



**PUBLIC PROCUREMENT AND DISPOSAL  
OF PUBLIC ASSETS AUTHORITY**  
*"Procurement That Delivers"*

**CONTRACT AUDIT OF THE CONSTRUCTION OF NAKATSI SEED SECONDARY  
SCHOOL IN BUDUDA DISTRICT UNDER UGIFT PROGRAM**

**CONTRACTOR: AFRICAN CONSTRUCTION TECHNICIANS AND CONTRACTORS  
(U) LTD**

**PROCUREMENT REF: MOES-UgIFT/WRKS/21-22/00033-Lot 5**

**DECEMBER 2024**

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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. 3,123,436,400 to undertake the construction of Nakatsi Seed Secondary School in Bududa Sub-County in Bududa 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 which was responsible for developing the bills of quantities, the bidding document, and advertising of the tender. Bududa District Local Government was responsible for approving the bidding document, conducting evaluation, signing the contract, and contract management.

On 30<sup>th</sup> September 2022, Bududa District Local Government entered into a contract with African Construction Technicians and Contractors Limited for the construction of Nakatsi Seed Secondary school at a cost of UGX. 3,061,325,448 with the intended completion date of 30<sup>th</sup> April 2024 and a defects liability period of 180 days. There was no evidence of any contract extension granted to the contractor.

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;

- i. The progress of works;
- ii. The effectiveness of time, quality, and cost controls of works undertaken; and
- iii. Adherence to Environmental, Social, Health and Safety (ESHS) safeguard requirements.

### **Key Findings of the Authority**

1. Delayed completion of works. Whereas the contract signed between the Entity and the contractor indicated that the contractual completion period was 24 months with an intended completion date of 30<sup>th</sup> April 2024, it was observed during physical verification on 19<sup>th</sup> April 2024 that the works on site were incomplete and the site had been abandoned accounting for a time progress of 96% against physical progress of 45.2% which led to delayed service delivery to the intended beneficiaries contrary to Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006;
2. Abandonment of site. The Authority during the physical verification exercise of the project conducted on 19<sup>th</sup> April 2024, observed that neither the contractor nor his employees or workers were on site yet the works were incomplete and behind schedule which led to insecurity at the site, and delayed service delivery. This could have been due poor contracts management and supervision by the Entity resulting in to failure by the contractor to adhere to the terms in the contract contrary to Regulation 104 (a) & Regulation 105 (1) & (6) (a) of the Local Governments (PPDA) Regulations, 2006;
3. Missing contract management records. The Authority noted that the procurement action file lacked contract management records such as monthly progress reports, interim payment certificates, payment vouchers, payment receipts and site meeting records which indicated poor supervision by the contract supervisor on the contractor contrary to Regulation 119 (9) of the Local Governments (PPDA) Regulations, 2006; and
4. There was non-adherence to the Environmental, Social, Health and Safety Standards (ESHS) requirements such as failure by the contractor to hoard the site, there was no evidence of a

Health, Safety and Environmental Coordinator to ensure compliance to ESHS standards, there was no log of the ESHS risks, accident and incident logs and there was no grievance redress mechanism at the site which led to lack of interventions or precautionary measures to avoid health risks and accidents on the site. This was contrary to the circular on safeguard requirements under the Intergovernmental Fiscal Transfer Program for results (UgIFT) referenced BPD 86/107/01 issued by the Ministry of Finance Planning and Economic Development dated 26<sup>th</sup> May 2020.

### **Conclusion**

In summary, the audit findings highlight significant issues related to project timeline, quality of work, contractor personnel, and adherence to contractual and financial terms. The Entity should ensure that another contractor is procured to have the project executed to completion. The Authority will institute a suspension hearing against African Construction Technicians and Constructors (U) Ltd .in accordance with Section 128 of the PPDA Act, Cap 205 for failure to fulfill their contractual obligations.

