

**CONTRACT AUDIT REPORT INTO FOR THE CONSTRUCTION OF LOROO SEED
SECONDARY SCHOOL IN AMUDAT DISTRICT UNDER UGIFT PROGRAM**

CONTRACTOR: ALDER CONSTRUCTION LTD

PROCUREMENT REF: MOES-UGIFT/WRKS/21-22/00003-Lot 22

MARCH 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. 3,175,038,440 to undertake the construction of Loro Seed secondary school in Amudat 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 12th August 2022, Amudat District Local Government entered into a contract with Sanitation Africa Ltd for the construction of Loro Seed Secondary school at a cost of UGX. 3,175,038,440 with the intended completion date on 29th February 2024 with contract extensions that took place from 29th February 2024 to 30th May 2024 & from 30th May 2024 to 30th December 2024. and a defects liability period of 180 days.

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

The Authority found that:

1. Delayed commencement of works: The Authority noted that whereas the site handover to the Contractor by the District took place on 6th September 2022, the monthly progress reports for January, February, and March 2023 that were reviewed and other site meeting minutes indicated that the contractor commenced works on 15th February 2023 thus a delay of five months by the contractor to start works which led to delayed service delivery to the intended beneficiaries contrary to Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006;
2. Delayed completion of works by the contractor: The Authority observed that whereas the contract signed between the Entity and the contractor indicated that the original contractual completion period was 18 months with an intended completion date of 29th February 2024, the contract had been extended three times, 29th February to 30th May 2024, 30th May to 30th December 2024 and 30th December 2024 to 30th June 2025. Works were at 85% physical progress against 166.6 %-time progress which has delayed service delivery to the intended beneficiaries.
3. Failure to keep log of the site safety risks and welfare concerns of the contractor’s personnel. The contractor’s Coordinator in-charge of Environmental Social & Health Standards (ESHS) requirements failed to keep records such as evidence of a site incident or accidents register & periodic grievances register among others which compromised the safety and social welfare of workers on site contrary to Section 66 of the PPDA Act, Cap 205.

Audit Conclusion

In summary, the audit findings by the Authority indicate that the contractor has not fully adhered to their contractual obligations such as ensuring to complete the works within contractual time, and failure to adhere to the Environmental, Social, and Health Standards (ESHS) requirements.

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 Always ensure that sites are immediately handed over to the contractor after contract signing and that contractors should follow their mobilisation schedule in the contract to deploy workers, technical staff, equipment and materials in time to avoid delayed commencement of work.
 - ii Prevail upon the contract management teams to always ensure that the contractors meet their contractual obligations in accordance with Regulation 52(3)(a) (i) of the PPDA (Contracts) Regulations 2023.
 - iii Ensure that the contract management team obtains a revised work schedule from the contractor on how the remaining works will be executed to logical completion. Furthermore, the contracts management team should do regular and thorough monitoring and increase site visits so that timely interventions for the entity and the contractor to meet their obligations in accordance with Regulations 52 (1) and (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.
 - iv Always ensure that the District Environmental Officer, Community Development Officer together with the entire Contract Management Team prevail over the contractor to comply and enforce ESHS issues such as regularly assessing the site ESHS risks by having regular site visits and promptly report any incidents of accidents or grievance harm incurred by personnel on site and recommend remedial actions to be undertaken by the contractor 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 Lorro Seed Secondary School

