



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

"Procurement That Delivers"

**CONTRACT AUDIT REPORT INTO THE CONSTRUCTION OF NAMBOKO SEED
SECONDARY SCHOOL (PROCUREMENT REF: MOES-UGIFT/WRKS/21-
22/00005/LOT-33) IN NAMISINDWA DISTRICT**

NAMISINDWA DISTRICT LOCAL GOVERNMENT

JULY 2025

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ACRONYMS

ESHS	Environment, Social, Health and Safety
FY	Financial Year
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

EXECUTIVE SUMMARY

The Government of Uganda appropriated funds worth UGX 3,061,325,448 to undertake the construction of Namboko Seed Secondary School in Namisindwa District.

On 25th October 2022, Namisindwa District Local Government entered into a contract with African Construction Technicians and Constructors (U) Ltd for construction of Namboko Seed Secondary School at UGX 3,061,325,448. 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.

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 and recommendations:

1. **Failure to retain fees as per the contractual terms.** The Entity did not retain any funds from the Interim Payment Certificates, which was inconsistent with GCC 48.1 under the special conditions of the contract. The clause expressly stipulated that ‘The proportion of payments retained is 5% of the value of works done. Failure to retain fees as per the contractual terms implied the Entity lacked the necessary leverage to ensure that in the event of defects, they would be promptly addressed by the contractor.
2. **Delayed project completion.** The project experienced significant delays beyond its contractual deadline of 25th October 2024. At the time of physical verification on 6th March 2025, most construction activities were complete, yet key components remained unfinished. These included the sports field, science laboratory installations such as piping and cabin fittings, and site levelling. As a result, beneficiaries were unable to access and utilize the facilities as intended. However, following audit intervention, notable progress was achieved: the sports field was finalized, the science laboratory fittings were installed, and site levelling was successfully completed.
3. **Failure by the Contract Management Team to issue a change order to the contractor.** The contract, signed on 25th October 2022, was set to run for 24 calendar months, with completion expected by 25th October 2024. However, during physical verification conducted on 6th March 2025, work was still on ongoing yet no extension of the contract period was done to accommodate the pending works, contrary to Regulations 53 (1) (d) of the PPDA Contracts Regulations 2023.

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

1. The Accounting Officer should:
 - i) Task the contract management team to show cause why disciplinary action should not be instituted against them for failing to enforce GCC 48.1 under the special conditions of contract, which required the retention of 5% of the value of the works executed; and

- ii) Strengthen contracts management in the Entity and prevail over Contract Managers and Supervisors to execute their roles diligently such as ensuring that all the contract obligations are completed before the expiry of the contract in accordance with Regulation 52 (3) of PPDA (Contracts) Regulations, 2023.
2. The Contract Manager or contract management team should:
- i) In subsequent procurement contracts recommend for termination where a contractor is not fulfilling their contractual obligations as per the contractual agreements in accordance with Regulation 56 (1) of the PPDA (Contracts) Regulations, 2023; and
 - ii) In future issue a change order requiring the contractor to make changes in the time of performance or duration of the contract in accordance with Regulation 53 (1) (d) of the PPDA (Contracts) Regulations, 2023.