### **Recommendations**

1. The Accounting Officer should: -
  - i. Task the Contract Manager and the Finance Department to always share copies of contract management records with the Procurement and Disposal Unit to be archived on procurement action files for completeness and as proof of contract performance in accordance with Regulation 52 (3) (a) and 52 (3) (g) of the PPDA (Contracts) Regulations, 2023.
  - ii. Strengthen contracts management in the Entity and prevail over Contract Managers and Supervisors to execute their roles diligently in accordance with Regulation 52 (3) of PPDA (Contracts) Regulations, 2023;
  - iii. Competitively procure another contractor to have the project executed to completion in line with the provisions of the PPDA Act Cap 205 and Regulations 2023.
  - iv. Ensure that the Community Development Officer always assess the site ESHS risks from time to time and have them addressed promptly. Reports of such actions should be documented and included in the monthly progress reports on projects.
  - v. Withhold the value of work or obligations relating to ESHS that were not undertaken by the contractor contrary to Section 66 of the PPDA Act Cap 205.
2. The Authority will institute a suspension hearing against African Construction Technicians and Constructors (U) Ltd .in accordance with Section 128 of the PPDA Act, Cap 205 for failure to fulfil their contractual obligations.

## 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 Nakatsi Seed School**

Contract Title	Construction of Nakatsi Seed Secondary School in Nakatsi Sub County, Bududa District	
Contract Scope	Preliminaries	9,400,000
	Site levelling works	30,950,000
	2- Class room blocks (03 nos)	495,660,000
	2-unit science laboratory Block	272,928,600
	Administration Block	167,953,500
	2-unit Teachers houses (03 nos)	538,519,500
	2-unit Teachers Kitchen (03 nos)	140,536,500
	2-stance lined VIP latrine block for Administration block	19,741,000
	2-stance lined VIP latrine block for Teachers House (03 nos)	75,990,000
	5-stance lined VIP latrine block for boys	36,685,000
	5-stance lined VIP latrine block for Girls	36,685,000
	External walls	36,207,500
	Rain water harvesting system with 5000 L Tank	3,987,000
	ICT library Block	399,748,000
	Multi -Purpose Hall	279,352,000
	Sports Field	50,000,000
	<b>Subtotal</b>	<b>2,594,343,600</b>
	VAT 18%	466,981,848
<b>Total</b>	<b>3,061,325,448</b>	
Name of Contractor	African Construction Technicians and Constructors (U) Ltd.	
Method of procurement	Open Bidding	
Type of Contract	Lumpsum contract	
Contract Price (UGX)	3,061,325,448	
Contract Signing Date	30 <sup>th</sup> September 2022	
Site hand over date	7 <sup>th</sup> October 2022	
Contract start date	7 <sup>th</sup> October 2022	
Original Contract end date	30 <sup>th</sup> April 2024	
Defects Liability Period	30 <sup>th</sup> April 2024	

Date of submission of ES Performance Security and Performance security	9 <sup>th</sup> December 2022
Project Manager	District Engineer-Bukoma Issa Ngati
Clerk of Works	Tom Kuloba
Progress as at 30 <sup>th</sup> June 2023	Time progress – 96% Physical progress - 47% Financial progress – 63%

## 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 Public Procurement and Disposal of Public Assets Regulations 2023;
3. The Local Governments (PPDA) Regulations, 2006;
4. The Local Governments (PPDA) Guidelines, 2008;
5. The bidding document issued to bidders;
6. The signed contract between Bududa District Local Government and African Construction Technicians and Contractors Limited; and
7. The circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer (UGIFT) program dated 16<sup>th</sup> March 2021.

## 1.3 Objectives

The overall objective of the contract audit was to assess the effectiveness of the contracting process and the status of contract implementation in regard to the obligations of Bududa District Local Government (the Entity) and African Construction Technicians and Contractors Limited Ltd (the Contractor).

The specific objectives of the contract audit were to assess:

- i. The progress of works;
- ii. The effectiveness of time, quality, and cost controls of works undertaken; and
- iii. Adherence to Environmental, Social, Health and Safety (ESHS) safeguard requirements.

## 1.4 Scope of the Audit

The audit covered the contract implementation and management of the construction of Nakatsi 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 Authority 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.