Contract Title	Construction of Loroo Seed Secondary School
Reference Number	Moes-UgIFT/WRKS/21-22/00003-Lot 22
Contract Sum	UGX. 3,175,038,440
Contract Scope	<ol style="list-style-type: none">1. Preliminaries-UGX. 49,100,0002. Site levelling works -UGX. 5,620,0003. Three 2-classroom blocks-UGX. 521,412,4134. One 2-Unit Science Laboratory Block-UGX. 341,341,8385. One Administration Block-UGX. 183,510,7506. Three 2-Unit Teachers House-UGX. 531,535,8007. Three 2-Unit Teachers Kitchen-UGX. 125,530,8758. One 2-Stance Lined VIP Latrine at Administration Block-UGX. 19,224,0009. Three Two-Stance Lined VIP Latrine Block for Teachers House-UGX. 70,906,50010. One Five Stance Lined VIP Latrine Block for Boys-UGX. 37,366,50011. One Five Stance Lined VIP Latrine Block for Girls-UGX. 35,946,50012. External works -UGX. 47,670,00013. One rain water harvest system with 5000 litres-UGX. 6,693,00014. One ICT library Block-UGX. 382,521,70015. One Multipurpose Hall-UGX. 278,151,05016. One sports field-UGX. 50,000,000
Contract Signing date	12 th August 2022
Site hand over date	6 th September 2022
Original contract completion date	29 th February 2024 (18 months)
Defects Liability period	12 months
Contract Extensions	From 29 th February 2024 to 30 th May 2024 ,30 th May 2024 to 30 th December 2024 and 30 th December to 30 th June 2025

Name of Contractor	Alder Construction Ltd
Method of procurement	Open National Bidding
Type of Contract	Lumpsum
Amount Paid as at 24 th February 2025	UGX. 2,532,140,741
Contract supervisor of works	Mr. Martine Opio -District Engineer
Project Manager	Mr. Anthony Lam Lawot-District Education Officer
Clerk of works	Ms. Esther Aleper
Progress as at 24 th February 2025	Physical progress: 85% Financial: 79.8% Time: 166.6%

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 bidding document issued to bidders;
5. The signed contract between Amudat District Local Government and Alder Construction Ltd and;
6. 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 Amudat District Local Government (the Entity) and Alder Construction 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 Loroo 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
- 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

2.1 ASSESSMENT OF THE PROGRESS OF WORKS

2.1.1 Progress of works.

The Authority conducted a contract audit in to the procurement for construction of Looro Seed Secondary School and established the progress of the contract as per the details below.

Table 2: Time Progress as at 24th February 2025

Contract Start Date	6 th September 2022
Original Contract End Date	Initial original contract end date was on 29 th February 2024.
Contract Extension No. 1	3 months up to 30 th May 2024
Contract Extension No. 2	7 Months up to 30 th December 2024.
Contract Extension No. 3	6 Months 30 th December 2024 to 30 th June 2025
Measurement Date for works	11 th December 2024
Contract Period (Months)	18 months
Time Lapse (Months)	30 months
Time Progress	166.6%

The project was behind schedule with 166.6% time spent as shown in Table 2 above yet works were incomplete. The Authority noted that the contract had been extended for another 6 months effective 30th December 2024 to allow for logical completion of works by the contractor by 30th June 2025.

PHYSICAL PROGRESS

Table 3 below shows the physical progress of the project at 85% as at 24th February 2025 with most of the super structures at finishing and painting stage except for certain structures such as the staff houses that had been roofed and not yet fitted with windows and doors and not painted, the staff house kitchens were at walling stage while the boys and girl's stance pit latrines were at slab level, and the football pitch had not yet been done.

Table 3: Physical Progress as at 24th February 2025

Contract Amount	3,175,038,440
Measured / Valued works as at 24th February 2025	2,698,782,674
Physical Progress	85%

Other pending works included electrical installations, plumbing works of the classroom blocks, library, computer laboratory, science laboratory, administration block, teachers 'staff room, and teachers' staff houses, multipurpose hall, installation of water tanks, terracing of the football pitch, and supply of the wood to be used for the students' desks since the iron chairs were already on site.

