



**CONTRACT AUDIT REPORT INTO THE CONSTRUCTION OF ST. PETER'S
SEED SECONDARY SCHOOL- ALIBA**

CONTRACTOR: DESERT BREEZE HOTEL LIMITED

APRIL 2026

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ACRONYMS

ESHS:	Environmental, Safety, Health and Social Safeguard
UgIFT:	Uganda Intergovernmental Fiscal Transfer
PPDA:	Public Procurement and Disposal of Public Assets
VAT:	Value Added Tax
UGX:	Uganda Shillings
BoQs:	Bills of Quantities

EXECUTIVE SUMMARY

On 17th August 2022, Arua District Local Government entered into a contract with Desert Breeze Hotel Ltd. for the construction of St. Peter's Seed Secondary School -Aliba at a cost of UGX. 3,269,175,000 with an intended completion period of 24 months.

In line with Section 8 (1) (j) (ii) of the PPDA Act, Cap. 205 the Public Procurement and Disposal of Public Assets Authority conducted a contract audit into the construction of construction of St. Peter's Seed Secondary School -Aliba in Arua District with an overall objective of assessing the status of contract implementation with emphasis on verification that all parties to the contract complied with the requirements and standards set forth in the contract and the provisions of the PPDA Law and UgIFT Guidelines.

The following key exceptions were noted:

1. Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023 mandates a Contract Manager to ascertain that all the contracts' obligations are completed before expiry of the contract. During the audit, the Authority conducted the site visit on 12th December 2025 and noted that the site was abandoned and the works were incomplete despite a two-time extension of the contract's original intended completion date. The physical progress of the project was at 85% against the time progress of 167%. This was due to weak contract management and enforcement mechanism which delayed service delivery to the public/communities where the facility is being constructed;
2. SCC (GCC 61.1) of the signed contract stated that *'the contractor shall, within 21 calendar days of signing the contract, provide a Performance Security and Environmental and Social (ES) Performance Security for compliance with the contractor's ESHS obligations for the due performance of the contract'*. The Authority, however, found that, the contractor Desert Breeze Hotel Ltd delayed and submitted the Performance Security and Environmental and Social, Securities on 23rd September 2022 instead of the contractual date of 7th September 2022, creating a delay of 16 days. This was due to weak contract management and enforcement mechanism. This was a breach of SCC (GCC 61.1) of the signed contract;
3. Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023 requires a Contract Manager to ascertain that all the contract obligations are completed before the expiry of the contract. The Authority however found that the contract expired on 30th June 2025 and the Entity did not put in any effort to have the contract extended before it expired yet the works are not yet completed. This is attributed to weak contract management and an expired contract is void and the terms and conditions are no longer enforceable;
4. Regulation 47 (4) of the PPDA (Contracts) Regulations, 2023 states that the validity period for a payment security for procurement for works shall be for three to six months after the final expected date. The Authority, however, found that Desert Breeze Hotel Limited submitted securities which expired on 22nd September 2024 before completion of the works. The Entity has no recourse for non-performance of the contract by the contractor;
5. Regulations 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023 provides that a Contract Manager should ascertain that the provider meets all the performance or delivery obligations in accordance with the terms and conditions of the contract. The Authority, however, found that some works were largely, poorly executed due to inadequate supervision by the Project Manager and contract management team.

This affects the durability of the structures and achievement of value for money from the project by the Government of Uganda;

6. SCC (GCC 18.1) of the signed contract states that: "The minimum cover for insurance for personal injury or death insurance workers as per statute (Workman's Compensation Act, Cap 225)." The Authority, however, found that the contractor, Desert Breeze Hotel Limited, did not submit a Workman's Compensation Policy which was a mandatory requirement. This was due to inadequate contract monitoring. There is a risk that injured workers may not get medical care and compensation for a portion of the income they lose while they are unable to return to work; and
7. The PS/ST Circular dated 26th May 2020 on contract management and safeguard requirements under UgIFT required all Local Government Accounting Officers to take into account Environmental, Social, Health and Safety concerns on all ongoing and forthcoming projects under the UgIFT Programme in Health, Education, Water and Agriculture Sectors. The Authority during the site inspection carried out on 12th December 2025, found that the contractor, Desert Breeze Hotel Limited, breached some of the ESHS requirements such as lack of first aid box, uncovered manholes, lack of safety signs such as warning tapes on uncovered pits and failure to hoard the site. This was due to inadequate involvement of Environment Officers during contract monitoring. This puts the health, safety and security of the workers, community is at a risk of being compromised.

