



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

**CONTRACT AUDIT REPORT ON THE CONSTRUCTION OF MUHULA SEED
SECONDARY SCHOOL AND CONSTRUCTION OF FACILITIES: 2 CLASSROOM
BLOCKS, ICT – LIBRARY ROOM BLOCK, MULTIPURPOSE HALL BLOCK, SUPPLY
OF FURNITURE AND RAIN WATER HARVESTING TANK AT KAITI SEED
SECONDARY SCHOOL**

BUTALEJA DISTRICT LOCAL GOVERNMENT

AUGUST 2026

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ACRONYMS

ESHS	Environmental, Social, Health and Safety
ESMP	Environmental and Social Management Plan
GCC	General Conditions of the Contract
IPC	Interim Payment Certificate
LTD	Limited
PPDA Act	Public Procurement and Disposal of Public Assets Act, Cap. 205
PPDA	Public Procurement and Disposal of Public Assets Authority
PPE	Personal Protective Equipment
UgIFT	Uganda Inter-Governmental Fiscal Transfer
UGX	Uganda Shillings
VAT	Value Added Tax

EXECUTIVE SUMMARY

On 6th October 2022, Butaleja District Local Government signed a contract with Custom Engineering Limited to construct Muhula Seed Secondary School at a total cost of UGX 2,931,752,328, with a 24-month completion period and a 12-month defects liability period.

On 20th May 2025, Butaleja District Local Government signed a contract with Baisonga and Sons Company Limited for the construction of facilities at Kaiti Seed Secondary School, with a total cost of UGX 999,998,500, with an eight-month completion period, and a six-month defects liability period.

In accordance with Section 8 (1) (j) (ii) of the PPDA Act, Cap. 205, the Public Procurement and Disposal of Public Assets Authority conducted contract audits of the two construction projects implemented by Butaleja District Local Government under UgIFT, namely: the Construction of Muhula Seed Secondary School and the Construction of facilities at Kaiti Seed Secondary School, comprising two classroom blocks, an ICT-library room block, a multipurpose hall block, the supply of furniture, and the installation of a rainwater harvesting tank.

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

The audit identified weaknesses in contract management and oversight which exposed the Entity to legal, financial and operational risks, compromised effective contract administration, and undermined the principles of economy, efficiency and value for money.

Although the projects are nearing completion and are expected to deliver the intended educational infrastructure, the identified weaknesses highlight the need for stronger contract management practices throughout the project lifecycle.

The following key exceptions were noted:

A. CONSTRUCTION OF MUHULA SEED SECONDARY SCHOOL

1. Irregularities in extending the contract completion period. Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023 requires the Contract Manager to ensure that all contract obligations are completed before the expiry of the contract. The Authority noted that the original contract period expired on 6th October 2024. However, the Accounting Officer approved a contract extension on 27th October 2024, extending the contract period up to 27th April 2025. The approval of the extension after the expiry of the original contract period was irregular. Allowing works to continue after the expiry of the contract exposes the entity to legal and financial risks, including disputes regarding payments, enforcement of contractual obligations and recoverability of losses;
2. No evidence of extension of the validity of the Performance Security. Regulation 11 (3) (c) of the PPDA (Contracts) Regulations, 2023 requires a Performance Security to remain valid for

the period specified in the bidding documents. The Contractor submitted a Performance Security (8%) of UGX 234,540,187 and an Environmental Security (2%) of UGX 58,635,047, both from KCB Bank Uganda Limited, on 29th December 2022, both expiring on 29th December 2023. However, the contract was due to expire on 6th October 2024, and there was no documented evidence that either security was extended to cover the contractual period. The absence of a valid Performance Security exposes the Entity to financial risk in the event of a contractor's default and weakens the enforcement mechanism for ensuring contractual performance;

3. Delayed completion of works. Section 51 of the PPDA Act, Cap. 205 requires that all procurement and disposal activities be conducted in a manner that promotes economy, efficiency, and value for money. The contract had an initial completion period of 24 months, with the original completion date of 6th October 2024. During the Authority's site visit conducted on 4th December 2025, the works were incomplete, with physical progress established at 50%. The site appeared abandoned, and the Entity did not provide documentation explaining the delay or indicating measures undertaken to facilitate completion of the works. However, an updated status provided by the District Engineer on 19th June 2026 indicated that physical progress was at 90%. Delayed completion of the works denies students timely access to the intended educational facilities, resulting in continued use of inadequate or congested learning spaces and delaying the realization of the project's intended benefits;
4. Noncompliance with the 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, requires that the work be environmentally and socially responsive. Although the contract incorporated ESHS provisions under GCC 29, the Authority established that implementation was inadequate. Site inspection revealed the following; Absence of reports on ESHS compliance, No evidence of the supply of PPEs and a first-aid box, No evidence of supervision, sensitization, and monitoring of ESMP issues and The site was not hoarded off. The health, safety, and security of the workers, the community, and materials on site were compromised.