FINANCIAL PROGRESS

Table 4 below, shows the financial progress of the project that was determined by analysing the cumulative amount of money paid out to the contractor as visa vis the contract amount sum. The financial performance was 79.8% worth UGX. 2,532,140,741. Details are shown in Table 4 below:

Table 4: Financial Progress as at 24th February 2025

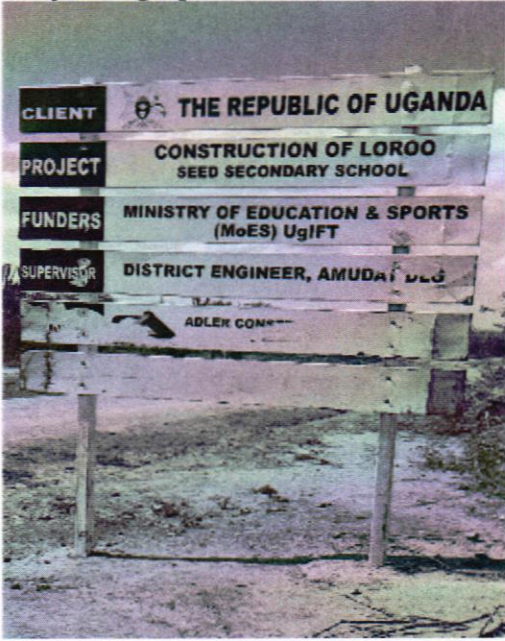
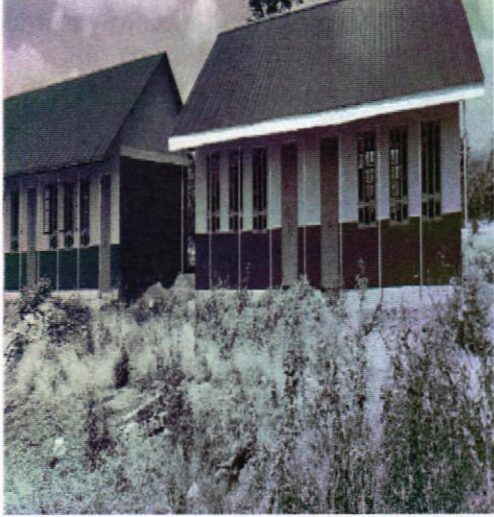
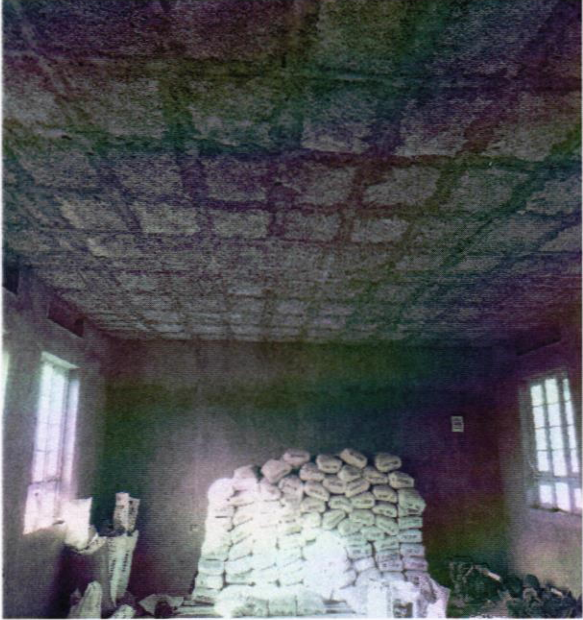

Contract Amount	3,175,038,440
Payments Made	<ul style="list-style-type: none"> ▪ Total paid is UGX. 2,532,140,741 as per the breakdown below; ▪ Interim Payment Certificate No. 1 dated 16th June 2023 -UGX. 600,000,000. ▪ EFT Payment (No.5171047) dated 27th June 2023 -UGX. 635,007,698 ▪ EFT Payment (No,5970066) dated 9th June 2023 UGX. 484,987,122. ▪ EFT Payment (No. 10432037) dated 2nd July 2024 UGX. 569,766,921 ▪ EFT Payment (No. 13843207) dated 14th January 2025 UGX. 242,379,000
Advance Payment	600,000,000
IPC 1	
Total Payments as at review by the Authority	UGX. 2,532,140,741
Financial Progress	79.8%

