



**CONTRACT AUDIT IN TO THE UPGRADE OF AKALI AND
OWINY HEALTH CENTRE IIs TO IIIs IN KWANIA DISTRICT**

CONTRACTOR: BYGON ENTERPRISES LTD

PROCUREMENT REF. NO: MOH/WRKS/2020-2021/00007/1-8 LOT 9

OCTOBER 2024

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ACRONYMS

BOQs	Bills of Quantities
FY	Financial Year
GCC	General Condition of Contract
MoH	Ministry of Health
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
UGX	Uganda Shillings

EXECUTIVE SUMMARY

The Government of Uganda appropriated funds to the Ministry of Health in Financial Year (FY) 2020/2021 towards the upgrade of Akali and Owiny Health Centre IIs to IIIs in Kwanja District (MoH/wrks/2020-21/00007/1-8 Lot 9) with support from the World Bank through the Uganda Intergovernmental Fiscal Transfer Program (UGIFT).

The Ministry of Health developed the Bills of Quantities (BoQs) and the bidding document, and advertised the tender. Kwanja District Local Government (DLG) as the implementing Entity approved the bidding document, conducted evaluation, awarded and signed the contract as well as managed contract execution.

On 16th February 2021, Kwanja DLG signed a contract with Bygon Enterprises Ltd to upgrade Akali and Owiny Health Centre IIs to IIIs at a cost of UGX 1,235,000,000 (18% VAT exclusive) for a period of eight calendar months expiring on 15th October 2021.

In line with Section 8 (1) (j) (ii) of the PPDA Act, Cap. 205 the Public Procurement and Disposal of Public Assets Authority conducted a contract audit into the upgrade of Akali and Owiny Health Centre IIIs (procurement ref: MoH/wrks/2020-21/00007/1-8 Lot 9) in Kwanja District with an overall objective of assessing the status of contract implementation.

The specific objectives for undertaking the contract audit were to assess:

1. The progress of works;
2. Achievement of value for money in terms of effectiveness, efficiency, economy and equity in contract execution; and
3. Adherence to Environmental, Safety, Health and Social Safeguard (ESHS) requirements.

Key Findings of the Authority

The Authority found the following key exceptions:

1. Failure by Kwanja District Local Government to acquire land titles for Akali Health Centre III and Owiny Health Centre III.
2. Failure by Kwanja District Local Government to ensure that the contractor planted paspalum grass at the front of the Maternity Block at Akali Health Centre III which has led to creation of gullies in the compound due to storm water.

In order to address the above exceptions at Akali and Owiny Health Centre IIIs, the Accounting Officer should take overall responsibility for the implementation of the Authority's recommendations summarized below and detailed in chapter 2 of this report in accordance with Section 26 (1) of the PPDA Act, Cap. 205.

Key Recommendations

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

- i. Acquire land titles for Akali and Owiny Health Centre IIIs so as to guarantee ownership of the health facilities by Government.
- ii. Allocate funds for planting of grass at the front of the Maternity Block at Akali Health Centre III to prevent the creation of gullies in the compound.
- iii. Task the District Environment Officer/District Natural Resources Officer to make periodic visits to the sites and ensure compliance with environmental mitigation measures 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 carried out a contract audit on the upgrade of Akaili and Owiny Health Centre IIs to IIIs. The contract audit involved a review of the contract performance following the provisions of the Public Procurement and Disposal of Assets Act, Cap. 205 and PPDA Regulations.

On 16th February 2021, Kwanja District Local Government entered into a contract with Bygon Enterprises Limited to upgrade Akali Health Centre II and Owiny Health Centre II to Health Centre IIIs' at a cost of UGX 1,235,000,000. The contract start date was 16th February 2021 and the completion date for the whole of the works was 15th October 2021. The contractor completed the works by 15th October 2021 and the facilities were in use at the time of the audit.

Table 1 below shows the contract summary for the upgrade of Akali Health Centre II to III and Owiny Health Centre II to III in Kwanja District.