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

1. The Accounting Officer should;
 - i) Direct the Contract Manager, in consultation with the relevant technical officers, to undertake a review and rescoping of the outstanding works to determine the remaining requirements. Based on the approved scope, the Procurement and Disposal Unit, in liaison with the User Department, should initiate a new procurement process using an appropriate procurement method.
 - ii) Task the Contract Manager to immediately develop and implement a time-bound recovery plan for the outstanding 10% of the works, specifying clear completion dates, and closely monitor implementation until full completion.
 - iii) Task the Contract Management Team, together with the Community Development Officer and Environmental Officer to undertake routine ESHS compliance inspections, document

all non-compliance and task contractors to promptly implement corrective actions in accordance with Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2. The Head, Procurement and Disposal Unit should monitor performance and other contractual securities and ascertain that they remain valid for the entire duration of the contract, including any approved extensions, in accordance with Regulation 11 (5) of the PPDA (Contracts) Regulations, 2023.

B. CONSTRUCTION OF FACILITIES: 2 CLASSROOM BLOCKS, ICT – LIBRARY ROOM BLOCK, MULTIPURPOSE HALL BLOCK, SUPPLY OF FURNITURE, AND RAIN WATER HARVESTING TANK AT KAITI SEED SECONDARY SCHOOL

1. Absence of a Performance Securing Declaration. Regulation 12 of the PPDA (Contracts) Regulations, 2023 states that “(1) *a contract shall become effective only when one or more of the specified conditions in the contract are fulfilled, including (a) the Procuring and Disposing Entity receiving the performance security or the Performance Securing Declaration.*” The Authority noted that the contract with Baisonga and Sons Company Limited was signed on 20th May 2025, and work commenced the same day without obtaining a Performance Securing Declaration. This lapse stemmed from the weak enforcement of contract conditions. The Entity is at risk of failing to seek redress for non-performance;
2. Inadequate contract monitoring and supervision. Regulation 52(1) of the PPDA (Contracts) Regulations, 2023 requires the contract manager to manage the obligations and duties of the Procuring and Disposing Entity as specified in the contract and to ensure that the provider performs the contract in accordance with its terms and conditions. The Authority noted gaps in contract monitoring and supervision, including the absence of a contract management plan, progress reports, measurement sheets, payment records, site meeting minutes, and program of works updates, indicating inadequate oversight. This may lead to poor contract performance and compromise value for money;
3. Slow progress of works. Section 51 of the PPDA Act, Cap. 205, provides that all procurement and disposal shall be conducted in a manner that promotes economy, efficiency, and value for money. The Authority noted that, although the contract was signed on 20th May 2025 with a completion period of eight months ending on 20th January 2026, a site visit conducted on 4th December 2025 found that the works were behind schedule, with some still at the foundation stage, no signage, buildings not painted, glass not installed in windows, no trees planted, and the veranda and floor not finished. Despite a few workers on site, the physical progress of 48% was not commensurate to the elapsed contract period of 81%. As of 19th June 2026, the physical progress stood at 85% against the time progress of 163% as per the District Engineer’s status update. However, there was no evidence of contract period extension. Slow progress of works leads to delayed service delivery to the intended beneficiaries;
4. Non-compliance with the 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, requires that the work be environmentally and

socially responsive. Although the contract incorporated ESHS provisions under GCC 29, the Authority established that implementation was inadequate. Site inspection revealed the following: Absence of reports on ESHS compliance, no evidence of the supply of PPEs and a first-aid box, no evidence of supervision, sensitization, and monitoring of ESMP issues and the site was not hoarded off. The health, safety, and security of the workers, the community, and materials on site were compromised.

