

**REPORT ON THE CONTRACT AUDITS OF THE  
MINISTRY OF TOURISM, WILDLIFE AND ANTIQUITIES**

**SEPTEMBER 2025**

**TABLE OF CONTENTS**

**ACRONYMS** .....ii

**EXECUTIVE SUMMARY** .....iii

**CHAPTER 1: INTRODUCTION**..... 1

**1.1 Background** ..... 1

**1.2 Laws Applicable**..... 2

**1.3 Objectives of the Contract Audits**..... 2

**1.4 Scope of the Contract Audits**..... 2

**1.5 Methodology** ..... 2

**CHAPTER 2: FINDINGS AND RECOMMENDATIONS** .....4

## ACRONYMS

|      |   |  |
|------|---|--|
| BoQs | - | Bills of Quantities  |
| ESHS | - | Environmental, Social, Health and Safety                   |
| FY   | - | Financial Year   |
| GCC  | - | General Conditions of Contract                             |
| GESI | - | Gender Equity and Social Inclusion                         |
| PMT  | - | Project Management Team                                    |
| PPDA | - | Public Procurement and Disposal of Public Assets Authority |
| PPE  | - | Personal Protective Equipment                              |
| SoRs | - | Statements of Requirements                                 |
| UGX  | - | Uganda Shillings   |
| MTWA | - | Ministry of Tourism, Wildlife and Antiquities              |

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted contract audits of seven procurements worth UGX 12,881,894,903 at the Ministry of Tourism, Wildlife and Antiquities as indicated in Table 1 below:

**Table 1: Contract audits carried out**

| S/<br>N | SUBJECT OF PROCUREMENT   | AMOUNT (UGX)   |
|---------|--|----------------|
| 1.      | Construction works at Kitagata Hot Springs Phase II in Sheema District   | 2,851,812,196  |
| 2       | Construction of Kikorongo Equator Point  | 1,608,964,066  |
| 3       | Provision of cadastral survey services for 40 cultural heritage sites  | 929,362,011    |
| 4       | Consultancy services to undertake a resettlement action plan for the source of the Nile  | 2,272,477,040  |
| 5       | Consultancy services to develop a nomination dossier for Nyero and other geometric rock art sites in Lake Victoria region                                      | 299,302,000    |
| 6       | Construction works at Ellena camp Mt. Rwenzori Kasese  | 4,731,059,590  |
| 7       | Repair and refurbishment of two former Presidential vintage motor vehicles used by Presidents Milton Obote and Iddi Amin Dada for display at the Uganda museum | 188,918,000    |
|         | Total  | 12,881,894,903 |

The objectives for undertaking the contract audits were to:

1. Establish the level of achievement of value for money during contract implementation (economy, efficiency and effectiveness); and
2. Assess the overall management of the project in accordance with each party's obligations.

**From the contract audits carried out, the Authority noted the following exceptions:**

1. Delayed completion of contracts: From the seven procurements audited, the Authority noted that only one contract (14%) for the Construction of Kikorongo Equator Point worth UGX 1,608,964,066 had been completed in time, while three contracts worth UGX 3,501,141,051 (43%) namely: Provision of cadastral survey services for 40 cultural heritage sites, Consultancy services to develop a nomination dossier for Nyero and other geometric rock art sites in Lake Victoria region and Consultancy services to undertake a resettlement action plan for the source of the Nile were behind schedule and had already exceeded their respective contract periods.

Three other contracts worth UGX 7,771,789,786 (43%) namely: Construction works at Kitagata Hot Springs Phase II in Sheema District, Construction works at Ellena camp Mt. Rwenzori Kasese and the Repair and refurbishment of two former Presidential vintage motor vehicles used by Presidents Milton Obote and Iddi Amin Dada for display at the Uganda museum were completed beyond the intended completion date. The reasons for these delays included financial constraints faced by contractors, inclement weather, delayed contract commencement and contention on land ownership.