At the time of the physical verification exercise by the Authority on 19<sup>th</sup> April 2024, 96% of the contract time had elapsed and the Authority ascertained the physical and financial progress of works done as per the details shown in the Tables 2& 3 below:

**Table 2: Time Progress as at 19<sup>th</sup> April 2024**

<b>Start Date</b>	30 <sup>th</sup> September 2022
<b>End Date</b>	30 <sup>th</sup> April 2024
<b>Measurement Date</b>	19 <sup>th</sup> April 2024
<b>Contract Period (Months)</b>	24
<b>Time Lapse (Months)</b>	23 Months and 7 days
<b>Time Progress</b>	96%

The Authority's physical site visit conducted on 19<sup>th</sup> April 2024 revealed that the contractor's personnel were not on site hence no activity was ongoing at the time of the physical verification. The administration block, library and classroom blocks had been roofed while works for the multi-purpose hall, teachers' staff units, latrines of the administration block, Boys & Girls latrines, teachers' staff house latrines, teachers' staff kitchens were at ring beam level and not yet roofed, and the sports field had not been cleared.

Furthermore, the Entity's progress report dated 19<sup>th</sup> April 2024 and submitted to the Authority indicated the physical & financial progress as per the details in Table 3 & 4 respectively.:

**Table 3: Physical Progress as at 19<sup>th</sup> April 2024**

<b>Contract Amount</b>	3,061,325,448
<b>Valued works as at 19<sup>th</sup> April 2024</b>	1,384,355,266
<b>Physical Progress</b>	45.2%

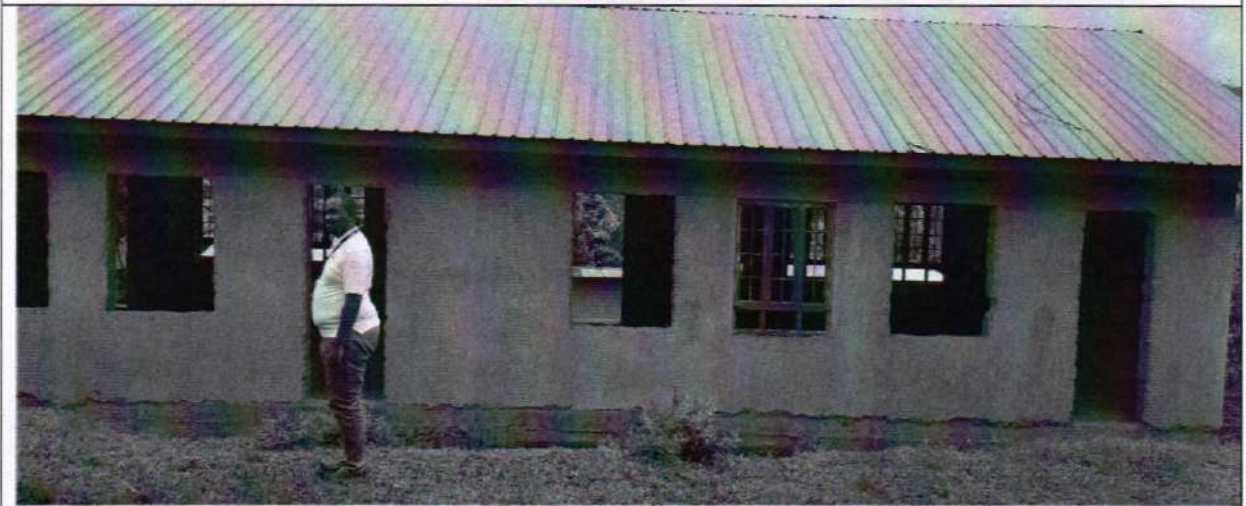
**Table 4: Financial Progress as at 19<sup>th</sup> April 2024**

<b>Contract Amount</b>	3,061,325,448
<b>Payments Made</b>	UGX.827,673,241-Certificate No.1 Paid on 11 <sup>th</sup> May 2023. UGX.336,379,463-Certificate No.2 Paid on 20 <sup>th</sup> January 2024. 1,776,317,793
<b>Advance Payment</b>	612,265,089
<b>Total Payments as at 19<sup>th</sup> April 2024</b>	1,776,317,793
<b>Financial Progress</b>	63%

**Table 5 below contains pictures showing the physical progress of the project as per the findings of the physical verification exercise that was conducted by the Authority on 19<sup>th</sup> April 2024.**

