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

CONTRACT AUDIT REPORT INTO THE CONSTRUCTION OF BUSHIRIBO SEED SECONDARY SCHOOL (PROCUREMENT REF: MOES/UGIFT/WRKS/2022/2023/00005)

BUDUDA DISTRICT LOCAL GOVERNMENT

JULY 2026

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ACRONYMS

ESHS	Environment, Social, Health and Safety
FY	Financial Year
GCC	General Conditions of Contract
IPC	Interim Payment Certificate
PPDA	Public Procurement and Disposal of Public Assets Authority
PPDA Act	Public Procurement and Disposal of Public Assets Act
SCC	Special Conditions of Contract
UgIFT	Uganda Intergovernmental Fiscal Transfer
UGX	Ugandan Shilling

EXECUTIVE SUMMARY

In accordance with Section 8 (1)(j)(ii) of the Public Procurement and Disposal of Public Assets (PPDA) Act, Cap. 205, the Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a contract audit of the Construction of Bushiribo Seed Secondary School (Procurement Reference No. MOES/UGIFT/WRKS/2022/2023/00005) under Bududa District Local Government. The objective of the audit was to assess whether the contract was implemented, supervised and managed in accordance with the PPDA legal framework, the contract conditions and the Uganda Intergovernmental Fiscal Transfers (UgIFT) Programme Guidelines, with particular emphasis on progress of works, contract management, compliance with statutory and contractual requirements, value for money, and Environmental, Social, Health and Safety (ESHS) safeguards.

On 8th May 2024, Bududa District Local Government entered into a lump-sum contract with M/s Akol Holdings Ltd valued at UGX 2,400,000,000 for the construction of Bushiribo Seed Secondary School, comprising classroom blocks, science laboratories, an administration block, teachers' houses, an ICT library, a multipurpose hall, sanitation facilities and associated external works. The contract duration was 24 months from the date of site handover.

The audit established that, as at 5th May 2026, the project had attained physical progress of 90.4% against 97.9% of the contract time elapsed, while financial progress was 90.4%, indicating that certified payments were generally consistent with the verified works completed. Although the project was substantially complete, minor outstanding works remained.

The audit, however, identified weaknesses in contract administration and compliance with the PPDA (Contracts) Regulations, 2023 and the contract conditions, as summarised below:

1. Execution of the contract prior to obtaining the Solicitor General's approval. Regulation 6(f) of the PPDA (Contracts) Regulations, 2023 requires that all mandatory statutory approvals, including approval by the Solicitor General where applicable, be obtained before execution of a contract. Audit review established that the Entity executed the contract on 8 May 2024, whereas the Solicitor General's clearance was obtained on 17 May 2024. Consequently, the recommendations issued by the Solicitor General were not incorporated into the executed contract.This constituted non-compliance with the statutory approval process and exposed the Entity to legal and contractual risks arising from the execution of a contract that had not undergone the required legal review.

2. Failure to prepare and submit monthly contract progress reports. Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023 requires the Contract Manager to prepare and submit monthly progress reports to the Accounting Officer and the Procurement and Disposal Unit. Audit review established that monthly progress reports for March 2025, June 2025, April 2026 and May 2026 were not available for audit verification. The absence of these reports weakened contract monitoring, reduced management oversight and compromised the completeness of the audit trail necessary for effective contract management and accountability.

3. Failure to submit and maintain an approved Programme of Works. Clause GCC 27 required the contractor to submit and periodically update a Programme of Works to facilitate planning, monitoring and performance measurement. Audit review established that there was no documentary evidence of an approved Programme of Works meeting the contractual requirements. The activity schedule submitted during the audit did not satisfy the requirements of GCC 27, and the Contract Manager did not enforce the contractual remedies

provided for non-compliance. Consequently, the effectiveness of contract planning and monitoring was reduced, increasing the risk of delays and weakening contract performance management.

4. Inadequate integration and implementation of Environmental, Social, Health and Safety (ESHS) requirements. Section 66 of the PPDA Act, Cap. 205 requires Procuring and Disposing Entities to incorporate environmental and social considerations into procurement. Audit established that the contract did not adequately provide for ESHS requirements. Specifically, there was no evidence of a functional Grievance Redress Committee, an uncovered toilet inspection chamber presented a safety hazard, and environmental restoration measures such as tree planting had not been implemented. These weaknesses increased the risk of occupational safety incidents, unresolved stakeholder grievances and non-compliance with statutory safeguard requirements.