2. Changes in project scope: The audit noted that out of the seven contracts reviewed, there were changes in the project scope of two contracts (28.6%) worth UGX 4,460,776,262. The reasons for the project scope included design reviews carried out to accommodate emerging needs at the site for Kitagata Hot springs Phase II and change in the monument materials from concrete to mirror stainless steel to increase visibility in the case of the construction of Kikorongo Equator Point. Changes in project scope is an indicator of inadequate needs assessment during project design, which exposes the Entity to the risk of project cost over runs and delays.
3. Delayed payment to service providers: Whereas GCC 43.1 of the Special Conditions of the Contract for the Repair and refurbishment of two former Presidential vintage motor vehicles used by Presidents Milton Obote and Iddi Amin Dada for display at the Uganda museum items worth UGX 188,918,000 prescribed a payment period of 60 days, the audit noted that the Entity delayed to make two payments to the service provider (Ko-Hoshiko Services Ltd) arising from invoices 1 and 2 worth UGX 94,900,000 and UGX 96,046,814 respectively. Delayed payments tie up service providers' capital and may result into the Entity becoming undesirable to bidders resulting into low bidder participation in procurement processes for the Entity.
4. Failure to submit a performance security by Tama Tama Limited: Contrary to GCC 61.1 of the Special Conditions of the Contract for the construction of Kikorongo Equator Point worth UGX 1,608,964,066 which required the contractor to submit a performance security worth 5% (UGX 80,448,203) of the contract price, the Authority noted that the contractor, Tama Tama Limited did not submit a performance security. Failure to obtain performance securities from contractors exposes the Entity to the risk of non-performance or poor performance of contracts. The Entity may also not get remedy in the event of non-performance by contractors.

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

1. The Entity should ensure that the ongoing contracts are expedited and completed by the consultants and contractors. Similarly, the Contract Managers should identify and remove all the obstacles delaying the consultancy progress, and going forward ensure strict adherence to the contract period in accordance with Regulations 52(1)(a)(b), and 52(3)(a) of the PPDA (Contracts) Regulations, 2023.
2. The Accounting Officer should ensure that in future a comprehensive project design and needs assessment is undertaken on projects prior to initiation of the procurement processes as provided for under Regulation 3 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services Regulations, 2023).
3. The Accounting Officer should ensure that in future, service providers are promptly paid within the days stipulated in the Special Conditions of the Contract and Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.
4. Contract Managers should ensure that performance securities are obtained from bidders in line with Regulations 11 and 52 (3)(a) of the PPDA (Contracts) Regulations 2023.

## CHAPTER 1: INTRODUCTION

### 1.1 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted contract audits of seven procurements worth UGX 12,881,894,903 at the Ministry of Tourism, Wildlife and Antiquities.

#### **A. Construction works at Kitagata Hot Springs Phase II in Sheema District**

On 19<sup>th</sup> May 2023, the Ministry of Tourism, Wildlife and Antiquities entered into a contract with Strucon Limited for construction works at Kitagata Hot Springs Phase II in Sheema District at UGX 2,851,812,196 (VAT inclusive). The scope of construction works included excavation, demolitions and construction of the administration block/ staff house, shops, public toilet, health club administration, health club spa, restaurant and gym and external works. The contract was to be completed by 19<sup>th</sup> November 2024 (18 months).

#### **B. Construction of Kikorongo Equator Point**

On 29<sup>th</sup> May 2023, the Ministry of Tourism, Wildlife and Antiquities entered into a contract with Tama Tama Limited for the construction of Kikorongo Equator Point at UGX 1,608,964,066. The scope included site clearance, paving and drainage works, storm water channel drainage, installation of bollards, construction of monuments, balustrade works, construction of steps, access drive ways and parking, retaining wall and stands, finishes, landscaping and electrical installations with the intended completion date being 29<sup>th</sup> November 2024 (18 months from the date of contract signing).