CHAPTER 1: INTRODUCTION

1.1 Contract summary

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

Table 1: Contract Summary-Construction of Namboko Seed Secondary school

Entity	Namisindwa District Local Government																										
Contract Title	Construction of Namboko Seed Secondary School in Namisindwa District Local Government																										
Name of contractor	African Construction Technicians and Constructors (U) Ltd																										
Type of contract	Lumpsum Contract																										
Original contract value	UGX 3,061,325,448 VAT Inclusive																										
Contract signature date	25 th October 2022																										
Contract duration	24 calendar months from the start date																										
Site possession date	After site hand over																										
Commencement order date	26 th October 2022																										
Original contract end date	26 th October 2024																										
Defects Liability period	6 Months																										
Contract outputs/deliverables	<table border="1"> <thead> <tr> <th>S/N</th> <th>Works Description</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>2 Classroom blocks (3)</td> </tr> <tr> <td>2.</td> <td>2 Unit Science laboratory block</td> </tr> <tr> <td>3.</td> <td>Administration block</td> </tr> <tr> <td>4</td> <td>2 -unit teachers' houses (3)</td> </tr> <tr> <td>5.</td> <td>2 stance lined VIP latrine block for Administration block</td> </tr> <tr> <td>6.</td> <td>2 stance lined VIP latrine block for teachers' house</td> </tr> <tr> <td>7.</td> <td>5 stance lined VIP latrine for Boys</td> </tr> <tr> <td>8.</td> <td>5 stance lined VIP latrine for Girls</td> </tr> <tr> <td>9.</td> <td>ICT – Library block</td> </tr> <tr> <td>10.</td> <td>Multi-purpose hall</td> </tr> <tr> <td>11.</td> <td>Sports field</td> </tr> </tbody> </table>			S/N	Works Description	1.	2 Classroom blocks (3)	2.	2 Unit Science laboratory block	3.	Administration block	4	2 -unit teachers' houses (3)	5.	2 stance lined VIP latrine block for Administration block	6.	2 stance lined VIP latrine block for teachers' house	7.	5 stance lined VIP latrine for Boys	8.	5 stance lined VIP latrine for Girls	9.	ICT – Library block	10.	Multi-purpose hall	11.	Sports field
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Securities submitted by the contractor	<table border="1"> <thead> <tr> <th>Security</th> <th>Amount (UGX)</th> <th>Validity period</th> </tr> </thead> <tbody> <tr> <td>Advance Payment Guarantee (30%)</td> <td>918,397,634</td> <td>29th November 2024</td> </tr> <tr> <td>Performance security (10% of contract price)</td> <td>306,132,545</td> <td>31st March 2023</td> </tr> </tbody> </table>			Security	Amount (UGX)	Validity period	Advance Payment Guarantee (30%)	918,397,634	29 th November 2024	Performance security (10% of contract price)	306,132,545	31 st March 2023															
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Project Manager	Musau Ken Michael-Ag. District Engineer																										

Project Management Team	Appointed on 13th October 2021		
	1.	Ms. Namutosi Sophie Kuloba	Ag. District Education Officer
	2.	Mr. Wabweni Andrew	District Community Officer
	3.	Ms. Watsemba Sarah	Environment Officer
	4.	Mr. Mukelule Robert Tululukha	Ag. District Engineer
	5.	Ms. Namuwenga Mibola Phionah	Ag. Labour Officer

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 Namisindwa DLG and African Construction Technicians and Constructors (U) Limited; and
7. The circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer (UGIFT) program dated 16th 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 Namisindwa District Local Government (the Entity) and African Construction Technicians and Constructors (U) Ltd Limited (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 Namboko Seed Secondary School in Namisindwa District.

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's management and the contractor.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

2.1 PROGRESS OF THE WORKS

The Authority conducted physical verification of the project on 6th March 2025 to ascertain the time, physical and financial progress of works as shown below in tables 2,3 and 4 respectively;

i. Time Progress

The Authority observed that the Entity signed a contract with African Construction Technicians and Constructors (U) Ltd on 25th October 2022 with site handover on 25th October 2022 and a contract completion period of 24 calendar months expiring on 25th October 2024. However, at the time of physical verification on 6th March 2025, the following was observed. The project was behind schedule with 116% time spent as shown in Table 2 below yet works were not fully complete

Table 2 Time Progress as at 6th March 2025

Contract Start Date	25 th October 2022
Original Contract End Date	25 th October 2024
Measurement Date for works	6 th March 2025
Contract Period (Months)	24 calendar months
Time Lapse (Months)	28 calendar months
Time Progress	116%

ii. Financial Progress

Table 4 below shows the financial progress of the project that was determined by analyzing the cumulative amount of money paid out to the contractor visa vis the contract amount sum. The financial performance was 91.7% worth UGX 2,808,285,191.