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

1. The Accounting Officer should;
 - i) Task the Contract Manager to immediately develop and implement a time-bound recovery plan for the outstanding 15% of the works, specifying clear completion dates, and closely monitor implementation until full completion.
 - ii) Task contractors to always submit duly signed Performance Securing Declarations or Performance Securities, where applicable, in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023.
 - iii) Task the Contract Manager to show cause why disciplinary action should not be instituted against him for failure to effectively monitor the contract contrary to Regulation 52 of the PPDA (Contracts) Regulations, 2023 and notify the Authority of the action taken within one month of receipt of this report.
 - iv) Task the Contract Management Team, together with the Community Development Officer and Environmental Officer to undertake routine ESHS compliance inspections, document all non-compliance and task contractors to promptly implement corrective actions in accordance with Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

CHAPTER ONE: 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. Butaleja District Local Government was one of the beneficiaries

In accordance with Section 8 (1) (j) (ii) of the PPDA Act, Cap. 205, the Public Procurement and Disposal of Public Assets Authority conducted two contract audits under the UgIFT Program in Butaleja District Local Government. The audit covered the Construction of Muhula Seed Secondary School and the Construction of facilities at Kaiti Seed Secondary School, including 2 classroom blocks, an ICT-library room block, a multipurpose hall block, the supply of furniture, and a rainwater harvesting tank, worth UGX 3,931,750,828.

1.2 Laws 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 bidding documents issued to bidders;
- iv. The Circular on contract management and safeguard requirements under the Uganda Inter-Governmental Fiscal Transfer (UgIFT) program dated 16th March 2021;
- v. The signed contract between Butaleja District Local Government and Custom Engineering Limited;
- vi. The signed contract between Butaleja District Local Government and Baisonga and Sons Company Limited

1.3 Objectives

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 the:

1. Progress of the works.
2. Effectiveness of cost and quality control of works undertaken.
3. Adherence to Environmental, Social, Health and Safety (ESHS) requirements.

1.4 Audit Methodology

The Authority adopted the following methodology:

Between 3rd and 5th December 2025, one Senior Officer-Performance Monitoring and two Officers-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 correspondence related to the matter, and physical verification of the project site to obtain relevant and sufficient evidence to derive the audit conclusions.

Following the completion of the fieldwork, the PPDA Officers debriefed the Accounting Officer and staff on **5th December 2025**. The Management Letter was issued on **29th April 2026** with a request to submit the responses by **7th May 2026**, to which the Entity responded on **22nd May 2026**. This report details the findings and recommendations arising from the audit exercise

1.5 Limitation of Scope

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.

CHAPTER TWO: FINDINGS AND RECOMMENDATIONS

A. CONSTRUCTION OF MUHULA SEED SECONDARY SCHOOL (MOES/UGIFT/WRKS/21-22/00005)

2.1 ASSESSMENT OF THE PROGRESS OF WORKS

i. Contract summary

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

Table 1: Contract summary for Construction of Muhula Seed Secondary School

Table 1: Contract summary for Construction of Muhula Seed Secondary School																																				
Entity	Butaleja District Local Government																																			
Contract Title	Construction of Muhula Seed Secondary School in Butaleja District																																			
Name of the Contractor	Custom Engineering Limited																																			
Type of Contract	Admeasurement contract																																			
Original Contract Value exclusive of VAT	UGX 2,931,752,328																																			
Contract Signature Date	6 th October 2022																																			
Commencement Date	6 th October 2022																																			
Original Contract End Date	6 th October 2024 (24 months as per SCC (GCC) 22)																																			
Contract Extension no. 1	27 th April 2025																																			
Defects liability period	12 months																																			
Contract Outputs/ Deliverables	<table><tr><th colspan="2">Works Description</th></tr><tr><td colspan="2">Preliminaries</td></tr><tr><td colspan="2">Site levelling works</td></tr><tr><td colspan="2">Three 2-classroom blocks</td></tr><tr><td colspan="2">One 2-Unit Science Laboratory Block</td></tr><tr><td colspan="2">One Administration Block</td></tr><tr><td colspan="2">Three 2-Unit Teachers House</td></tr><tr><td colspan="2">Three 2-Unit Teachers Kitchen</td></tr><tr><td colspan="2">One 2-Stance Lined VIP Latrine at Administration Block</td></tr><tr><td colspan="2">Three Two-Stance Lined VIP Latrine Block for Teachers House</td></tr><tr><td colspan="2">One Five Stance Lined VIP Latrine Block for Boys</td></tr><tr><td colspan="2">One Five Stance Lined VIP Latrine Block for Girls</td></tr><tr><td colspan="2">External works</td></tr><tr><td colspan="2">One rainwater harvest system with 5000 litres Tank</td></tr><tr><td colspan="2">One ICT library Block</td></tr><tr><td colspan="2">One Multipurpose Hall</td></tr><tr><td colspan="2">One sports field</td></tr></table>		Works Description		Preliminaries		Site levelling works		Three 2-classroom blocks		One 2-Unit Science Laboratory Block		One Administration Block		Three 2-Unit Teachers House		Three 2-Unit Teachers Kitchen		One 2-Stance Lined VIP Latrine at Administration Block		Three Two-Stance Lined VIP Latrine Block for Teachers House		One Five Stance Lined VIP Latrine Block for Boys		One Five Stance Lined VIP Latrine Block for Girls		External works		One rainwater harvest system with 5000 litres Tank		One ICT library Block		One Multipurpose Hall		One sports field	
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One ICT library Block																																				
One Multipurpose Hall																																				
One sports field																																				
Status	Time Progress – 183% Physical progress – 90% Financial Progress – 89.5%																																			
Securities	Security	Status																																		
	Performance Security (3% of contract price)	UGX 234,540,187 submitted on 29 th																																		