In light of the above findings, the Authority recommends the following measures:

1. The Accounting Officer should:
 - i. Ascertain that, where a contract requires a Performance Security and an Environmental and Social Performance Security, it is submitted in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023;
 - ii. Task the District Engineer (Project Manager) to value;
 - The pending works and identify another firm to ensure successful completion of the project and be able to deliver the service to the intended beneficiaries; and
 - The works done by Desert Breeze Hotel Limited against the payments made to ensure that the contractor's payments are equal to the physical progress of the works.
 - iii. Task the Contract Manager to show cause why disciplinary action should not be taken against him for failure to task the contractor, Desert Breeze Hotel Limited, to renew the securities before their expiry;
 - iv. Always task the Project Manager to closely supervise the contractor to ensure that all performance and delivery obligations are met by the contractor as outlined in the terms and conditions of the contract, in accordance with Regulations 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023; and
 - v. In future procurements where a contract provides for the submission of insurance cover task the contractor should be tasked to submit an insurance cover for workers (Workman's Compensation Act, Cap 225) in accordance with SCC (GCC18.1) of the standard bidding document and the contract.
2. The Project Manager should:
 - i. Closely monitor the project implementation and ensure that the contractor meets all the performance/delivery obligations in accordance with the terms and conditions of the

- contract as required under Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023;
- ii. Always monitor contracts and in case need arises for contract extension, the Entity should expedite the process and obtain all the necessary approvals to extend the contract prior to its expiry;
 - iii. Always monitor the validity of the Performance Security and ES Performance Security submitted by a contractor for the period in accordance with Clause 61.4 of the General Conditions of Contract;
 - i) Ascertain that the Advance Payment Security remains valid until all the advance monies paid to the contractor are recovered from the subsequent interim payments made to a contractor in accordance with Regulation 43 (5) of the PPDA (Contracts) Regulations, 2023; and
 - ii) Always direct the contractor to prepare Environment and Social Management Plan (ESMP) and implement it in accordance with GCC 29 of the contract.

CHAPTER 1: INTRODUCTION

1.1 Background

The Government of Uganda received a loan from the World Bank to fund the Uganda Intergovernmental Fiscal Transfer (UgIFT) Program for the construction of Seed Secondary Schools in selected districts in Uganda. Arua District Local Government was one of the beneficiaries in the FY 2021-2022.

On 17th August 2022, Arua District Local Government entered into a contract with Desert Breeze Hotel Ltd. for the construction of St. Peter's Seed Secondary School -Aliba at a cost of UGX. 3,269,175,000 with an intended completion period of 24 months.

In line with Section 8 (1) (j) (ii) of the PPDA Act, Cap. 205 the Public Procurement and Disposal of Public Assets Authority conducted a contract audit into the construction of St. Peter's Seed Secondary School -Aliba in Arua District with an overall objective of assessing the status of contract implementation with emphasis on verification that all parties to the contract complied with the requirements and standards set forth in the contract and the provisions of the PPDA Law and UgIFT Guidelines.

Table 1 below shows the contract summary for the construction of St. Peter's Seed Secondary School -Aliba in Arua District

Table 1: Contract Summary for the construction of St. Peter's Seed Secondary School-Aliba in Arua District.

Contract Title	Construction of St. Peter's Seed Secondary School- Aliba, Arua District			
Contract Scope	DESCRIPTION	QTY	UNIT RATE (UGX)	AMOUNT (UGX)
	Preliminaries	1	33,150,000	33,150,000
	Site Levelling Works	1	216,800,000	216,800,000
	2-Classroom Block	3	192,785,000	578,355,000
	2-Unit Science Laboratory Block	1	313,651,500	313,651,500
	Administration Block	1	206,846,000	206,846,000
	2-Unit Teachers House	3	191,387,000	574,161,000
	2-Unit Teachers Kitchen	3	47,554,000	142,662,000
	2-Stance Lined Vip Latrine Block - Administration Block	1	23,150,000	23,150,000
	2-Stance Lined Vip Latrine Block For - Teachers' House	3	29,759,000	89,277,000
	5-Stance Lined Vip Latrine Block-Boys	1	46,367,500	46,367,500
	5-Stance Lined Vip Latrine Block-Girls	1	46,649,000	46,649,000
	External Works	1	121,350,000	121,350,000
	Rain Water Harvest System With 5000l Water Tank	1	5,231,000	5,231,000
	Ict-Library Block	1	468,513,000	468,513,000
	Multi-Purpose Hall	1	353,012,000	353,012,000

	Sports Field	1	50,000,000	50,000,000
	Sub-Total			3,269,175,000
	Add: VAT 18%			Inclusive
	Total Amount			3,269,175,000
Name of Contractor	Desert Breeze Hotel Ltd			
Method of procurement	Open Bidding			
Type of Contract	Lump sum Contract			
Contract Price (UGX)	3,269,175,000			
Contract signing date	17 th August 2022			
Commencement date as per contract	17 th August 2022			
Actual commencement date as per commencement letter	17 th August 2022			
End date as per contract	17 th August 2024 (24 calendar months from start date, 17 th August 2022)			
Project Management Team	<ol style="list-style-type: none"> 1. Mr. Henry Wadri- Ag. District Education Officer- Contract Manager 2. Eng. William Tiyo Odaa - Ag. District Engineer- Project Manager 3. Mr. Hannington Adroonzi- Environment Officer- Member 4. Mr. Edward Endraa - Community Development Officer- Member 5. Mr. Stephen Enguma- Labour Officer- Member 6. Mr. Geoffrey Apangu -Engineering Assistant - Clerk of Works 			
Progress as of December 2025	Physical progress – 85% Financial progress – 71.5% Time progress – 167%			

1.2 Objective of the audit

The overall objective of the contract audit was to assess the status of contract implementation with emphasis on verification that all parties to the contracts had complied with the requirements and standards set forth in the contract and the provisions of the PPDA laws and UgIFT guidelines.

The specific objectives of the contract audit were to assess:

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

1.3 Scope of the audit exercise

The audit covered the contract implementation and management for the construction of St. Peter's Seed Secondary School -Aliba in Arua District.

