



**PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY**
"Procurement That Delivers"

**CONTRACT AUDIT REPORT INTO THE CONSTRUCTION
OF DRAJINI SEED SECONDARY SCHOOL IN YUMBE
DISTRICT (Procurement Reference Number:
Yumb556/WRKS/2021-2022/00054)**

YUMBE DISTRICT LOCAL GOVERNMENT

APRIL 2025

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ACRONYMS

ESHS	Environment, Social, Health and Safety
GCC	General Conditions of Contract
IPC	Interim Payment Certificate
PPDA	Public Procurement and Disposal of Public Assets Authority
PPDA Act	Public Procurement and Disposal of Public Assets Act
SCC	Special Conditions of Contract
UgIFT	Uganda Intergovernmental Fiscal Transfer
UGX	Ugandan Shillings
VAT	Value Added Tax
WHT	Withholding Tax

EXECUTIVE SUMMARY

On 9th February 2023, Yumbe District Local Government entered into a contract with Spider Contractors Limited for the construction of Drajini Seed Secondary School at a cost of UGX 2,997,830,415 with an intended completion period of 12 months.

In line with Section 8 (1) (j) (ii) of the PPDA Act, Cap.205, the Public Procurement and Disposal of Public Assets Authority conducted a contract audit into the construction of Drajini Seed Secondary School in Yumbe District (Procurement Reference Number: Yumb556/WRKS/2021-2022/00054). The overall objective was to assess the status of contract implementation with emphasis on verification that all parties to the contract complied with the requirements and standards set forth in the contract and the provisions of the PPDA Law and UGIFT Guidelines.

The following key exceptions were noted:

1. Delayed completion of the works: The Authority during a site visit on 6th December 2024, found the works incomplete with 178.9% of the contract time elapsed. The physical and financial progress of the works at the time of the audit was not known because the last progress report prepared by the District Engineer was dated 2nd October 2024. The Authority, further noted that the Entity granted the contractor an additional 14 months cumulative to complete the works by 30th April 2025 and this has delayed education service delivery to the public. The Entity is also exposed to the risk of increased project costs and value for money may not be achieved due to time variation, inflation and potential compromise and/or quality deterioration of the works.
2. Absence of the contractor's key personnel on site contrary to SCC (GCC) 14.1 of the contract. The Authority found a few casual labourers on site undertaking works without technical supervision from the contractor's key personnel such as the Site Engineer, General Site Foreman, Quantity Surveyor and more. This exposed the project to the risk of productivity loss; cost and schedule overruns, for instance, the work flow and task accomplishment were interrupted when the workers were instructed by the District Engineer to redo some of the works during site inspection on 6th December 2024.
3. Removal of the contractor's key equipment (such as concrete mixers, vibratory drum rollers, plate compactor, concrete poker vibrators, and more) from site without the Project Manager's authorization to demobilize as per GCC 28.1 of the contract. This was a breach of the contract and potentially contributed to the delayed completion of the works.
4. Inadequate and poor storage of construction materials at the site. Some construction materials were found scattered across the project site with no proper arrangement and protection against harsh weather and theft as the site was not hoarded. This exposed the construction materials to the risk of waste, theft, materials quality deterioration and could ultimately increase the project costs.
5. Expired Performance Security worth UGX 299,783,042 (Reference Number: MCBL/18/02/2023) that had a validity of up to 31st March 2025. As a result, the Entity lost out on financial compensation because it has no fallback position in case the contractor (Spider Contractors Limited) fails to complete its obligations under the contract by 30th April 2025.

6. Failure by the Project Manager to value the works executed by the contractor (Spider Contractors Limited) before preparation of the Interim Payment Certificates. As a result, the amount certified for payment of UGX 2,398,264,332 (80% of the contract amount of UGX 2,997,830,415) was not commensurate with the actual physical progress of the works of 60% (which amounted to UGX 1,798,698,249 only) at the time of payment certification in June 2024.
7. Irregularities in payments to the contractor:
 - i) Inappropriate payment scheduling which will lead to overpayment to the contractor by UGX 755,079,207 at the time of completion of the works (i.e., this overpayment is attributed to 18% VAT of UGX 457,296,165 not charged and 10% retention of UGX 299,783,042 not adjusted for in the Entity's Payment Schedule). Whereas the total contract amount was UGX 2,997,830,415 inclusive of 18% VAT, the Entity's Payment Schedule irregularly considered this contract amount as the total net amount to be received by the contractor, exclusive of 18% VAT and the 10% retention monies thereby creating room for an overpayment to occur.
 - ii) Overpayment to the contractor by UGX 599,566,083 for unexecuted works. The Authority found that by 11th July 2024, the Entity had irregularly paid the contractor UGX 2,398,264,332 (80% of the contract amount) instead of UGX 1,798,698,249 (60% of the contract amount) as per the actual physical progress achieved of 60% at the time of payment. In addition, the Entity did not obtain a payment security from the contractor for the unexecuted works that were paid.
 - iii) Failure to withhold the 6% WHT totalling to UGX 15,240,813 when making payments to the contractor (Spider Contractors Limited) for Interim Payment Certificates No.5 and 6. As a result, the Entity is liable to remit to the Uganda Revenue Authority the tax amount worth UGX 15,240,813 that was not withheld before effecting payments to the contractor.
8. Non-compliance with the Environmental, Social, Health and Safety requirements. The health and safety of the workers, community, authorized personnel and equipment on site was compromised because the contractor (Spider Contractors Limited) did not:
 - i) Provide insurance covers for personnel and equipment contrary to SCC (GCC) 18.1 of the contract;
 - ii) Take responsibility for the safety of all activities on site contrary to GCC 24 of the contract, for example, hoarding the site, providing security, putting area signages around hazardous areas, and more; and
 - iii) Take all the reasonable precautions to maintain the health and safety of the personnel on site contrary to GCC 31 of the signed contract, for example, provision of PPEs, waste management system for both hazardous and non-hazardous waste, a First Aid box, temporary office for the Project Manager, an HIV/AIDS Policy, Policy for outbreaks, endemics or pandemics, and more.
9. Delay to resettle the Project Affected Persons. The Authority found homesteads in different areas on the school property during site inspection on 6th December 2024; however, the Entity had not taken the necessary measures to resolve the issue with the Project Affected Persons. The Entity could lose legal ownership of the land in case the squatters successfully claim adverse possession of the school property.

In light of the above findings, the Authority recommends that:

1. The Accounting Officer should:

- i) Task the District Engineer (Project Manager) to:
 - a) Conduct performance tracking and analysis at every stage of contract execution to avoid further project delays and to ensure that the works are completed by 30th April 2025.
 - b) Deduct UGX 15,240,813 from the next payment to be made to the contractor (Spider Contractors Limited) and pay these monies to the Uganda Revenue Authority as withholding tax for the previous payments made under Interim Payment Certificates No. 5 and 6.
- ii) Task the contractor (Spider Contractors Limited) to submit a Performance Securing Declaration that should remain valid until issuance of the final completion certificate at the end of the defects liability period, in accordance with Paragraph 2.0 (iii) of the PPDA Guideline No.3/2024 (Bid and Performance Securities).
- iii) Ensure that the final amount to be paid to the contractor (Spider Contractors Limited) after completion of all the works does not exceed UGX 473,878,339 VAT inclusive and 10% should be retained on this payment in accordance with SCC (GCC) 57.1 of the contract. By doing so, the Entity will prevent a financial loss that could have occurred as a result of the Entity's inappropriate payment scheduling and the overpayment made to the contractor in July 2024 for unexecuted works.

The projected amounts of IPC No. 6 (UGX 149,891,521) and IPC No. 7 (UGX 149,891,521) on the Entity's Payment Schedule should not form part of the final amount to be paid to the contractor after completion of all the works, but rather the retention monies to be paid to the contractor for the substantial and final completion of the project after defects liability period, respectively.

- iv) Task the district staff in Table 1 below to show cause why disciplinary action should not be taken against them for irregularly endorsing payment of unexecuted works worth UGX 599,566,083 in June 2024.

Table 1: Names of District Staff that irregularly endorsed payment for unexecuted works

Role Played	Name	Job Title
Preparing Officer	Mr. Jamal Aiga	Senior Assistant Engineering Officer
Examining Officer	Mr. Asirafu Tairi	Head, Internal Audit
Verifying Officer	Mr. Rasulu Luriga	District Education Officer
Certifying Officers	Mr. Benard Ayimani	District Engineer
	Mr. Andama S. Solo	District Environmental Officer
	Mr. Bakole Rajab Tahir	District Community Development Officer
Sanctioning Officer	Ms. Candiru Kadimala	Head of Finance

- v) Ascertain the status of the persons on the school land and expedite the resettlement of the Project Affect Persons (PAPs). The PAPs should be adequately supported to rebuild their lives in a new location, often including financial compensation for lost assets and assistance with finding new housing, livelihoods, and access to essential services.
2. The Project Manager (District Engineer) should:
- i) Always value the works executed before certifying the Interim Payment Certificates for payment in accordance with Clauses 50 and 51.1 of the General Conditions of Contract.
 - ii) Instruct the contractor (Spider Contractors Limited) to:
 - a) Submit a revised work program with a realistic schedule for the pending works which should be completed before 30th April 2025.
 - b) Remobilize all the key personnel and equipment required to be on site to complete the pending works by 30th April 2025, in accordance with SCC (GCC) 14.1 and GCC 28.1 of the contract, respectively. The contractor should not be allowed to remove any equipment from the site until all the pending works are completed and authorization obtained from the Project Manager in accordance with GCC 28.1 of the contract.
 - c) Prepare statements of estimated value of works executed on a monthly basis for the pending works in accordance with SCC (GCC) 50.1 of the signed contract.
 - d) Provide secure and adequate storage facilities for the construction materials as follows:
 - Fix doors to the erected storage shed to make it waterproof and prevent ease of access by unauthorized persons and/or animals;
 - Hoard the site; and
 - Raise the floors of the sheds used for the storage of cement and other perishable materials i.e., the floors should be raised above ground level or the cement stacks/bags should be placed on timber pallets approved by the Project Manager in order to uphold the quality of the materials used in the construction works.
 - e) Comply with the Environmental, Social, Health and Safety requirements as follows:
 - Submit the required insurance cover for the equipment and personnel as per the provisions under SCC (GCC) 18 of the contract.
 - Ensure safety on the site with immediate effect by adhering to the safety procedures/measures stipulated in GCC 24 of the signed contract.
 - Put in place all the necessary health and safety measures as stipulated in GCC 31 of the signed contract, for example but not limited to: a temporary office for use by the Project Manager, provision of PPEs to the workers on site, having a First Aid Box on site, putting in place a waste management system and more.
 - Implement the Environmental Social Management Plan in order to manage potential environmental and social unintended negative impacts associated with the project's activities, as well as to allow for meaningful and inclusive multi-stakeholder consultations and engagement throughout the lifecycle of the project in accordance with GCC 29 of the contract and Section 66 of the PPDA Act Cap. 205.

