



**PUBLIC PROCUREMENT AND DISPOSAL  
OF PUBLIC ASSETS AUTHORITY**  
*"Regulating for Results"*

**CONTRACT AUDIT REPORT INTO THE CONSTRUCTION OF  
KAPTANYA SEED SECONDARY SCHOOL IN KAPCHORWA DISTRICT  
UNDER UGIFT PROGRAM**

**CONTRACTOR: BAM CONSTRUCTION AND SURVEYORS LTD**

**PROCUREMENT REF: MOES/UgIFT/WRKS/21-22/00005/Lot 34**

**AUGUST 2025**

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**ACRONYMS**

ESHS	-	Environmental, Social, Health and Safety
PPDA Act	-	Public Procurement and Disposal of Public Assets Act Cap 205
PPDA	-	Public Procurement and Disposal of Public Assets Authority
UGX	-	Uganda Shillings
UGIFT	-	Uganda Intergovernmental Fiscal Transfer Program
VAT	-	Value Added Tax

## **EXECUTIVE SUMMARY**

The Government of Uganda appropriated funds worth UGX. 3,059,426,760 to undertake the construction of Kaptanya Seed Secondary School in Kapchorwa District. Funds were obtained from the World Bank through the Uganda Intergovernmental Fiscal Transfer Program (UGIFT), the implementing ministry was the Ministry of Education and Sports.

On 28<sup>th</sup> November 2022, Kapchorwa District Local Government entered into a contract with Bam Construction and Surveyors Ltd for the construction of Kaptanya Seed Secondary School at a cost of UGX. 3,059,426,760 with the intended completion date on 7<sup>th</sup> June 2024 and a defects liability 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 (hereinafter “PPDA or the Authority”) conducted a contract audit into the contract with an overall objective of assessing the status of contract implementation. The specific objectives of the contract audit were to assess the;

- (i). Progress of works;
- (ii). Effectiveness of time, quality & cost control of works undertaken; and
- (iii). Adherence to Environmental, Social, Health and Safety (ESHS) safeguard requirements.

## **Key Findings of the Authority**

1. **Non-compliance with Performance Security submission and renewal requirements.** The contractor failed to submit the required Performance Security and Environmental & Social (ES) Performance Security within the stipulated 21 days after contract signing on 28<sup>th</sup> November 2022 contrary to Clause 46 of the Special Conditions of the Contract. The Securities were submitted on 19<sup>th</sup> April 2023, four months and 22 days late which left the Entity financially unprotected against potential defects or non-performance during that period. Additionally, both securities expired on 30<sup>th</sup> June 2024 and were not renewed, despite works continuing for an additional 11 months until 30<sup>th</sup> May 2025. This contravened Clause 61.4 of the Special Conditions of Contract, that required securities to remain valid throughout the contract period, exposing the Entity to significant financial risk.
2. **Delayed submission of Advance Payment Guarantee.** Bam Construction and Surveyors Ltd submitted the Advance Payment Guarantee worth UGX 611,885,352 four months late contrary to Clause 60.1 of the Special Conditions of the Contract. Although the contract was signed on 28<sup>th</sup> November 2022, the guarantee was submitted on 19<sup>th</sup> April 2023. This delay disrupted the timely release of advance funds, making it difficult for the contractor to mobilize and commence works as scheduled. Additionally, the submitted guarantee expired on 31<sup>st</sup> December 2023, five months before the contract’s completion date of 7<sup>th</sup> June 2024, leaving the Entity exposed without financial protection during the final phase of the project.
3. **Slow progress of works.** The Authority noted an 11-month delay in project completion. The contract signed on 28<sup>th</sup> November 2022 was expected to last 18 months and end by 7<sup>th</sup> June 2024. However, by 30<sup>th</sup> May 2025, only 90% of works had been completed, reflecting a time

progress of 161% and indicating the contractor's failure to deliver within the agreed timeframe. The delay was partly attributed to the absence of the contractor's key personnel on-site, as reported in the September 2024 progress report. Consequently, the intended beneficiaries were denied timely access to essential education services.