1.4 Audit methodology

The Authority adopted the following methodology:

Between 12th and 14th November 2025, one Senior Officer-Performance Monitoring and one Officer-Performance Monitoring conducted the audit exercise under the supervision of the Regional Manager. During the exercise, the Officers reviewed the signed contract, contract implementation records and any correspondences related to the matter and physical verification of the project site to obtain relevant and sufficient evidence to derive the audit conclusions.

The PPDA Officers met with the staff from the Procurement and Disposal Unit, Contracts Committee, Internal Audit and User Departments where necessary, to obtain crucial qualitative information about the internal control system and processes in place.

Following completion of the field work, the PPDA Officers debriefed the Accounting Officer on 14th November 2025. The Management Letter was issued on 10th February 2026, to which the Entity responded on 6th March 2026. This report details the findings and recommendations arising from the audit exercise.

1.5 Limitation of scope

The contract audit was undertaken by auditors who did not have professional competence in engineering and building construction hence could not give an opinion on the technical quality of the works undertaken. However, the overall responsibility of the quality of works lies with Arua District Local Government's management and the Contractor, Desert Breeze Hotel Ltd

1.6 Legal documents applicable

The applicable laws and legal framework were:

- i. The Public Procurement and Disposal of Public Assets Act, Cap. 205;
- ii. The PPDA (Contracts) Regulations, 2023;
- iii. The bidding document issued to bidders;
- iv. The signed contract between Arua District Local Government and Desert Breeze Hotel Ltd and;
- v. The Circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer (UgIFT) program dated 16th March 2021.


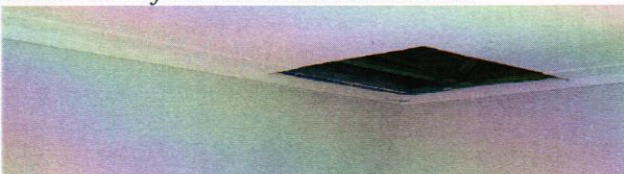
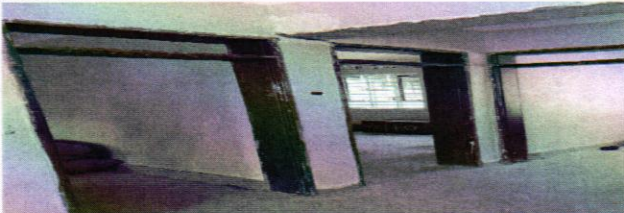
CHAPTER 2: FINDINGS AND RECOMMENDATIONS







2.1 PROGRESS OF THE WORKS WITH REGARD TO THE EFFECTIVENESS OF TIME, QUALITY AND COST CONTROLS OF WORKS UNDERTAKEN




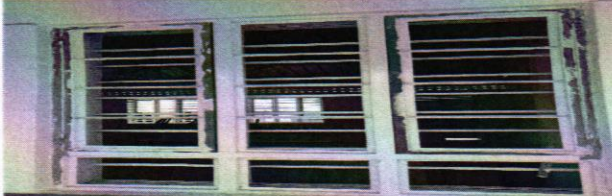


2.1.1 Abandoned site with no workforce and equipment (incomplete works)





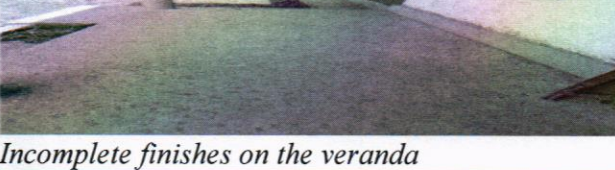

Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023 mandates a Contract Manager to ascertain that all the contracts' obligations are completed before expiry of the contract. During the audit, the Authority conducted the site visit on 12th December 2025 and noted that the works were incomplete at an estimated physical progress of 85% against time progress of 167% and a financial progress of 71.5%. This was due to weak contract management and enforcement mechanism. The physical progress of the project was as detailed in Table 2 below:



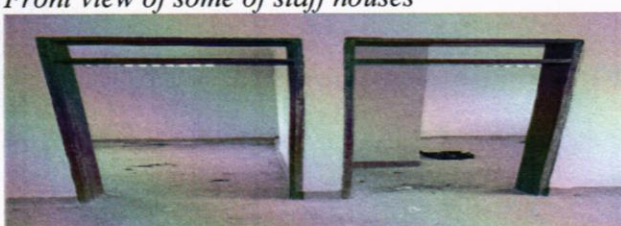

Table 2: Physical Progress as at 12th December 2025


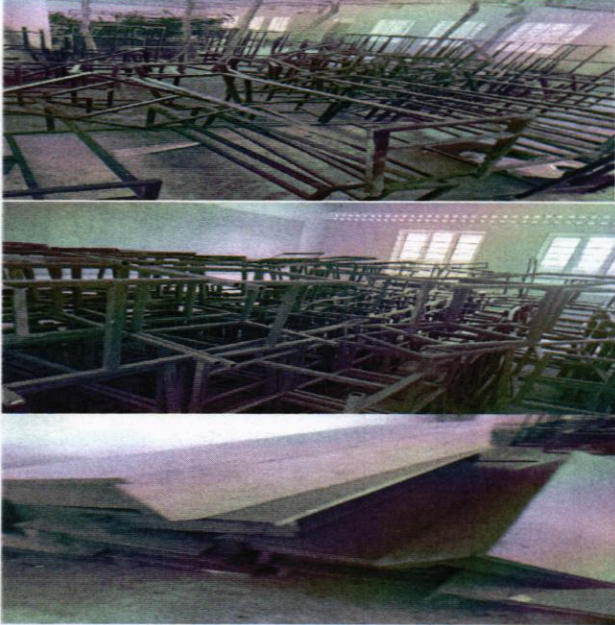
Item Description	Status of the works	Pictorial evidence
Administration block	Pending works; <ul style="list-style-type: none"> • Ceiling cover. • Electricity installations and connection. • Paining. • Office doors. 	 <p><i>Front view of the Administration Block</i></p>  <p><i>Ceiling covers not yet fixed inside the Administration Block</i></p>  <p><i>Interior doors not yet fixed in the Administration Block</i></p>

Item Description	Status of the works	Pictorial evidence
2-Unit Science Laboratory Block	Pending works; <ul style="list-style-type: none"> • Incomplete plastering. • Laboratory sinks not yet installed. • Wash hand basins- not yet installed. • Painting. • Floor finishes. • Un painted windows. • Window glasses. • Incomplete electric installations • Incomplete plumbing works. • Incomplete veranda • Incomplete worktops. • Electrical installations 	 <p><i>Side view of 2-unit Science Laboratory Block</i></p>  <p><i>Unfinished back view of the science block</i></p>  <p><i>Incomplete floor</i></p>  <p><i>Incomplete floor finishes and painting</i></p>  <p><i>Incomplete hand wash basins</i></p>  <p><i>Incomplete plumbing</i></p>

Item Description	Status of the works	Pictorial evidence
		 <p data-bbox="772 479 1385 512"><i>Interior doors not yet fixed</i></p>
<p data-bbox="272 521 445 584">Classroom Blocks</p>	<p data-bbox="467 521 660 555">Pending works:</p> <ul data-bbox="467 591 746 804" style="list-style-type: none"> <li data-bbox="467 591 746 624">• Rain water harvest. <li data-bbox="467 629 746 663">• Rumps. <li data-bbox="467 667 746 730">• Glasses in the windows. <li data-bbox="467 734 746 804">• Pipe connected to gutters. 	 <p data-bbox="772 736 1385 770"><i>Front view of the Classroom Block</i></p>  <p data-bbox="772 967 1385 1001"><i>Classroom block with no rumps</i></p>  <p data-bbox="772 1209 1385 1243"><i>Incomplete painting of windows</i></p>  <p data-bbox="772 1451 1385 1476"><i>Uncovered drilled verondor for lightening arrester</i></p>
<p data-bbox="272 1485 445 1581">5-Stance Lined Vip Latrine Block</p>	<p data-bbox="467 1485 660 1518">Pending works:</p> <ul data-bbox="467 1554 746 1839" style="list-style-type: none"> <li data-bbox="467 1554 746 1588">• No ramp. <li data-bbox="467 1592 746 1626">• Painting. <li data-bbox="467 1630 746 1693">• Sock pit pipe not installed. <li data-bbox="467 1697 746 1760">• PWDs rails not yet installed. <li data-bbox="467 1765 746 1798">• Vent covers. <li data-bbox="467 1803 746 1839">• Not engraved. 	

Item Description	Status of the works	Pictorial evidence
		 <p data-bbox="778 477 1394 499"><i>Incomplete 5 stance latrine</i></p>
ICT and Library	<p data-bbox="467 510 762 544">Pending works:</p> <ul data-bbox="467 577 762 936" style="list-style-type: none"> <li data-bbox="467 577 762 645">• Inside doors not yet installed. <li data-bbox="467 656 762 723">• Electricity sockets and bulbs. <li data-bbox="467 734 762 801">• Interior and exterior painting. <li data-bbox="467 813 762 846">• Ramps. <li data-bbox="467 857 762 902">• Window and door glasses. <li data-bbox="467 913 762 936">• Window painting. 	 <p data-bbox="778 723 1394 757"><i>Front view of the Library Block</i></p>  <p data-bbox="778 936 1394 969"><i>Interior doors not yet fixed in the library</i></p>  <p data-bbox="778 1149 1394 1182"><i>Incomplete finishes on the veranda</i></p>  <p data-bbox="778 1350 1394 1384"><i>Incomplete interior finishing and painting</i></p>
Multipurpose hall	Pending works:	 <p data-bbox="778 1798 1394 1821"><i>Multipurpose Hall with no ramps</i></p>