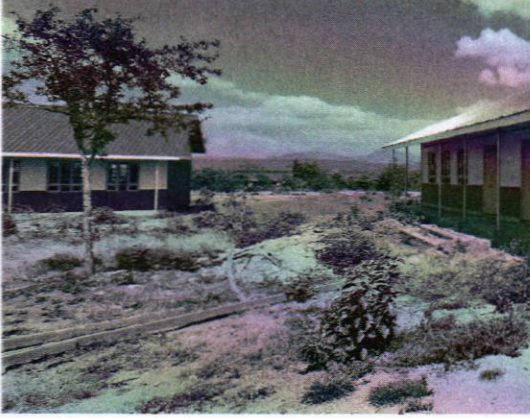
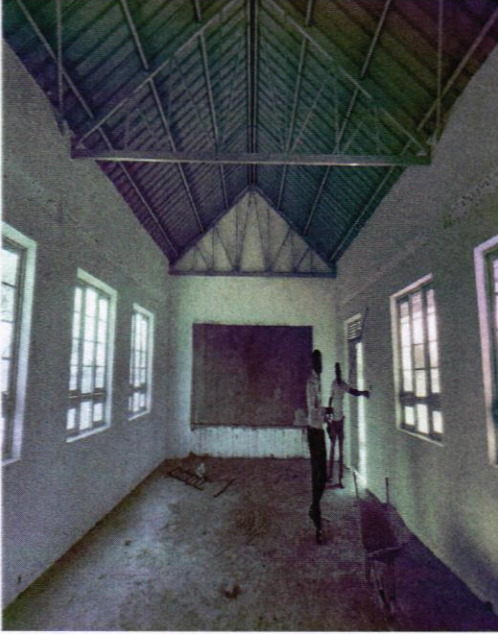



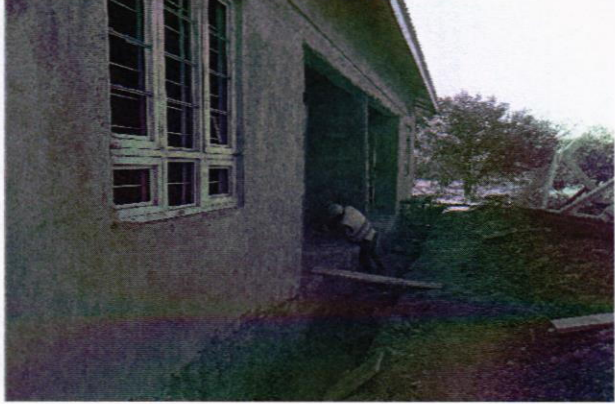
Note: The Authority noted that the contractor had been paid UGX. 2,532,140,741 which was equivalent to 79.8% of the contract sum.

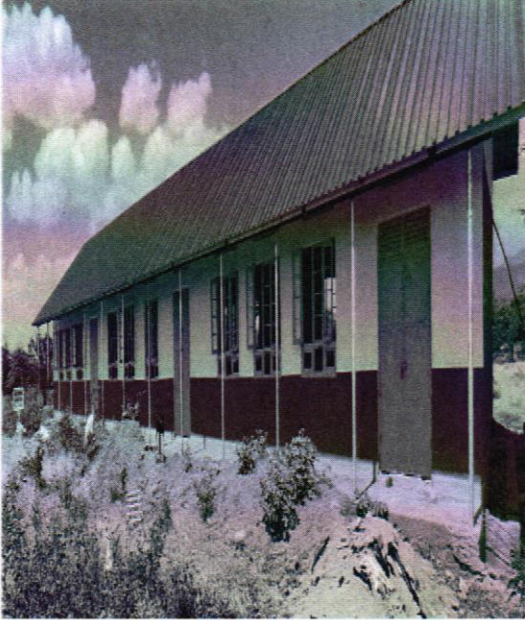
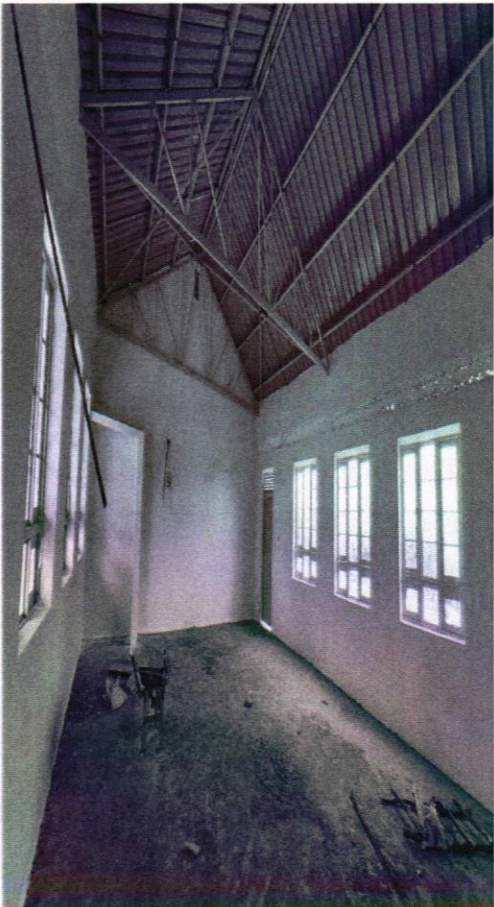