**Table 5: Status of works at the site as at 19<sup>th</sup> April 2024**








**MINISTRY OF EDUCATION & SPORTS**  
THE REPUBLIC OF UGANDA

**PROJECT:** CONSTRUCTION OF NAKATSZI SEED  
**CONTRACT REFERENCE:** SECONDARY SCHOOL - NAKATSZI SUB-COUNTY  
BUDUDA DISTRICT  
MOES-UGIFT/WRKS/21-22/0005

**SCOPE OF WORKS:** 3 NO. 2 CLRMS BLKS, ADMIN. BLK, SCI BLK, ICT & LIB. BLK  
3 NO. STAFF HOUSES, MULTIPURPOSE BLK, 3 NO. KITCHEN & 6 No.  
LINED LATRINES, RWH & FIELD

**CLIENT:** BUDUDA DISTRICT LOCAL GOVERNMENT  
**SOURCE FUND:** GOVERNMENT OF UGANDA  
Intergovernmental Fiscal Transfer Program  
UGIFT

**SUPERVISOR:** DISTRICT ENGINEER

**CONTRACTOR:**  AFRICAN CONSTRUCTION TECHNICIANS  
& CONSTRUCTORS (U) LTD.  
BUSHYI PLAZA

**AIDS KILLS, ABSTAIN OR USE A CONDOM**  
**PLANT TREES AND CONSERVE THE ENVIRONMENT**



Finishes on going on the staff quarters with workers on site



Current State of the Teachers Quarters



The 5 Stances lined latrines for both Boys and Girls



Administration Block in the foreground with 3no 2 classroom blocks on the LHS and Multipurpose Hall on the Right Hand Side



Library and ICT Block at finishes internally



District Community Development Officer sensitizing the stakeholder on site safety and health.



District Environment Officer addressing matters of environment during the site meeting



Site meeting held on 19<sup>th</sup> January 2024

### **Management Response**

*The current status of works on site is depicted in the photographs attached following the intervention of the Authority. The contractor is now on site and the contract is valid up to 7<sup>th</sup> October 2024.*

### **Authority's Response**

The Authority noted the Entity's response however maintained the finding as the response was unsatisfactory since the Entity did not submit any evidence to show that the contract period had been extended nor the contractor had resumed the works.

### **Recommendation**

- i. The Accounting Officer should competitively procure another contractor to have the remaining works executed to completion in line with the provisions in the PPDA Act, Cap 205 and Regulations 2023.
- ii. The Authority will institute a suspension hearing against African Construction Technicians and Constructors (U) Ltd .in accordance with Section 128 of the PPDA Act, Cap 205 for failure to fulfil their contractual obligations.

## **2.2 Effectiveness of the quality, time and cost controls**

### **2.2.1 Delayed completion of works**

Whereas the contract signed between the Entity and the contractor indicated that the contractual completion period was 24 months with an intended completion date of 30<sup>th</sup> April 2024, it was observed during physical verification on 19<sup>th</sup> April 2024 that the works on site were incomplete and the site had been abandoned accounting for a time progress of 96% against physical progress of 45.2% contrary to Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006.

### **Implication**

The delayed completion of works delays service delivery to the intended beneficiaries.

### **Management response**

*Management noted the Authority's observation and stated that in the contract intended completion date is 7<sup>th</sup> October 2024 and contract is valid and performance guarantee attached in place.*

### **Authority's comment**

The Authority noted the Entity's response as unsatisfactory since no evidence of contract extension since the original contract completion date in the contract agreement was 30<sup>th</sup> April 2024.

### **Recommendation**

The Accounting Officer should strengthen contracts management in the Entity and prevail over Contract Managers and Supervisors to execute their roles diligently in accordance with Regulation 52 (3) of PPDA (Contracts) Regulations, 2023.

### **2.2.2 Abandonment of site**

The Authority during the physical verification exercise of the project conducted on 19<sup>th</sup> April 2024, observed that neither the contractor nor his/her employees or workers were on site yet the works were incomplete and behind schedule. This implies that the Entity failed to ensure that the contractor adheres to the terms in the contract contrary to Regulation 104 (a) & Regulation 105 (1) & (6) (a) of the Local Governments (PPDA) Regulations, 2006;

### **Implications**

1. Abandoning works indicated failure to deliver services to the beneficiaries despite government's allocation of resources to the district hence failure to achieve value for money in usage of public funds.
2. Absence of personnel can result in unjustified delays during project execution and potentially leading to technical challenges hence undermining the integrity of the works.