#### **C. Provision of cadastral survey services for 40 cultural heritage sites**

On 14<sup>th</sup> March 2022, the Ministry of Tourism, Wildlife and Antiquities entered into a contract with Alvin & Partners Ltd for the provision of cadastral survey services for 40 cultural heritage sites at UGX 929,362,011 for a period one of year and 10 months from the commencement date. The survey services commenced on 14<sup>th</sup> March 2022 and were supposed to be completed by 14<sup>th</sup> January 2024.

#### **D. Consultancy services to undertake a resettlement action plan for the source of the Nile**

On 19<sup>th</sup> May 2023, the Ministry of Tourism, Wildlife and Antiquities entered into a contract with Strategic Friends International for the provision of consultancy services to undertake a resettlement action plan for the source of the Nile worth UGX 2,272,477,040 for a period 18 months from the commencement date. The services commenced on 22<sup>nd</sup> May 2023 and were supposed to be completed by 20<sup>th</sup> November 2024.

#### **E. Consultancy services to develop a nomination dossier for Nyero and other geometric rock art sites in Lake Victoria region**

The Ministry of Tourism, Wildlife and Antiquities entered into a contract with Celes International Limited on 11<sup>th</sup> August 2023 for the provision of consultancy services to develop a nomination dossier for Nyero and other geometric rock art sites in Lake Victoria region at a contract value of UGX 299,302,000 for a period of 3 months the completion date was 11<sup>th</sup> November 2023.

#### **F. Construction works at Ellena Camp Mt. Rwenzori Kasese**

On 13<sup>th</sup> January 2023, the Ministry of Tourism, Wildlife and Antiquities entered into a contract with Muhindo John and Friends Limited Finite for construction works at Ellena Camp at Mt. Rwenzori Kasese at UGX 4,731,059,590. The works consisted of construction

of tourist dining and kitchen space; tourist dormitory, self-contained tourism rooms, a porter's dining and kitchen, a porter's dormitory, rescue and first aid block, toilets and showers, camp path ways, electricity and water supply installations with the intended contract completion dated being 13<sup>th</sup> July 2024 (18 months from the date of contract signing).

**G. Repair and refurbishment of two former Presidential vintage motor vehicles used by presidents Milton Obote and Iddi Amin Dada for display at the Uganda Museum**

On 5<sup>th</sup> June 2023, the Ministry of Tourism, Wildlife and Antiquities entered into a contract with Ko-Hoshiko Services Ltd for the repair service for museum items at UGX 188,918,000. Specifically, the contract was for the repair and refurbishment of two former Presidential vintage motor vehicles used by Presidents Milton Obote and Iddi Amin Dada for display at Uganda museum. This repair and refurbishment was to be completed by 5<sup>th</sup> August 2023 (2 months after contract signing).

**1.2 Laws Applicable**

The Authority made reference to the following laws, regulations and guidelines during the contract audit.

- i. The Public Procurement and Disposal of Public Assets Act, Cap 2025; and
- ii. The Public Procurement and Disposal of Public Assets Regulations, 2014.

**1.3 Objectives of the Contract Audits**

The overall objective of the contract audits was to assess the status of contract implementation of the seven contracts.

The specific objectives of the contract audits were to:

- i. Establish the level of achievement of value for money during contract implementation (economy, efficiency and effectiveness); and
- ii. Assess the overall management of the project in accordance with each party's obligations.

**1.4 Scope of the Contract Audits**

The contract audits covered the review of the procurement action and contract management files for the seven sampled contracts at the Ministry of Tourism, Wildlife and Antiquities and any other correspondences related to the contract.

**1.5 Methodology**

The Authority adopted the following methodology during the contract audits:

- i. Request and review of documentation in the procurement action and the contract management files including:
  - a) Original issued bidding documents and original submitted bids of the contractor;
  - b) Signed contracts and contract management plans;
  - c) Contract monthly progress reports and contract program updates;
  - d) Contract variations/amendments and change orders, where applicable;
  - e) Contracts Committee decisions on contract proceedings; and
  - f) Payment records and related contract correspondences.
- ii. Physical verification of the site.
- iii. Debriefing the Entity's management on the preliminary findings from the contract audit.
- iv. Issuing a management letter to the Entity for an official management response.