		December 2022 and expiring on 29 th December 2023.
	ES Performance Security (2% of contract price)	UGX58,635,047 submitted on 29 th December 2022 and expiring on 29 th December 2023.
	Advance Payment Security (20% of contract price)	Payment records not on file
Project Management Team appointed on 28 th November 2024	Contract manager; District Education Officer Project manager; District Engineer	

ii. Progress of works

The Authority reviewed the contract documents and contract management records and conducted a physical inspection of the project on 4th December 2025 to assess the time, physical, and financial progress of the works. In addition, the Entity's Engineer provided an update on the project's physical progress on 19th June 2026, which was used to establish the current implementation status.

2.1.1 Time Progress

As of 19th June 2026, when the Authority received a status update from the District Engineer, a total of 44 months had elapsed since contract commencement, representing 183% of the original contract duration. The project timeline is presented in Table 2 below

Table 2: Time Progress as of 19th June 2026

Contract Start Date	6 th October 2022
Original Contract End Date	6 th October 2024
Contract Extension No. 1	27 th April 2025
Contract Period (Months)	24 months
Time Lapse (Months)	44 months
Time Progress	183%.

i. Irregularities in extension of contract completion period

Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023 requires the Contract Manager to ensure that all contract obligations are completed before the expiry of the contract. The Authority noted that the original contract period expired on 6th October 2024. However, the Accounting Officer approved a contract extension on 27th October 2024, extending the contract period up to 27th April 2025. The approval of the extension after the expiry of the original contract period was irregular.

Implications

- The renewal of the contract was effected with respect to a contract that had already expired rendering the purported renewal null and void.
- Allowing works to continue after the expiry of the contract exposes the entity to legal and financial risks including disputes regarding payments, enforcement of contractual obligations and recoverability of losses.

Management Response

The contract was extended. Attached is a copy for your review.

Authority's comment

The Authority noted the Entity's response; however, the contract extension letter was not provided for verification

Recommendation

The Accounting Officer should direct the Contract Manager, in consultation with the relevant technical officers, to undertake a review and rescoping of the outstanding works to determine the remaining requirements. Based on the approved scope, the Procurement and Disposal Unit, in liaison with the User Department, should initiate a new procurement process using an appropriate procurement method.

1.1.2 Financial progress

During the audit, payment records were not availed to the Authority. However, on 19th June 2026, the District Engineer provided a status update indicating that the Entity had paid a cumulative amount of UGX 2,624,038,174, representing 89.5% of the total contract price. Table 3 below presents the project's financial progress

Table 3: Financial Progress as of 19th June 2026

SN	DESCRIPTION	AMOUNT (UGX)
1.	IPC NO. 01	569,035,667
2.	IPC NO. 02	400,454,866
3.	IPC NO.03	202,017,440
4.	IPC NO. 04	200,766,848
5.	IPC NO. 05	484,864,260
6.	IPC NO. 06	173,202,020
7.	IPC NO. 07	267,276,790
8.	VAT	309,223,223
9.	IPC NO.8	17,197,060
	Total Amount Paid	2,624,038,174
	Financial progress	89.5%
		2,931,752,328
	Value of work pending	307,714,154

1.1.3 Physical progress

Physical progress as of 19th June 2026 was at 90%. Table 4 below shows the project's physical progress.

Table 4: Physical Progress as of 19th June 2026

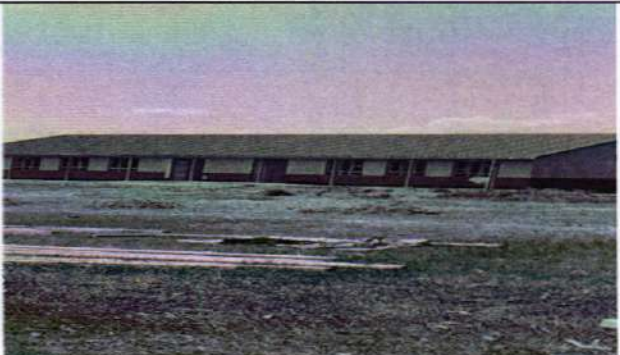
Contract Amount	2,931,752,328
Measured / Valued works as of 19 th June 2026, as per the Engineer's measurement.	90%.