Table 3: Financial Progress as at 6th March 2025

Contract Amount	3,061,325,448		
Payments Made	Voucher No.	Voucher date	Amount
	4725432	4 th April 2023	612,265,089
	5868544	15 th June 2023	291,594,000
	5868544	15 th June 2023	612,265,090
	6425628	28 th June 2023	260,212,663
	6425628	28 th June 2023	269,683,259
	14404985	16 th September 2024	612,265,090
	16772996	16 th January 2025	150,000,000
			2,808,285,191
Total Payments as at review by the Authority	2,808,285,191		
Financial Progress	91.7%		

Note: The Authority noted that the contractor had been paid a total of UGX 2,808,285,191 which was equivalent to 91.7% of the contract sum and was not equivalent to the works done at the time with physical progress of 97%.

iii. Physical Progress

Pending works included, external works including site clearance and the sports field whose work had not been started despite the Entity having secured land. Table 4 below shows the physical progress of the project at 97% as at 6th March 2025.

Table 4: Physical Progress as 6th March 2025


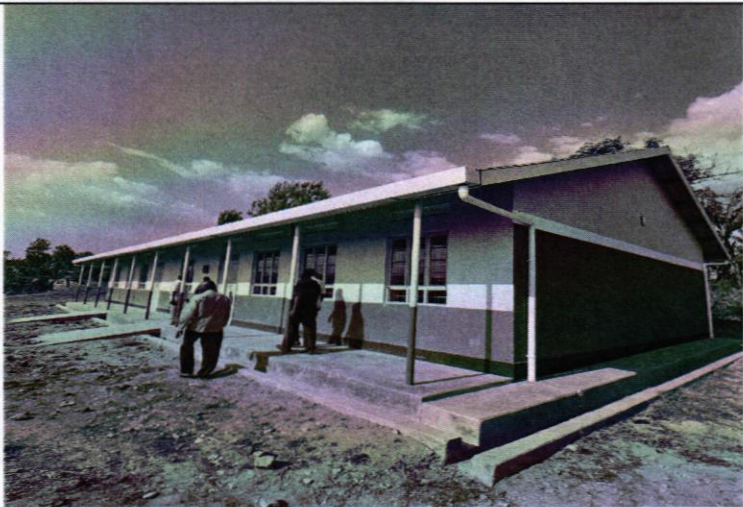
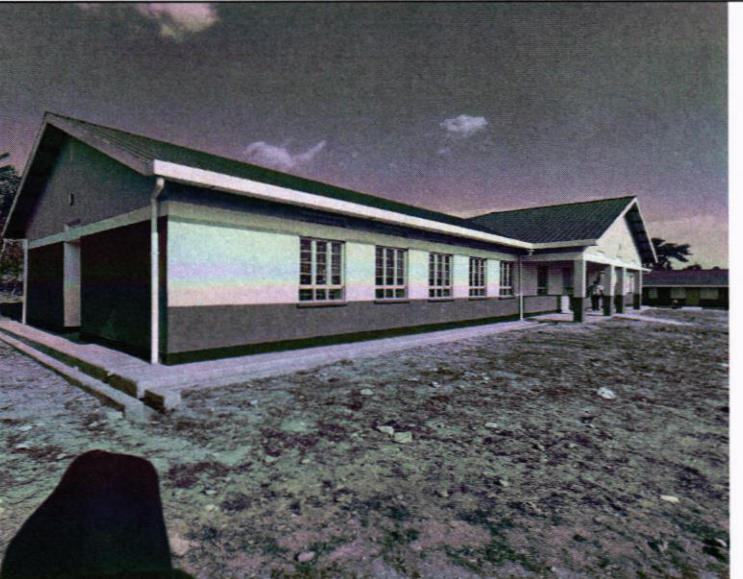
Contract Amount	UGX 3,061,325,448										
Value of Pending works as at 6th March 2025. (3% of the total contract value)	<table border="1"><thead><tr><th>Item</th><th>Value</th></tr></thead><tbody><tr><td>Site levelling</td><td>10,950,000</td></tr><tr><td>External works</td><td>20,749,000</td></tr><tr><td>Sports field</td><td>50,000,000</td></tr><tr><td>Total</td><td>81,699,000</td></tr></tbody></table>	Item	Value	Site levelling	10,950,000	External works	20,749,000	Sports field	50,000,000	Total	81,699,000
	Item	Value									
	Site levelling	10,950,000									
	External works	20,749,000									
	Sports field	50,000,000									
Total	81,699,000										
Physical Progress	97%										