The Authority noted from the entity's response that the contractor had already returned to site and resumed works. Additional works done include ceiling works for Administration block Science Lab, ICT/Library, Classroom blocks and staff houses, VIP latrines have been done up to ring beam level among other works.




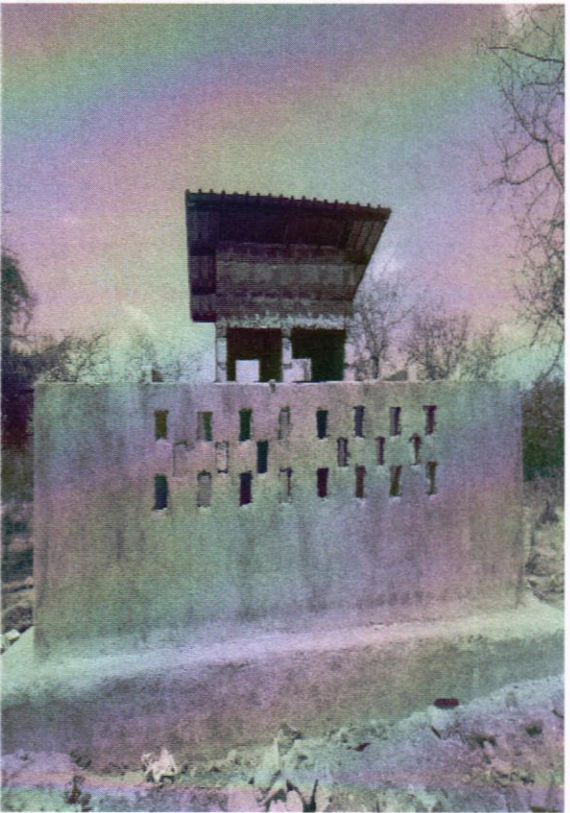

Table 5 below shows the physical progress of the projects at 24th February 2025 in comparison to the status as at 11th December 2024 when the Authority carried out physical verification exercise at the site: -



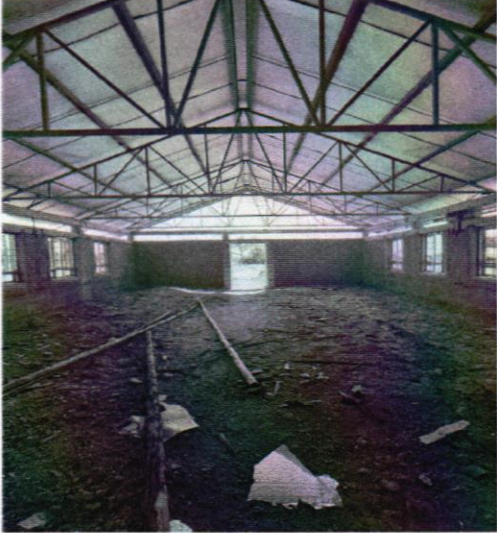

Table 5 shows the physical progress of as at 24th February 2025 Vs 11th December 2024