Pending work as of 19 th June 2026 as per the Engineer's progress report.	Painting works (final coat missing), Electrical Installations (First fix completed), Glazing pending, Rain Water Harvesting Systems (only downpipes missing), gutters fixed, Ramps and Splash Apron, Furniture and fixtures. (All desk frames supplied, awaiting wooden tops), Internal Door Shutters and External Drainages
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i. Delayed completion of works

Section 51 of the PPDA Act, Cap. 205 requires that all procurement and disposal activities be conducted in a manner that promotes economy, efficiency, and value for money. The contract had an initial completion period of 24 months, with the original completion date of 6th October 2024. During the Authority's site visit conducted on 4th December 2025, the works were incomplete, with physical progress established at 50%. The site appeared abandoned, and the Entity did not provide documentation explaining the delay or indicating measures undertaken to facilitate completion of the works. However, an updated status provided by the District Engineer on 19th June 2026 indicated that physical progress had improved to 90%. Table 5 below shows the status of works as of 4th December 2025 and 19th June 2026.

Table 5: Status of works as of 4th December 2025 and 19th June 2026

 The ICT Lab as of 4th December 2025	 ICT Lab as of 19th June 2026, painting works had been completed
 Two classroom block as of 4th December 2025	 Two classroom block as of 19th June 2026, painting works had been done



Science lab as of 4th December 2025



Science Lab as of 19th June 2026, painting works had been completed



Staff house as of 4th December 2025



Staff house as of 19th June 2026; painting works had been completed



Staff latrine as of 4th December 2025, which remained the same as of 19th June 2026, pending painting works.



Staff kitchen as of 4th December 2025, which remained the same as of 19th June 2026, pending window installation and painting works.



Students' pit latrine as of 4th December 2025, which remained the same as of 19th June 2026, pending painting works.

Implication

Delayed completion of the works denies students timely access to the intended educational facilities, resulting in continued use of inadequate or congested learning spaces and delaying the realisation of the project's intended benefits.

Authority's comment

Management did not provide a response.

Recommendation

The Accounting Officer should task the Contract Manager to immediately develop and implement a time-bound recovery plan for the outstanding 10% of the works, specifying clear completion dates, and closely monitor implementation until full completion.

2.2 EFFECTIVENESS OF THE QUALITY, TIME, AND COST CONTROLS

2.2.1 No evidence of extension of validity of Performance Security

Regulation 11 (3) (c) of the PPDA (Contracts) Regulations, 2023 requires a Performance Security to remain valid for the period specified in the bidding documents. The Contractor submitted a Performance Security (8%) of UGX 234,540,187 and an Environmental Security (2%) of UGX 58,635,047, both from KCB Bank Uganda Limited, on 29th December 2022, both expiring on 29th December 2023. However, the contract was due to expire on 6th October 2024, and there was no documented evidence that either security was extended to cover the contractual period.

Implication

The absence of a valid Performance Security exposes the Entity to financial risk in the event of a contractor's default and weakens the enforcement mechanism for ensuring contractual performance.

Management Response

It was an omission on the part of procurement; however, this is noted for the forthcoming projects.

Recommendation

The Head, Procurement and Disposal Unit, should monitor performance and other contractual securities and ensure that they remain valid for the entire duration of the contract, including any approved extensions, in accordance with Regulation 11 (5) of the PPDA (Contracts) Regulations, 2023.

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

2.3.1 Non- compliance with the 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, requires that the work be environmentally and socially responsive. Although the contract incorporated ESHS provisions under GCC 29, the Authority established that implementation was inadequate. Site inspection revealed the following;

- Absence of reports on ESHS compliance;
- No evidence of the supply of PPEs and a first-aid box;
- No evidence of supervision, sensitization, and monitoring of ESMP issues; and
- The site was not hoarded off as shown in Table 6 below:

Table 6: Images showing site not hoarded off



Implication

The health, safety and security of the workers, the community and the materials on site were compromised.

Management response

ESMP implementation was carried out by the District Community Development Officer and the District Environment Officer, as documented in the attached reports for your review.

Authority's comment

The Authority noted the entity's response; however, no documentary evidence was provided for verification.