- v. Reporting on findings from the contract audits and providing recommendations where applicable.

## CHAPTER 2: FINDINGS AND RECOMMENDATIONS

This section presents the findings arising from the contract audits based on the objectives of the exercise.

### 2.1 Achievement of value for money during contract implementation (Time, Quality and Cost)

#### 2.2 Delayed completion of contracts

From the seven procurements audited, the Authority noted that only one contract for the Construction of Kikorongo Equator Point (14%) worth UGX 1,608,964,066 had been completed in time, while three contracts namely : Provision of cadastral survey services for 40 cultural heritage sites, Consultancy services to develop a nomination dossier for Nyero and other geometric rock art sites in Lake Victoria region, Consultancy services to undertake a resettlement action plan for the source of the Nile worth UGX 3,501,141,051 were behind schedule and had already exceeded their respective contract periods, while three contracts namely: (43%) worth UGX 7,771,789,786 were completed beyond the intended completion date as indicated below:

#### i) Provision of cadastral survey services for 40 cultural heritage sites worth UGX 929,362,011

Whereas the consultant was supposed to have completed the deed plans, titles and the final report on the 40 sites by 14<sup>th</sup> January 2024, the audit noted that the consultant had not submitted any deliverable i.e deed plan or title as at the time of the audit in June 2025, causing general delays of a year and five months. The delay was attributed to issues pertaining to land ownership by the Kingdoms, which dragged project implementation.

##### Management response

*Management takes note of the slow execution of the non-consultancy services. The delays are attributed to some of the land being owned by the Kingdoms, whose procedures are taking longer than anticipated to clear the land titles. An MoU has been signed between the Ministry and Buganda Kingdom and this will help the provider to expedite processing of the titles.*

*However, a comprehensive report dated June 2025 indicating progress on the execution is now available.*

#### ii) Consultancy services to develop a nomination dossier for Nyero and other geometric rock art sites in Lake Victoria region worth UGX 299,302,000

Whereas the final nomination dossier should have been submitted by the consultant by 15<sup>th</sup> December 2023, the audit noted that the final deliverable (final nomination dossier) had not yet been submitted by the time of the audit in June 2025, causing a delay of one year and 10 months. The consultant had so far submitted the draft nomination dossier in May 2025, which document was under review by the Entity. The delay was attributed to the fact that the exercise was delayed by Tanzania which delayed to sign a Memorandum of Understanding with Uganda and Kenya, who are jointly implementing this exercise.

##### Management response

*The delay in completion of the consultancy service to develop the nomination dossier for Nyero and other geometric rock art sites in Lake Victoria region was due to the fact that this exercise was implemented by three different key stakeholders, namely Uganda, Kenya and Tanzania. The three countries were to sign an MoU and appoint country focal point persons to coordinate the execute and implement activities as agreed in the September 23, 2023 meeting in Riyad*

Saudi Arabia. Whereas, Uganda and Kenya signed the MOU in 2022 and 2021 respectively, the counter part, Tanzania delayed to sign the MOU and to appoint Focal Point Person. Therefore, the process couldn't proceed without Tanzania's participation.

The Ministry had to seek further guidance from Ministry of Foreign Affairs to intervein and enable expedite the process of developing the nomination dossier with partner East African states. All the partner states signed the MoU and the nomination dossier drafted and final document submitted in May 2025. Copies of the requisite documentation are available

**iii) Consultancy services to undertake a resettlement action plan for the source of the Nile worth UGX 2,272,477,040**

Whereas GCC 18.1 of the Special Conditions of the Contract provided a completion date of 20<sup>th</sup> November 2024 (18 months from the date of contract signature), the audit noted that the Resettlement Action Plan study report for phase 1 was submitted on 15<sup>th</sup> April 2025. At the time of the audit in June 2025, the consultant had not yet submitted phase 2 deliverables (inception report, registration of land acquired and titling of land in the names of ULC, resettlement and compensation management report, interim report and End of RAP implementation report), six months after the intended completion date. The delay was attributed to the delayed approval of the compensation rates by the District Local Governments of Jinja and surrounding areas and delay in approval of the valuation methodology and reports by the office of the Chief Government Valuer.

