



**PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY**
"Regulating for Results"

**CONTRACT AUDIT FOR LOW-COST SEALING OF TUBUR ROAD AT DAKABELLA
SUBCOUNTY IN SOROTI DISTRICT LOCAL GOVERNMENT UNDER GIZ**

CONTRACTOR: OREM CHAN LTD

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ACRONYMS

CSOs	-	Civil Society Organizations
ESHS	-	Environmental, Social, Health and Safety
GIZ	-	Deutsche Gesellschaft für International Zusammenarbeit
PPDA Act	-	Public Procurement and Disposal of Public Assets Act Cap 205
PPDA	-	Public Procurement and Disposal of Public Assets Authority
TACCO	-	Teso Anticorruption coalition
UGX	-	Uganda Shillings
UGIFT	-	Uganda Intergovernmental Fiscal Transfer Program

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) in collaboration with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) established a framework for citizen engagement in monitoring of government programs through a Contract Monitoring System that provides a safe, centralized way to track and manage reports on ongoing government projects. In this, Civil Society Organizations (CSOs) monitor ongoing government projects in real time and upload their findings on the System. These findings are then reviewed and promptly acted upon by PPDA.

On 28th February 2025, Soroti District Local Government signed a contract with Orem Chan Ltd for the Low-Cost Sealing of Tubur Road at Dakabella Sub-County worth UGX. 418,000,000.

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, with an emphasis on verifying that all parties to the contracts had complied with the requirements and standards set forth in the contract.

The Authority noted the following exceptions:

- 1. Delayed completion.** Regulation 52(1)(b) of the PPDA Contracts Regulations, 2023 requires that all contracts be executed and completed within the stipulated contractual period to ensure the timely delivery of the intended services. However, the Authority noted delays in completing the works, which adversely affected the efficient delivery of services to the intended beneficiaries. The contract commenced on 4th June 2025, with an expected completion date of 27th June 2025, for a contract duration of 23 days. At the time of physical verification on 25th June 2025, two days before the contract period expired, the contractor had achieved only 86% completion of the works. This indicated a risk that the project would not be completed within the approved contract timeline. Delayed completion of works denies service delivery to the intended beneficiaries.
- 2. Scope Discrepancy.** Regulation 42(a) of the Public Procurement and Disposal of Public Assets (PPDA) Regulations requires procuring and disposing entities to prepare a Statement of Requirements that clearly defines the procurement needs, leaving no ambiguity or room for differing interpretations by bidders. However, it was noted that for the project on Low-Cost Sealing of Tubur Road in Dakabella Sub-County, the bidding documents specified a road length of 0.5 km, whereas the signed contract reflected a revised scope of 0.9 km. This inconsistency created ambiguity about the project's actual scope, resulting in misunderstandings between the contracting parties and necessitating external intervention by the Anti-Corruption Coalition to clarify the discrepancy. The inconsistency in the defined scope of works undermined clarity in contract execution and led to disputes between the parties over the actual length of the road to be delivered

- 3. Non-adherence to Environmental, Social, Health, and Safety (ESHS) safeguards.** Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 stipulates that the work shall be environmentally and socially responsive. The Authority noted that the District did not implement the Environmental, Social, Health, and Safety (ESH) standards, such as HIV awareness, signage, and planting grass and trees along the road. Furthermore, reporting on the implementation of the ESHS requirements was inadequate, as there were no progress reports with pictorial evidence indicating that the contractors adhered to these requirements during contract execution. Failure to effectively implement ESHS safeguards exposes the communities and the environments where the projects are located to project-related hazards.