Table 1: Contract Summary

Contract Name	Upgrade of Akali and Owiny Health Centre IIs to IIIs
Works Location/Sub County	Akali Sub County and Owiny Sub County
Funder	UgIFT
Employer/Contracting Authority	Kwanja District Local Government
Reference No.	MoH/wrks/2020-21/00007/1-8 Lot 9
Contract Type	Admeasurement contract
Contractor	Bygon Enterprises Ltd
Date of Contract Signature	16 th February 2021
Contract Amount	UGX 1,235,000,000
Payment Currency(ies)	Uganda Shillings
Retention (%)	10%
Original Contract Duration	8 months
Start Date	16 th February 2021
Expected Completion Date	15 th October 2021
Actual Completion Date	15 th October 2021
Project Supervisor	District Engineer

1.2 Laws applicable

The Authority made reference to the following laws, regulations and guidelines during the contract audit.

- i. The Public Procurement and Disposal of Public Assets Act, Cap. 205;
- ii. The Local Governments (PPDA) Regulations, 2006;
- iii. The Local Governments (PPDA) Guidelines, 2008;
- iv. The PPDA (Contracts) Regulations, 2023 and
- v. The circular on contract management and safeguard requirements under Uganda Intergovernmental Fiscal Transfer (UGIFT) program issued by the Permanent Secretary/ Secretary to the Treasury on 16th March 2021.

1.3 Objective of the contract audit

The overall objective of the contract audit was to assess the status of contract implementation of the upgrade of Akali and Owiny Health Centre IIs to IIIs with emphasis on verification that all parties to the contract had complied with the requirements and standards set forth in the contract and the provisions of the PPDA law and UGIFT guidelines above.

The specific objectives for undertaking the contract audit were to assess:

1. The progress of works;
2. The effectiveness of time, quality and cost controls of works undertaken; and
3. Adherence to Environmental, Safety, Health and Social Safeguard (ESHS) requirements.

1.4 Scope of the contract audit

The contract audit exercise covered the review of the contract management file and physical verification of the upgrade of Akali and Owiny Health Centre IIs to IIIs worth UGX 1,235,000,000 conducted during the FY 2020/2021 in Kwanja District.

1.5 Methodology

The Authority adopted the following methodology during the contract audit:

- i. Review of procurement action file;
- ii. Physical verification of the sites;
- iii. Debriefing the Entity's management on the preliminary findings;
- iv. Issuance of a management letter to the Entity for an official management response; and
- v. Reporting on findings and providing recommendations where applicable.

1.6 Limitation of scope

The contract audit was undertaken by Auditors who did not have professional competence in engineering and building construction. The 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 management of Kwanja DLG and Bygon Enterprises Ltd.

CHAPTER TWO: FINDINGS AND RECOMMENDATIONS OF THE AUTHORITY

2.1. Contract Details

Kwania District Local Government: Upgrade of Akali and Owiny Health Centre IIs to IIIs at UGX 1,235,000,000 by Bygon Enterprises Limited (MoH/wrks/2020-21/00007/1-8 Lot 9).

2.1.1 Status of the works

The Authority found that the construction works for the upgrade of Akali Centre II to III and Owiny Health Centre II to III were completed by 15th October 2021 as scheduled.

The audit team visited the two projects at Akali and Owiny Health Centre IIIs and found that the contractor had completed works. The facilities were in use by the beneficiaries. The details of the status of the works are indicated in Tables 2 & 3 below:

Table 2: Status of the works at Akali Health Centre III.

No.	Structure details	Status of works
1.	Preliminaries	Completed
2.	Maternity and General Ward	Completed
3.	4 Stance Lined VIP Latrine and Bathrooms	Completed
4.	Landscaping (Provisional)	Completed

Table 3: Status of the works at Owiny Health Centre III.

No.	Structure details	Status of works
1.	Preliminaries	Completed
2.	Maternity and General Ward	Completed
3.	4 Stance Lined VIP Latrine and Bathrooms	Completed
4.	Landscaping (Provisional)	Completed

2.1.2 Lack of land titles

The Authority found that whereas the health facilities were complete and in use since 2021, the land titles for Akali Health Centre III and Owiny Health Centre III have not been processed by Kwania District Local Government.

Implication

Potential land disputes, which could result in litigation and unnecessary costs in demolition or removal of the buildings hence increasing the risk of loss of the investment by the Government of Uganda.