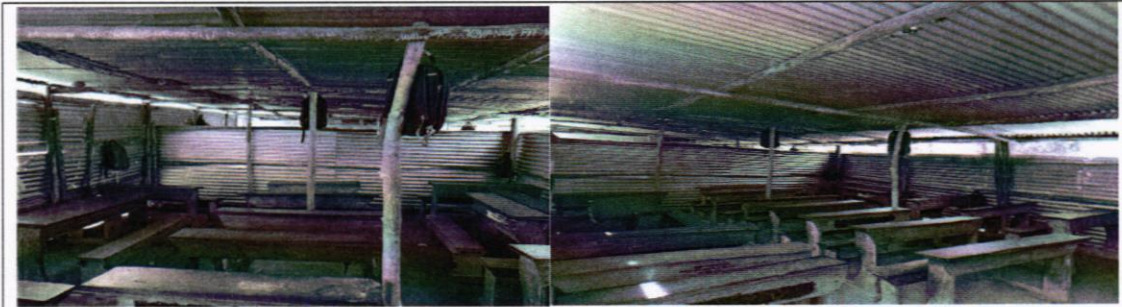
Item Description	Status of the works	Pictorial evidence
	<ul style="list-style-type: none"> • Ramps. • Electric sockets. • Middle separators. • Downspout not fixed on the gutters • Veranda. • Glasses in the windows. • Painting. 	 <p data-bbox="772 479 1393 584"><i>Middle separator was incomplete</i></p>
Staff houses	Pending works: <ul style="list-style-type: none"> • Ramps. • Window glasses not yet fixed. • Interior doors not yet fixed. • Ward ropes not yet fixed. • Kitchen not complete. • Electrical fittings • Painting. 	 <p data-bbox="772 808 1393 1032"><i>Front view of some of staff houses</i></p>  <p data-bbox="772 1256 1393 1480"><i>Interior doors not yet fixed</i></p>  <p data-bbox="772 1704 1393 1794"><i>Ward ropes not yet installed</i></p> <p data-bbox="772 1794 1393 1794"><i>Kitchen interior</i></p>

Item Description	Status of the works	Pictorial evidence
Sports field	Pending work: <ul style="list-style-type: none"> • Landscaping. • Grass planting. • Goal posts. 	 <p><i>Incomplete sports field</i></p>
Furniture	Pending <ul style="list-style-type: none"> • Fixing the wooden table and chairs on the metallic stands. • Engraving. • Book shelves in the classrooms. 	 <p><i>Unfinished furniture frames in the multipurpose hall</i></p>

The Authority further found that the delayed project completion at St Peter's Seed Secondary School affected service delivery to the community and students were found studying under the temporary structures as it is indicated in Table 3 below.

Table 3: Temporary classrooms built by the community at St. Peter's Seed Secondary School-Aliba





The above photos indicate temporary classrooms that were built by the community. The structures were found extremely hot since they are made out of iron sheets and very short.

The school administration informed the audit team that sometimes they study under the trees due to inadequate temporary structures and also during dry seasons.

Implication

This delayed service delivery to the public/communities where the facility is being constructed.

Management response

The project manager shall closely monitor and ensure that the contractor meets all the performance/delivery obligations in accordance with the terms and conditions of the contract.

Recommendation

The Project Manager should closely monitor the project implementation and ensure that the contractor meets all the performance/delivery obligations in accordance with the terms and conditions of the contract as required under Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023.

2.1.2 Delay by the contractor to submit Performance Security and ES Performance Security

SCC (GCC 61.1) of the signed contract stated that *'the contractor shall, within 21 calendar days of signing the contract, provide a Performance Security and Environmental and Social (ES) Performance Security for compliance with the contractor's ESHS obligations for the due performance of the contract''*.

Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023 further provides that a contract shall be effective as specified in the contract where the condition of a Procuring and Disposing Entity receives the Performance Security or the Performance Securing Declaration. The Authority, however, found that, the Performance Security and Environmental and Social, Securities were submitted on 23rd September 2022 instead of the contractual date of 7th September 2022, creating a delay of 16 calendar days. This was due to weak contract management and enforcement mechanism.

Implication

Failure by the contractor to submit a Performance Security and Environmental and Social Performance Security within 21 calendar days after signing of the contract was a breach of SCC (GCC 61.1) of the signed contract

Management Response

This in future will be corrected as there was laxity by the project manager to follow up the contractor to submit the performance security and environmental and social performance security within 21 calendar days.

Recommendation

Where a contract requires a Performance Security and an Environmental and Social Performance Security, the Accounting Officer should ascertain that it is submitted in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023.

2.1.3 Land ownership (Title or Memorandum of Understanding) at St. Peter's Seed Secondary School- Aliba

PS/ST Circular Ref No. BPD 86/107/01 dated 26th May 2020 on contract management and safeguard requirements requires all construction projects to have formal proof of land ownership by the Local Government. The Authority was not provided with any evidence or efforts made by the Entity to secure land ownership i.e., Title or Memorandum of Understanding where the construction works for St. Peter's Seed Secondary School- Aliba is being implemented. This was due to a lack of follow up mechanism by the Entity.

Implication

Potential land disputes, which could result in litigation and unnecessary costs in demolition or removal of the buildings.

Management response

The process of acquiring the land title for the school is on and once concluded the land title will be got, however earlier the MoU was signed.

Authority's Comment: *The Authority noted and considered the Entity's response, however the Entity did not submit any evidence of the effort made to process the land title. The Entity signed an MoU with the community 11th March 2020 but no effort has been made to obtain the land title.*

Recommendations

The Accounting Officer should expedite the processing and registration of land title for the project site to secure legal ownership and avoid future disputes.

2.1.4 Expired contract

Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023 requires a Contract Manager to ascertain that all the contract obligations are completed before the expiry of the contract. The contract was commenced on 17th August 2022 with expiry date of 17th August 2024 which was later extended from 17th August – 30th December 2024, then from 1st January- 30th June 2025. The Authority however found that the contract expired on 30th June 2025 and the Entity did not put in any effort to have the contract extended before it expired yet the works are not yet completed as indicated in table 2. This is attributed to weak contract management.