4. **Failure by the contract manager to penalize contractor for non-submission of work program updates.** The Contract Manager did not enforce Clause GCC 36.3 of the contract which requires the contractor to submit work program updates every 28 days or face a penalty of UGX 200,000 per missed update. As a result, Bam Construction and Surveyors Ltd failed to provide the required updates, hindering effective monitoring of progress on specific activities. This lapse contributed to time losses during project execution and reflects weak contract enforcement that undermines accountability.
5. **Irregular engagement of contractor based on an expired contract.** The Authority noted that the contract with Bam Construction and Surveyors Ltd expired on 30<sup>th</sup> August 2024. However, works continued for an additional nine months, up to 30<sup>th</sup> May 2025 without a valid contract. This contravened Regulation 52(3)(a)(vi) and 53(1)(d) of the PPDA (Contracts) Regulations, 2023, which requires all contract obligations to be completed before expiry, and also allows the Entity to issue a change order to extend contract duration where necessary. As a result, the contract was void during the nine-month period, rendering its terms unenforceable and exposing the Entity to significant legal and financial risks.
6. **Inadequate contract monitoring and supervision.** The Authority observed gaps in contract monitoring despite the appointment of the District Engineer to oversee daily supervision and ensure value for money, contrary to Regulation 52(1)(b) of the PPDA (Contracts) Regulations, 2023. The latest progress report dated 13<sup>th</sup> September 2024 indicated that the contractor attributed delays to poor road conditions during the rainy season. However, the contractor also failed to mobilize materials and expedite works once the weather improved. The project suffered from slow progress and inadequate staffing on site. Despite a two-month extension from 8<sup>th</sup> June 2024 to 30<sup>th</sup> August 2024, at the time of issuance of the report, the project was still incomplete at only 90% physical completion, reflecting weak supervision.
7. **Non-compliance with the Environmental, Social, Health and Safety (ESHS) safeguards.** The Authority identified critical lapses by the contractor, Bam Construction and Surveyors Ltd in adhering to ESHS requirements which compromised the health and safety of workers and the surrounding community contrary to Section 66 of the PPDA Act, Cap. 205. Key safeguards were missing, including:
  - i) An Environmental and Social Management Plan
  - ii) A First Aid Box
  - iii) A waste management plan
  - iv) Adequate security for workers, materials, and equipment, despite funds being allocated for security services

### **Audit Conclusion**

In conclusion, the Authority found that both the contractor and the Entity had not fully met their respective contractual responsibilities; the contractor failed to complete the work within the agreed timeframe and comply with Environmental, Social, and Health Standards (ESHS) requirements, while the Entity also failed to ensure that the Clerk of Works does daily technical supervision of the works and maintain proper documentation such as progress reports. As a result, the project experienced delays, with physical progress at only 90% while time progress had reached 161% as of 30<sup>th</sup> May 2025.

### **Recommendations**

In light of the above findings arising from the contract audit exercise and in accordance with Section 10 of the PPDA Act, Cap 205 the Authority recommends the following measures: -

1. The Accounting Officer should;
  - i. Set and enforce strict internal deadlines for contractors to submit required guarantees within the timeframes stipulated in the contract. Failure to comply should trigger formal notices and possible penalties, including withholding of site handover or termination clauses, to ensure timely project mobilization and safeguard project timelines.
  - ii. Establish a contract monitoring system that includes automated alerts for critical dates such as the expiry of performance securities.
  - iii. Task the Contract Management team to show cause why disciplinary action should not be taken against them for failure to effectively monitor the contract to completion in line with Regulation 52 (1) (b) of the PPDA(Contracts) Regulations, 2023.
  - iv. Enforce strict adherence to the deployment of key personnel as specified in the contract and in future contracts, clear clauses should be included and activated to penalize absenteeism of critical staff during implementation.
  
2. Contract managers should;
  - i. Ensure that contractors submit the required Performance Securities and Environmental and Social (ES) Performance Securities within the timelines specified in the contract. In cases of delay or non-compliance, the matter should be escalated to the Accounting Officer, who should terminate the contract in line with Regulation 12(2) of the PPDA (Contracts) Regulations, 2023. Additionally, contract managers should proactively follow up with contractors at least 30 days prior to the expiry of Performance Securities to ensure timely renewal and maintain continuous protection against potential non-performance.
  - ii. Conduct regular, documented site inspections supported by photographic evidence and attendance records to verify contractor presence and progress. Contractors who fail to maintain adequate site supervision should face appropriate contractual sanctions, including withholding of payments or termination for non-performance.
  - iii. In future procurements, establish a monitoring schedule to ensure timely submission of program updates by issuing reminders, warnings, and applying penalties to enhance accountability and improve project delivery.