Recommendation

The Accounting Officer should task the Contract Management Team, together with the Community Development Officer and Environmental Officer to undertake routine ESHS compliance inspections, document all non-compliance and task contractors to promptly implement corrective actions in accordance with Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

B. CONSTRUCTION OF FACILITIES: 2 CLASSROOM BLOCKS, ICT – LIBRARY ROOM BLOCK, MULTIPURPOSE HALL BLOCK, SUPPLY OF FURNITURE, AND RAIN WATER HARVESTING TANK AT KAITI SEED SECONDARY SCHOOL

2.1 ASSESSMENT OF PROGRESS OF WORKS

i. Contract summary

The key information about the contract is summarized in Table 7 below: -

Table 7: Contract summary for Construction of facilities; 2 classroom blocks, ICT – library room block, multipurpose hall block, supply of furniture and rain water harvesting tank at Kaiti Seed Secondary School

Entity	Butaleja District Local Government		
Contract Title	Construction of facilities; 2 classroom blocks, ICT – library room block, multipurpose hall block, supply of furniture and rain water harvesting tank at Kaiti Seed Secondary School		
Name of the Contractor	Baisonga and Sons Company Limited		
Type of Contract	Admeasurement contract		
Original Contract Value exclusive of VAT	UGX 999,998,500		
Contract Signature Date	20 th May 2025		
Commencement Date	20 th May 2025		
Original Contract End Date	20 th January 2026 (8 months as per SCC (GCC 22))		
Defects liability period	6 months		
Contract Outputs/ Deliverables	Works Description		Amount (UGX)
	Preliminaries		25,400,000
	Site levelling works		2,616,000
	Two 2-classroom blocks		337,010,000
	One ICT- library Block		380,849,000
	One Multipurpose Hall		248,374,500
	Rain water harvesting system with 5000L water tank		5,749,000
	TOTAL AMOUNT		999,998,500
	Status (as per Activity Supervision Report dated)	Time Progress – 163% Physical progress – 85% Financial Progress – 87%.	
Securities	Security		Status
	Performance security (Performance Securing Declaration)		No evidence of submission
	ES Performance Security (NA)		Not required
	Advance Payment Security (30% of contract price)		No payment records on file
Project Management Team appointed on 20 th May 2025	Contract manager; District Education Officer Project manager; District Engineer		

ii. Progress of works

The Authority reviewed the contract documents and contract management records and conducted a physical inspection of the project on 4th December 2025 to assess the time, physical, and financial progress of the works. In addition, the Entity's Engineer provided an update on the project's physical progress on 19th June 2026, which was used to establish the current implementation status.

2.1.1 Time Progress

At the time of the Authority's audit conducted on 4th December 2025, approximately six and a half months had elapsed from the contract commencement date, representing 81% of the approved contract duration. However, the Authority subsequently received a status update from the District Engineer on 19th June 2026 indicating that 13 months had elapsed since contract commencement, representing 163% of the original contract duration. The project timeline is presented in Table 8 below

Table 8: Time Progress as of 19th June 2026

Contract Start Date	20 th May 2025
Original Contract End Date	20 th January 2026
Contract Extension No. 1	Nil
Contract Period (Months)	8 months
Time Lapse (Months)	13 months
Time Progress	163%

2.1.2 Physical progress

The Authority noted that although the contract had expired, the project's physical progress was 85% as of 19th June 2026. Table 9 below shows the project's physical progress.

Table 9: Physical Progress as at 19th June 2026

Contract Amount	UGX 999,998,500
Measured/Valued works as of 19 th June 2026, as per the Engineer's measurements.	85%.
Pending works as of 19 th June 2026 as per the Engineer's progress report	Painting works (Undercoat and first coat applied), Electrical Installations (only first fix complete), Glazing, Rain Water Harvesting Systems (only down water pipes missing), Furniture and fixtures (all worktops have been constructed), Internal Door Shutters, External drainages

i. Slow progress of works

Section 51 of the PPDA Act, Cap. 205, provides that all procurement and disposal shall be conducted in a manner that promotes economy, efficiency, and value for money. The Authority noted that, although the contract was signed on 20th May 2025 with a completion period of eight months ending on 20th January 2026, a site visit conducted on 4th December 2025 found that the works were behind schedule, with some still at the foundation stage, no signage, buildings not painted, glass not installed in windows, no trees planted, and the veranda and floor not finished. Despite a few workers on site, the physical progress of 48% was not commensurate with the elapsed contract period of 81%. As of 19th June 2026, the physical progress stood at 85% against the time progress of 163% as per the District Engineer's status update. However, there was no

evidence of contract period extension. Table 10 below shows the status of works as of 4th December 2025 and 19th June 2026

Table 10: Status of works

	
Incomplete ICT Laboratory as of 4 th December 2025, before roofing and plastering	As of 19 th June 2026, the ICT Laboratory had been roofed and plastered.
	