In view of the above findings, the Authority recommends that the Accounting Officer should:

i. Strengthen internal controls to ensure that contracts are executed only after obtaining all mandatory statutory approvals and that recommendations issued by the Solicitor General are incorporated before contract execution.
ii. Require the Contract Manager to account for the missing monthly progress reports, take appropriate administrative action where necessary, and ensure that monthly contract implementation reports are consistently prepared, submitted and maintained.
iii. Ensure that contractors submit and periodically update compliant Programmes of Works in accordance with the contract conditions and that Contract Managers enforce the contractual remedies for non-compliance.
iv. Ensure that future procurement documents and contracts comprehensively incorporate Environmental, Social, Health and Safety (ESHS) requirements and that periodic site inspections are undertaken to monitor compliance and promptly address identified safeguard risks.

Overall, while the project had achieved substantial physical progress, the audit identified significant weaknesses in contract governance and compliance that require corrective action to strengthen contract administration, improve accountability and safeguard value for public resources in future procurements.

CHAPTER 1: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority conducted a contract audit of Bududa District Local Government for the Construction of Bushiribo Seed Secondary School worth UGX 2,400,000,000 with a contractual duration of 24 months from the site handover date. The construction consisted of preliminaries, site levelling works, two 2-classroom blocks, and two 2-unit science laboratory block, one administration block, two 2-Unit teachers' houses, two 2-unit teachers' kitchen, two 2-stance lined VIP latrine at administration block, two 2-stance lined VIP latrine block for teachers house, five stance lined VIP latrine block for boys, five stance lined VIP latrine block for girls, external works, one rain water harvest system with a 5,000 litre tank, one ICT-library block, one multipurpose hall and one sports field.

1.2 Objectives

The primary objective of the contract audit exercise was to assess 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 specific objectives of the contract audit were to assess the:

i. Progress of the works.
ii. Effectiveness of cost and quality control of works undertaken.
iii. Adherence to Environmental, Social, Health and Safety (ESHS) requirements.

1.3 Scope of audit

The contract audit covered the review of the contract document and contract management files for Construction of Bushiribo Seed Secondary School in Bududa District and any other correspondences related to the contract.

1.4 Audit methodology

The Authority adopted the following methodology during the contract audit:

i. Entry meeting with the Entity's Management where we agreed on the audit program
ii. Review of documentation in the contract and contract management files
iii. Physical verification of the Projects
iv. Debriefing the Entity management on the preliminary findings;
v. Issuing a management letter to the Entity for official management response; and
vi. Reporting on findings of the audit and providing recommendations where applicable.

1.5 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 Regulations, 2023.
iii. The Circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer (UgIFT) program dated 16th March 2021.

1.6 Limitation of Scope

The contract audit was undertaken by auditors who did not have professional competence in engineering and building construction. The audit team could not conclusively give an opinion on the technical quality of the works undertaken. The overall responsibility of the quality of works undertaken lies with the Entity management and the contractor.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

2.1 PROGRESS OF THE WORKS

i. Contract summary

The key information about the contract is summarized in Table 1 below:

Table 1: Contract Summary

Contract Title	Construction of Bushiribo Seed Secondary School
Reference Number	MOES/UGIFT/WRKS/2022/2023/00005
Name of the Contractor	M/s Akol Holdings Ltd
Type of Contract	Lumpsum
Contract Sum (UGX)	2,400,000,000
Contract Signature Date	8th May 2024
Commencement Date	30th May 2024
Contract duration	24 months (expected to end by 29th May 2026)
Contract Scope	(see table below)