Implication

The contract is void and the terms and conditions are no longer enforceable.

Management response

The contract was extended by the contracts committee in their sitting on 1st December 2025 under min. no. cc009/12/2025 (e) from 30th June 2025 – 30th March 2026.

Authority's Comment: *The contract expired on 30th June 2025 and the Contracts Committee made a decision on 1st December 2025 when the contract had already expired.*

Recommendations

1. The Accounting Officer should task the District Engineer (Project Manager) to value:
 - The pending works and identify another firm to ensure successful completion of the project and be able to deliver the service to the intended beneficiaries; and
 - The works done by Desert Breeze Hotel Limited against the payments made to ensure that the contractor's payments are equal to the physical progress of the works.
2. In subsequent procurements, the Contract Manager should monitor running contracts and in case need arises for contract extension, he/she should expedite the process and obtain all the necessary approvals to extend the contract prior to its expiry.

2.1.5 Failure to hold monthly site meetings and prepare site meeting minutes

PPDA Circular No. 3 dated 24th July 2019 on the implementation of procurements under UgIFT requires the Entity to hold monthly site meetings.

The Authority found that monthly site meetings were not held and there were no monthly site meeting minutes prepared yet the contract required monthly site meetings by the Contract Management Team and the Contractor. This was attributed to laxity of the project management team.

Implications

- Failure to hold monthly site meetings and prepare the site meeting minutes contributed to the delayed execution of the works by the contractor.
- Lack of site meeting minutes' casts doubt on whether the Entity was supervising the projects effectively and efficiently and further increases the risk of poor quality/shoddy works.
- Due to failure to hold site meetings, grievances from the contractor's staff and surrounding communities were never heard and addressed.

Management Response

The contract manager organized some monthly site meetings at the project site to discuss issues of the project. See appendix 5 for some site meeting minutes.

Authority's Comment: *The Authority noted the Entity's response, however the Entity submitted evidence of only three meetings with the last meeting being held on 13th December 2023.*

Recommendations

1. The Accounting Officer should task Project Managers to always prepare the site meeting minutes with action points whenever site meetings are held, these minutes should be shared with the stakeholders.
2. In subsequent procurements, the Contract Manager should arrange for site meetings with the stakeholders to discuss project progress, challenges and way forward.

2.1.6 Failure by the Entity to apply penalties to the contractor for late submission of an updated program for works

SCC (GCC 36.3) provided that “the period between program updates is 28 days, and the amount to be withheld for late submission of an updated program is UGX. 200,000”, the Authority, however, found that there was no evidence that the Entity withheld UGX. 200,000 from the contractor for failure to submit an updated works schedule. This is due to a lack of follow up mechanism by the contract management team.

Implication

- Failure by the contractor to submit program updates shows that there was no reporting tool to keep the stakeholders up to date on the progress of the construction works.
- There was laxity on the part of the Entity in its supervisory roles to ensure that the contractor submits the program updates as required under SCC (GCC 36.3) of the contract.

Management Response

The Entity shall in future task the project manager to always implement the signed contract terms and conditions of each contract to correct the above anomalies.

Recommendation

The Project Manager should always invoke SCC (GCC 36.3) of the signed contract to recover the amounts owed due to late or non-submission of program of works from all contractors.

2.1.7 Expired securities

Regulation 47 (4) of the PPDA (Contracts) Regulations, 2023 states that the validity period for a payment security for the procurement for works shall be for three to six months after the final expected date. The Authority, however, found that Desert Breeze Hotel Limited submitted securities which expired before completion of the works. This was due to inadequate contract management. Table 4 below indicates the expiry dates for the securities:

Table 4: Expired Securities

Security	Amount (UGX)	Date of Expiry
Advance Payment Guarantee (20%)	653,835,000	20 th April 2023
Performance Security (7% of contract price)	261,534,000	22 nd September 2024
ES Performance Security (3% of contract price)	65,383,500	22 nd September 2024

Implications

The Entity has no recourse for non-performance of the contract by the contractor.

Management response

The Entity shall in future ensure that such documents for contracts are renewed by the contractors to correct the anomalies.

Recommendations

1. The Accounting Officer should task the Contract Manager to show cause why disciplinary action should not be taken against him for failure to task the contractor, Desert Breeze Hotel Limited, to renew the above securities before their expiry; and
2. The Contract Manager should in future procurements monitor the validity of:
 - iii) The Performance Security and ES Performance Security submitted by a contractor for the period in accordance with Clause 61.4 of the General Conditions of Contract; and

- iv) The Advance Payment Security until all the advance monies paid to the contractor are recovered from the subsequent interim payments made to a contractor in accordance with Regulation 43 (5) of the PPDA (Contracts) Regulations, 2023.

2.1.8 Contradictory communication to the PS/ST on the non-released amount for the project

The Authority found that on 24th February 2025 the Entity wrote to the Permanent Secretary/Secretary to the Treasury in, a letter Ref No. CR/102/2 requesting for a release of the supplementary funds of UgIFT for St. Peter's Seed Secondary School- Aliba worth UGX. 681,157,142. The letter further stated that out of the contract amount UGX. 3,269,175,000, the Entity received only UGX. 2,588,017,858, leaving UGX. 681,157,142 unreleased.