- iv. Monitor running contracts and in case need arises for contract extension, he should expedite the process and obtain all the necessary approvals before expiry of the contract in line with Regulation 53 (1) (d) of the PPDA (Contracts) Regulations 2023.
- v. Organize monthly site meetings with all key stakeholders to review project progress, address challenges, assess work quality, and identify any deviations from the plan. This will ensure that timely and appropriate actions are taken to resolve issues and keep the project on track.
- vi. Always task the contractor to implement the ESMP to protect the environment; take all reasonable precautions to maintain the health and safety of the contractor's personnel and visitors on site; and to put in place safety measures and protocols during execution of the works in accordance with Section 66 of the PPDA Act, Cap. 205.

## CHAPTER 1: INTRODUCTION

### 1.1 Contract summary

The key information about the contract is summarized in Table 1 below: -

**Table 1: Contract summary for construction of Kaptanya Seed Secondary School**

Entity	Kapchorwa DLG	
Contract Title	Kaptanya Seed Secondary School	
Reference Number	MOES/UgIFT/WRKS/21-22/00005/Lot 34	
Name of Contractor	Bam Construction and Surveyors Ltd	
Contract Sum	UGX. 3,059,426,760	
Type of contract	Lumpsum	
Contract Scope	<b>Works Description</b>	<b>Amount (UGX)</b>
	Preliminaries	25,000,000
	Site levelling works	47,175,000
	Three 2-classroom blocks	448,259,834
	One 2-Unit Science Laboratory Block	311,598,932
	One Administration Block	169,804,592
	Three 2-Unit Teachers House	483,794,022
	Three 2-Unit Teachers Kitchen	126,772,473
	One 2-Stance Lined VIP Latrine at Administration Block	21,385,246
	Three Two-Stance Lined VIP Latrine Block for Teachers House	81,512,739
	One Five Stance Lined VIP Latrine Block for Boys	38,598,899
	One Five Stance Lined VIP Latrine Block for Girls	38,598,899
	External works	72,975,000
	One rain water harvest system with 5000 litres	7,052,000
	One ICT library Block	361,267,433
	One Multipurpose Hall	308,939,474
	One sports field	50,000,000
	<b>Sub Total 1</b>	<b>2,592,734,543</b>
	VAT 18%	466,692,218
	<b>TOTAL AMOUNT</b>	<b>3,059,426,760</b>
Contract Signing date	28 <sup>th</sup> November 2022	
Site hand over date	7 <sup>th</sup> December 2022	
Original contract completion date	7 <sup>th</sup> June 2024 (18 months)	
Defects Liability period	12 months	
Contract Extension	8 <sup>th</sup> June 2024 -30 <sup>th</sup> August 2024	
Method of procurement	Open National Bidding	
Amount Paid	UGX 1,332,976,426 as at 6 <sup>th</sup> December 2024	

Contract manager	District Engineer- Mr. Owen Kweko Chebet
Progress at site	Physical progress: 90% Financial: 85% Time: 161%

## 1.2 Laws applicable

The applicable laws and legal framework were:

1. The Public Procurement and Disposal of Public Assets Act Cap 205;
2. The Local Governments (PPDA) Regulations, 2006;
3. The Local Governments (PPDA) Guidelines, 2008;
4. The PPDA Regulations 2023
5. The bidding document issued to bidders;
6. The signed contract between Kapchorwa DLG and Bam Construction and Surveyors Ltd; and
7. The circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer (UGIFT) program dated 16<sup>th</sup> March 2021.

## 1.3 Objectives

The overall objective of the contract audit was to assess the effectiveness of the contracting process and the status of contract implementation in regard to the obligations of Kapchorwa District Local Government (the Entity) and Bam Construction and Surveyors Ltd (the Contractor).