**Management response**

The Ministry of Tourism, Wildlife and Antiquities (MTWA) contracted a competent consultancy firm (Strategic Friends International) to undertake the Resettlement Action Plan (RAP) at the Source of the Nile in Jinja as a pre-requisite for acquiring land to facilitate strategic tourism infrastructure development in line with the country's Vision 2040 and National Development Plan IV.

**Justification for the Delays:**

The Ministry acknowledges the delay in the completion of the RAP and wishes to clarify that these delays were primarily occasioned by factors beyond the direct control of the consultant nor the Ministry. Specifically, the delays were caused by the following factors:

- a) Delays in Securing Approved Compensation Rates from the District Local Governments.
- b) The RAP process required officially endorsed district compensation rates to guide the valuation of affected persons' properties. The districts of Jinja and surrounding areas took longer than expected to finalize, verify, and approve the applicable compensation rates, resulting in delays in progressing with accurate and fair valuation.
- c) Delays in Review and Approval of the Valuation Methodology and Valuation Reports: In compliance with national guidelines, all valuation reports and methodologies must be reviewed and approved by the Office of the Chief Government Valuer (CGV). The CGV's office faced internal capacity constraints and a backlog of similar submissions from various MDAs and projects, which led to extended timelines in processing approvals for the Source of the Nile RAP.

*The above bottlenecks, while administrative in nature, were necessary to ensure legal compliance, transparency, and fairness in the resettlement process, particularly regarding compensation.*

*Measures taken by the Ministry to Expedite the RAP Process:*

*Despite the external constraints, the Ministry took several proactive steps to mitigate further delays and keep the process on track:*

- a) The contract was extended to take into consideration the above issues.*
- b) Engagement and Follow-up with District Officials: The Ministry engaged with the Jinja District Local Government leadership through formal correspondence and physical meetings to fast-track approval of district compensation rates. This included follow-up visits and technical assistance where needed.*
- c) Close Coordination with the Office of the Chief Government Valuer: Officers from the Ministry were assigned to closely follow up and provide any additional technical information required to expedite the CGV's review.*
- d) Inter-Agency Coordination: An internal project coordination team was instituted to streamline communication between the Ministry, the consultant, the district, and the CGV's office.*
- e) Enhanced Reporting and Documentation: The Ministry strengthened internal monitoring and reporting mechanisms to track deliverables, identify process bottlenecks early, and escalate issues to the appropriate authorities.*

*The Ministry is committed to ensure that all tourism development projects, including land acquisition and resettlement processes, are implemented transparently, efficiently, and in accordance with national laws and international best practices. Lessons learned from this delay have informed the Ministry's review of its project execution protocols, and mechanisms have been put in place to avoid similar occurrences in future land-related undertakings.*

**iv) Construction works at Kitagata Hot Springs Phase II in Sheema District worth UGX 2,851,812,196**

Whereas GCC 22.1 of the Special Conditions of the Contract indicated a completion date of 19<sup>th</sup> November 2024 (18 months from the date of contract signing on 19<sup>th</sup> May 2023), the audit noted that the construction works was completed in June 2025, six months after the intended completion date. The delay was attributed to financial constraints faced by the contractor, the prolonged design review from September 2023 to February 2023, inclement weather, delayed commencement of construction works due to delayed advance payment and high turnover of local workers among others.

