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

COMPLIANCE INSPECTION REPORT OF ESCALATED CASE FROM THE CONTRACT MONITORING SYSTEM IN KASESE DISTRICT LOCAL GOVERNMENT

NOVEMBER 2025

TABLE OF CONTENTS

ACRONYMS

CMS	Contract Monitoring System
UGX	Uganda Shillings
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
Ltd	Limited
HC	Health Centre
PPDA	Public Procurement and Disposal of Public Assets Authority
UPDF	Uganda People's Defense Force

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 (CMS) which provides a safe, centralized way to track and manage reports on ongoing government projects. In this, Civil Society Organizations (CSOs) monitor the projects through Contract Monitors that lodge the observations into the CMS. The issues reported by monitors are then reviewed and addressed by the CSOs, who can engage directly with relevant institutions, to resolve them. The idea is that the issues are handled at the Entity level and only escalated to the Authority for further action if the CSOs cannot resolve the issue directly.

The Rwenzori Anti-Corruption Coalition (RAC) escalated an unresolved case regarding slow progress in the construction of a twin staff house at Rukoki HC IV worth UGX 2,253,081,468 in Kasese District by the UPDF Engineering Brigade, citing likely failure to meet the contractual period.The Authority undertook a compliance inspection on the escalated case alongside a visit to the site on 18th March 2025.

The main objective of the inspection was to establish interventions to promote effective service delivery in accordance with Section 8 (ii) of the PPDA Act, Cap. 205.

The Authority noted the following exceptions:

1. Failure by the Entity to avail, for review by the Authority, a copy of the Memorandum of Understanding (MoU) signed with the UPDF Engineering Brigade for the construction of a twin staff house at Rukoki HC IV worth UGX 2,253,081,468. This affected the audit trail and contravenes the key principle of transparency in contract implementation;

2. Execution of works on an expired contract. The inspection noted that the intended completion period for the project stated in the inspection report by the Site Engineer was 12 calendar months from the start date (13th June 2023), the contract therefore expired on 13th June 2024. However, as per the final inspection report from the Site Engineer dated March 2025, the works were completed on 28th February 2025 (8 months after expiry of the intended completion period). The Entity did not have any contractual obligation with the contractor for a period of 8 months and works were executed illegally which could have exposed the Entity to a risk of litigation;

3. Delayed completion of the project. According to the final inspection report from the Site Engineer dated March 2025, the works had been completed on 28th February 2025 (8 months after expiry of the intended completion period) indicating that the contractor, UPDF Engineering Brigade, had delivered the project in 166% of the intended time. Delayed completion of projects results into delayed service delivery of the much-needed staff houses to the intended beneficiaries at Rukoki HC IV. Subsequently such delays increase overhead cost such as contract monitoring and supervision costs; and

4. Delay to formally handover the completed project to the intended beneficiaries. The inspection noted that despite the works being completed on 28th February 2025, the Entity was yet to

formally handover the project to the intended beneficiaries as of 13th June 2025 (3.5 months later). This implies that the project was yet to serve the intended purpose and the Entity risks expiry of the defects liability period before formally handing over the project to the intended beneficiaries.

Audit Conclusion
Despite the noted anomalies, the Authority confirmed that the works were completed on 28th February 2025, as documented in the substantial completion report dated 17th April 2025. However, as of 13th June 2025, the project had not yet been formally handed over to the intended beneficiaries.

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

1. The Accounting Officer should:
   i. Ensure that completed projects are promptly handed over to the intended beneficiaries for use so as to serve the project's intended purpose;
   ii. Avail all necessary documentation relevant to a procurement to the Procurement and Disposal Unit to enable the Unit to close off the respective procurement action file in accordance with Section 33 (o) of the PPDA Act, Cap 205 and PPDA Guideline 10 of 2024.
2. Contract manager(s) should:
   i. Ascertain that contractors meet all their performance or delivery obligations following the terms and conditions of the contract in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023; and
   ii. Always ascertain that all works are completed before the expiry of the contracts in accordance with Regulation 52(3) (vi) of the PPDA (Contracts) Regulations, 2023.