Note: The physical progress at the time of audit was at 97%. Pending works were valued at UGX 81,699,000 which accounted for 3% of works that were pending as indicated in table 4 above.

Physical verification pictures

Physical verification of the project was carried out by the Authority on 6th March, 2025 and the actual progress of the works is shown in table 5 below;

Table 5: Physical verification pictures as at 6th March 2025

Item	Photo evidence
Three 2-unit Classroom blocks	
2-Unit Science laboratory block	
Administration block	

<p>2-unit teachers houses</p>	
<p>2-stance VIP latrine block for administration</p>	
<p>5 stance VIP latrine for boys</p>	

5 stance VIP latrine for girls



ICT library block






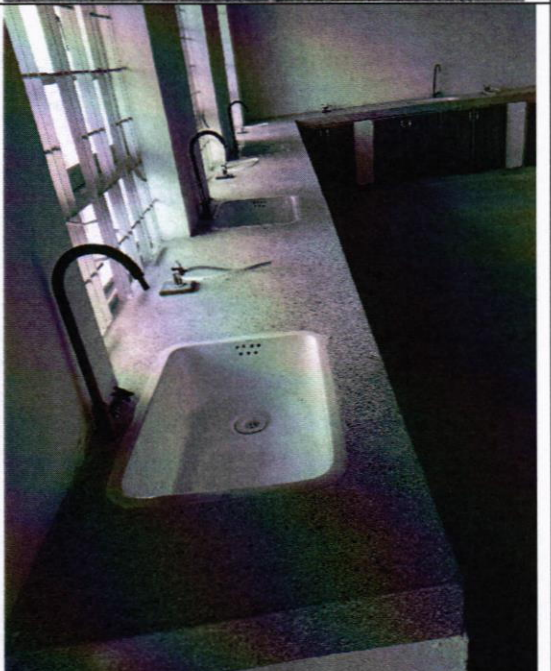
Multipurpose hall



Sports field



Photographic evidence of works which were pending completion at the time of physical verification but have since been completed following the audit

Item	Before	After
Sports field		
2-Unit Science laboratory block Installation of cabins and piping works		

2.2 EFFECTIVENESS OF THE QUALITY, TIME AND COST CONTROLS

2.2.1 Failure to retain fees as per the contractual terms

The Authority noted that the Entity did not retain any funds from the Interim Payment Certificates, which was inconsistent with GCC 48.1 under the special conditions of the contract. This clause expressly stipulates that ‘The proportion of payments retained is 5% of the value of works done.’ Table 6 highlights the IPCs for which the required retention was not applied.

Table 6: IPCs for which retention was not applied

IPC	Date	Amount	Amount that should have been retained
IPC 1	7 th March 2023	713,749,531	35,687,477
IPC 2	24 th April 2023	260,212,663	13,010,633
IPC 3	30 th April 2024	612,265,090	30,613,255
IPC 4	9 th September 2024	230,000,000	11,500,000
		1,816,227,284	90,811,365

Note:

This is the total of Interim Payment Certificates that were submitted by the contractor. This total differs from that of the payment vouchers (in Table 3) which were reviewed during audit.