**Management response**

*Management takes note of the auditor's observation about delayed completion of the project. However, this was due to changes in design review and changes made during project commencement. The design review was done to accommodate emerging needs at the site. This review process delayed the start date for the contractor.*

*Besides, the approval process by Kitagata Town Council took long to be completed because they did not have a physical planner at the time. This therefore, affected progression of the project.*

**v) Construction works at Ellena camp Mt. Rwenzori Kasese worth UGX 4,731,059,590**

Whereas the project was to be concluded by 15<sup>th</sup> July 2024 in accordance with GCC 22.1 of the Special Conditions of the Contract which provided the project completion period of 18 months, the audit noted that the construction works were completed on 9<sup>th</sup> December 2024, thereby causing a delay of six months. This was attributed to the steep terrain that required manual transportation of materials up the mountain by human beings.

**Management response**

*The delayed completion of works of the Ellenna Camp Mt. Rwenzori Kasese was attributed to rainy season which disrupted works and performance at the site because it was hard to access the area and to transport materials due to slippery grounds. However, the Ministry and Contractor made effort to ensure that the construction works for the Project are completed and were officially handed over on 13<sup>th</sup> December, 2024. Completion certificates, defects completion certificates and a detailed completion report are available.*

**vi) Repair and refurbishment of two former presidential vintage motor vehicles used by president Milton Obote and president Iddi Amin Dada for display at the Uganda museum worth UGX 188,918,000**

Whereas the service provider was supposed to complete the repair and refurbishment of the two former presidential vintage motor vehicles by 6<sup>th</sup> August 2023, the audit noted that the repair and refurbishment was concluded on 12<sup>th</sup> March 2025 thereby causing a delay of 19 months beyond the expected completion date. The delay was attributed to the difficulty in obtaining some of the spares for vintage cars.

**Management response**

*The delayed contract completion for the repair and refurbishment of the Vintage Cars was due to the ongoing construction and renovation works at the Uganda Museum that led to the closure of the facility and the cars couldn't be delivered due to lack of space for their safe custody. Therefore, management advised the service provider to delay the delivery and handover of the two vehicles.*

**Implication**

Delay in contract completion denies the intended beneficiaries the value they would have derived from the outcome of the completed contracts.

**Recommendations**

The Authority has noted the management responses; however, the Entity should ensure that the ongoing contracts are expedited and completed by the service providers. Similarly, the Contract Managers should identify and remove all the obstacles delaying the consultancy progress, and going forward ensure strict adherence to the contract period in accordance with Regulations 52(1)(a)(b), and 52(3)(a) of the PPDA (Contracts) Regulations, 2023.

The Entity should in future ensure strict adherence to the contract period in accordance with Regulations 52(1)(a)(b), and 52(3)(a) of the PPDA (Contracts) Regulations, 2023.

### 2.3 Changes in project scope

The audit noted that out of the seven contracts reviewed, there were changes in the project scope of two contracts (28.6%) worth 4,460,776,262 as indicated below:

**i) Construction works at Kitagata Hot Springs Phase II in Sheema District worth UGX 2,851,812,196**

The audit noted that the construction works at Kitagata Hot Springs Phase II were not fully completed as intended in the contract due to a design review which occurred from September 2023 to February 2024, which resulted into the project scope being expanded from the three structures listed in the contract (the gate house, administration block and multipurpose house) to seven blocks namely; the administration block/ staff house, shops, public toilet, health club administration, health club spa, restaurant and gym and external works.

Since the Entity had insufficient funds to carry out the additional works in the revised scope, the Entity restructured, phased and amended the original construction works in the project scope in the contract. Specifically, the contractor was required to build shell houses for all the seven facilities as per the revised scope, with finishing of the same being pushed to another phase of the project.