The specific objectives of the contract audit were to assess the:

- i Progress of the works.
- ii Effectiveness of cost and quality control of works undertaken.
- iii Adherence to Environmental, Social, Health and Safety (ESHS) requirements.

## 1.4 Scope of the Audit

The audit covered the contract implementation and management of the construction of Kaptanya Seed Secondary School.

## 1.5 Audit Methodology

The Authority adopted the following methodology:

- i. Review of documentation in the procurement action file;
- ii. Physical verification of the site;
- iii. Debriefing the Entity management on the preliminary findings;
- iv. Issuing a management letter to the Entity for official management response; and
- v. Reporting on findings of the audit and providing recommendations where applicable

## 1.6 Limitation of Scope

The contract audit was undertaken by auditors who did not have professional competence in engineering and building construction. The audit team could not conclusively give an opinion on the technical quality of the works undertaken. The overall responsibility of the quality of works undertaken lies with the Entity management and the contractor.

## CHAPTER 2: FINDINGS AND RECOMMENDATIONS

### 1.1 ASSESSMENT OF THE PROGRESS OF WORKS

#### 2.1.1 Progress of works

As at 6<sup>th</sup> December 2024 during physical verification, physical progress of works was at 70% with all the super structures were up and roofed. All structures had doors and windows installed but with no glasses fitted yet. Other pending works included; site clearance and levelling, planting grass around the site, levelling and planting grass on the sports field, installation of rain water harvest system and tanks, drainage works, furniture installations, electrical fixtures and fittings, installation of lightening arrestors, plumbing works in the science laboratories labelling of the site structures and general land scaping.

As per the responses to the Management letter dated 30<sup>th</sup> May 2025, 161% of the scheduled project time had elapsed, while the project was reported at 90% completion, with compound leveling works ongoing and minor finishes remaining in the science laboratory.

#### i. Time Progress

As of 30<sup>th</sup> May 2025, the time progress was recorded at 161%, as presented in Table 2 below

**Table 2: Time Progress as at 30<sup>th</sup> May 2025**

<b>Contract Start Date</b>	7 <sup>th</sup> December 2022
<b>Original Contract End Date</b>	7 <sup>th</sup> June 2024
<b>Contract Extension No. 1</b>	8 <sup>th</sup> June 2024 -30 <sup>th</sup> August 2024
<b>Measurement Date for works</b>	30 <sup>th</sup> May 2025
<b>Contract Period (Months)</b>	18 months
<b>Time Lapse (Months)</b>	29 months
<b>Time Progress</b>	161%.

#### ii. Financial Progress

As of 30<sup>th</sup> May 2025, the project's financial progress was evaluated at 85%, as outlined in Table 3 below:

**Table 3: Financial progress of the project as at 30<sup>th</sup> May 2025**

<b>Contract Amount</b>	3,059,426,760		
<b>Payments Made</b>	<b>EFT PAYMENT NUMBER</b>	<b>PAYMENT DATE</b>	<b>AMOUNT (UGX)</b>
	9764397	21 <sup>st</sup> December 2023	461,781,035
	13287740	5 <sup>th</sup> July 2024	331,755,160
	13287740	5 <sup>th</sup> July 2024	239,440,231
	13287740	5 <sup>th</sup> July 2024	300,000,000
			1,277,670,066
		<b>TOTAL</b>	<b>2,610,646,492</b>
<b>Total Payments as at review by the Authority</b>	<b>UGX. 2,610,646,492</b>		
<b>Financial Progress</b>	<b>85%</b>		

**iii. Physical progress**

By 30<sup>th</sup> May 2025, 161% of the scheduled time had passed, and the project was 90% complete as detailed in Table 4 below:

**Table 4: Physical Progress as at 30<sup>th</sup> May 2025**

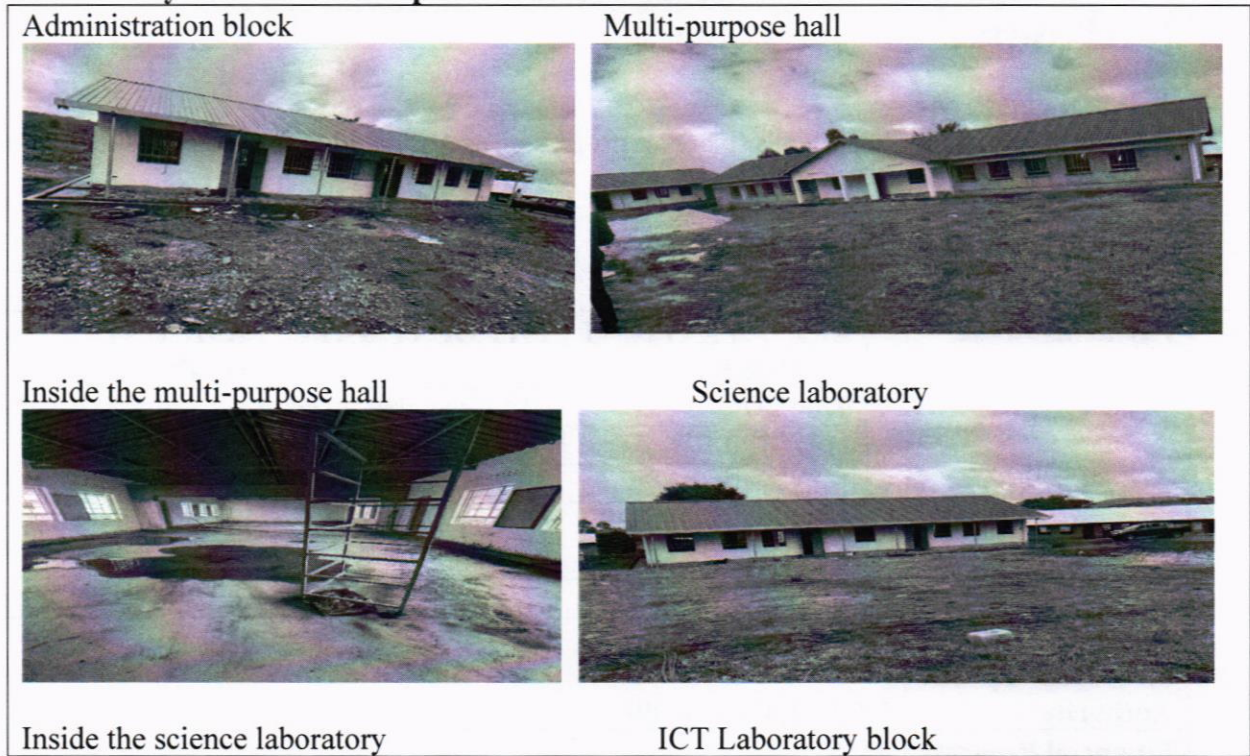
<b>Contract Amount</b>	<b>3,059,426,760</b>
<b>Percentage of works done as at 30<sup>th</sup> May 2025</b>	<b>2,906,455,422</b>
<b>Physical progress (%)</b>	<b>90%</b>

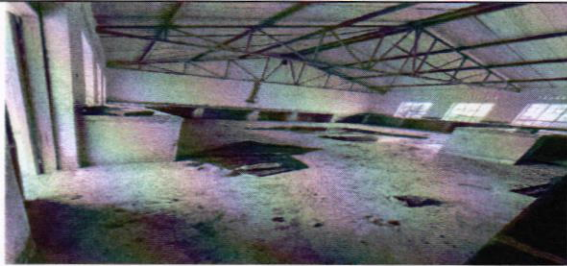
**iv. Physical verification pictures**

Physical verification of the project was carried out by the Authority on 6<sup>th</sup> December 2024 where the Authority identified that all the super structures were up and roofed. All structures had doors and windows installed but with no glasses fitted yet. Other pending works included; site clearance and levelling, planting grass around the site, levelling and planting grass on the sports field, installation of rain water harvest system and tanks, drainage works, furniture installations, electrical fixtures and fittings, installation of lightening arrestors, plumbing works in the science laboratories labelling of the site structures and general land scaping.