No	Progress as 11 th December 2024	Progress as at 24 th February 2025
1.	<p data-bbox="290 338 528 371">Project Sign post</p>  <p data-bbox="290 1048 536 1081">Classroom blocks</p> 	<p data-bbox="837 338 1458 371">Ceiling for Admin block ready for plastering</p>  <p data-bbox="837 1608 1342 1641">Ceiling for science lab for plastering</p> 

No	Progress as 11 th December 2024	Progress as at 24 th February 2025
	 <p data-bbox="295 725 719 763">Laboratory and library Blocks</p>  	 <p data-bbox="842 703 1426 741">Ceiling for staff houses ready for plastering</p> <p data-bbox="842 763 1241 801">Three staff houses at finishing</p>  <p data-bbox="842 1375 1410 1413">External finishes on staff houses ongoing</p> 

No	Progress as 11 th December 2024	Progress as at 24 th February 2025
	 	<p data-bbox="837 264 1276 302">Interior view of the staff houses</p>  <p data-bbox="837 918 1356 952">Continued interior of the staff houses</p> 

No	Progress as 11 th December 2024	Progress as at 24 th February 2025
	<p data-bbox="295 264 598 295">Teachers' staff houses</p> 	<p data-bbox="845 264 1444 295">Kitchen ring beam cast ready to receive roofing</p> 
	<p data-bbox="295 869 571 900">Staff House Kitchen</p> 	<p data-bbox="845 900 1289 931">Two 2stance pit latrines ongoing</p> 
	<p data-bbox="295 1348 683 1379">Administration Block works</p> 	

No	Progress as 11 th December 2024	Progress as at 24 th February 2025
	<p data-bbox="296 264 759 331">Five -Stance Latrine for Boys and Girls at slab level below</p>  <p data-bbox="296 779 552 813">Multipurpose Hall</p>   <p data-bbox="296 1783 456 1816">Science Lab</p>	<p data-bbox="844 264 1326 297">Five-stance latrine on-going works</p> 

No	Progress as 11 th December 2024	Progress as at 24 th February 2025
	 <p data-bbox="292 857 542 891">Furniture Frames</p> 	

2.2 EFFECTIVENESS OF THE QUALITY, TIME AND COST CONTROLS

2.2.1 Delayed commencement of works

The Authority noted that whereas the site handover to the Contractor by the District took place on 6th September 2022, the monthly progress reports for January, February, and March 2023 that were reviewed and other site meeting minutes indicated that that the contractor commenced works on 15th February 2023 thus a delay of five months to start works.

Implication

Failure by the contractor to commence works in time causes subsequent delays during contract execution which later delays project completion and service delivery to the intended beneficiaries.

Management Response

Management acknowledged the Authority's observation of the delay to commence works due to the delay by Ministry of Education and Sports to approve and issue the no objection which delayed other procurement processes to commence such as signing of contract agreement that would enable contractor to process the performance securities.

Furthermore, the challenge of hybrid contracting i.e one bidder having many sites of the same works running at the same time could be the reason for the delayed mobilization and commencement of works at the set time.

Authority's comment

The Authority noted the entity response regarding the Ministry of Education and Sports no objections and approvals causing delays to commence works unsatisfactory since the delay was considered after contract signing. The entity should also note that all subsequent UGIFT construction procurements took in to consideration the capacity of the local contractors and the number of lots to be awarded each contractor was reduced to no more than two lots.

Recommendation

The Accounting Officer should;

- i Always ensure that sites are immediately handed over to the contractor after contract signing and that contractors should follow their mobilisations schedule in the contract to deploy workers, technical staff, equipment and materials in time to avoid delayed commencement of work.
- ii Prevail upon the contract management teams to always ensure that the contractors meet their contractual obligations in accordance with Regulation 52(3)(a) (i) of the PPDA (Contracts) Regulations,2023.