**Management response**

*Management takes note of the auditor's observation about the design review and changes made during project commencement. However, the design review was done to accommodate emerging needs at the site. That process delayed the start date for the contractor. Besides, the approval process by Kitagata Town Council Took long to be completed because they did not have a physical planner at the time. This therefore, affected progression to the next phase of project.*

**ii) Construction of Kikorongo equator point worth UGX 1,608,964,066**

The audit noted that the Entity changed the monument materials from concrete to mirror polished stainless steel, although this did not result into an increase in the project cost. Whereas the Entity had designed the monument materials to be constructed using concrete, the Entity later changed it to stainless steel during contract implementation. This was attributed to the need to increase visibility, quality, beautification and outlook of the monument.

**Management response**

*The change of project scope and design for Kikorongo Equator Line Point Monument from Concrete to polished stainless steel was aimed at increasing the visibility, quality, beautification, outlook monument and additional benefits from the project. The Ministry was implementing such a project for the first time in the country and therefore, during implementation of the project, new and better ideas were envisaged that required the above changes.*

The change in the project scope was done in consultation with the Engineers from the Department of Public Structures in the Ministry of Works and Transport, and this component was cleared and approved accordingly.

The change in the design and material did not increase the project cost and therefore, value for money was achieved through carrying extensive cost benefit analysis.

As for insurance covers and performance security documents, management shall always ensure that contract managers get such documentation from contractors in time as per the special conditions of the contracts.

**Implication**

Changes in project scope is a sign of inadequate needs assessment at project design and exposes the Entity to the risk of project cost over runs and delays during project implementation.

**Recommendation**

The Authority has noted the Entity’s response, however; the Accounting Officer should ensure that in future, a comprehensive project design and needs assessment is undertaken on projects prior to initiation of the procurement process as provided for under Regulation 3 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services Regulations, 2023).

**3.0 Overall management of projects in accordance with each party’s obligations**

**Obligations of the Entity**

**3.1 Delayed payment to the contractors**

Whereas GCC 43.1 of the Special Conditions of the Contract for the repair and service of museum items worth UGX 188,918,000 prescribed a payment period of 60 days, the audit noted that the Entity delayed to make two payments to the service provider (Ko-Hoshiko Services Ltd) arising from Invoices 1 and 2 worth UGX 94,900,000 and UGX 96,046,814 respectively as indicated in Table 2 below:

**Table 2: Delays in payment**

| S/N | Invoice | Amount (UGX) | Date Requested              | Date Paid                    | Remarks   |
|-----|---------|--------------|-----------------------------|------------------------------|---|
| 1.  | One     | 94,900,000   | 15 <sup>th</sup> June 2023  | 9 <sup>th</sup> January 2024 | Whereas UGX 55,386,412 was paid on time on 3 <sup>rd</sup> July 2023, the balance of UGX 39,900,000 was paid 7 months later on 9 <sup>th</sup> January 2024 |
| 2.  | Two     | 96,046,814   | 29 <sup>th</sup> April 2024 | Unpaid                       | Delay of 14 months  |

**Implication**

Delayed payment of service providers ties up their capital and may make the Entity become undesirable to bidders, resulting into low bidder participation in procurement processes for the Entity.

### **Management response**

*Management takes note of the Auditors observations about the delayed payment of contractors. However, going forward, management shall ensure that contract managers follow-up with contractors' and ensure that their payments are submitted and paid in time.*

### **Recommendation**

The Accounting Officer should ensure that service providers are promptly paid within the days stipulated in the Special Conditions of the Contract and Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

### **Obligations of the contractor**

#### **3.2 Failure to submit a performance security by Tama Tama Limited**

Contrary to GCC 61.1 of the Special Conditions of the Contract for the construction of Kikorongo equator point worth UGX 1,608,964,066 which required the contractor to submit a performance security worth 5% (UGX 80,448,203) of the contract price, the Authority noted that the contractor, Tama Tama Limited did not submit a performance security. There was no evidence availed to this effect.

### **Implication**

Failure to obtain a performance security from a contractor exposes the Entity to the risk of non/poor performance of contracts. The Entity may also not get remedy in the event of non-performance by the contractor.