CHAPTER ONE: INTRODUCTION

1.1 Background

PPDA, in collaboration with GIZ, established a Contract Monitoring System (CMS) for citizen engagement, enabling CSOs and their Contract Monitors to report issues on government projects. Issues are handled at the entity level, escalating to PPDA only if unresolved. The Rwenzori Anti-Corruption Coalition (RAC) escalated an unresolved case regarding slow progress in the construction of a twin staff house at Rukoki HC IV worth UGX 2,253,081,468 by the UPDF Engineering Brigade, citing likely failure to meet the contractual period. In response, the PPDA conducted a compliance inspection and site visit on March 18, 2025, under Section 8 (ii) of the PPDA Act, Cap. 205.

On 13th June 2023, Kasese DLG signed a contract with UPDF Engineering Brigade for the construction of a twin staff house and OPD Block at Rukoki HC IV worth UGX 2,253,081,468 The contract was for a period of 12 calender months from the date of site hand over to the contractor. On 13th June 2023, the site was handed over to the contractor to start the contruction and as such, the contract completion date was 13th June 2024.

The contract summary is as detailed in Table 1 below:

Table 1: Contract Summary

Entity	Kasese District Local Government
Contract Title	Construction of a twin staff house and OPD Block at Rukoki HC IV worth UGX 2,253,081,468
Name of the Contractor	UPDF Engineering Brigade
Type of Contract	Admeasurement
Original Contract Value	2,253,081,468
Contract Signature Date	13th June 2023
Commencement Date	13th June 2023
Original Contract End Date	13th June 2024
Defects liability period	12 months
Project Supervisor	District Engineer

1.2 Laws applicable

The applicable laws and legal framework were:

i. The PPDA Act, Cap. 205;
ii. The PPDA (Contracts) Regulations, 2023.

1.3 Objective of the compliance inspection

The overall objective of the inspection was to establish interventions to promote effective service delivery in accordance with Section 8 (ii) of the PPDA Act, Cap. 205.

1.4 Inspection Methodology

The Authority adopted the following methodology:

i. Review of documentation;
ii. Physical verification of the project;

iii. Debriefing the Entity management on the preliminary findings;
iv. Issuing a management letter to the Entity for an official management response; and
v. Reporting on findings of the inspection and providing recommendations where applicable.

1.5 Legal documents applicable

The applicable laws and legal framework were:

iii. The PPDA Act, Cap. 205;
iv. The PPDA (Contracts) Regulations, 2023;
v. The MoU between Kasese DLG and UPDF Engineering Brigade;

1.6 Limitation of scope

i. The Entity failed to avail, for review by the Authority, a copy of the Memorandum of Understanding (MoU) signed with the UPDF Engineering Brigade for the construction of a twin staff house at Rukoki HC IV worth UGX 2,253,081,468. This greatly affected the audit trail and contravenes the key principle of transparency in contract implementation.

ii. The contract audit was undertaken by auditors who did not have professional competence in engineering and building construclion. 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 TWO: FINDINGS OF THE AUTHORITY

2.1. TO ASSESS THE PROGRESS OF THE WORKS

On 18th March 2025, the Authority undertook a site visit and found that the works were complete and the project was awaiting official handover of the completed structure so as to be utilized by the intended beneficiaries as shown in Table 1 below.

Table 1: Pictures showing status of works as at 18th March 2025

Above: The front view of the twin staff house

2.2. TO SUGGEST INTERVENTIONS TO PROMOTE EFFECTIVE SERVICE DELIVERY

The following anomalies were noted:

2.2.1. Failure to avail, to the Authority, a copy of the Memorandum of Understanding (MoU)

The Entity did not avail, for review, a copy of the MoU signed with the UPDF Engineering Brigade for the construction of a twin staff house at Rukoki HC IV worth UGX 2,253,081,468 during the inspection.

Implication

This affected the audit trail and contravenes the key principle of transparency in contract implementation.