CHAPTER 1: INTRODUCTION

1.1 Background

The Government of Uganda received funds from the World Bank to fund the Uganda Intergovernmental Fiscal Transfer (UgIFT) Program for Results. The Ministry of Education and Sports under the UgIFT program earmarked funds for the construction of seed secondary schools and expansion of existing ones in selected Sub-Counties in Uganda.

The Ministry of Education and Sports provided oversight and support to the beneficiary District Local Governments to ensure alignment with sector strategic plans, and compliance to construction norms and sector standards. The District Local Governments were responsible for contract management and payment of contractors, as well as sustainability of the investments undertaken by Government.

Yumbe District Local Government was one of the beneficiary districts and on 9th February 2023, the district entered into a contract with Spider Contractors Limited for the construction of Drajini Seed Secondary School at a cost of UGX 2,997,830,415 with an intended completion period of 12 months.

In line with Section 8 (1) (j) (ii) of the PPDA Act, Cap.205, the Public Procurement and Disposal of Public Assets Authority conducted a contract audit into the construction of Drajini Seed Secondary School in Yumbe District (Procurement Reference Number: Yumb556/WRKS/2021-2022/00054). The overall objective was to assess the status of contract implementation with emphasis on verification that all parties to the contract complied with the requirements and standards set forth in the contract; the provisions of the PPDA Law and UGIFT Guidelines.

Table 2 below shows the summary of the contract between Yumbe District Local Government and the contractor, Spider Contractors Limited.

Table 2: Contract Summary

Entity	Yumbe District Local Government	
Contract Title	Construction of Drajini Seed Secondary School	
Name of the Provider	Spider Contractors Limited	
Type of Contract	Admeasurement contract	
Original Contract Value exclusive of VAT	UGX 2,997,830,415	
Contract Signature Date	9 th February 2023	
Commencement Order	17 th February 2023	
Original Contract End Date	17 th February 2024 (12 months as per SCC (GCC) 22.1)	
1 st Extension of time	30 th December 2024	
2 nd Extension of time	30 th April 2025	
Contract Outputs/ Deliverables	Works Description	Amount (UGX)
	Preliminaries	183,000,000
	Site Levelling Works	14,017,000
	2-Classroom Block (3 No.)	454,614,900
	2-Unit Science Laboratory Block	296,387,900
	Administration Block	163,582,050
	2-Unit Teachers' House (3 No.)	440,232,900

	2-Unit Teachers' Kitchen (3No.)	116,072,400	
	2-Stance Lined VIP Latrine Block – Administration Block	18,938,600	
	2-Stance Lined VIP Latrine Block for Teachers' Houses (3 No.)	73,162,800	
	5-Stance Lined VIP Latrine Block - Boys	38,051,100	
	5-Stance Lined VIP Latrine Block - Girls	38,051,100	
	External Works	23,410,000	
	Rain Water Harvest System with 5000L Water Tank	3,002,000	
	ICT Library Block	355,838,000	
	Multi-Purpose Hall	272,173,500	
	Sports field	50,000,000	
	Sub-Total	2,540,534,250	
	Add 18% VAT	457,296,165	
	Grand Total	2,997,830,415	
Status as at 2 nd October progress report	Time Progress – 162% Physical progress – 72% Financial Progress – 76%		
Securities	Security	Amount (UGX)	Date of Expiry
	Advance Payment Guarantee (20%)	508,106,850 <i>MCBL/17/02/2023</i>	Open ended; fully recovered
	Performance security (10% of contract price)	299,783,042 <i>MCBL/18/02/2023</i>	21 st February 2024 initially, but extended up to 31 st March 2025 by the Bank
	ES Performance Security (not required as per GCC 61.1)	N/A	N/A
Defects liability period	180 days		
Clerk of Works appointed on 21 st March 2022	Mr. Mansur Ocitiga		
Contract Manager	Eng. Aiga Jamal - Senior Assistant Engineering Officer		

1.2 Objective of the audit

The primary objective of the contract audit exercise was to assess the status of contract implementation with emphasis on verification that all parties to the contract complied with the requirements and standards set forth in the contract and the provisions of the PPDA Law and UGIFT Guidelines.

The specific objectives for undertaking the contract audit were to assess:

1. The progress of the works with regard to the effectiveness of time, quality and cost controls of works undertaken; and
2. Adherence to Environmental, Safety, Health and Social Safeguard (ESHS) requirements.

1.3 Scope of the audit exercise

The audit covered the contract execution and management for the construction works at Drajini Seed Secondary School in Yumbe district.

1.4 Audit methodology

The Authority adopted the following methodology:

- i) Review of the signed contract, contract implementation records and any correspondences related to the matter.
- ii) Physical verification of the project site.
- iii) Debrief of the Entity management on the preliminary findings.
- iv) Issuance of a management letter to the Entity for its management response.
- v) Review of the management response from the Entity dated 7th March 2025.
- vi) Reporting on the audit findings and providing actionable recommendations where applicable.

1.5 Limitation of scope

The contract audit was undertaken by Auditors who did not have professional competence in engineering and building construction hence could not give an opinion on the technical quality of the works undertaken.

The overall responsibility of the quality of works lies with Yumbe District Local Government's management and the contractor, Spider Contractors Limited.

1.6 Legal documents applicable

The applicable laws and legal framework were:

- i) The Public Procurement and Disposal of Public Assets Act, 2003.
- ii) The PPDA Regulations, 2023.
- iii) The signed contract.
- iv) The Circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer (UgIFT) program dated 16th March 2021.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

2.1 PROGRESS OF THE WORKS

According to the last Progress Report dated 2nd October 2024 prepared by the District Engineer, 162% of the contract time had elapsed against a physical progress of 72% and a financial progress of 76%.

Between 25th November 2024 and 6th December 2024, the Authority conducted a contract audit into the construction of Drajini Seed Secondary School and below were the findings:

2.1.1 TIME CONTROL

2.1.1.1 Delayed completion of the works

The Authority during a site visit on 6th December 2024, found the works incomplete with 178.9% of the contract time elapsed.







The Contract Manager informed the Authority that the physical progress of the works had not changed much due to absence of the contractor (Spider Contractors Limited) from site for an estimated period of two months.





The Authority noted that the Entity granted the contractor (Spider Contractors Limited) a second extension of time from 30th December 2024 to 30th April 2025 (four months) to complete the works without justification. This brought the total extension of time given to the contractor to complete the works to 14 cumulative months (i.e., representing a 116.7% percentage increase from the original intended completion date of 17th February 2024).






Table 3 below shows the physical progress of the works for each component of the scope of works as at 6th December 2024:





Table 3: Physical progress of the works as at 6th December 2024


Bill	Pending Works	Pictorial Evidence
Preliminaries	Temporary screens and hoardings @ UGX 68,000,000	Not implemented
Site Levelling Works	Clearance of bushes, shrubs, under growth, cutting down trees not exceeding 1500mm girth, including grubbing roots and removing these away from site.	 <i>Bushy site where the Teachers' toilets were being constructed</i>

Bill	Pending Works	Pictorial Evidence
2-Classroom Block (3 No.)	<ul style="list-style-type: none"> • Windows- glass and glazing • Doors – repainting the steel doors • Wall finishes • Floor finishes • Rainwater disposal • Electrical installations 	 <p><i>Front view of the three 2-classroom blocks</i></p>  <p><i>Back view of one of the classroom blocks</i></p>
2-Unit Science Laboratory Block	<ul style="list-style-type: none"> • Windows- glass and glazing • Doors – fixing of 5 timber doors, repainting the steel doors • Wall finishes • Floor finishes • Ceiling finishes • Rainwater disposal • Electrical installations • Mechanical installations 	 <p><i>Front view of the Science Laboratory block</i></p>  <p><i>Back view of the Science Laboratory Block</i></p>
Administration Block	<ul style="list-style-type: none"> • Windows- glass and glazing • Doors – fixing of 3 timber doors, repainting the steel doors • Wall finishes • Floor finishes • Ceiling finishes • Rainwater disposal • Electrical installations 	 <p><i>Front view of the Administration Block</i></p>  <p><i>Inside the Administration Block</i></p>

Bill	Pending Works	Pictorial Evidence
ICT Library Block	<ul style="list-style-type: none"> • Rain water disposal • Windows- glass and glazing • Doors – fix 4 timber doors, repaint 3 steel doors • Wall finishes • Floor finishes • Ceiling finishes • Rainwater disposal • Electrical installations 	 <p data-bbox="863 613 1286 647"><i>Front view of ICT Library block</i></p>
Multi-Purpose Hall	<ul style="list-style-type: none"> • Rain water disposal • Windows- glass and glazing • Doors – fixing of 2 timber doors, repainting the 3 steel doors • Wall finishes • Floor finishes • Ceiling finishes • Rainwater disposal • Electrical installations 	 <p data-bbox="863 1052 1305 1086"><i>Front view of Multi-Purpose Hall</i></p>
2-Unit Teachers' House (3 No.)	<ul style="list-style-type: none"> • Windows- glass and glazing • Doors – fixing of 2 timber doors, repainting the 2 steel doors • Wall finishes • Floor finishes • Ceiling finishes • Rainwater disposal • Electrical installations • Mechanical installations 	 <p data-bbox="863 1503 1238 1536"><i>Two of the Teachers' houses</i></p>  <p data-bbox="863 1861 1161 1895"><i>Third Teacher's house</i></p>

Bill	Pending Works	Pictorial Evidence
<p>2-Unit Teachers' Kitchen (3No.)</p>	<p>The three kitchens were at superstructure level.</p> <p>Pending works included:</p> <ul style="list-style-type: none"> • Walling • Roofing and rainwater disposal • Doors • Wall finishes • Floor finishes • Ceiling finishes • Joinery fittings • Electrical installations • Mechanical installations 	 <p><i>Two of the kitchens</i></p>  <p><i>The third kitchen</i></p>
<p>2-STANCE Lined VIP Latrine Block – Administration Block</p>	<ul style="list-style-type: none"> • Wall finishes • Floor finishes • Roofing and rainwater disposal • Mechanical installations 	 <p><i>2-STANCE Lined VIP Latrine</i></p>
<p>2-STANCE Lined VIP Latrine Block for Teachers' Houses (3 No.)</p>	<p>The three toilets were at super structure stage</p> <p>Pending works included:</p> <ul style="list-style-type: none"> • R.C Frame • Walling • Roof and rainwater disposal • Doors • Wall finishes • Floor finishes • Mechanical installations 	 <p><i>Toilet No.1</i></p>  <p><i>Toilet No.2</i></p>