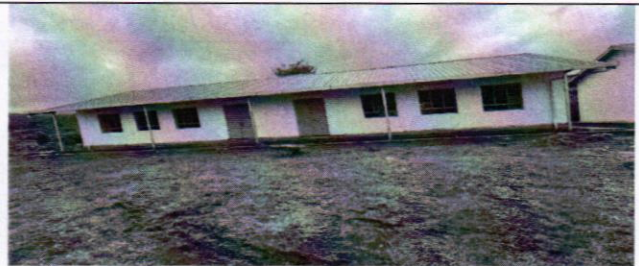
Following the audit, the Entity was able to address some of the issues identified during physical verification as per the pictorial evidence submitted on 30<sup>th</sup> May 2025 in the Management response. These included: compound leveling works, fencing, minor finishes in the science laboratory, furniture installation in the classrooms, grass planting on sports field. Tables 5 indicates physical progress as at 6<sup>th</sup> December 2024 while table 6 indicates photographic evidence of physical progress as at 30<sup>th</sup> May 2025.

**Table 5: Physical verification pictures as at 6<sup>th</sup> December 2024**





Classroom blocks



Sports field



2 stance lined pit latrine for the admin block.

Tree planting



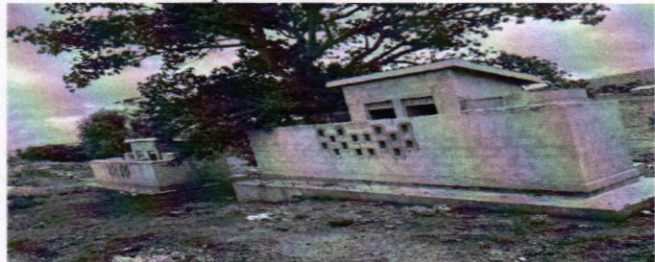
Water harvest tank

Site office and store



2 unit staff houses and kitchens

2 stance lined pit latrines



**Table 6: Photographic evidence of works status as at 30<sup>th</sup> May 2025 following the audit**



*Front view of the site showing the site levelling*



*Compound levelling works ongoing*



*Front view of the administration block*



*Site well fenced*



*Furniture installation done*



*Grass planted on sports field*



*Inside the science laboratory pending some minor installations*

## **2.2 EFFECTIVENESS OF THE QUALITY, TIME AND COST CONTROLS**

### **2.2.1 Delayed submission of Performance Security and ES Performance Security**

Clause 46 of the General Conditions of the Contract requires the successful bidder to provide the Procuring and Disposing Entity (PDE) with a Performance Security and an Environmental and Social (ES) Performance Security in the amounts specified in the Special Conditions of the Contract within twenty-one (21) calendar days after signing the contract

According to GCC 61.1 of the Special Conditions of the Contract, the contractor was required to submit a Performance Security and an ES Performance Security equal to 8% and 2% of the contract price, respectively. However, despite the contract being signed on 28<sup>th</sup> November 2022, the Performance Security and ES Performance Security were not submitted until 19<sup>th</sup> April 2023, resulting in a delay of approximately 4 months and 22 days beyond the required submission period.

#### **Implication**

Delayed submission of a Performance Security and an Environmental and Social Performance Security, exposes the Entity to unprotected defective works and non-performance of contractual obligations by the contractor.

#### **Management response**

*The Entity has taken note of the observation of the Authority on seeking for Performance Security and Environmental and Social Securities from Contractors and also pledges to comply in future procurements.*

#### **Recommendation**

Contract managers should ensure that contractors submit Performance Securities and Environmental and Social (ES) Performance Securities within the timelines specified in the contract. In cases of delay or non-compliance, the matter should be escalated to the Accounting Officer who should terminate the contract in accordance with Regulation 12(2) and (3) of the PPDA (Contracts) Regulations, 2023.

### **2.2.2 Delayed submission of Advance Payment Guarantee**

Clause GCC 60.1 of the signed contract specifies that an advance payment equivalent to 20% of the contract price must be paid to the contractor within 28 days following the submission of an acceptable bank guarantee.

Although the contract was signed on 28<sup>th</sup> November 2022, the contractor delayed in submitting the Advance Payment Guarantee, valued at UGX 611,885,352, until 19<sup>th</sup> April 2023, 4 months and 20 days after the contract signing. This delay indicates non-compliance with contractual obligations and negatively impacted project timelines and contractor performance.