**Management response**

*Management stated that the then Accounting Officer retired and handed over in January 2024 and there was delay for the new accounting officer to process the certified payment of January 2024 until in March/April 2024 when the Contractor received payment leading to scaling down of works due to cash flow challenges but the site was not abandoned.*

**Authority's Comment**

The Authority found the Entity's response unsatisfactory and hence maintained this query since the contract completion was on 30<sup>th</sup> April 2024 yet works, were still incomplete and there was no evidence submitted to the Authority of extension of the contract as asserted by the Entity to 7<sup>th</sup> October 2024.

**Recommendation**

The Accounting Officer should competitively procure another contractor to have the remaining works executed to completion in line with the provisions in the PPDA Act, Cap 205 and Regulations 2023.

**2.2.3 Missing contract management records**

The Authority noted that the procurement action file lacked contract management records such as; monthly progress reports, interim payment certificates, payment vouchers, payment receipts and site meeting records contrary to Regulation 119 (1) of the Local Governments (PPDA) Regulations, 2006.

**Implication**

Such missing records compromise the accountability for public funds and could give room for unethical and fraudulent practices in the Entity.

**Management Response**

*Management noted the Authority's observation and stated that the missing contract management records that include payments, supervision reports and minutes of site meetings are available for verification.*

**Authority's comment**

The Authority noted the Entity's response; however, the said documents were not submitted to the Authority for review.

**Recommendation**

The Accounting Officer should task Heads of User Departments to always liaise with the Procurement and Disposal Unit and relay copies of contract management records to be archived on procurement action files as proof of delivery of items in accordance with Regulation 52 (3) (a) and 52 (3) (g) of the PPDA (Contracts) Regulations, 2023.

## **2.3 Adherence to the environmental, social, health and safety safeguard requirements**

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

The physical verification conducted on 19<sup>th</sup> April 2024 by the Authority revealed that both the contractor and the Entity's Contract Management Team put little emphasis on Environmental, Social, Health and Safety issues. Specifically, the following issues were noted:

- i. The contractor had not hoarded off the site which exposes the site to unrestricted/unauthorized entry thus compromising safety and security at the site. This is a great security threat to the community as the construction site was left open.
- ii. There was no evidence that HIV aids awareness campaigns were being conducted. No sensitization reports on file, no HIV awareness signs at the sites.
- iii. There was no evidence that the contractor maintained a first aid kit box thereby put jeopardising the health and safety of the workers on site.
- iv. No evidence of holding site meetings to review the status of implementation of Environmental, Social, Health and Safety (ESHS) safeguards.

#### **Implications**

1. Without proper hoarding, the construction site works are exposed to vandalism, theft of equipment or materials, unauthorised access, safety concerns, and damage to the property.
2. 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.
3. This puts the health and safety of the workers and the communities at risk.

#### **Management response**

*The Entity noted the observation and pledged to comply with the recommendation.*

#### **Recommendations**

1. Ensure that the Community Development Officer always assess the site ESHS risks from time to time and have them addressed promptly. Reports of such actions should be documented and included in the monthly progress reports on projects.
2. Withhold the value of work or obligations relating to ESHS that were not undertaken by the contractor contrary to Section 66 of the PPDA Act Cap 205

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

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

The outputs of the contract have not been completed and handed over by the contractor to the Entity as at the issuance of this report, the contract was due to be completed on 30<sup>th</sup> April 2024 but this was extended to 7<sup>th</sup> October 2024 yet the Entity did not submit to the Authority evidence of extension of the contract.

### **3.2 Audit conclusion**

In summary, the audit findings highlight significant issues related to project timeline, quality of work, contractor personnel, and adherence to contractual and financial terms. The Entity should ensure that another contractor is procured to have the project executed to completion. The Authority will institute a suspension hearing against African Construction Technicians and Constructors (U) Ltd .in accordance with Section 128 of the PPDA Act, Cap 205 for failure to fulfill their contractual obligations.