The second letter to the PS/ST dated 8th May 2025 (Ref No. CR/102/2) indicated that out of the contract amount worth UGX. 3,269,175,000, the Entity did not receive UGX. 1,330,000,000 for St. Peter's Seed Secondary School-Aliba and requested the release of the balance from the PS/ST. The Authority reviewed the payment records and confirmed that the Entity had paid the contractor only UGX. 2,588,017,858, and UGX. 681,157,142 was unpaid.

At the time of this audit, on 12th December 2025, the Ministry of Finance, Planning and Economic Development had not released the remaining amount for this project and the project was abandoned.

Implication

Contradictory communication to the PS/ST requesting release of funds in excess of the project's entitlement exposes the Government to the risk of overfunding, financial mis-statements and financial loss.

Management response

The Entity made the updated reconciliation for the project and communications were made to both the Ministry of Finance and Ministry of Education. The response for the funds to complete the project by the contractor is being awaited.

Authority's Comment: The Entity's response is noted, however, the Authority established that on 19th December 2025, the Accounting Officer wrote to PS/ST Ministry of Finance, Planning and Economic Development and the Permanent Secretary Ministry of Education and Sports respectively, indicating non-release of funds for St. Peter's Aliba worth UGX. 1,331,471,941.


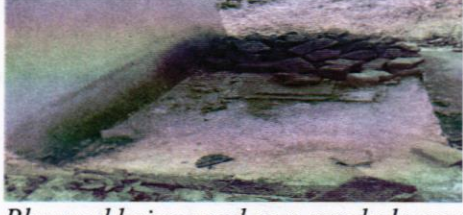
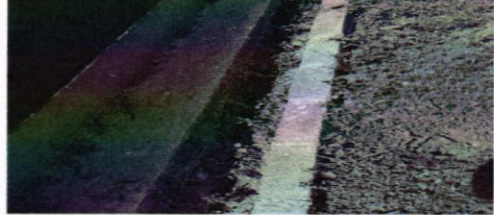

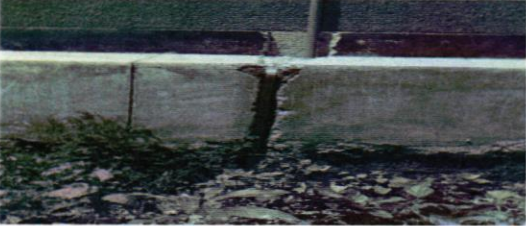
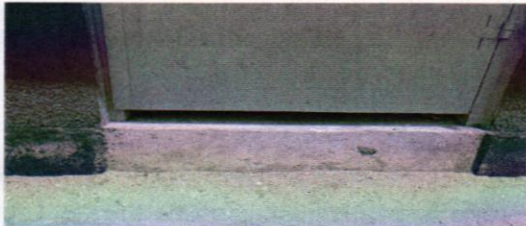
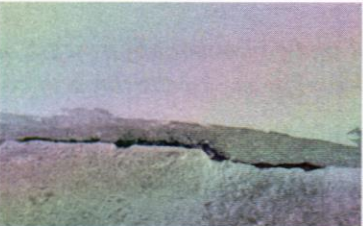

Recommendations

The Accounting Officer should strengthen reconciliation procedures, approval controls and communication protocols to ensure that all funding requests submitted to PS/ST are accurate and verified.

2.1.9 Unsatisfactory workmanship

Regulations 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023 provides that a Contract Manager should ascertain that the provider meets all the performance or delivery obligations in accordance with the terms and conditions of the contract. The Authority, however, found that some works were largely, poorly executed due to inadequate supervision by the Project Manager and contract management team as indicated in Table 5:

Table 5: Poor quality works

Administration Block	
	
<i>Poor floor screed of the administration block</i>	<i>Plywood being used as a manhole cover on administration lined pit latrine</i>
	
<i>Poor workmanship</i>	
Multipurpose hall	
	
<i>Poor finishes on the verandor</i>	<i>The gap below the door was too big</i>
Science lab	
	
<i>Visible cracks on the worktop/sink</i>	<i>Poor quality of the door frames</i>

Implication

Poor quality works affect the durability of the structures and achievement of value for money from the project by the Government of Uganda.

Management Response

The project manager developed a snag list for the contractor to handle and shall closely supervise and monitor the execution of the works.

Authority's comment: The Entity submitted a snag list dated 28th November 2025 addressed to Desert Breeze Hotel Limited yet the contract had expired on 30th June 2025. Additionally, the list captured only pending works and not the identified snags for corrections.

Recommendations

1. The Project Manager should develop a complete snag list and instruct the contractor, Desert Breeze Hotel Limited, to correct all the defects identified above during the defect's liability period.
2. The Accounting Officer should always task the Project Manager to ensure that the contractor meets all performance and delivery obligations as outlined in the terms and conditions of the contract, in accordance with Regulations 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.