Recommendation

The Accounting Officer should avail all necessary documentation relevant to a procurement to the Procurement and Disposal Unit to enable the Unit to close off the respective procurement action file in accordance with Section 33 (o) of the PPDA Act, Cap 205 and PPDA Guideline 10 of 2024.

2.2.2. Execution of works on an expired contract

The inspection noted that the intended completion period for the project stated in the inspection report from the Site Engineer was 12 calendar months from the start date (13th June 2023), the contract therefore expired on 13th June 2024. However, as per the final inspection report from the Site Engineer dated March 2025, the works were completed on 28th February 2025 (8 months after expiry of the intended completion period). There was no evidence availed to show that the contract was extended before expiry to allow the contractor execute works on a valid contract.

Implication

The Entity did not have any contractual obligation with the contractor for a period of 8 months and works were executed illegally which may lead to the risk of litigation.

Recommendation

Contract manager(s) should:

i. Ensure that the obligations and duties of the Procuring and Disposing Entity specified in the contract are well managed and make certain that the provider performs the contract in accordance with the terms and conditions specified in the contract in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2023; and
ii. Always ascertain that all works are completed before the expiry of the contracts in accordance with Regulation 52(3) (vi) of the PPDA (Contracts) Regulations, 2023.

2.2.3. Delayed completion of the project

According to the final inspection report from the Site Engineer dated March 2025, the works had been completed on 28th February 2025 (8 months after expiry of the intended completion period) indicating that the contractor, UPDF Engineering Brigade, had delivered the project in 166% of the intended time implying a delay of 8 months to deliver the much-needed project.

Implication

Delayed implementation of the project results into delayed service delivery of the much-needed staff houses to the intended beneficiaries of Rukoki HC IV. Subsequently such delays increase overhead costs such as contract monitoring and supervision costs.

Recommendation

Going forward, contract managers should ascertain that contractors meet all their performance or delivery obligations following the terms and conditions of the contract in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.

2.2.4. Delay to formally handover the completed project to the intended beneficiaries

The inspection noted that despite the works being completed on 28th February 2025, the Entity was yet to formally handover the project to the intended beneficiaries as of 13th June 2025 (3.5 months later).

Implications

- The project is yet to serve the intended purpose.
- The Entity risks expiry of the defects liability period before formally handing over the project to the intended beneficiaries.

Recommendation

Going forward, the Accounting Officer should ensure that completed projects are promptly handed over to the intended beneficiaries for use so as to serve the project's intended purpose.

2.2. TO SUGGEST INTERVENTIONS TO PROMOTE EFFECTIVE SERVICE DELIVERY

The following anomalies were noted:

2.2.1. Failure to avail, to the Authority, a copy of the Memorandum of Understanding (MoU)

The Entity did not avail, for review, a copy of the MoU signed with the UPDF Engineering Brigade for the construction of a twin staff house at Rukoki HC IV worth UGX 2,253,081,468 during the inspection.

Implication

This affected the audit trail and contravenes the key principle of transparency in contract implementation.

Recommendation

The Accounting Officer should avail all necessary documentation relevant to a procurement to the Procurement and Disposal Unit to enable the Unit to close off the respective procurement action file in accordance with Section 33 (o) of the PPDA Act, Cap 205 and PPDA Guideline 10 of 2024.

2.2.2. Execution of works on an expired contract

The inspection noted that the intended completion period for the project stated in the inspection report from the Site Engineer was 12 calendar months from the start date (13th June 2023), the contract therefore expired on 13th June 2024. However, as per the final inspection report from the Site Engineer dated March 2025, the works were completed on 28th February 2025 (8 months after expiry of the intended completion period). There was no evidence availed to show that the contract was extended before expiry to allow the contractor execute works on a valid contract.

Implication

The Entity did not have any contractual obligation with the contractor for a period of 8 months and works were executed illegally which may lead to the risk of litigation.

Recommendation

Contract manager(s) should:

i. Ensure that the obligations and duties of the Procuring and Disposing Entity specified in the contract are well managed and make certain that the provider performs the contract in accordance with the terms and conditions specified in the contract in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2023; and
ii. Always ascertain that all works are completed before the expiry of the contracts in accordance with Regulation 52(3) (vi) of the PPDA (Contracts) Regulations, 2023.