Bill	Pending Works	Pictorial Evidence
		 <p data-bbox="863 591 1011 622"><i>Toilet No.3</i></p>
<p data-bbox="209 633 472 741">5-Stance Lined VIP Latrine Block - Boys</p>	<p data-bbox="494 633 767 665">It was at R.C Frame.</p> <p data-bbox="494 674 820 705">Pending works included:</p> <ul data-bbox="494 714 839 1025" style="list-style-type: none"> <li data-bbox="494 714 651 745">• Walling <li data-bbox="494 754 839 826">• Roof and rainwater disposal <li data-bbox="494 835 628 866">• Doors <li data-bbox="494 875 719 907">• Wall finishes <li data-bbox="494 916 727 947">• Floor finishes <li data-bbox="494 956 699 1028">• Mechanical installations 	 <p data-bbox="863 956 1315 987"><i>5-stance lined VIP latrine for boys</i></p>
<p data-bbox="209 1043 472 1151">5-Stance Lined VIP Latrine Block - Girls</p>	<p data-bbox="494 1043 767 1075">It was at R.C Frame.</p> <p data-bbox="494 1084 820 1115">Pending works included:</p> <ul data-bbox="494 1124 839 1435" style="list-style-type: none"> <li data-bbox="494 1124 651 1155">• Walling <li data-bbox="494 1164 839 1236">• Roof and rainwater disposal <li data-bbox="494 1245 628 1276">• Doors <li data-bbox="494 1285 719 1317">• Wall finishes <li data-bbox="494 1326 727 1357">• Floor finishes <li data-bbox="494 1366 699 1438">• Mechanical installations 	 <p data-bbox="863 1366 1315 1397"><i>5-stance lined VIP latrine for girls</i></p>
<p data-bbox="209 1453 416 1485">External Works</p>	<p data-bbox="494 1453 719 1485">Not commenced.</p> <p data-bbox="494 1494 820 1525">Pending works included:</p> <ul data-bbox="494 1534 826 1644" style="list-style-type: none"> <li data-bbox="494 1534 727 1565">• Site clearance <li data-bbox="494 1574 826 1606">• Storm water drainage <li data-bbox="494 1615 711 1646">• Landscaping 	 <p data-bbox="863 1767 1315 1798"><i>External works not yet commenced</i></p>

Bill	Pending Works	Pictorial Evidence
Sports field	Not commenced. Works include excavations and earth works.	 <p data-bbox="852 562 1002 600"><i>Sports field</i></p>
Rain Water Harvest System with 5000L Water Tank	Not commenced Pending works include: <ul style="list-style-type: none"> • Roof water drainage • Protective walling • 5000L water tank installation 	

Implications

Delay to complete the works at Drajini Seed Secondary School:

- Has delayed education service delivery to the public hence affecting performance of the Government of Uganda.
- Exposes the Entity to the risk of increased project costs and value for money may not be achieved due to time variation, inflation and potential compromise on quality of the works and/or quality deterioration of the works.

Management response

Management established that the contract was affected by a number of external factors beyond the control of the contractor which included: inclement weather, land wrangles that led to a court injunction and the contractor's banker (Mercantile Credit Bank Limited) going into liquidation hence necessitating extension of the contract to allow more time to the contractor to complete the works.

The Contract Management Team will be subjected to disciplinary action if management finds that the team was culpable for failure to adequately monitor the contract to completion. However, the team was fully on ground to monitor and supervise as evidenced by the progress reports, site instructions and site meeting action point, but the project could not be completed due to the challenges faced as stated above.

Management has requested the Project Manager to instruct the contractor to review the revised work program and ensure that a realistic program is generated for the pending works to be completed by 30th April 2025. A communication has been made to the contractor to remobilize on site all the key equipment and personnel as per the action points and a warning for abandonment of site. The Project Management Team has embarked on weekly monitoring and supervision of the project to ensure project completion by the intended date.

Authority's comment

The notice dated 25th October 2024 from the Project Manager (District Engineer) to the contractor (Spider Contractors Limited) warning the contractor about site abandonment from

15th October 2024 and instructing the contractor to remobilize key equipment and key personnel, did not yield a fruitful result as was observed by the Authority during site inspection on 6th December 2024, where the key personnel and equipment were not found on site.

Recommendations

The Accounting Officer should:

1. Task the Project Manager to:
 - i) Instruct the contractor (Spider Contractors Limited) to:
 - a) Submit a revised work program with a realistic schedule for the pending works which should be completed before 30th April 2025 as per the second extension of time of the intended completion date that was granted to the contractor.
 - b) Remobilize all the key personnel and equipment needed to complete the pending works as per the signed contract.
 - ii) Conduct performance tracking and analysis at every stage of contract implementation to avoid further project delays and to ensure that the works are completed before 30th April 2025.
2. In future procurements, as per Clause 68.1 and 68.2 (a) of the General Conditions of Contract, terminate a contract if the contractor causes a fundamental breach of the contract by stopping work for 28 days when no stoppage of work is shown on the current work program and the stoppage has not been authorized by the Project Manager.

2.1.1.2 Absence of key personnel on site

The Authority did not find any of the contractor (Spider Contractors Limited)'s key personnel on site during site inspection on 6th December 2024. There were only a few casual labourers on site undertaking works without technical supervision. This was contrary to SCC (GCC) 14.1 of the contract which required the key personnel in Table 4 to be on site during execution of the contract.

Table 4: Schedule of key personnel of Spider Contractors Limited not found on site

Position	Number	Name
Project Manager	1	Engineer Jemba Seezi Nicholas
Site Engineer	1	Mr. Denis Adrole
General Site Foreman	1	Mr. Simon Kivumbi
Quantity Surveyor	1	Mr. Prosper Aturinda
Environmental Officer/Equivalent	1	Mr. Moses Akena
Social Development Officer	1	Mr. Chris Ahabwe
Occupational Health and Safety Officer	1	Ms. Patience Mukyala
Foreman Electrical	1	Mr. Brian Kasozi
Total	8	

Implication

Absence of key personnel on site exposes the project to the risk of productivity loss; cost and schedule overruns for example, the work flow and task accomplishment were interrupted and workers were instructed to redo some of the works by the District Engineer during site inspection on 6th December 2024.

Management response

Management will enforce the action points reached at during site meetings, of the need for all key personnel to be on ground during implementation of the contract. Management has also formally communicated to the contractor to comply.

Authority's comment

The only notice submitted by the Entity was dated 25th October 2024 instructing the contractor to remobilize key equipment and personnel; however, at the time of the audit exercise by the Authority from 25th November 2024 to 6th December 2024, the anomaly continued to occur.

Recommendation

The Project Manager should instruct the contractor (Spider Contractors Limited) to remobilize all the key personnel required to be on site with immediate effect to ensure successful completion of the works by 30th April 2025, in accordance with SCC (GCC) 14.1 of the contract.

In the event that the contractor (Spider Contractors Limited) requests to replace any of the key personnel, the Project Manager should approve the 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 Table 3 in accordance with Clause 14 of the General Conditions of Contract.

2.1.1.3 Removal of equipment from site without the Project Manager's authorization

The Authority found only one concrete mixer on site during physical inspection on 6th December 2024, contrary to the key equipment in Table 5 required to be on site during contract implementation. In addition, the Project Manager did not authorize the contractor (Spider Contractors Limited) to demobilize.

The contractor's removal of key equipment from the site was contrary to GCC 28.1 of the signed contract which stated that: *"The contractor shall be responsible for all the contractor's equipment. When brought on to the site, the contractor's equipment shall be deemed to be exclusively intended for the execution of the works. The contractor shall not remove from the site any major items of the contractor's equipment without the consent of the Project Manager. However, consent shall not be required for vehicles transporting goods or contractor's personnel off site."*

Table 5: List of key equipment not found on site

No.	Equipment type and description/ Capacity as per the contract	Minimum number required per site
1.	Dump Trucks (10-20 Ton Capacity)	2
2.	Concrete Pocker Vibrators – 40mm diameter	2
3.	Concrete Mixers (1-2 cub. m)	2
4.	Concrete Power Floating Machine	1
5.	Vibratory Drum Roller (6-10 Ton)	1
6.	Plate Compactor	2
7.	Welding Set	1
8.	Carpentry Set	1
9.	Re-Bar Bending/Cutting Machine	1

No.	Equipment type and description/ Capacity as per the contract	Minimum number required per site
10.	Formwork Plates	1
11.	Material Hoist (minimum 12 metres)	1
12.	15KVA Generator	1
13.	Wheel Loader – 105HP & 1.8 cubic meters Bucket Capacity	1
14.	Vibratory Hand Rammer	1
15.	Dumpy Level / Surveying Equipment	1
16.	Compressor 125/175	1



Concrete mixer found on site

Implication

Removal of key equipment and machinery from the site potentially contributed to the delayed completion of the works.

Management response

Management has tasked the Project Manager to ensure that the contractor remobilizes back all the key equipment needed for completion of the works. The Project Manager has already written to the contractor to remobilize the key equipment and personnel needed to execute works.

Authority's comment

The only notice submitted by the Entity was dated 25th October 2024 instructing the contractor to remobilize key equipment and personnel; however, at the time of the audit exercise by the Authority from 25th November 2024 to 6th December 2024, the anomaly continued to occur.

Recommendations

The Project Manager should:

1. Instruct the contractor to remobilize all the key equipment needed for completion of the works by 30th April 2025. No equipment should be removed from the site until all the works are complete and the Project Manager's authorization is obtained in accordance with GCC 28.1 of the contract.
2. Task the contractor (Spider Contractors Limited) to show cause why he should not be cautioned for breaching GCC 28.1 of the signed contract by demobilizing without the Project Manager's authorization.