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

1. The Accounting Officer should;
 - i. Strengthen project preparation, enforce robust contract monitoring mechanisms, and ensure the timely application of contract variation and extension procedures where justified, to safeguard timely completion and value for money;
 - ii. Strengthen contract management controls by instituting a mandatory contract reconciliation and validation checklist prior to contract signing. This should ensure full alignment between the Statement of Requirements, bidding documents, evaluation reports, and the final contract
2. The Head, Procurement and Disposal Unit, should liaise with the District Environmental Officer to identify the environmental and social risks for each procurement, incorporate them into the statements of requirements, and ensure that their implementation is effectively monitored to promote sustainable procurement in accordance with Section 66 of the PPDA Act, Cap. 205.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA), in collaboration with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), established a citizen engagement framework through a Contract Monitoring System (CMS) that enables secure, centralized reporting on ongoing government projects. Under this collaboration, the Civil Society Organizations (CSOs) monitor projects in real time, upload their findings to the system, and PPDA reviews and takes appropriate action on the reported issues.

In line with Section 8 (1) (j) (ii) of the PPDA Act, Cap. 205, the Authority conducted a contract audit for the Low-Cost Sealing of Tubur Road at Dakabella Sub-County worth UGX. 418,000,000 flagged by the Teso Anti-Corruption Coalition (TACCO-TESO) on the CMS, and the issues are elaborated in detail below.

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 PPDA Regulations 2023;
3. The bidding document issued to bidders;
4. The signed contract between Soroti District Local Government and Orem Chan Ltd

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 regarding the obligations of Soroti District Local Government (the Entity) and Orem Chan Ltd (the Contractor).

The specific objectives of the contract audit were to assess the:

- i Effectiveness of cost and quality control of works undertaken;
- ii Adherence to Environmental, Social, Health and Safety (ESHS) requirements;

1.4 Scope of the Audit

iii The audit covered the implementation and management of the contract for low-cost sealing of Tubur Road in Progress of the works;
Dakabella Sub-County, worth UGX 418,000,000.

1.5 Audit Methodology

The Authority adopted the following methodology:

- i. Review of documentation in the procurement action files
- ii. Physical verification of the sites
- 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 contract audit and providing recommendations where applicable

1.6 Limitation of Scope

1. The contract audit was conducted by auditors who lacked professional competence in engineering and building construction. The audit team could not provide a definitive opinion

on the technical quality of the works. The overall responsibility for the quality of the works undertaken lies with the Entity management and the contractor.

2. The Entity did not provide substantial records of payments made to the provider and a comprehensive progress report on the work performed by the contractor at the site.

CHAPTER TWO: FINDINGS AND RECOMMENDATIONS

2.1 ASSESSMENT OF THE PROGRESS OF WORKS

The Authority reviewed project documentation and conducted physical verification of the projects to assess time, financial, and physical performance. According to the Teso Anti-Corruption Coalition (TAC-TESO), the contractor failed to comply with ESHS. The Authority conducted an inspection and visited the sites on June 25, 2025, and issued the findings detailed below:

Table 1: Contract summary for Low-Cost Sealing of Tubur Road at Dakabella Sub-County -Soroti

Contract Title	Low-Cost Sealing of Tubur Road at Dakabella Sub-County - Soroti
Name of Contractor	Orem Chan Ltd
Method of procurement	Open National Bidding
Type of Contract	Ad measurement
Contract Price (UGX)	418,000,000
Contract Signing Date	4 th June 2025
Original Contract end date	27 th June 2025
Project Manager	District Engineer
Progress as of 25 th June 2025	Time progress – 96% Physical progress – 86%

Figure 1: Low-Cost Sealing of Tubur Road at Dakabella Sub-County –Soroti





2.2 EFFECTIVENESS OF THE QUALITY, TIME AND COST CONTROLS

2.2.1 Delayed completion

Regulation 52(1)(b) of the PPDA Contracts Regulations, 2023 requires that all contracts be executed and completed within the stipulated contractual period to ensure the timely delivery of the intended services. However, the Authority noted delays in completing the works, which adversely affected the efficient delivery of services to the intended beneficiaries. The contract commenced on 4th June 2025, with an expected completion date of 27th June 2025, for a contract duration of 23 days. At the time of physical verification on 25th June 2025, two days before the contract period expired, the contractor had achieved only 86% completion of the works. This indicated a risk that the project would not be completed within the approved contract timeline.