S/No	**Works Description**	**Value in UGX**
1.	Preliminaries	82,900,000
2.	Site levelling works	56,722,944
3.	Two 2-classroom blocks	503,412,000
4.	Two 2-Unit Science Laboratory Block	278,434,000
5.	One Administration Block	181,861,000
6.	Two 2-Unit Teachers House	329,188,056
7.	Two 2-Unit Teachers Kitchen	89,157,000
8.	Two 2-Stance Lined VIP Latrine at Administration Block	22,807,000
9.	Two 2-Stance Lined VIP Latrine Block for Teachers House	27,759,000
10.	Five Stance Lined VIP Latrine Block for Boys	36,685,000
11.	Five Stance Lined VIP Latrine Block for Girls	36,685,000
12.	External works	37,839,500
13.	One rain water harvest system with a 5,000 litres Tank	3,987,000
14.	One ICT library Block	406,159,500
15.	One Multipurpose Hall	306,403,000
16.	One sports field	-
	Total	**2,400,000,000**

Advance Payment Security (30% of contract price)	UGX 720,000,000
Performance security (10% of contract price)	Not provided
Site hand over date	Not indicated in the contract
Original contract completion date	29th May 2026

Submission of program of works	17th May 2024
Defects liability period	30th November 2026
Amount Paid	Advance payment: 720,000,000 1st IPC: 505,292,900 2nd IPC: 265,814,550 3rd IPC: 511,101,450 4th IPC: 168,663,878 **Total: 2,170,872,778**
Contract supervisor of works	District Engineer
Progress at site	Physical progress: 90% Financial: 90.4% Time: 97.9%

ii. Progress of works

The Authority reviewed the contract document, contract management records and conducted physical verification of the project to ascertain the time, physical and financial progress works. However, as of 5th May 2026 when management responses were received, the time progress had changed as indicated in Table 2 below:

a. Time Progress

The time progress as at 5th May 2026 is shown in the Table 2 below:

Table 2: Time Progress as at 5th May 2026

Contract start date	30th May 2024
Contract end date	29th May 2026
Measurement Date	5th May 2026
Contract Period (Months)	24
Time Lapse (Months) as 4th December 2025	23.5
Time Progress	97.9%

The project was still on schedule with 97.9% of time spent. There were minor works remaining such as wadrobe installation and storm water channel construction.

b. Financial Progress

The financial progress of the project was at 90.4%. Details of the Financial Progress are shown in Table 3 below:

Table 3: Financial Progress as at 5th May 2026

Payments made so far	**Amount in UGX**
Advance payment	720,000,000
1st IPC	505,292,900
2nd IPC	265,814,550
3rd IPC	511,101,450
4th IPC	168,663,878
Total	**2,170,872,778**
Financial Progress %	**90.4**

c. Physical Progress

Physical progress as of 5th May 2026 physical progress was at 90.4%. Table 4 below shows the physical progress.

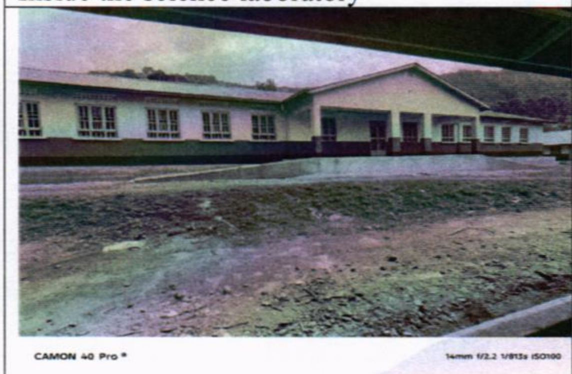
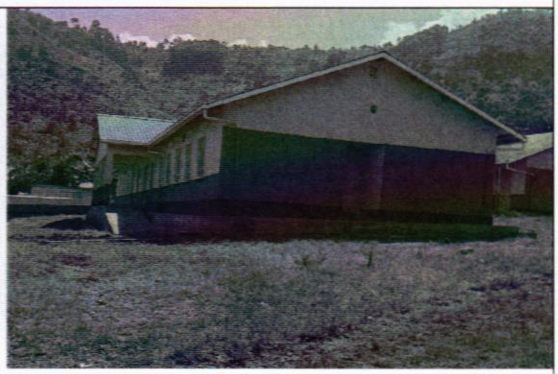
Table 4: Physical Progress