Furthermore, the advance payment guarantee provided by the contractor was set to expire on 31<sup>st</sup> December 2023, five months before the contract's completion date of 7<sup>th</sup> June 2024, raising concerns about the adequacy of financial safeguards for the remainder of the contract period.

### **Implication**

Delayed submission of the Advance Payment Guarantee can lead to project delays and cash flow issues, as the contractor may struggle to mobilize resources and procure materials without timely payment.

### **Management response**

*It's true the advance payment was delayed until when the contractor served the Entity with an advance payment guarantee. However, the Entity made payment. The Entity Further pledges to enforce contractual obligations from either side in future projects.*

### **Recommendation**

Going forward, the Accounting Officer should set and enforce strict internal deadlines for contractors to submit required guarantees within the timeframes stipulated in the contract. Failure to comply should trigger formal notices and possible penalties, including withholding of site handover or termination clauses, to ensure timely project mobilization and safeguard project timelines.

## **2.2.3 Expired Securities**

Clause GCC 61.4 stipulates that the Performance Security and, where applicable, the Environmental and Social (ES) Performance Security must remain valid until 28 days after the intended completion date, as specified in the Special Conditions of the Contract. According to the contract, the intended completion date was 7<sup>th</sup> June 2024. However, both the Performance Security and ES Performance Security expired on 30<sup>th</sup> June 2024, with no efforts made to renew them.

### **Implication**

This failure to renew the securities exposes the Entity to the risk of being unable to recover damages in the event of contractor non-performance.

### **Management response**

*The Entity has taken note of the advice on Securing Performance declaration from Contractors for all future contracts where it will be required.*

### **Recommendation**

Contract managers should proactively follow up with contractors at least 30 days before expiry of Performance Securities to ensure timely renewal, thereby maintaining continuous protection against potential non-performance.

## **2.2.4 Delayed progress of works**

The Authority noted an 11-month delay in project completion. The contract signed on 28<sup>th</sup> November 2022 was expected to last 18 months and end by 7<sup>th</sup> June 2024. However, by 30<sup>th</sup> May 2025, only 90% of works had been completed, reflecting a time progress of 161% and indicating the contractor's failure to deliver within the agreed timeframe. The delay was partly attributed to the absence of the contractor's key personnel on-site, as reported in the 13<sup>th</sup> September 2024 progress report.

### **Implication**

The intended beneficiaries were denied timely access to essential education services.

### **Management response**

*The Entity, with support from the District Engineer, intensified supervision and monitoring efforts, and the physical progress of works currently stands at 90%. The Contract Manager has also taken note not to allow contractors to demobilize from site in future projects without formal authorization, in accordance with applicable legal provisions.*

### **Authority's comment**

The Authority acknowledges the Entity's efforts to intensify supervision and prevent premature demobilization of contractors. Despite the intensified supervision and monitoring, works were still incomplete at the time of issuance of the report.

### **Recommendations**

- The Accounting Officer should task the Contract Management team to show cause as to why disciplinary action should not be taken against them for failure to effectively monitor the contract to completion in line with Regulation 52 (1) (b) of the PPDA(Contracts) Regulations, 2023 and in future contracts enforce strict adherence to the deployment of key personnel as specified in the contract.
- Contract managers should conduct regular, documented site inspections supported by photographic evidence and attendance records to verify contractor presence and progress. Contractors who fail to maintain adequate site supervision should face appropriate contractual sanctions, including withholding of payments or termination for non-performance.

### **2.2.5 Failure by the Contract Manager to penalize the contractor for failure to submit work program updates**

The Authority found that the Contract Manager did not penalize the contractor, Bam Construction and Surveyors Ltd, for failure to prepare and submit work program updates contrary to GCC 36.3 of the signed contract which stated that: *The period between Program updates is 28 days. The amount to be withheld for late submission of an updated Program is: UGX 200,000*

### **Implication**

Without work program updates, the Contract Manager could not measure/monitor the actual progress achieved on each activity and this contributed to time losses during contract execution.