2.2.3. Delayed completion of the project

According to the final inspection report from the Site Engineer dated March 2025, the works had been completed on 28th February 2025 (8 months after expiry of the intended completion period) indicating that the contractor, UPDF Engineering Brigade, had delivered the project in 166% of the intended time implying a delay of 8 months to deliver the much-needed project.

Implication
Delayed implementation of the project results into delayed service delivery of the much-needed staff houses to the intended beneficiaries of Rukoki HC IV. Subsequently such delays increase overhead costs such as contract monitoring and supervision costs.

Recommendation
Going forward, contract managers should ascertain that contractors meet all their performance or delivery obligations following the terms and conditions of the contract in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.

2.2.4. Delay to formally handover the completed project to the intended beneficiaries
The inspection noted that despite the works being completed on 28th February 2025, the Entity was yet to formally handover the project to the intended beneficiaries as of 13th June 2025 (3.5 months later).

Implications
- The project is yet to serve the intended purpose.
- The Entity risks expiry of the defects liability period before formally handing over the project to the intended beneficiaries.

Recommendation
Going forward, the Accounting Officer should ensure that completed projects are promptly handed over to the intended beneficiaries for use so as to serve the project's intended purpose.

CHAPTER THREE: AUDIT CONCLUSION

Despite the noted anomalies, the Authority confirmed that the works were completed on 28th February 2025, as documented in the substantial completion report dated 17th April 2025 (*see Annex 1*). However, as of 13th June 2025, the project had not yet been formally handed over to the intended beneficiaries for use so as to serve the project's intended purpose.

ANNEXES:

Annex 1: Substantial Completion report for the construction works

KASESE DISTRICT LOCAL GOVERNMENT
WORKS DEPARTMENT

17th APRIL, 2025

The Chief Administrative Officer
Kasese District Local Government

SUBSTANTIAL COMPLETION REPORT FOR THE STOREYED STAFF HOUSE AT RUKOKI HOSPITAL IN KASESE MUNICIPAL COUNCIL, KASESE DISTRICT.
CONTRACTED AT 2,253,081,468/= (UGX) INCLUDING THE OPD BLOCK
CONTRACTED TO UPDF ENGINEERING BRIGADE

Current status of the Staff House

1

BELOW IS THE OBSERVED SUBSTANTIALLY COMPLETED WORKS AS OF MARCH 2025

Description	Remarks	Pictorial evidence
Preliminaries, substructure & steelworks, walling, ground and first floor slab. First floor walling, beam casting and roofing	Site clearance and excavation works were conducted, steel works were done using T16, T12, and R8 reinforcement bars Walling was done using concrete blocks Roofing with G28 pre-coated corrugated galvanized iron roofing complete and gutters fixed for proper rain water disposal.	 **Front view of the completed storied staff house**
Ceiling construction, plaster & rendering	All plastering and rendering activities were fully completed. Good mixes of mortar were used in ratios of 1:3 i.e. cement to sand respectively The building was painted both on the internal and external walls as required	 **Back view of the completed storied staff house**

1

Staircase and flooring(Terrazzo) done to completion	The floor finishes and staircase was done according to the plan and specifications. The flooring comprised of terrazzo on the outside and stair case and tiling on the inside.	
Completed kitchen and living room	The kitchen and living room were furnished to completion, electrical installation was done to completion and doors and windows fixed.	

2

Completed bathroom	Sanitary appliances were fixed, bathroom was furnised and tiled to completion, doors and windows were were fixed to completion.	

Environmental and social safe guard

- Grass planting was implemented
- The site was cleared of all solid waste which would be an environmental hazard.

Challenges

- The care taker reported some minor leakages in the roof.

Recommendations.

- By copy of this report, the contractor is instructed to repair the roof as a matter of urgency to create a conducive environment for the inhabitants.

Prepared by:

Asiimwe Ronald

Ag. District Engineer

Distribution:

1. The District Health Officer, Kasese
2. The UPDF Engineering Brigade

3