2.2.2 Delayed completion of works and abandonment of site by the contractor.

Delayed completion of works by the contractor: The Authority observed that whereas the contract signed between the Entity and the contractor indicated that the original contractual completion period was 18 months with an intended completion date of 29th February 2024, the contract had been extended three time, 29th February to 30th May 2024 ,30th May to 30th December 2024 and 30th December 2024 to 30th June 2025, works were at 85% physical progress against 166.6 % time progress which has delayed service delivery to the intended beneficiaries.

Implication

Delayed works by the contractor results in to delayed service delivery to the intended beneficiaries thus compromising the achievement of value for money.

Management Response

Management acknowledged the Authority's observation and stated that it's true that the contractor was behind schedule but could not be terminated because the remaining works are more of finishes. There is also a fear to compromise the quality of existing works in case of sourcing the new contractor. The limited time remaining to the closure of the UGIFT may not be sufficient enough to engage a new provider.

The contractor is now on site with works now at 85% and there is improvement i.e. final administration block, science lab, ICT lab, classroom blocks and staff houses are on course. The five -stance VIP Latrines are at roofing and walling for the two-stance latrine is ongoing, the ring-beam for the kitchen have been installed ready to roofing.

The contract intended completion period was extended to June 2025 to enable contractor more sufficient time to complete works and correct any defects that might arise.

Authority's Comment

The Authority noted the Entity's response and recommends the following;

Recommendation

The Accounting Officer should ensure that the contract management team obtains a revised work schedule from the contractor on how the remaining works will be executed to logical completion. Furthermore, the contracts management team should do regular and thorough monitoring and increase site visits so that timely interventions for the entity and the contractor to meet their obligations in accordance with Regulations 52 (1) and (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.

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

2.3.1 Non-adherence to Environmental, Social, Health, and Safety (ESHS) safeguards

The Authority noted that the contractor did not adhere to several ESHS provisions and standards as stated in the signed contract. These include but are not limited to: -

(i) Failure to keep documentation of the site safety risks and concerns by the contractor's personnel in charge of ESHS

The contractor had demonstrated the availability of a Health, Safety and Environmental Coordinator who was in charge of the contractor's ESHS strategy. However, during contract implementation, there is no record of evidence that the personnel's concerns were recorded, there was no log of the ESHS risks, accident and incident logs, grievance redress mechanism, and reports on the implementation of the strategy from the contractor.

Implication

Inadequate safety practices can lead to rework, shutdowns, and the allocation of resources to address accidents or incidents that could have been prevented with proper safety measures.

Management response

Management acknowledged the Authority's observation and stated that this has been noted for follow up and emphasis by the concerned personnel and the contractor has been instructed to take issues concerning ESHS with immediate effect.

Authority's Comment

The Authority noted the Entity's response however there was no record of evidence to substantiate the Entity's response hence the query was maintained for the Entity's compliance.

Recommendation

The District Environmental Officer together with the Community Development Officer should regularly assess the site ESHS risks by having regular site visits and promptly report any incidents of accidents or grievance harm incurred by the contractor's personnel on site and recommend remedial actions to be undertaken by the contract in accordance with Section 66 of the PPDA Act, Cap 205.

CHAPTER 3: CONTRACT CLOSURE AND AUDIT CONCLUSION

3.1 Contract Closure and Handover

The Entity's management letter response indicated that the outputs of the contract derived from the contractual obligation of the contractor have not been achieved since the contractor has not completed works and ensured the handover of the facility to the Entity at the time of issuance of this report hence denying service delivery to the intended beneficiaries. The Authority made several recommendations in this report for implementation by the Entity.

3.2 Audit conclusion

In summary, the audit findings by the Authority indicate that the contractor has not fully adhered to their contractual obligations such as ensuring to complete the works within contractual time, and failure to adhere to the Environmental, Social, and Health Standards (ESHS) requirements.