2.2 TO ASSESS ADHERENCE TO ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY (ESHS) SAFEGUARD REQUIREMENTS

The PS/ST Circular dated 26th May 2020 on contract management and safeguard requirements under UgIFT required all Local Government Accounting Officers to take into consideration Environmental, Social, Health and Safety (ESHS) safeguard requirements on all ongoing and forthcoming projects under the UgIFT Programme in Health, Education, Water and Agriculture Sectors. The Authority found that the Contractor failed to implement environmental mitigation measures due to a lack of an ESMP, and contractor related challenges as detailed in the findings below:

2.2.1 Failure by the contractor to submit a Workman's Compensation Policy

SCC (GCC 18.1) of the signed contract states that: "*The minimum cover for insurance for personal injury or death insurance workers as per statute (Workman's Compensation Act, Cap 225).*" The Authority, however, found that the contractor, Desert Breeze Hotel Limited, did not submit a Workman's Compensation Policy which was a mandatory requirement. This was due to inadequate contract monitoring.

Implication

Without a Workman's Compensation Policy, there is a risk that injured workers may not get medical care and compensation for a portion of the income they lose while they are unable to return to work. It may also result into lawsuits by injured workers while on duty and subsequent reputation damage to the Government of Uganda and its partners.

Management Response

The Entity shall in future procurements ensure that insurance covers are submitted by the contractors for contracts they are required to avoid such anomalies.

Recommendation

The Accounting Officer should in future procurements, where a contract provides for the submission of insurance cover, task the contractor to submit an insurance cover for workers (Workman's Compensation Act, Cap 225) in accordance with SCC (GCC18.1) of the standard bidding document and the contract.

2.2.2 Failure by the contractor to comply with the Environmental, Social, Health and Safety (ESHS) safeguards




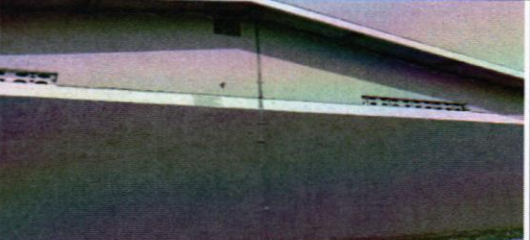
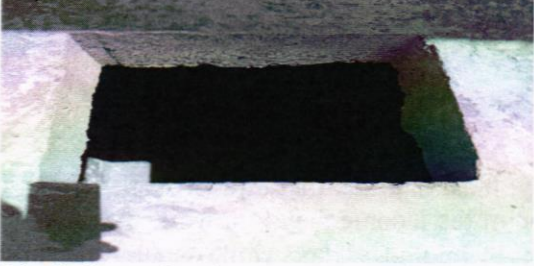
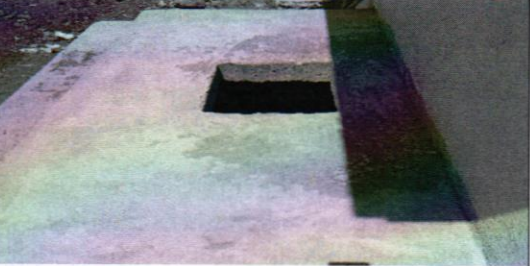
The Authority during site inspection on 12th December 2025, found that the contractor, Desert Breeze Hotel Limited, breached some of the ESHS requirements as indicated below:

- i) There was no first aid box.
- ii) The site was not hoarded.

- iii) Uncovered manholes.
- iv) There were no safety signs such as warning tapes on uncovered pits.

This was due to inadequate involvement of Environment Officers during contract monitoring.

Table 6: Non-compliant with ESHS requirements

	
<p>Uncovered manhole of boys' and girls' toilets</p>	<p><i>Uncovered manhole in teacher's quarters</i></p>
	
<p><i>Vandalized lightning arrestor on staff houses</i></p>	
	
<p><i>Manholes and toilets not covered for the staff VIP latrine</i></p>	

Implication

The health, safety and security of the workers and community are at a risk of being compromised and materials on site being destroyed.

Management Response

The project manager shall be tasked to direct the contractor to implement the ESMP in accordance with GCC 29 of the contract which shall be confirmed by the Environment Officer and the Community Development Officer.

Recommendation

The Project Manager should always direct the contractor to prepare Environment and Social Management Plan (ESMP) and implement it in accordance with GCC 29 of the contract.

2.2.3 Failure to hoard the construction site

The construction site was not hoarded by the contractor yet UGX. 2,500,000 was provided in the BoQs for this purpose. Hoarding helps to protect the public from any dangers posed by the construction works and also provide security for the construction materials and equipment.

Implication

Failure to hoard the construction site leads to:

- a) Vandalism and theft of construction materials and equipment; and
- b) Exposure of the public to dangers posed by the construction works such as excavated pits, nails, falling debris etc. which can potentially lead to accidents thus compromising safety of the public.

Management Response

The contractor earlier had hoarded the site but with time this was damaged overtime but the project manager will have to direct the contractor to update the hoarding of the site as required to minimize some of the associated risks.

Recommendation

The Accounting Officer should explain why the construction site was not hoarded as required in the contract.

CHAPTER 3: AUDIT CONCLUSION

The Authority found that 167% of the contract time had lapsed against a physical progress of 85% and a financial progress of 71.5% as at 12th December 2025.

The Authority found that the contract had expired on 30th June 2025 yet works were incomplete as at 12th December 2025 i.e., the date for audit site visit, and the project was abandoned.

In light of the above, the Accounting Officer should implement the Authority's recommendations herein in order to realise the project's objectives.