure to maintain a valid performance security exposed the Entity to financial risk in the event of contractual non-performance, as was the case after expiry of the extended completion period on 31st August 2023 and constituted a fundamental breach of the contract in accordance with GCC 59.2(f).

3.3.2 Delayed Payment by the Entity

The Authority reviewed the contract and found that SCC 43.1 required the Employer to certify and pay Interim Payment Certificates (IPCs) within sixty days.

The Authority reviewed progress reports, minutes and correspondences and noted that IPC 1, although certified, was not paid within the required period, resulting in a delay that extended beyond the sixty-day payment window. IPC 1 worth UGX 779,512,673 was certified on 8th September 2021 and paid on 22nd November 2022, representing a delay of 255 working days. As a result of this delay, the contractor claimed for and was paid interest on the delayed payment amounting to UGX 86,810,600 on 2nd June 2023, in accordance with GCC 43.1 of the contract.

CHAPTER 4: OVERALL AUDIT CONCLUSION

The Authority found that the contractor, Cuberoot Ltd, persistently failed to perform its obligations under the contract, resulting in multiple fundamental breaches as defined in the General Conditions of Contract. The Authority noted that the contractor was repeatedly cautioned regarding non-performance, inadequate mobilization, failure to adhere to approved work programmes, and non-compliance with construction methods, yet the contractor did not take the necessary corrective action. The contractor was given several opportunities to remedy the deficiencies, including the issuance of two Extensions of Time, but the rate of progress remained substantially below the levels required to achieve completion within the contractual and extended timelines.

The Authority further noted that the contractor failed to maintain the mandatory performance security and advance payment security throughout the duration of the contract, contrary to GCC 52 and GCC 51.1. The lapse of these securities exposed the Entity to financial risk and constituted a fundamental breach under GCC 59.2(f). The Authority also observed that by the expiry of the extended completion period, the delay in execution had exceeded the 200 days for which the maximum amount of liquidated damages could be imposed, thereby meeting the threshold for a fundamental breach under GCC 59.2(g).

The Authority also reviewed the works inspection report dated 9th September 2023 and noted that the contractor failed to meet the required standard of work in contravention of GCC 35 of the contract. The works deteriorated while the contractor was still on site, resulting in potholes, gullies, and impassable sections. The situation escalated to the extent that the Entity was compelled to intervene and undertake remedial works using its own resources to restore minimum trafficability and avert community unrest. This demonstrated the contractor's inability to deliver the intended outputs of the contract.

While the Authority noted that the Entity delayed payment of IPC 1 beyond the sixty-day contractual period and that the contractor claimed interest on the delayed payment, the Authority found that these delays did not justify the contractor's prolonged underperformance, failure to mobilize adequately, or failure to maintain mandatory securities. The contractor remained obligated to proceed with due expedition under GCC 6 of the contract, and the delayed payments did not materially alter the contractor's responsibility to execute the works in accordance with the contract.

In reviewing the documentation, the Authority also noted that the Entity sought and obtained the necessary legal clearance to terminate the contract, and that the request for termination was confirmed as being in line with the governing legal and regulatory framework. This reinforced the Authority's view that the termination process was procedurally compliant and undertaken in accordance with the requirements for contracts involving fundamental breach.

In light of the above, the Authority concluded that the contractor's conduct amounted to persistent and fundamental breaches of the contract. The contractor failed to maintain required securities, failed to progress the works in accordance with the approved programme, failed to complete the works within the contractual and extended timelines, and failed to deliver works to the required quality standards.

The Authority therefore found that the decision to terminate the contract was justified, necessary, and consistent with the contractual provisions governing fundamental breach and the regulatory framework for contract administration and termination.