Implication

By failing to retain UGX 90,811,365, the Entity lacked the necessary leverage to ensure that in the event of defects, they would be promptly addressed by the contractor.

Management response

The Entity charged the retention fees of 5% of the contract sum which is UGX. 153,066,272 to be paid after the defects liability period. However, the Entity appreciates the observation above of charging per payment.

Authority's response

The Authority has noted the Entity's response; however, no evidence was adduced to show retention of fees worth UGX 153,066,272.

Recommendations

The Accounting Officer should:

- i. Task the contract management team to show cause why disciplinary action should not be instituted against them for failing to enforce GCC 48.1 under the special conditions of contract, which required the retention of 5% of the value of the works executed.
- ii. In subsequent procurements, retention fees should be secured by the Entity and only be paid to the contractor after expiry of the defects liability period.

2.2.2 Delay in project completion

The contract was signed on 25th October 2022 with a contract duration of 24 months as per GCC 17.1 of the special conditions of contract. Despite the contract's completion date slated for 22nd October 2024, at the time of physical verification on 6th March 2025, the works were still pending completion; such as the play-ground which had not been worked on, all the laboratory works were incomplete and the compound had not yet been levelled.

Implication

Delay in contract implementation denies the intended beneficiaries the value they would have derived from the usage of the facilities within the building. It might also attract unnecessary costs from the contractor pertaining to price adjustments due to changes in product prices.

Management response

The field delayed to be worked on due to delay in formalization of the land documents for the playground which has now been done in Annex D, the laboratory works have been completed as shown in Annex E, and the compound has been leveled in Annex F. The project at the time of verification was still under defects liability period but the issues observed have been rectified.

Authority's response

The Authority acknowledges the Entity's response. However, it should be noted that the contractual duration within which works were to be completed had expired on 26th October 2024, much as the works were completed during the defects liability period which is contrary to Regulation 52(1) (b) of the PPDA Contracts Regulations 2023.

Recommendations

- The Accounting Officer should strengthen contracts management in the Entity and prevail over Contract Managers and Supervisors to execute their roles diligently in accordance with Regulation 52 (3) of PPDA (Contracts) Regulations, 2023.
- The Contract Manager or contract management team should recommend for termination where a contractor is not fulfilling their contractual obligation as per the contractual agreements in accordance with Regulation 56 (1) of the PPDA (Contracts) Regulations, 2023.

2.2.3 Failure by contract Management Team to issue a change order to the contractor

The contract, signed on 25th October 2022, was set to run for 24 calendar months, with completion expected by 25th October 2024. However, during the physical verification conducted on 6th March 2025, work was still in progress despite no formal extension of the contract period to accommodate the pending works. Additionally, the Contract Management Team had not issued a change order in accordance with Regulation 56 (1) of the PPDA (Contracts) Regulations, 2023, which would have required the contractor to adjust the contract's performance timeline.

Implications

- i. Changes without a formal change order can cause delays in project timelines and are a source of potential litigation between the Entity and the contractor.
- ii. Failure to issue change orders may lead to implementation of expired contracts where adjustments in contractual timelines are not formally communicated, monitored and tracked.

Management response

There was no requirement for change order since the project was within the stipulated timeline but the entity appreciates the observation for subsequent project implementation.

Authority's response

The Authority has noted the Entity's response, however, while the Entity asserts that a change order was unnecessary due to the project being within the stipulated timeline, contract document review indicated that the contract had expired on 26th October 2024 without any evidence of contract extension. At the time of physical verification on 6th March 2025, works were still ongoing yet no change order had been issued extending the contractual duration

beyond 26th October 2025. The Authority urges the Entity to ensure that future projects reflect accurate and timely documentation of any changes to scope or schedule.