2.1.1.4 Failure by the Contract Manager to penalize the contractor for failure to submit a work program and subsequent updates

The Authority found that the Contract Manager did not penalize the contractor (Spider Contractors Limited) for failure to prepare and submit a work program and any updates to the work program during the original 12 months of contract implementation up to 29th March 2024; the first extension of time of the intended completion date up to 30th December 2024; and the second extension of time of the intended completion date up to 30th April 2025. This was contrary to:

- SCC (GCC) 36.1 of the signed contract which stated that: *“The contractor shall submit the program for the works within 10 days of contract signature.”*
- SCC (GCC) 36.3 of the signed contract which stated that: *“The period between program updates is 30 days. The amount to be withheld for late submission of an updated program is 1% of the contract sum.”*

Implication

Without a works program, the Contract Manager could not effectively monitor the sequence of tasks, timelines, resource allocation and key milestones for the project. This contributed to time losses during contract execution hence delayed completion of the works.

Management response

Management shall enforce the recommendation to charge 1% of the contract sum for unfulfilled updated monthly work programs.

Recommendation

The Contract Manager should withhold UGX 29,978,304 (i.e., 1% of the contract sum for each missing program update) from the payments to be made to the contractor (Spider Contractors Limited) for the executed works in accordance with SCC (GCC) 36.3 of the contract.

2.1.1.5 Inadequate contract monitoring and supervision

The Authority found that the Contract Manager prepared progress reports only at the time of payment instead of monthly contrary to Regulation 52 (3) (g) of the PPDA (Contracts) Regulations, 2023. Out of the expected 21 monthly reports (from February 2023 to December 2024), only four monthly reports were prepared by the Contract Manager.

In addition, the value of works recommended for payment i.e., 80% was not commensurate with the physical progress of 60% on 14th June 2024 as indicated in Table 6:

Table 6: Progress reports prepared by the Contract Manager

Date of progress report	Physical progress of works in the report	Time progress in the report	Value of works recommended for payment (UGX)	Interim Payment Certificate (IPC)
12 th June 2023	5%	25%	449,674,562	IPC No.1
22 nd November 2023	25%	85%	299,783,042	IPC No.2
14 th February 2024	40%	98.6%	449,674,562	IPC No.3
7 th June 2024	60%	130%	599,566,083	IPC No.4
14 th June 2024	60%	132%	599,566,083	IPC No.5
Total amount recommended for payment			2,398,264,332	
Contract amount inclusive of 18% VAT			2,997,830,415	
Total percentage of value of works recommended for payment			80%	

Implications

- Recommending payment of unexecuted works exposed the Entity to the risk of losing monies for the overpaid works in the event that the contractor fails to complete works commensurate to the amount overpaid.
- Due to inadequate monitoring and supervision, the Entity missed the opportunity:
 - Of real time issue identification and resolution which could have minimized delays, prevented costly rework and allowed the project to be on track.
 - To review project milestones, assess work quality and identify any deviations from the plan for immediate action.

Management response

Management acknowledges that the Contract Manager prepares reports for every certificate prepared for the contractor and also prepares monthly progress reports for the monthly site meetings. By the time of the audit, the audit team was not availed with copies of the monthly reports and site meeting minutes, but the copies are now available for review.

Authority's comment

The Entity's response is noted; however, the following eleven monthly reports were not submitted to the Authority for verification i.e.,

- 2023: - May 2023; July 2023; September 2023 and October 2023;
- 2024: - January 2024, July 2024, August 2024, November 2024 and December 2024; and
- 2025: - January 2025 and February 2025.

Recommendations

The Accounting Officer should task the Contract Manager to:

1. Show cause why disciplinary action should not be taken against him for preparing reports that irregularly recommended payment for works that were not commensurate with the actual physical progress at the time of payment.
2. Always prepare and submit monthly reports on the progress of the contract until its completion; to the Accounting Officer and the Procurement and Disposal Unit in accordance with Regulation 52 (3) (g) of the PPDA (Contracts) Regulations, 2023.

2.1.2 QUALITY CONTROL

2.1.2.1 Inadequate tests of construction materials

The Authority found that the contractor (Spider Contractors Limited) conducted laboratory tests of the construction materials once on 11th May 2023, which was three months after signing the contract on 9th February 2023. There were no other tests of construction materials undertaken by the contractor in 2023 and 2024 yet the contractor made a provision of UGX 15,000,000 for quality control tests.

Implication

The integrity and safety of the construction works executed is uncertain, hence a potential danger to the users in case of structural failures.

Management response

Management shall task the Project Manager to undertake a structural integrity test to ascertain the fitness of each structure to withstand the service conditions safely; and shall instruct the contractor to undertake periodic construction material testing.

Recommendations

The Accounting Officer should task the Project Manager (District Engineer) to:

1. Undertake structural integrity and safety tests on works already undertaken to ascertain and provide assurance that each structure is fit to withstand the service conditions safely and reliably throughout its predicted lifetime, in accordance with Regulation 52 (3) (a) (i) and (iv) of the PPDA (Contracts) Regulations, 2023.
2. Instruct the contractor (Spider Contractors Limited) to undertake periodic construction materials' testing and submit results to the Project Manager for approval in order to provide assurance that the construction materials possess the required strength and durability to prevent structural failures.

2.1.2.2 Inadequate and poor storage of construction materials at the site

The Authority found some materials scattered across the project site with no proper arrangement and protection against harsh weather and theft, given the fact that the site was not hoarded.

In addition, the storage space erected by the contractor had no doors, required to protect construction materials against theft and harsh weather conditions as indicated in Table 7 below:

Table 7: Some of the construction materials found on site



Cement in store but the store has no doors to protect against theft and harsh weather



Bricks in store but the store has no doors to protect against theft and harsh weather



Construction materials scattered on site with no protection against harsh weather due to absence of weather protection and theft due to absence of hoarding at the site.

Implication

Poor storage of construction materials exposes them to the risk of waste, theft and harsh weather that can lead to materials quality deterioration. Ultimately, there may be increased project costs.

Management response

Management shall task the Project Manager to ensure that the contractor has secure storage facilities.

Recommendations

The Project Manager should instruct the contractor (Spider Contractors Limited) to:

1. Fix doors to the erected storage shed to make it waterproof and prevent ease of access by unauthorized persons and/or animals;
2. Hoard the site; and
3. Raise the floors of the sheds used for the storage of cement and other perishable materials i.e., the floors should be raised above ground level or the cement stacks/bags should be placed on timber pallets approved by the Project Manager in order to uphold the quality of the materials used in the construction works.

2.1.3 COST CONTROL

2.1.3.1 Expired Performance Security

The Authority found that the Entity had an expired Performance Security worth UGX 299,783,042 (10% of contract price; Reference Number: MCBL/18/02/2023) that had a validity of up to 31st March 2025 that was issued by Mercantile Credit Bank Limited; however, the bank was closed by the Bank of Uganda on 18th June 2024.

In light of the above, the Performance Security is no longer enforceable and cannot serve the intended purpose given the fact that the works are still incomplete and are expected to be completed by 30th April 2025 i.e., as per the second revised intended completion date.

Implication

The Entity lost out on financial compensation worth UGX 299,783,042 and has no fallback position in case the contractor (Spider Contractors Limited) fails to execute the performance obligations under the contract by 30th April 2025.

Management response

Management shall ensure that the contractor validates the Performance Guarantee before making further payments. A letter to contractor to validate the performance security was written.

Authority's comment

The Authority noted that the Entity wrote a letter dated 5th September 2024 requesting the contractor (Spider Contractors Limited) to validate the Performance Security; however, there was no action taken by the contractor to validate the Performance Security.

This was contrary to Clause 68.2 (f) of the General Conditions of Contract which stated that: "Fundamental breaches of Contract shall include, but shall not be limited to, the following: The contractor does not maintain a security, which is required."

Recommendations

The Accounting Officer should return the Performance Security (Reference Number: MCBL/18/02/2023) to the contractor (Spider Contractors Limited) and task the contractor to:

1. Submit a Performance Securing Declaration that should remain valid until issuance of the final completion certificate at the end of the defects liability period, in accordance with Paragraph 2.0 (iii) of the PPDA Guideline No.3/2024 (Bid and Performance Securities).
2. Show cause why he should not be cautioned for breaching Clause 68.2 (f) of the General Conditions of Contract by failing to maintain the Performance Security of UGX 299,783,042.

2.1.3.2 Irregularities in payments made to the contractor

The Authority reviewed the payment documents provided by the Entity and established that the financial progress of the project was at 76.8% as indicated in Table 8 below:

Table 8: Financial Progress as at 6th December 2024

A	Original contract amount (UGX) • The contract amount is inclusive of 18% VAT worth UGX 457,296,165	2,997,830,415
B	Total amount paid (UGX) i.e for all IPCs and advance • Note: This amount is less 10% retention of UGX 221,534,586	2,302,417,490
B/A*100	Percentage Financial Progress (%)	76.8%
C	Amount retained that is not yet paid to the contractor exclusive of 18% VAT (UGX)	221,534,586
D=A-B-C	Estimated amount due to the contractor inclusive of 10% retention and 18% VAT (UGX)	473,878,339

Note: all the advance of UGX 508,106,850 that was paid to the contractor was fully recovered.

An analysis of the payments made to the contractor revealed the following anomalies:

i) Inappropriate payment scheduling which will lead to overpayment by UGX 755,079,207

The Authority found that the schedule of payments in Table 9 which the Entity was following would lead to an over payment by UGX 755,079,207 (i.e., 18% VAT of UGX 457,296,165 not charged and 10% retention of UGX 299,783,042 not adjusted for in the net amount to be received by the contractor under IPC 6 and 7 as per the Entity's Schedule of Payments in Table 9).

Whereas the total contract amount was UGX 2,997,830,415 inclusive of the 18% VAT, the Entity's Schedule of Payment irregularly considered this contract amount as the total net amount to be received by the contractor, exclusive of 18% VAT and the 10% retention monies.

Table 9 below shows the Entity's Schedule of Payment that the Project Manager was following for Drajini Seed Secondary School construction works.

Table 9: Entity's Schedule of Payments for Drajini Seed Secondary School

DRAJINI		SCHEDULE OF LUMP SUM PAYMENTS - YUMBE SEED SECONDARY SCHOOLS. PAYMENT AND ADVANCE RECOVERY SCHEDULES						
ADVANCE PAYMENT = 508,106,850		RETENTION = 254,053,425						
CONTRACT SUM		RETENTION	DEDUCTIONS		NET TO BE RECEIVED BY CONTRACTOR		COMMENTS	
VAT INCLUSIVE	VAT EXCLUSIVE	PERCENTAGE OF CONTRACT SUM VAT EXC	AMOUNTS	25% OF ADVANCE RECOVERY	10% RETENTION			
2,997,830,415	2,540,534,250							
DRAJINI	2,997,830,415	20%	749,457,604	187,364,401	74,945,760	487,147,442	IPC 1	
		15%	449,674,562	68,924,694	44,967,456	335,782,412	IPC 2	
		20%	599,566,083	125,908,877	59,956,608	413,700,597	IPC 3	
		20%	599,566,083	125,908,877	59,956,608	413,700,597	IPC 4	
		20%	599,566,083		59,956,608	539,609,475	IPC 5	
		5%	149,891,521			149,891,521	IPC 6	
		5%	149,891,521			149,891,521	IPC 7	
			ADV. PAY RECDV.	508,106,850		2,489,723,565		
				ADVANCE PAY		508,106,850		
				CONTRACT SUM (vat excd)		2,997,830,415		

From Appendix 1, the Authority deduced that the value of works recommended for payment matched the amounts of the Entity's Schedule of Payments as shown in Table 10. As such, the payments made were not based on the actual works executed by the contractor, but rather, the Entity's Schedule of Payments in Table 9.