### **Management response**

*The Entity has taken note of the concern raised by the Authority and pledges to enforce the clause in the future Procurements.*

### **Recommendation**

The Authority acknowledges the Entity's recognition of the issue and its commitment to enforce the work program update clause in future procurements and recommends that going forward, Contract Managers should establish a monitoring schedule to ensure timely submission of program updates by issuing reminders, warnings, and applying penalties to enhance accountability and improve project delivery.

### **2.2.6 Irregular engagement of contractor based on an expired contract**

The Authority noted that the contract expired on 30<sup>th</sup> August 2024, yet works remained incomplete until 30<sup>th</sup> May 2025, indicating continued execution beyond the contractual period without a contract renewal contrary to Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations 2023.

#### **Implication**

The contract was void and the terms and conditions no longer enforceable.

#### **Management response**

*A contract extension was secured on 10<sup>th</sup> May 2024 with effect from 8<sup>th</sup> June 2024 to 30<sup>th</sup> August 2024.*

#### **Authority's comment**

The Authority acknowledges the Entity's response that the contract had been extended once up to 30<sup>th</sup> August 2024. However, there were no further extensions after this yet works continued on site up to 30<sup>th</sup> May 2025.

#### **Recommendation**

In subsequent procurements, the Contract Manager should monitor running contracts and in case need arises for contract extension, he should expedite the process and obtain all the necessary approvals before expiry of the contract in line with Regulation 53 (1) (d) of the PPDA (Contracts) Regulations 2023.

### **2.2.7 Inadequate contract monitoring and supervision**

The Accounting Officer appointed the District Engineer as the Contract Manager, responsible for the daily supervision of construction works to ensure value for money. However, the Authority identified gaps in contract monitoring and supervision, as evidenced by the following:

The progress report dated 13<sup>th</sup> September 2024 highlighted that, although the contractor cited poor road access due to bad weather as the reason for delays in material delivery, the contractor still failed to deliver materials during the dry season when conditions were favorable. Additionally, the contractor made slow progress in executing the works and had an insufficient workforce on-site. Despite a two-month contract extension after the original expiration, the project remained incomplete, indicating inadequate supervision.

#### **Management response**

*The Entity intensified its supervision and monitoring and was able to fast track physical progress of contract to 90% level. However, the Entity pledges to do monitoring on Monthly basis as advised by the Authority.*

#### **Recommendation**

Going forward, contract managers should organize monthly site meetings with all key stakeholders to review project progress, address challenges, assess work quality, and identify any deviations from the plan. This will ensure that timely and appropriate actions are taken to resolve issues and keep the project on track.

## **2.3 ADHERENCE TO THE ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY SAFEGUARD REQUIREMENTS**

### **2.3.1 Non- compliance with the Environmental, Social, Health and Safety (ESHS) safeguards**

The Authority observed the following anomalies with regards to the ESHS requirements during the site inspection:

- i) There was no Environmental and Social Management Plan (ESMP) in place to guide implementation of the environmental and safety issues contrary to GCC 29 of the signed contract.
- ii) There was no First Aid Box.
- iii) There was no waste management system.
- iv) There was no security of the works, stores, materials, plant on site, yet the contractor made a provision of UGX 800,000 for security services.

#### **Implication**

The health, safety and security of the workers, community and materials on site was compromised.

#### **Management response**

*The Entity has taken note of the Authority's recommendation and pledge to comply in future procurements as they come by on all Environmental and Social aspects.*

#### **Recommendation**

Contract Managers should always task the contractor to implement the ESMP to protect the environment; take all reasonable precautions to maintain the health and safety of the contractor's personnel and visitors on site; and to put in place safety measures and protocols during execution of the works in accordance with Section 66 of the PPDA Act, Cap. 205.

## **CHAPTER 3: CONTRACT CLOSURE AND AUDIT CONCLUSION**

### **3.1 Contract Closure and Handover**

As at 30<sup>th</sup> May 2025, the physical progress was at 90% against a time progress of 161%, implying that the contractor has failed to deliver the project within the stipulated time.

### **3.2 Audit conclusion**

In conclusion, the Authority found that both the contractor and the Entity had not fully met their respective contractual responsibilities; the contractor failed to complete the work within the agreed timeframe and comply with Environmental, Social, and Health Standards (ESHS) requirements, while the Entity also failed to ensure that the contract supervisor conducts daily technical supervision of the works.