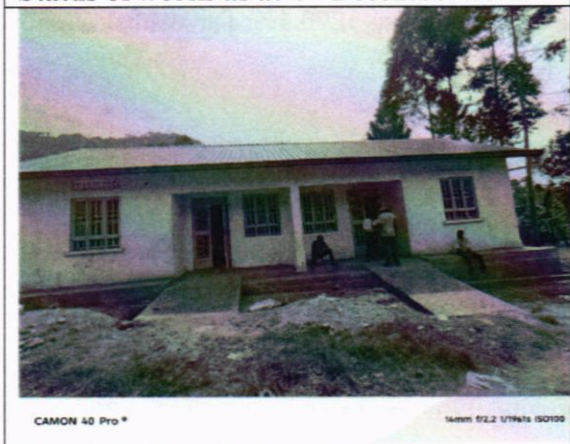
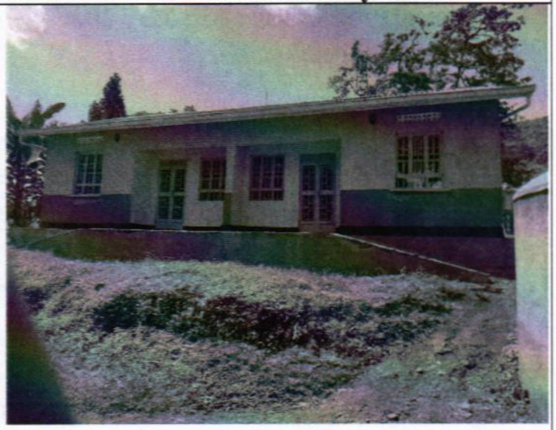
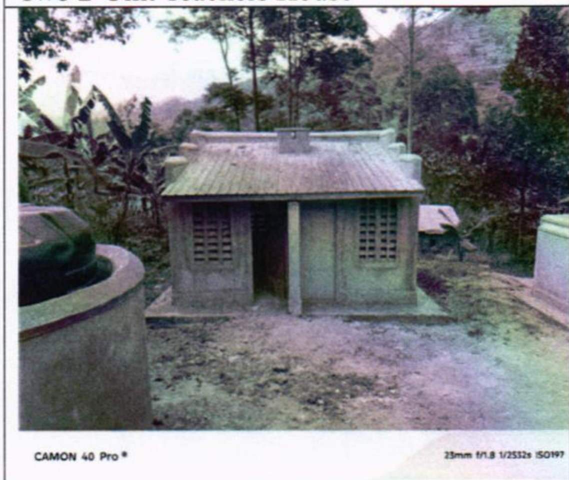
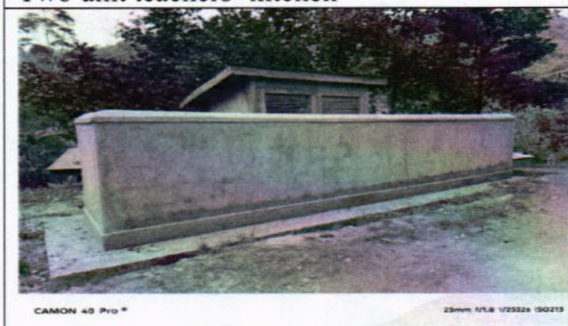
Contract Amount in UGX	2,400,000,000
Valued works in UGX	2,170,872,778
Physical Progress	90.4%
Auditors Opinion	90.4%

iii. Physical verification

Physical verification of the project was carried out by the Authority on 4th December 2025. A status update was provided by the Entity showing the current status as of 5th May 2026 as shown in table 5 below;

Table 5: Physical verification pictures

Status of works as at 4th December 2025	Status of works as at 5th May 2026
 Inside the science laboratory	
 Administration block	

Status of works as at 4th December 2025	Status of works as at 5th May 2026
 Two 2-Unit Teachers House	
 Two unit teachers' kitchen	
 Two 2-Stance Lined VIP Latrine at Administration Block	 Storm water channels pending

2.2 EFFECTIVENESS OF THE QUALITY, TIME AND COST CONTROLS

2.2.1 Signing a contract prior to the Solicitor General's approval

Regulation 6 (f) of the PPDA (Contracts) Regulations, 2023 requires that all relevant approvals, including approval by the Solicitor General where applicable, be obtained before contract signing.