Table 10: Correlation of the value of works paid vs the Entity's Schedule of Payments as at 6th December 2024

Interim Payment Certificate	Value of works quoted per IPC (UGX)	Actual net amount paid to the contractor (UGX)	Amount on Payment Schedule in Table 8 above (UGX)	Net to Amount to be paid according to the Payment Schedule in Table 8 (UGX)
IPC No.1 and No.2	749,457,604	487,147,443	749,457,604	487,147,442
IPC No. 3	449,674,562	335,782,412	449,674,562	335,782,412
IPC No. 4	599,566,083	422,846,521	599,566,083	413,700,597
IPC No. 5	599,566,083	422,846,521	599,566,083	413,700,597
IPC No.6 <i>The contractor irregularly requested for payment of UGX 539,609,475 VAT exclusive for the external works</i>	539,609,475	125,687,743 <i>was paid.</i> <i>There was no evidence of payment of UGX 413,921,732</i>	599,566,083	539,609,475
-	-	-	149,891,521	149,891,521
-	-	-	149,891,521	149,891,521
Sub-Total I	2,937,873,807	1,794,310,640	3,297,613,457	2,489,723,565
Advance Payment		508,106,850		508,106,850
Sub-Total II		2,302,417,490		2,997,830,415
Amount retained as at 6 th December 2024		221,534,586		
Grand Total		2,523,952,076		2,997,830,415 VAT exclusive

Note: There were no other IPCs submitted to the Authority at the time of conclusion of the audit on 6th December 2024 and preparation of this report.

According to the Progress Report dated 2nd October 2024, the Contract Manager wrongly indicated the estimated amount of the pending works as UGX 714,392,516 VAT exclusive, however, the estimated final amount due to the contractor for completion of the construction works as established by the Authority is only UGX 473,878,339 inclusive of 18% VAT and the 10% retention on that amount.

The Authority further noted that all the contractor's requests for payment were VAT exclusive yet the contractor is VAT registered. In addition, there was no evidence that the contractor used the Electronic Fiscal Receipting and Invoicing Solution (EFRIS) which mandates all VAT-registered taxpayers to enroll and issue fiscalised receipts and invoices.

Implications

- If the Entity continues to follow its Schedule of Payments when effecting payment to the contractor, (Spider Contractors Limited), it will incur a financial loss totalling to UGX 755,079,207 (i.e., 18% VAT of UGX 457,296,165 not charged and double payment of 10%

retention of UGX 299,783,042 that was not adjusted for in the net amount to be received by the contractor).

- Failure to comply with VAT obligations when effecting payments to the contractor denies Ugandans access to better services that such taxes would fund.
- Failure to issue EFRIS invoices or tampering with an invoice attracts a penalty of UGX 6,000,000 million. A taxpayer who decides to disconnect or refuse to link their electronic fiscal devices or systems to URA could either get imprisoned for 3 years or pay UGX 6,000,00 million or both.

Management response

Management shall review the proposed Payment Schedule and pay the contractor based on the works executed and retain 10% of the payment due to the contractor as per the conditions of contract.

Recommendations

The Accounting Officer should:

1. Ensure that the final payment to the contractor, (Spider Contractors Limited) does not exceed UGX 473,878,339 inclusive of 18% VAT. This payment should be based on the actual works executed up to 100% completion. In addition, the Entity should retain 10% on this payment in accordance with SCC (GCC) 57.1 of the signed contract.

The projected amounts of IPC No. 6 (UGX 149,891,521) and IPC No. 7 (149,891,521) in the Entity's Schedule of Payments should not form part of the monies to be paid to the contractor on completion of the civil works, but rather the retention monies to be paid to the contractor for the substantial and final completion of the project after defects liability period, respectively.

2. Task the contractor (Spider Contractors Limited) to submit an e-receipt for each request for payment in order to guarantee that Uganda Revenue Authority collects the VAT since the e-invoicing has a direct interface with taxpayers through EFRIS.

ii) Valuation of works

a) Failure by the contractor to prepare monthly statements of the value of works

The Authority found that the contractor (Spider Contractors Limited) did not prepare and submit the statements of the value of works executed on a monthly basis.

This was contrary to the following provisions of the signed contract:

- GCC 50.1 of the signed contract which stated that: *"The contractor shall submit to the Project Manager statements of the estimated value of the work executed less the cumulative amount certified previously. Unless otherwise specified in the SCC, such statements shall be submitted monthly."*
- SCC (GCC) 50.1 of the signed contract which stated that: *"Statements of estimated value of works executed shall be on a monthly basis."*

Implication

This resulted into the financial progress (76.8% less retention monies) exceeding the physical progress (60%) at the time of payment on 11th July 2024. This is because of the unknown

estimated value of the works executed, the resources used to execute the works (such as personnel, equipment, and materials), and the timeline for executed works.

Management response

Management shall through the Project Manager task the contractor to adhere to the provision of preparing monthly statements of executed works before payment for the remaining works. However, the contract signed was meant to be a lumpsum contract for which a payment schedule on the milestones was circulated by the Ministry of Education and Sports. Management has tasked the Head of Procurement and Disposal Unit to revise and change the contract to lumpsum.

Authority’s comment

The Entity’s response is noted; however, according to the letter from the Ministry of Education and Sports dated 30th September 2019 for the construction of seed schools implemented under UgIFT, (vide Appendix 2); the entities were guided to revise the contracts from admeasurement to lumpsum by issuing addendums approved by their respective Contracts Committee and thereafter clearance from the Solicitor General on reversion to the lumpsum contracts. However, the district did not comply with this guidance.

Secondly, the Entities were guided that the payment for works would be implemented basing on the Payment Schedule in Table 11. The contractor was expected to work on all the building facilities for a given school concurrently and would be paid basing on the completed works as per the Activity Payment Schedule. However, the district did not comply with this guidance. The monthly statements of values of works executed would have guided the Entity at the time of payment to avoid the over payment made to the contractor.

Table 11: Schedule of Payments as per the Ministry of Education and Sports Letter dated 30th September 2019

Stage	Completed Stage	Percentage proportion of contract including VAT	Deductions
1	Substructure	25	<ul style="list-style-type: none"> • 25% toward amortization of advance payment • 10% retention
2	Superstructure	15	<ul style="list-style-type: none"> • 25% toward amortization of advance payment • 10% retention
3	Roofing	20	<ul style="list-style-type: none"> • 25% toward amortization of advance payment • 10% retention
4	Fittings and Finishes	20	<ul style="list-style-type: none"> • 25% toward amortization of advance payment • 10% retention
5- final stage	External Works	20	10% retention

Stage	Completed Stage	Percentage proportion of contract sum including VAT	Deductions
6	On completion of building works • Release of 1 st half of retention	5%	N/A
7	Defects Liability period- 12 months • Correction of defects • Release of 2 nd half of retention	5%	N/A

Recommendations

1. The Project Manager should task the contractor (Spider Contractors Limited) to prepare statements of estimated value of works executed on a monthly basis for the pending works in accordance with SCC (GCC) 50.1 of the signed contract.
2. The Accounting Officer should prior to issuing an addendum to the contract, obtain approval from the Contracts Committee and thereafter clearance from the Solicitor General on reversion to a lumpsum contract if such was the case in the bidding document.

b) Failure by the Project Manager to value the works executed by the contractor

The Authority found that the Project Manager did not value the actual works executed by the contractor (Spiders Contractors Limited). The IPCs were prepared and certified for payment based on the Entity's Schedule of Payments instead of the actual works executed by the contractor. Thus, the IPCs were irregularly paid without the required supporting documents.

This was contrary to:

- GCC 50.2 of the signed contract which stated that: *"The Project Manager shall check the contractor's statement and certify the amount to be paid to the contractor."*
- GCC 50.3 of the signed contract which stated that: *"The value of work executed shall be determined by the Project Manager."*
- GCC 50.4 (a) of the signed contract which stated that: *"The value of work executed shall comprise the value of the quantities of the items in the Bill of Quantities completed for Admeasurement Contracts."*
- GCC 50.4 (b) of the signed contract which stated that *"The value of work executed shall comprise the value of completed (fully or partially) activities in the Activity Schedule for Lump Sum contract activities."*
- GCC 51.1 of the signed contract which stated that: *"The Project Manager shall, within 28 days after receiving a statement and supporting documents, deliver to the PDE and to the contractor an Interim Payment Certificate which shall state the amount which the Project Manager fairly determines to be due, with all supporting particulars for any reduction or withholding made by the Project Manager on the statement if any."*

Implications

- There was no basis of determining the amounts paid to the contractor (Spider Contractors Limited) for the works executed. As a result, the value of executed works was not commensurate with the actual payments made to the contractor i.e the financial progress of 76.8% exceeded the physical progress of 60% at the time of payment on 11th July 2024.
- The Project Manager was not able to do a Cost Value Reconciliation (CVR) by comparing the actual cost of construction with its estimated cost. As a result, he was not able to determine whether the project is over or under-budget and identify any areas where adjustments need to be made.

Management response

Management acknowledges that the payments were not made on the basis of the cost of itemized quantities in the bills of quantities, but instead based on percentages of milestones achieved in implementation of the works. This was as a result of the guidelines issued for implementation of the lumpsum type of contract under this project by the Ministry of Education and Sports.

Authority's comment

The Entity's response is noted; however, the payments that the Entity effected were not based on the completed works as per each activity in the Payment Schedule which required the contractor to work on all the building facilities for the school concurrently. As noted in 2.2.3.2 (ii) (c) below, this resulted into payment of unexecuted works.

Recommendation

The Project Manager should always value the works executed before certifying the IPCs for payment in accordance with Clauses 50 and 51.1 of the General Conditions of Contract.

c) Payment for unvalued and unexecuted works

The Authority noted that the Progress Report dated 14th June 2024, indicated the physical progress achieved as 60% versus the amount certified for payment which was 80% (i.e., UGX 2,398,264,332 out of the total contract price of UGX 2,997,830,415).