Management Response

The Senior land management officer is handling and following up on the titling processes i.e., the District has submitted a request for instruction to survey the land to the Ministry of Lands and is being processed.

Recommendation

The Authority has taken note of the Entity's response. However, the Accounting Officer should speed up the process of acquiring the land titles for Akali and Owiny Health Centre IIIs so as to guarantee ownership of the health facilities.

2.2. Adherence to Environment, Social, Health and Safety Requirements

2.2.1 Failure to plant grass at the front of the maternity block at Akali Health Centre III to prevent the creation of gullies due to running water

The Authority found that Grass was not planted at the front of the Maternity Block at Akali Health Centre III and this had led to soil erosion around the facility which created gullies in the compound due to running water.

This was contrary to the PS/ST Circular dated 26th May 2020 on contract management and safeguard requirements under UgIFT which required all Local Governments Accounting Officers to take in to account Environmental, Social, Health and Safety concerns on all on-going and forthcoming projects under UgIFT Program in Health, Education, Water and Agriculture Sectors.

The table below shows the gullies created in the compound due to running water:

Table 4: Front view of Maternity block at Akali HC III



Soil in front of the compound exposed to soil erosion.



Section of compound affected by soil erosion due to lack of grass

Implication

Failure to control storm water increases the risk of soil erosion thereby compromising the splash apron of the building.

Management Response

In the near future the facility management shall plan to pave the remaining parts with compound bricks since that part was left for parking.

Recommendations

1. As the Entity plans to have the compound paved in the near future, the Accounting Officer should in the meantime allocate funds for planting grass at the front of the Maternity Block at Akali Health Centre III so as to prevent the creation of gullies in the compound.
2. The Accounting Officer should task the District Environment Officer/District Natural Resources Officer to make periodic visits to the sites and ensure compliance on environmental mitigation measures in accordance with Section 66 of the PPDA Act, Cap. 205.

2.3. Overall Contract Audit Conclusion

In conclusion, the Authority found that the works were completed by the contractor and facilities were in use by the beneficiaries. However, in spite of the fact that the facilities were completed and in use, the Entity failed to acquire land titles for the two Health Centre IIIs. To further state, the Entity also failed to plant grass at the front of the Maternity Block at Akali Health Centre III.

Therefore, the Accounting Officer should take the overall responsibility and ensure that the land titles for Akali and Owiny Health Centre IIIs are processed and planting of grass is done at the front of the Maternity Block at Akali Health Centre III.

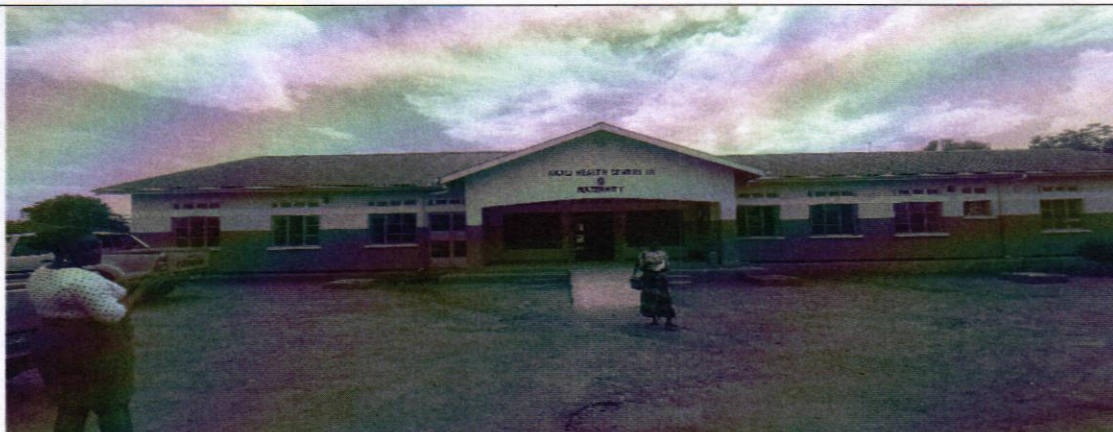
APPENDICES

This section presents the photographs taken from the physical verification exercise of Akali and Owiny Health Centre IIIs in Kwanja District conducted by the Authority on 14th February 2024.