Audit review established that Bududa District Local Government signed the contract on 8th May 2024, whereas clearance from the Solicitor General was obtained on 17th May 2024. Consequently, the recommendations issued by the Solicitor General were not incorporated into the executed contract. Table 6 below shows the Solicitor General's recommendations that were not implemented.

Table 6: Solicitor General recommendations that were not implemented by the Entity

GCC Clause reference	Special conditions in the signed contract	Recommendations by the Solicitor General
GCC 1.1 (ee)	The start date shall be: the site handover date	this should specify the start date of the contract
GCC 13.1	the minimum cover for personnel injury or death insurance shall be: as per statute (workers compensation Act, Cap 225)	this should specify the minimum cover for personnel injury or death insurance
GCC 21.1	the site possession date shall be: **'After Site Hand Over'**	this should specify the site possession date of the contract
GCC 25.1	The Procedure for dispute shall be as specified in GCC 25.2 to 25.4	this should be amended to read: 'The Procedure for dispute shall be as specified in GCC 25.2 to 25.3
GCC 25.3	Fees and types of reimbursable expenses to be paid to the Adjudicator: The client and contractor will contribute 50% of the expenses required.	This should be amended to read: 'Any Adjudicator appointed under the contract shall be paid at UIPE rate as expenses and the cost shall be divided equally between PDE and the contractor. Whatever decision is reached by the adjudicator, either party may refer the dispute to the court of competent jurisdiction. If neither party refers the dispute to a "Court of competent jurisdiction, the Adjudicator's decision will be final and binding"
GCC 25.4	The arbitration shall be conducted in accordance with the Arbitration and Conciliation Act 2000 of Uganda	this should be deleted since dispute resolution shall be by Adjudication
GCC 51.1	The Advance payment will be equivalent to 30% and will be paid in the same currencies and proportions as the contract price. It will be paid to the contractor within 28 days after submission of acceptable bank guarantee. The form of guarantee is attached as appendix to the contract	this should be amended to read: "Advance payment shall not exceed 30% of the contract sum and shall be paid in the same currencies and proportions as the contract price. Advance payment shall be paid to the contractor within 28 days after submission of acceptable Bank Guarantee from a reputable Bank regulated by Bank of Uganda."

Implication
Signing a contract before obtaining the mandatory approval of the Solicitor General constitutes non-compliance with the PPDA (Contracts) Regulations, 2023 and exposes the Entity to legal and contractual risks. In addition, failure to incorporate the Solicitor General's recommendations may weaken contractual safeguards, create ambiguities in contract administration, and increase the likelihood of contractual disputes.

Management response
This was an oversight. However, the site handover was done on 30th May 2024 after Solicitor's approval.

Authority's comment
The Authority noted the Entity's response; however, the query was in regard to Contract signing prior to clearance by the Solicitor General and not about site handover.

Recommendation
The Accounting Officer should establish controls to ensure that contracts are not executed before obtaining all mandatory statutory approvals. In addition, all recommendations issued by the Solicitor General should be incorporated into the final contract prior to execution to ensure compliance with the law and strengthen contractual safeguards.

2.2.2 Failure to prepare and submit monthly progress reports
Regulation 52 (3) (g) of the PPDA (Contracts) Regulations, 2023 requires the Contract Manager to prepare and submit monthly progress reports on contract implementation to the Accounting Officer and the Procurement and Disposal Unit.

Audit review established that monthly progress reports for March 2025, June 2025, April 2026 and May 2026 were not available for audit verification. This indicates that the Contract Manager did not consistently comply with the reporting requirements prescribed under the Regulations. Table 6 below shows the months where progress reports were not availed.

Table 7: Missing Progress reports

S/No	Missing progress reports	
	2025	**2026**
1.	March	April
2.	June	May

Implication
Failure to prepare and submit monthly progress reports weakens contract monitoring and management oversight, limits timely identification of implementation challenges, and compromises the completeness of the audit trail necessary for demonstrating accountability and informed decision-making.

Management response
Monthly progress reports are herewith attached save for April and May 2026.