The main hall was at finishes stage pending painting and installation of glasses in the windows as at 4 th December 2025. This remained the same status as at 19 th June 2026.	
	
The classroom blocks were at finishes stage pending painting, installation of glasses in the window and electrical installation as at 4 th December 2025. This remained the same status as at 19 th June 2026.	

Implication

Slow progress of works leads to delayed service delivery to the intended beneficiaries.

Management response

Progress on the works was indeed slow, but the entity cautioned the contractor about the delay in executing the project, reminding the contractor of the Ministry of Finance, Planning and Economic Development's earlier communication that all UGIFT Projects would close by the end of December 2026. See the attached warnings to the contractor and the supervision reports from the project supervisor.

Authority's comment

The Authority noted the Entity's response; however, the alleged warnings to the contractor and supervision reports were not provided for verification.

Recommendation

The Accounting Officer should task the Contract Manager to immediately develop and implement a time-bound recovery plan for the outstanding 15% of the works, specifying clear completion dates, and closely monitor implementation until full completion.

2.1.3 Financial progress

The Authority noted that the Entity had paid a cumulative amount of UGX 871,234,290, representing 87% of the total contract price. Table 11 below presents the project's financial progress

Table 11: Financial progress as of 19th June 2026

SN	Description	Amount (UGX)
1.	IPC NO. 01	231,715,800
2.	IPC NO. 02	278,465,400
3.	IPC NO.03	103,537,260
6.	IPC NO. 04	215,156,430
7.	IPC NO. 05	42,359,400
	Total Amount paid	871,234,290
	Financial progress	87%
	Contract Value	999,998,500
	Value of work pending	128,764,210

2.2 EFFECTIVENESS OF THE QUALITY, TIME, AND COST CONTROLS

2.2.1 Absence of a Performance Securing Declaration

Regulation 12 of the PPDA (Contracts) Regulations, 2023 states that "(1) a contract shall become effective only when one or more of the specified conditions in the contract are fulfilled, including (a) the Procuring and Disposing Entity receiving the performance security or the Performance Securing Declaration." The Authority noted that the contract with M/s Baisonga and Sons Company Limited was signed on 20th May 2025, and that work commenced the same day without obtaining a Performance Securing Declaration. This lapse stemmed from the weak enforcement of contract conditions.

Implication

The Entity is at risk of failing to seek redress in the event of nonperformance

Management response

The duly signed Performance Securing Declaration was submitted in January 2026. A copy is attached for your review.

Authority's comment

The entity did not provide the Performance Securing Declaration for verification.

Recommendation

The Accounting Officer should task contractors to always submit duly signed Performance Securing Declarations or Performance Securities, where applicable, in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023.

2.2.2 Inadequate contract monitoring and supervision

Regulation 52(1) of the PPDA (Contracts) Regulations, 2023 requires the Contract Manager to manage the obligations and duties of the Procuring and Disposing Entity as specified in the contract and to ensure that the provider performs the contract in accordance with its terms and conditions. The Authority noted gaps in contract monitoring and supervision, including the absence of a contract management plan, progress reports, measurement sheets, payment records, site meeting minutes, and program of works updates, indicating inadequate oversight.

Implication

This may lead to poor contract performance and compromise value for money.

Management response

The Contract Manager organized a site meeting, and a copy of the meeting minutes is attached for your review.