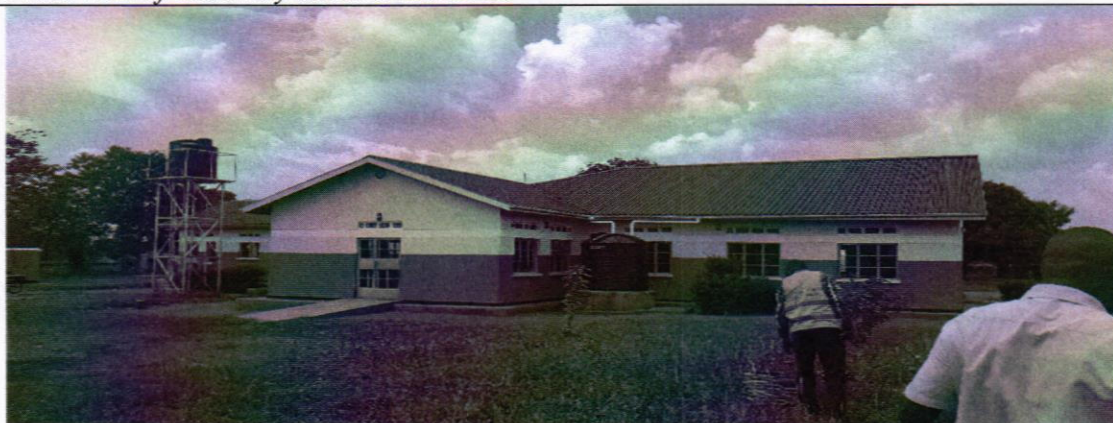
Appendix 1: Physical verification at Akali Health Centre III

Table 5: Physical verification at Akali Health Centre III

Physical verification photographs taken on 14th February 2024



Front view of maternity block at Akali HC



Back view of maternity block at Akali HC



VIP latrine at Akali HC

Appendix 2: Physical verification at OwinyHealth Centre III

Table 6: Physical verification at Owiny Health Centre III

Physical verification photographs taken on 14th February 2024



Front view of maternity block at Owiny HC



Front view of maternity block at Owiny HC

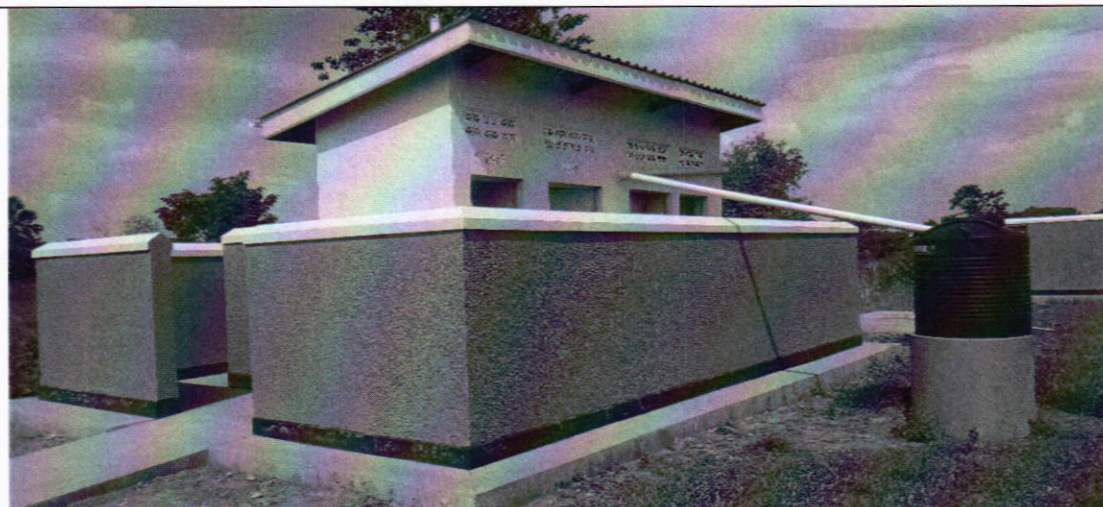


Back view of maternity block at Owiny HC

Physical verification photographs taken on 14th February 2024



Patients receiving medical services at Owiny HC



VIP latrine at Owiny HC