### **Management response**

*Management takes noted of the auditor's observation above. However, the contractor, Tama Tama Limited submitted the performance security to the Ministry and the issue was addressed. Going forward, management shall ensure that contract managers follow-up with contractors' requisite documents are submitted in time.*

*The Ministry recently organised a training workshop for contract managers and all staff involved in the procurement process to address such issues affecting effective contract managers. Management is also planning to organise a smiler workshop for its service providers to ensure that such issues are resolved.*

### **Recommendation**

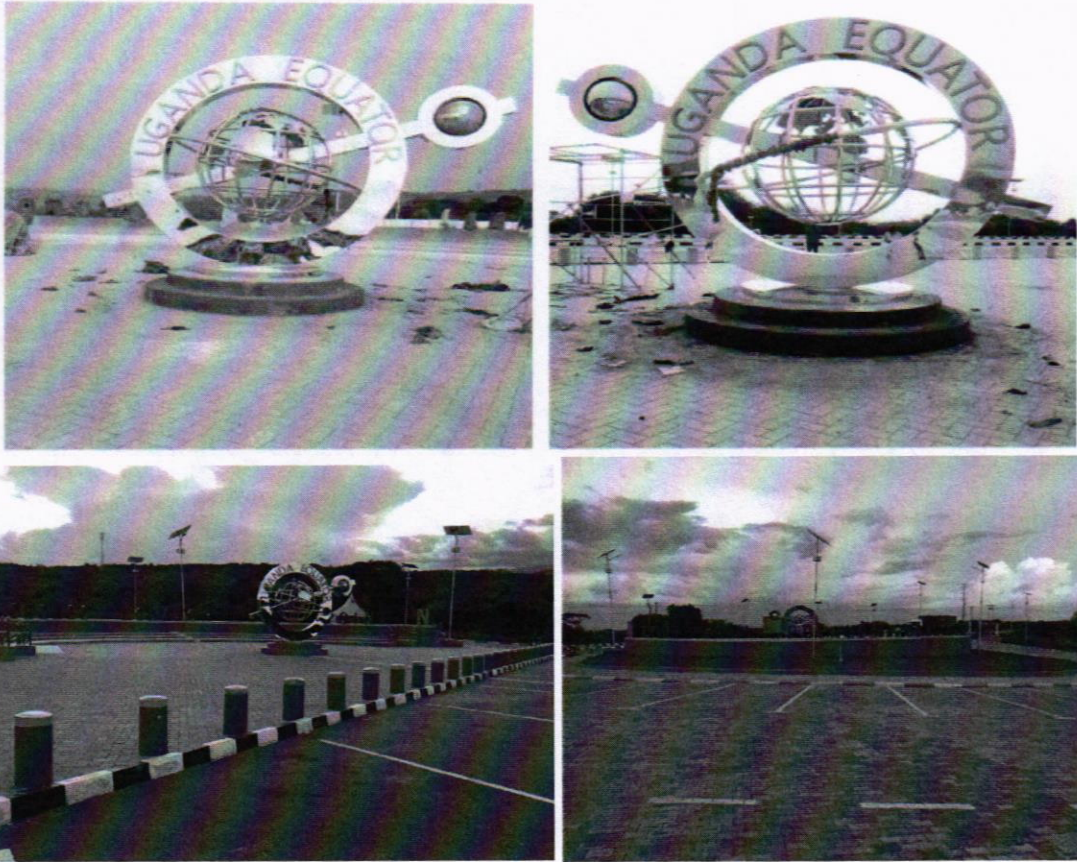
The Authority has noted the Entity's response, however there was no evidence attached indicating that the performance security was submitted by the contractor.

Contract Managers should ensure that performance securities are obtained from bidders in line with Regulations 11 and 52 (3)(a) of the PPDA (Contracts) Regulations 2023.

**A. Pictures showing the completed construction works at Kitagata**



**B. Pictures showing the completed monument at Kikorongo Equator Point**



**C. Pictures of Ellena camp on Mt. Rwenzori**