In addition, the justifications in Table 12 given by the Contract Manager for IPC No.4 and IPC No.5 were incorrect based on the pictures in his progress reports and also the site inspection conducted by the Authority on 6th December 2024 as per the pictures in Table 3.

Table 12: Justifications/recommendations for payment of unexecuted works

IPC No.	Amount recommended for payment	Progress report date	Justification/ Recommendation from the Contract Manager	Authority's comment
IPC No.4	599,566,083 (20% of contract sum)	7 th June 2024	The contractor should be paid the 20% of the superstructure roofing stage.	The roofing works for all the buildings were not done both at the time of payment on 13 th June 2024 and during site inspection by the Authority on 6 th December 2024.

IPC No.	Amount recommended for payment	Progress report date	Justification/ Recommendation from the Contract Manager	Authority's comment
IPC No.5	599,566,083 (20% of contract sum)	14 th June 2024	This certificate is prepared based on the contractor's submission of the extension of the Performance Security Bond No. MCBL/18/02/2023 and therefore, recommend that the contractor be paid 20% fittings and finishes stage cost which is likely to be completed by the end of July 2024 since the cost for the fixtures/furniture (UGX 203,061,480) has been excluded.	The finishings and fittings stage had not commenced both at the time of payment on 11 th July 2024 and during site inspection by the Authority on 6 th December 2024. Secondly, a Performance Security does not warrant payment for unexecuted works per IPC.

Implication

There was an overpayment to the contractor by UGX 599,566,083 for unexecuted works because the IPCs certified for payment did not align with the actual physical progress of the works at the time of payment (i.e., 60% physical progress implied UGX 1,798,698,249 value of works, however, 80% amounting to UGX 2,398,264,332 was recommended for payment).

Management response

Management made payment against an Advance Payment Guarantee submitted by the contractor from his banker because it was communicated that the funds would not be returned to the Entity once they were swept to the Consolidated Fund. Management shall task the Project Manager to ensure that the necessary guidelines for payment are followed when making payments to the contractor. Management shall task the Project Team to follow guidelines in the approval of payments to the contractor.

Authority's comment

The Entity did not submit to the Authority the Advance Payment Guarantee to support the management response.

Recommendations

1. The Accounting Officer should task the district staff in Table 13 to show cause why disciplinary action should not be taken against them for irregularly endorsing payment of unexecuted works.

Table 13: Names of District Staff that irregularly engaged in payment for unexecuted works

Role Played as per IPC prepared for payment	Name	Job Title
Preparing Officer	Mr. Jamal Aiga	Senior Assistant Engineering Officer
Certifying Officers	Mr. Benard Ayimani	District Engineer
	Mr. Andama S. Solo	District Environmental Officer
	Mr. Bakole Rajab Tahir	District Community Development Officer
Examining Officer	Mr. Asirafu Tairi	Head, Internal Audit
Verifying Officer	Mr. Rasulu Luriga	District Education Officer
Sanctioning Officer	Ms. Candiru Kadimala	Head of Finance

- The Project Manager (District Engineer) should always value the works executed before certifying them for payment in accordance with GCC 50.3 and GCC 51.1 of the contract.
- The District Education Officer, District Environmental Officer, District Community Development Officer, Head of Internal Audit and Head of Finance should always confirm/verify the works executed before endorsing payment to the contractor (Spider Contractors Limited).

iii) Failure to withhold 6% WHT on payments made to the contractor

The Authority found that the Entity did not withhold the 6% WHT totaling to UGX 15,240,813 when making payments to the contractor (Spider Contractors Limited) yet the WHT Exemption Certificate Number: EXMP-CERT-50144 issued on 30th August 2023 to the contractor, Spider Contractors Limited (TIN:1000069672) indicated that the exemption was valid for the period 5th July 2023 to 30th June 2024.

Table 14 below shows the payments where the 6%WHT was not deducted.

Table 14: Payments where the 6% WHT was not remitted to URA

Details	Amount not withheld (UGX)	Date of Payment
IPC No.5	7,699,548	11 th July 2024
IPC No.6	7,541,265	11 th July 2024
Total	15,240,813	

Implication

The Entity is liable to remit to the Uganda Revenue Authority the tax amount worth UGX 15,240,813 that was not withheld before effecting payments to the contractor (Spider Contractors Limited).

Management response

Management established that the contractor Spider Contractors Ltd was exempted from payment of withholding tax.

Authority's comment

The Entity's response is noted; however, the submitted WHT Exemption Certificate Number: EXMP-CERT-36503 issued on 15th August 2022 to the contractor, Spider Contractors Limited

(TIN:1000069672) indicated that the exemption was valid for the period 1st July 2022 to 30th June 2023. This period did not cover the IPCs in question at the time of payment on 11th July 2024.

Recommendation

The Accounting Officer should task the Project Manager to deduct UGX 15,240,813 from the next payment to be made to the contractor (Spider Contractors Limited) and pay these monies to the Uganda Revenue Authority as withholding tax for the previous payments made in Table 14.

iv) Irregular advancement of funds worth UGX 125,687,743 without a corresponding payment security

The Authority found that the Entity irregularly advanced funds worth UGX 125,687,743 for IPC No.6 to the contractor (Spider Contractors Limited) on 11th July 2024 without obtaining a corresponding payment security.

The Authority found that the contractor irregularly requested for payment of UGX 539,609,475 for external works as per the Entity's Payment Schedule; yet no works had been executed at the time of the request. In that request for payment, the contractor promised to submit a payment security but the promise was not fulfilled.

Additionally, the Authority found that the Entity did not deduct the 10% retention monies worth UGX 12,568,774 before effecting payment on 11th July 2024, contrary to SCC (GCC) 57.1 of the contract which stated that: *"The proportion of payments retained is 10%."*

Implications

- Payment for unexecuted works without obtaining a corresponding payment security exposed the Entity to a risk of incurring financial loss of UGX 125,687,743 in case the contractor (Spider Contractors Limited) fails to perform its obligations under the contract.
- The Entity does not have security or assurance that all the defects that may develop will be fully remedied due to failure to retain monies worth UGX 12,568,774 when effecting payment to the contractor, Spider Contractors Limited for IPC No.6.

Management response

Management shall recover the monies in the subsequent payments to be made to the contractor as per the subsequent certificates for the external works.

Recommendations

The Accounting Officer should:

1. Recover UGX 125,687,743 from the next payment to be made to the contractor (Spider Contractors Limited) for the unexecuted external works.
2. Task the Project Manager to retain 10% for the subsequent payments to be made to the contractor (Spider Contractors Limited) in accordance with SCC (GCC) 57.1 of the contract.
3. In subsequent procurements only pay retention monies after expiry of the defect's liability period or if the contractor submits a payment security for the retained payment in accordance with Regulation 45 (2) of the PPDA (Contracts) Regulations, 2023.

v) Delay to pay the 20% advance to the contractor

The Authority found that the contractor (Spider Contractors Limited) submitted an Advance Payment Security worth UGX 508,106,850 on 22nd February 2023 and requested for payment on 14th March 2023, but was paid by the Entity on 3rd May 2023.

Whereas the issuing Bank, Mercantile Credit Bank Limited confirmed the issuance of the Advance Security on 22nd March 2023 and the Entity received this confirmation on the same day; the Entity paid the contractor after 30 days contrary to GCC 60.1 of the signed contract which stated that: *“Advance will be paid to the Contractor within 30 days after certification and presentation of an equivalent amount in form of a Bank Guarantee recognized by Bank of Uganda.”*

Implication

Delay to pay advance to the contractor delayed the mobilization of equipment, plant, materials and other mobilization expenses required specifically for the execution of the contract ultimately delaying the implementation of the project.

Management response

Management shall comply with the recommendations of the Authority in future procurements.

Recommendation

The Accounting Officer should in future procurements pay advance monies to the contractor within 30 days (except where this is varied in the Special Conditions of the Contract) after certification and presentation of an equivalent amount in form of a Bank Guarantee recognized by the Bank of Uganda in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations, 2023.

vi) Breach of contractual terms on recovery of advance

The Authority found that the Entity paid advance worth UGX 508,106,850 to the contractor (Spider Contractors Limited) on 3rd May 2023; however, the Entity’s recovery of the advance was based on percentages indicated in Table 15, contrary to SCC (GCC) 60.3 of the signed contract which stated that: *“The advance payment will be repaid by deducting equal amounts from payments due to the contractor each month during the period starting with the second certificate.”*

Table 15: Anomalies in advance recovery per Interim Payment Certificate

Interim Payment Certificate	Value of works (UGX)	Amount of advance recovered (UGX)	Percentage of advance recovered from the valued works (%)
IPC No.1	449,674,562	67,451,184	15%
IPC No.2	299,783,042	119,913,217	40%
IPC No.3	449,674,562	68,924,694	21%
IPC No.4	599,566,083	125,908,877	21%
IPC No.5	599,566,083	125,908,877	21%
Total	2,398,264,332	508,106,849	

Implication

Contravention of SCC (GCC) 60.3 of the signed contract could have impacted the cash flows of the contractor (Spider Contractors Limited) there by delaying performance of the milestones linked to advance repayment.

Management response

Management followed the guideline issued by the Ministry of Education and Sports based on percentages in implementation of the lumpsum contract. However, the contractor submitted an Advance Payment Guarantee which was VAT exclusive and this eventually altered the recovery percentages as per the signed contract.

Authority's comment

The Entity's response is noted; however, this was in contravention of SCC (GCC) 60.3 of the contract. The payment schedule in the guideline issued by the Ministry of Education and Sports required 25% toward amortization of advance payment per Interim Payment Certificate, but again the Entity did not comply with this guidance.

Recommendation

The Project Manager should in future procurements, recover advance by deducting amounts from the payments otherwise due to the contractor as per the provisions on advance recovery in the contract.

2.2 ENVIRONMENT, SOCIAL, HEALTH AND SAFETY REQUIREMENTS (ESHS)

2.2.1 Failure by the contractor to obtain insurance covers for equipment and personnel

The Authority found that the contractor (Spider Contractors Limited), did not provide the following insurance covers contrary to SCC (GCC) 18.1 of the signed contract which stated that:

- *"The minimum cover for insurance of equipment is 100% of the contract value."*
- *"The minimum cover for insurance of the workers, works, plant and materials is: The contractor shall provide insurance cover for the workers (Workman's Compensation Policy)."*

Implications

- Project sustainability is uncertain without insurance cover for the equipment. This is because there could be a huge disruption to the planned activities and timelines in case the equipment gets damaged, destroyed, lost or vandalized during execution of works. This also exposes the contractor (Spider Contractors Limited) to possible financial ruin.
- Without a Workman's Compensation Policy, there is a risk that injured workers may not get medical care and compensation for a portion of the income they lose while they are unable to return to work. It may also result into lawsuits by injured workers while on duty.