Implication

- Delayed completion of works may be an indication of weak contract supervision of the contractor by the Entity.
- Delayed completion of works denies service delivery to the intended beneficiaries.

Management Response

Management stated that the delay was primarily due to the unrealistic contract period that did not align with the scope of work, mobilization needs, and weather-related challenges typical of road construction in the region, yet the contract commenced on the 4th June 2025 with an expected completion date of 27th June 2025, allowing for a 23-day duration. Furthermore, it was stated that physical progress had improved significantly to 86.2% with the Contractor being on site, and revised timelines and enhanced progress monitoring were recommended to support timely completion and mitigate further delays.

Authority's comment

The Authority noted the entity's response. However, the explanation confirms deficiencies in both contract planning and administration, particularly in determining the contract duration. While Management attributes the delay to an allegedly unrealistic contract period and weather-related

challenges, the Procuring and Disposing Entity is responsible for ensuring that contract timelines are realistic, based on a proper assessment of scope, site conditions, and implementation risks prior to contract award. Failure to adequately account for these considerations at the planning and contracting stages reflects weaknesses in procurement planning and contract design.

Recommendation

The Accounting Officer should strengthen project preparation, enforce robust contract monitoring mechanisms, and ensure the timely application of contract variation and extension procedures where justified, to safeguard timely completion and value for money.

2.2.2 Scope Discrepancy

Regulation 42(a) of the Public Procurement and Disposal of Public Assets (PPDA) Regulations requires procuring and disposing entities to prepare a Statement of Requirements that clearly defines the procurement needs, leaving no ambiguity or room for differing interpretations by bidders. However, it was noted that for the project on Low-Cost Sealing of Tubur Road in Dakabella Sub-County, the bidding documents specified a road length of 0.5 km, whereas the signed contract reflected a revised scope of 0.9 km. This inconsistency created ambiguity about the project's actual scope, resulting in misunderstandings between the contracting parties and necessitating external intervention by the Anti-Corruption Coalition to clarify the discrepancy.

Implication

The inconsistency in the defined scope of works undermined clarity in contract execution and led to disputes between the parties over the actual length of the road to be delivered. This weakened contract management controls and exposed the project to reputational risk, potential implementation delays, and inefficiencies in resource utilization. In addition, reliance on external intervention indicates weaknesses in internal contract validation and approval processes.

Recommendation

The Accounting Officer should strengthen contract management controls by instituting a mandatory contract reconciliation and validation checklist prior to contract signing. This should ensure full alignment between the Statement of Requirements, bidding documents, evaluation reports, and the final contract. In addition, contract reviews should undergo legal and technical verification to eliminate scope inconsistencies before signature and execution.

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

Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 stipulates that the work shall be environmentally and socially responsive. The Authority noted that the District did not implement the Environmental, Social, Health, and Safety (ESH) standards, such as HIV awareness, signage, and planting grass and trees along the road. Furthermore, reporting on the implementation of the ESHS requirements was inadequate, as there were no progress reports with pictorial evidence indicating that the contractors adhered to these requirements during contract execution.

Implication

Failure to effectively implement ESHS safeguards exposes the communities and the environments

where the projects are located to project-related hazards.

Management Response

Management noted the observation and stated that this would improve in the future.

Recommendation

The Head, Procurement and Disposal Unit, should liaise with the District Environmental Officer to identify the environmental and social risks for each procurement, incorporate them into the statements of requirements, and ensure that their implementation is effectively monitored to promote sustainable procurement in accordance with Section 66 of the PPDA Act, Cap. 205.

3.0 Audit conclusion

In summary, the contract audit findings indicate that the contractors had not fully adhered to their contractual obligations, including completing the works on site within the contractual completion time.