Authority's comment
The Authority noted the Entity's response; however, upon documentary review, progress reports for March and June 2025, April and May 2026 were not submitted for verification.

Recommendation
The Accounting Officer should require the Contract Manager to account for the missing monthly reports and institute appropriate administrative action where non-compliance is established. The Entity should also strengthen internal controls to ensure that all monthly contract progress reports are prepared, submitted, and properly maintained throughout the contract period.

2.2.3 Failure to submit and maintain an approved program of works

Clause GCC 27.1 required the contractor (M/s Akol Holdings Limited) to submit a Programme of Works within seven days after contract signature, while GCC 27.3 required regular programme updates every fourteen days and provided for withholding UGX 200,000 where updates were submitted late.

Audit review established that there was no documentary evidence of an approved Programme of Works that complied with the contractual requirements. Although management submitted an activity schedule during the audit, the document did not constitute a Programme of Works as required under GCC 27. Consequently, the Contract Manager did not enforce the contractual provisions relating to submission and updating of the programme or apply the prescribed contractual remedy.

Implication
The absence of an approved Programme of Works reduces the effectiveness of contract planning, monitoring and performance measurement, thereby increasing the risk of implementation delays, ineffective supervision and inadequate management of contract time.

Management response
Program of works were submitted by the contractor and they are herewith attached.

Authority's comment
The Authority noted the Entity's response; however, upon documentary review, the attachment provided was an activity schedule and not the program of works.

Recommendation
The Accounting Officer should ensure that the Contract Manager enforces compliance with GCC 27 by requiring contractors to submit and periodically update compliant Programmes of Works. Where contractors fail to comply, the Contract Manager should promptly apply the contractual remedies provided under the contract.

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

2.3.1 Inadequate Integration and Implementation of Environmental, Social, Health and Safety Requirements

Section 66 of the PPDA Act, Cap. 205 requires Procuring and Disposing Entities to incorporate environmental protection, social inclusion and sustainable procurement considerations into procurement processes.

Audit review established that the signed contract did not adequately incorporate Environmental, Social, Health and Safety (ESHS) requirements. Consequently:

- A functional Grievance Redress Committee had not been established at the project site.
- An uncovered and unmarked toilet inspection chamber posed a safety hazard.
- No evidence was provided to demonstrate implementation of environmental restoration measures such as tree planting

Implication
Weak integration and implementation of ESHS requirements increases the risk of occupational accidents, environmental degradation, unresolved stakeholder grievances and non-compliance with statutory safeguard requirements, which may adversely affect project implementation and sustainability.

Management Response
This has been noted and all concerned parties notified.

Recommendation
The Accounting Officer should ensure that all future procurement documents and contracts explicitly incorporate ESHS requirements in accordance with Section 66 of the PPDA Act and applicable UGIFT safeguard guidelines. The Contract Manager should conduct periodic ESHS compliance inspections, document identified risks, and ensure timely implementation of corrective actions throughout contract execution

CHAPTER 3:

3.1 Audit conclusion

The audit established that, as at 5th May 2026, the project had attained physical progress of approximately 90.4% against 97.9% of the contract time elapsed, while financial progress was 90.4%, indicating that implementation was substantially advanced and generally consistent with certified payments. Although the project remained close to the contractual completion timeline, minor outstanding works were yet to be completed.

Notwithstanding the satisfactory physical progress, the audit identified weaknesses in contract governance and compliance with the PPDA (Contracts) Regulations, 2023 and the contract conditions. The Entity executed the contract before obtaining the mandatory approval of the Solicitor General, did not fully implement the Solicitor General'ss recommendations, did not maintain complete monthly contract progress reports, and did not ensure submission and enforcement of a compliant Programme of Works. In addition, Environmental, Social, Health and Safety requirements were inadequately integrated into the contract and were not fully implemented during contract execution.

These weaknesses did not materially affect the progress achieved at the time of audit; however, they reduced the effectiveness of contract administration, weakened management oversight, and increased legal, operational and safeguard risks. The Entity should strengthen compliance with statutory requirements, enforce contractual obligations, improve contract monitoring and documentation, and ensure full integration and implementation of ESHS requirements in future procurements to promote effective contract management, accountability and value for money.