Management response

The contractor submitted the necessary insurance covers; however, the Authority was unable to see them as they were in the bid documents.

Authority's comment

The Entity did not submit the copies of the contractor's insurance covers for both the personnel and equipment for verification.

Recommendation



The Contract Manager should task the contractor (Spider Contractors Limited) to submit the required documentation for insurance cover of the equipment and personnel as per the provisions under SCC (GCC) 18 of the contract and Regulation 52 (3) (a) (ii) of the PPDA (Contracts) Regulations, 2023.

2.2.2 Safety Measures/Procedures

The Authority found that the contractor (Spider Contractors Limited), did not take responsibility for the safety of all activities on site contrary to GCC 24 of the contract as indicated below:

- i) The site and works were not cleared of unnecessary obstruction to avoid danger to persons on the site i.e., the site was bushy;
- ii) The site was not fenced/hoarded;
- iii) There were no area signages around the site, emergency exits, and no safety signs and warning tapes at dangerous spots to ensure safety of all persons on the site;
- iv) There was no lighting; guarding and watching of the works until completion and taking over; and
- v) There were no temporary works provided (including roadways, footways, guards and fences) necessary during execution of the works, for the use and protection of the public and of owners and occupiers of the adjacent land.

Table 16: Site without safety measures in place as at 6th December 2024


<p style="text-align: center;"><i>Site without any signages and hoarding</i></p>

<p style="text-align: center;"><i>Bushy areas around construction works and with no hoarding</i></p>

Implication

The risks and hazards prevalent on site, for example, injuries, illnesses and fatalities, were not mitigated against.

Management response

Management shall continue strengthening the health and safety measures on site and instruct the contractor to avail the key personnel associated with safety to guarantee safety of the workforce.

Recommendation

The Contract Manager should instruct the contractor (Spider Contractors Limited) to ensure safety on the site with immediate effect by adhering to the safety procedures/measures stipulated in GCC 24 of the signed contract.

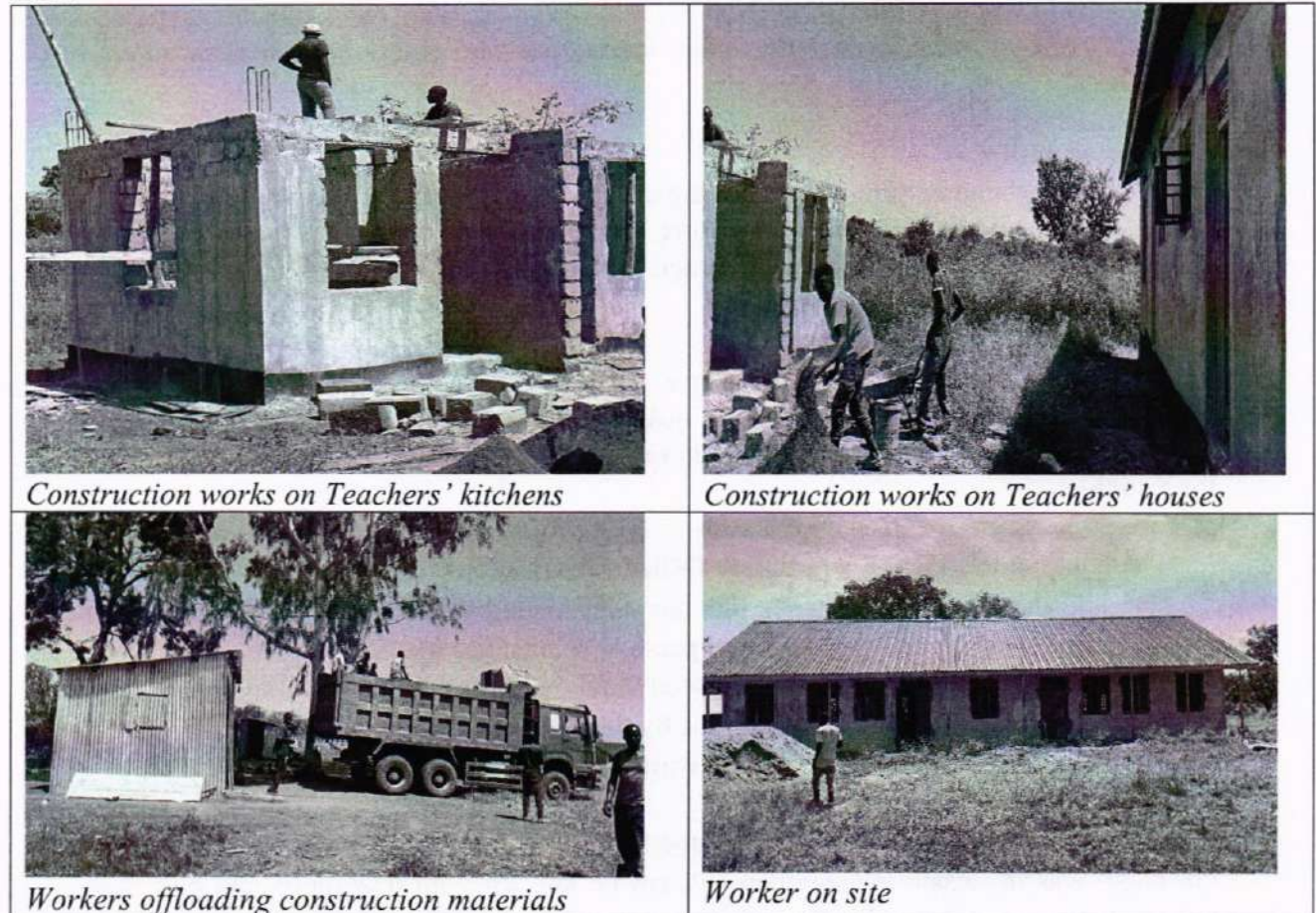
2.2.3 Health and Safety

The Authority found that the contractor (Spider Contractors Limited), did not take all reasonable precautions to maintain the health and safety of the contractor's personnel, the Entity's personnel and authorized visitors on site, contrary to GCC 31 of the signed contract, for example:

- i) The contractor's Health and Safety Officer, Ms. Patience Mukyala, was not found on the site, and there was no evidence that she ever visited the site yet she was responsible for maintaining safety and protection of persons against accidents.
- ii) The contractor did not have an approved Safety and Health Plan for implementation.
- iii) There was no temporary office for use by the Project Manager.
- iv) There were no PPEs provided to the workers on site.
- v) There was no First Aid Box on site.
- vi) There were no temporary toilets erected for use by the workers on site.
- vii) There was no waste management system on site for both hazardous and non-hazardous waste e.g., waste collection containers, waste handling programs to avoid waste accumulation
- viii) The Contractor did not maintain records and/or make reports concerning health, safety and welfare of persons, and damage to property, as the Project Manager, may reasonably require.
- ix) The Contractor did not have an HIV/AIDS Policy and there was no evidence the contractor conducted HIV-AIDS awareness programmes to reduce the risk of the transfer of HIV between and among the contractor's personnel and the local community; to promote early diagnosis and to assist affected individuals.
- x) The Contractor did not conduct Information, Education and Communication (IEC) campaigns, at least every six months, addressed to all the site staff and labourers (including all the contractor's employees, all subcontractors and any other contractor's or PDE's personnel employees, and all truck drivers and crews making deliveries to the site for construction activities) and to the immediate local communities, concerning the risks, dangers and impact, and appropriate avoidance behavior with respect to Sexually Transmitted Diseases (STD) - or Sexually Transmitted Infections (STI) in general and HIV/AIDS.
- xi) The Contractor did not have a policy for outbreaks, endemics or pandemics (e.g., M-Pox) and also conduct awareness programmes to reduce the risk of the transfer of the virus

between and among the contractor's personnel and the local community, to promote early diagnosis and to assist the affected individuals.

Table 17: Workers on site without Personal Protective Equipment as at 6th December 2024



Implication

The health and safety of the workers, community and authorized personnel on site was compromised.

Management response

Management shall ensure that the contractor puts in place all the necessary health and safety measures before he resumes work. However, instructions were issued on site for the contractor to ensure adherence to the health and safety measures.

Recommendations

The Contract Manager should task the contractor (Spiders Contractors Limited) to:

1. Put in place all the necessary health and safety measures as stipulated in GCC 31 of the signed contract, for example but not limited to: a temporary office for use by the Project Manager, provision of PPEs to the workers on site, having a First Aid Box on site, putting in place a waste management system and more.
2. Implement the Environmental Social Management Plan in order to manage potential environmental and social unintended negative impacts associated with the project's activities, as well as to allow for meaningful and inclusive multi-stakeholder consultations

and engagement throughout the lifecycle of the project, in accordance with GCC 29 of the contract and Section 66 of the PPDA Act Cap. 205.

2.2.4 Grievance Redress Mechanism

Contrary to Circular ADM 84/121/02 (Grievance Management under the UgIFT Programme at the Local Government Level) that was issued on 19th July 2023 by the Permanent Secretary, Ministry of Gender, Labour and Social Development, the Authority found that the Entity did not have:

- i) A Grievance Redress Mechanism to address concerns and complaints from the Project Affected Persons and community members at any given moment during project implementation in order to foster trust and engagement between stakeholders and project implementers.
- ii) Grievance Redress Committees established to hear, investigate, and resolve any complaint, grievance, or conflict that could arise during project implementation.

Implication

There is no locally based, formalized way to identify, prevent, minimize the escalation of, accept, assess, and resolve community feedback or complaints that could arise during implementation of the project.

Management response

Management has established and trained a Grievance Redress Committee at the district to handle any grievances and will extend it to the Local Councils and Area Land Committees.

Authority's comment

There was no evidence submitted to the Authority to ascertain the establishment and training of a Grievance Redress Committee by the district.