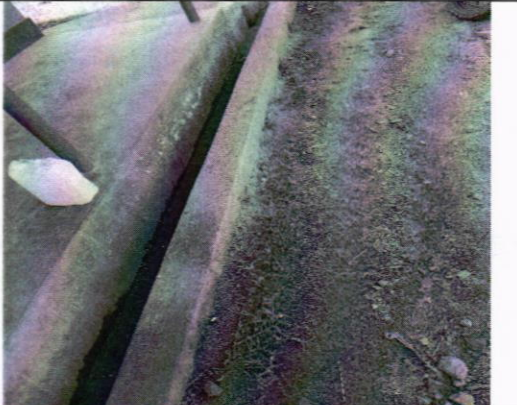
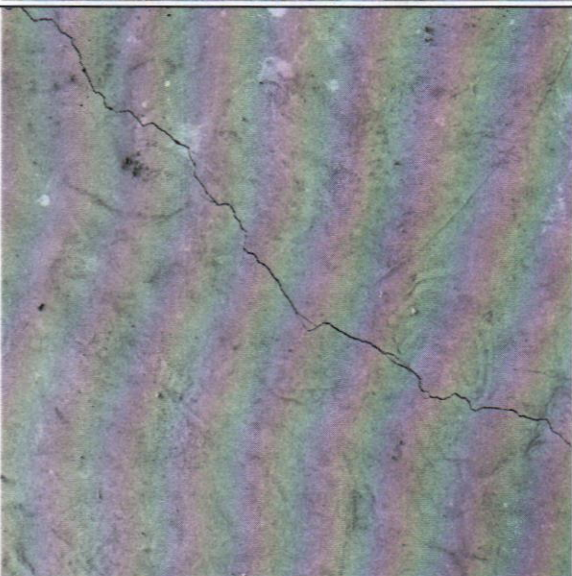

Recommendation

The contract Management team should in the future issue a change order requiring the contractor to make changes in the time of performance or duration of the contract in accordance with Regulation 53 (1) (d) of the PPDA (Contracts) Regulations, 2023.

2.2.4 Low quality works

The Authority had identified issues during physical verification conducted on 6th March 2025, these were subsequently addressed by the Entity as highlighted in Table 7.

Table 7: Defects which were rectified by the Entity after issuance of the Management Letter

Item	Before	After
Structural design issues; the drainage channel was below the ground		
Cracked floor in one of the classroom blocks		

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

The Authority observed that there were no clearly defined environmental, health and safety protocols in the contract, such as properly cordoning off the construction site which was a matter of concern, especially considering the potential risks posed to workers, site visitors, and the surrounding community, contrary to section 66 of the PPDA Act, Cap.205. The Authority encouraged the Entity to ensure that essential safety measures are explicitly captured in future contract documentation.

CHAPTER 3: CONCLUSION

As of the physical verification conducted on 6th March 2025, the project time progress was recorded at 116%, indicating that the contractual timeline had been exceeded by 16%. Despite the time overrun, the physical progress stood at 97%, signifying that the majority of construction activities had been executed, with only minor works outstanding. The financial progress stood at 91.7%, suggesting that payments disbursed were slightly lagging behind the physical execution of the project.

During the verification exercise, the Authority identified instances of substandard workmanship, which included cracked flooring in one of the classroom blocks and cracks in the support pillars of the staff outdoor kitchen. These defects posed risks to structural integrity and safety of the buildings. However, following the audit exercise, the Entity took corrective measures, and the identified structural deficiencies were subsequently remedied, thereby restoring acceptable construction standards and ensuring usability of the affected structures.

Following the audit exercise, the Entity undertook the completion of outstanding components of the project which were identified during physical verification: construction of the sports field, whose construction had not began, completion of piping works and installation of cabins in the science laboratory, which are essential for functionality and safety during practical lessons, and site levelling, contributing to proper drainage and aesthetic presentation of the school.