Authority's comment

No documentary evidence was provided for verification

Recommendations

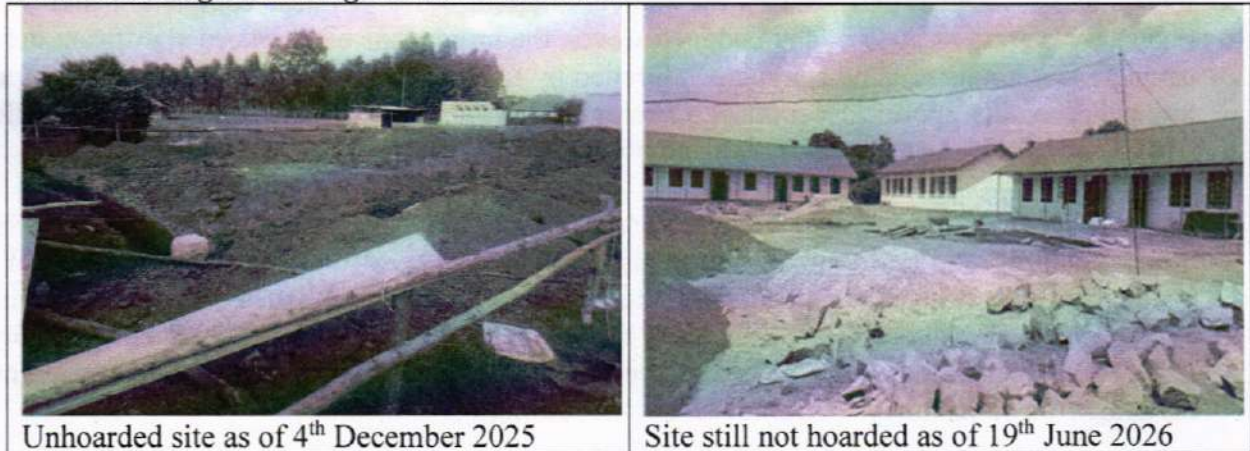
The Accounting Officer should task the Contract Manager to show cause why disciplinary action should not be instituted against him for failure to effectively monitor the contract contrary to Regulation 52 of the PPDA (Contracts) Regulations, 2023 and notify the Authority of the action taken within one month of receipt of this report.

2.3 ADHERENCE TO THE ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY SAFEGUARD REQUIREMENTS**2.3.1 Non- compliance with the 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, requires that the work be environmentally and socially responsive. Although the contract incorporated ESHS provisions under GCC 29, the Authority established that implementation was inadequate. Site inspection revealed the following;

- Absence of reports on ESHS compliance;
- No evidence of the supply of PPEs and a first-aid box;
- No evidence of supervision, sensitization, and monitoring of ESMP issues; and
- The site was not hoarded off as shown in Table 12 below.

Table 12: Images showing site not hoarded off



Implication

The health, safety, and security of the workers, the community, and materials on site were compromised.

Management response

ESMP implementation was carried out by the District Community Development Officer and the District Environment Officer, as documented in the attached reports for your review.

Authority's comment

The Authority noted the entity's response; however, no documentary evidence was provided for verification.

Recommendation

The Accounting Officer should task the Contract Management Team, together with the Community Development Officer and Environmental Officer to undertake routine ESHS compliance inspections, document all non-compliance and task contractors to promptly implement corrective actions in accordance with Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

CHAPTER THREE: CONTRACT CLOSURE AND AUDIT CONCLUSION

3.1 Audit conclusion

3.1.1 Construction of Muhula Seed Secondary School

In conclusion, the implementation of the Construction of Muhula Seed Secondary School has made substantial physical progress, with the project attaining 90% physical completion and 89.5% financial progress as at 19th June 2026. However, the project has experienced significant delays, having exceeded its original contractual duration by 83%, and continued to be implemented after the expiry of the approved contract extension without a valid contract in place. This reflects weaknesses in contract administration and oversight.

In addition, the audit identified irregularities relating to the management of contract extensions, the absence of valid performance and environmental securities for a significant portion of the contract period, delayed completion of the works, and non-compliance with Environmental, Social, Health and Safety (ESHS) safeguard requirements. These deficiencies expose the Entity to legal, financial and operational risks, weaken accountability in contract execution, and undermine the principles of economy, efficiency and value for money.

Although the project is nearing completion and is expected to deliver the intended infrastructure, the identified weaknesses demonstrate inadequate contract management controls throughout implementation.

3.1.2 Construction of facilities: 2 classroom blocks, ICT – library room block, multipurpose hall block, supply of furniture, and rainwater harvesting tank at Kaiti Seed Secondary School

As at 19th June 2026, the construction of facilities at Kaiti Seed Secondary School has recorded substantial implementation progress, with the project attaining 85% physical progress and 87% financial progress. However, the project had exceeded its planned implementation period by 63%, with time progress standing at 163%, indicating that the intended infrastructure had not been delivered within the agreed contractual timeframe.

The audit further identified weaknesses in contract management and oversight, including the absence of a Performance Securing Declaration before contract commencement, inadequate contract monitoring and supervision, slow progress of works, and non-compliance with Environmental, Social, Health and Safety (ESHS) safeguard requirements. These deficiencies expose the Entity to legal, financial and operational risks, compromise effective contract administration, and undermine the principles of economy, efficiency and value for money.

Although the project is approaching completion and is expected to deliver the intended educational infrastructure, the identified weaknesses highlight the need for stronger contract management practices throughout the project lifecycle.

In light of the above, the Accounting Officer should implement the Authority's recommendations set out herein to achieve the projects' objectives and improve the Entity's performance of future projects.