Recommendations

The Accounting Officer should in accordance with Circular ADM 84/121/02 (Grievance Management under the UgIFT Programme at the Local Government Level) that was issued on 19th July 2023 by the Permanent Secretary, Ministry of Gender, Labour and Social Development:

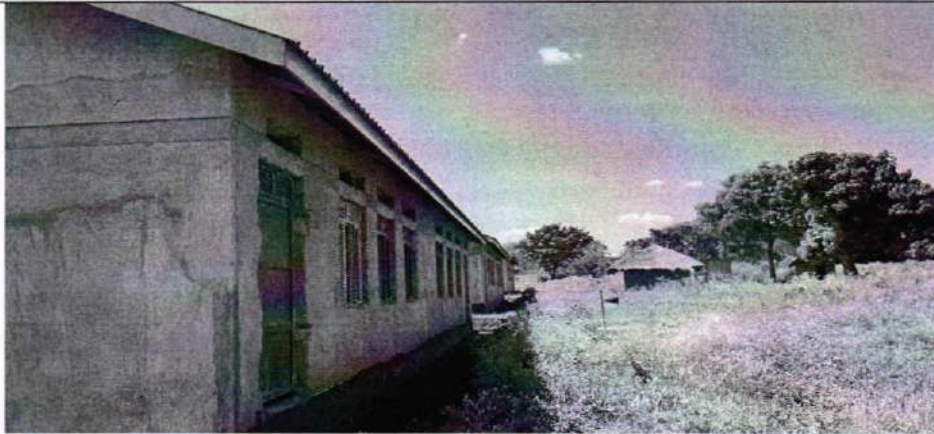
1. Establish a Grievance Redress Mechanism and set up a Grievance Redress Committee at the District Level (i.e., including but not limited to the District Natural Resources Officer, District Environmental Officer and Community Development Officer); at the Lower Local Government Level (i.e Sub-County/Divison Level) and at the Project Level (i.e., including but not limited to community members, workers' representatives and more).
2. Train the district officials on the operations of the Grievance Redress Mechanism including laws, regulations and procedures governing its operations.
3. Raise awareness of the District Local Government on the operations of the Grievance Redress Mechanism.
4. Raise awareness of the community on the existence and operations of the Grievance Redress Mechanism.

2.3 OBSERVATIONS

2.3.1 Homesteads on the school land

The Authority found persons with homesteads on the school property during site inspection on 6th December 2024. Whereas the Entity had in its possession the school land title, there was no evidence that it had taken the necessary measures to resolve the issue of homesteads found on the school land as indicated in Table 18 below.

Table 18: Homesteads on school land as at 6th December 2024



Homesteads behind the classroom blocks on the school land



Several homesteads on school land towards the Sports field

Implication

The Entity could lose legal ownership of the land in case the squatters successfully claim adverse possession of the school property.

Management response

Management is in the process of resettling the affected persons to relocate them outside the school land. The negotiation between the Sub-County, the school and the district has been initiated for resettlement to resolve the land issues.

Recommendation

The Accounting Officer should ascertain the status of the persons on the school land and expedite the resettlement of the Project Affect Persons (PAPs). The PAPs should be adequately supported to rebuild their lives in a new location, often including financial compensation for

lost assets and assistance with finding new housing, livelihoods, and access to essential services.

2.3.2 Delay to sign the contract

The Authority observed that the Accounting Officer took three months to sign the contract with Spider Contractors Limited, after receipt of the Solicitor General's approval of the contract.

Whereas the Solicitor General approved the draft contract on 24th October 2022; the Accounting Officer signed the contract on 9th February 2023 which was three months later, without any justification.

Implication

Delay to sign the contract delayed commencement of the works thus delaying service delivery to the intended beneficiaries.

Management response

Management has embarked on weekly monitoring and supervision of the project until its completion.

Recommendations

The Accounting Officer should:

1. Sign contracts promptly to promote efficiency in public procurement in accordance with Section 51 of the PPDA Act Cap 205.
2. Task the Project Management Team to strengthen project monitoring and supervision to ensure that the project works are completed by 30th April 2025 so that the Drajini Seed Secondary School can be commissioned for use.

CHAPTER 3: AUDIT CONCLUSION

According to the last Progress Report dated 2nd October 2024 prepared by the District Engineer, 162% of the contract time had elapsed against a physical progress of 72% and a financial progress of 76%.

The Authority noted that the Entity granted the contractor (Spider Contractors Limited) a cumulative period of 14 months to complete the works by 30th April 2025.

In light of the above, the Accounting Officer should implement the Authority's recommendations herein and task the Project Management Team to strengthen contract monitoring and supervision so that the works at Drajini Seed Secondary School are completed by 30th April 2025 within cost and of quality in order to realize the project's objective of delivering education service to the community and general public.

APPENDICES

Appendix 1: Summary of Payments made to the contractor as at 6th December 2024

IPC No.	Value of works (UGX)	Advance amount recovered per IPC	Retention (10%)	Date of request for payment by contractor	Date of payment by Entity	Actual amount paid (UGX)
Advance Payment	508,106,850 <i>VAT exclusive</i>	N/A	N/A	14 th March 2023	3 rd May 2023	508,106,850 <i>VAT exclusive</i>
IPC No.1	449,674,562 <i>VAT exclusive</i>	67,451,184 <i>(15% of value of works- IPC No.1)</i>	44,967,456	13 th June 2023	27 th June 2023	337,255,922 <i>VAT exclusive</i>
IPC No.2	299,783,042 <i>VAT exclusive</i>	119,913,217 <i>(40% of value of works- IPC No.2)</i>	29,978,304	24 th November 2023	December 2023	149,891,521 <i>VAT exclusive</i>
IPC No.3	449,674,562 <i>VAT exclusive</i>	68,924,694 <i>(15% of value of works- IPC No.3)</i>	44,967,456 <i>Of the amount without VAT</i>	2 nd February 2024	29 th February 2024	335,782,412 <i>VAT exclusive</i>
IPC No.4	599,566,083 <i>VAT inclusive (i.e UGX 91,459,233)</i>	125,908,877 <i>(21% of value of works- IPC No.4)</i>	50,810,685 <i>Of the amount without VAT</i>	30 th April 2024	13 th June 2024	422,846,521 <i>VAT inclusive</i>
IPC No.5	599,566,083 <i>VAT inclusive (i.e UGX 91,459,233)</i>	125,908,877 <i>(21% of value of works- IPC No.5)</i>	50,810,685 <i>Of the amount without VAT</i>	12 th June 2024	11 th July 2024	219,785,041 <i>VAT inclusive</i> Note: value of fixtures worth UGX 203,061,480 <i>VAT exclusive was paid to other suppliers not Spider Contractors Limited</i>
IPC No.6	Paid as advance on external works	N/A	None	12 th June 2024.	11 th July 2024	125,687,743 <i>VAT exclusive</i>

IPC No.	Value of works (UGX)	Advance amount recovered per IPC	Retention (10%)	Date of request for payment by contractor	Date of payment by Entity	Actual amount paid (UGX)
				<i>The contractor requested for payment of UGX 539,609,475 VAT exclusive for the external works</i>		<i>According to the contractor's acknowledgment receipt, this payment was described as advance on external works.</i>
Totals	2,398,264,332	508,106,849	221,534,586			1,591,249,160

Appendix 2: Letter from the Ministry of Education and Sports

Telegram: "EDUCATION"
Telephone: 234451/8
Fax: 234920



Ministry of Education and Sports
Embassy House
P.O. Box 7063
E-Mail: permasec@education.go.ug
Website: www.education.go.ug
Kampala, Uganda

In any correspondence on
this subject please quote. ADM/97/298/

September 30, 2019.

To All Chief Administrative Officers.

CONSTRUCTION OF SEED SECONDARY SCHOOLS UNDER THE UGANDA INTERGOVERNMENTAL FISCAL TRANSFER PROGRAM – UGIFT.

ADMEASUREMENT VS LUMP SUM CONTRACTS.

The Ministry of Education and Sports is monitoring activities for provision of school infrastructure under the Uganda Intergovernmental Fiscal Transfer Program.

From our monitoring rounds, it has been observed from some of the contract documents we have accessed that some District Local Governments signed Admeasurement contracts, contrary to what was outlined in the solicitation document (refer to page 104, special condition to GCC 2.3).

Clarification on the same had been sought during the Pre-bid meetings, to which we responded to bidders, reaffirming that Lump sum contracts were to be signed, attaching the payment schedule to the minutes.

It is therefore not clear at what point changes were made from Lump sum to Admeasurement contracts.

This is therefore to guide as follows;

1. Admeasurement contracts signed must be revised and made Lump sum through an addendum approved by your respective contracts committees. Engage your contractors and bring them on board. Thereafter, seek solicitor General's clearance of reversion to Lump sum.
2. Payments for works implemented shall be made basing the payment schedule issued with the pre-bid minutes (copy attached).

The purpose of this communication is to guide as above and request that you urgently act on the issues raised.

A handwritten signature in black ink, appearing to read 'Doreen Matovu-Lwanga'.

Doreen Matovu-Lwanga (Mrs.)
For: Permanent Secretary.

**Annex to the Special Conditions of Contract:
ACTIVITY PAYMENT SCHEDULE FOR COMPLETED BUILDING WORKS (THIS
PAYMENT SCHEDULE SHALL APPLY SEPARATELY FOR EACH SCHOOL)**

Stage	Completed Stage	Percentage proportion of Contract Sum including VAT	Deductions
1	<u>Substructure</u> i) Planting trees ii) Excavations iii) Foundation concrete iv) Plinth walling and stub columns v) Over site Slab vi) Stub columns and bases	25%	25% toward amortization of Advance repayment
			10% retention
2	<u>Superstructure</u> i) Damp Proof Course ii) Walling up to wall plate iii) Columns iv) Ring beam v) Gable ends	15%	25% toward amortization of Advance repayment
			10% retention
3	<u>Roofing</u> i) Wall plate ii) Roof structure and roof covering iii) Eaves filling iv) Fascia and barge boards v) Ceiling where applicable vi) Lightning Installation	20%	25% toward amortization of Advance repayment.
			10% retention
4	<u>Fittings and Finishes</u> i) Doors ii) Windows iii) Plastering, Screeding, Painting, iv) Fixtures v) Electro-mechanical works vi) Splash apron	20%	25% toward amortization of Advance repayment
			10% retention
5- Final Stage	<u>External Works</u> i) Planting paspalm grass ii) Storm water drainage iii) Water tanks and harvesting system iv) Site cleaning, removal of hoarding and debris. v) All planted trees have survived, and are growing well. vi) Fencing (where applicable) vii) Sports field (where applicable)	20%	10% retention
6	On Completion of building works i) Release of 1 st half of retention	5%	
7	Defects Liability Period – 12 months i) Correction of defects ii) Release of 2 nd half of retention	5%	

Note: The Contractor is expected to work on ALL the building facilities for a given school concurrently and shall be paid basing on the completed works as per this activity payment schedule.

