



**CONTRACT AUDIT INTO THE CONSTRUCTION OF KANARA SEED SECONDARY
SCHOOL IN KANARA SUB COUNTY IN KITAGWENDA DISTRICT LOCAL
GOVERNMENT UNDER UGIFT PROGRAM**

CONTRACTOR: SKYWORTH TECHNICAL SERVICES LIMITED

PROCUREMENT REF: MoES-UGIFT/WRKS/2020-2021/00002-11

MAY 2026

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ACRONYMS

Cap	Chapter
ESHS	Environmental, Social, Health, and Safety
PPDA Act	Public Procurement and Disposal of Public Assets Act.
PPDA	Public Procurement and Disposal of Public Assets Authority
UGX	Uganda Shillings
UGIFT	Uganda Intergovernmental Fiscal Transfer Program
VAT	Value Added Tax

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority conducted a Contract audit into the contracts under the Inter-Government Fiscal Transfer (UGFIT) program worth UGX 2,668,210,592 to undertake the construction of Kanara Seed Secondary School in Kitagwenda District Local Government in accordance with Section 8(1)(j)(ii) of the PPDA Act, Cap 205.

The overall objective of the audit 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 laws and UGIFT guidelines. The specific objectives of the contract audit were to assess:

- (i). The progress of the works / supplies;
- (ii). The effectiveness of time, quality & cost control of works undertaken; and
- (iii). Adherence to Environmental, Social, Health and Safety (ESHS) safeguard requirements.

On 28th December 2022, Kitagwenda District Local Government (Entity) entered into a contract with Skyworth Technical Services Limited (Contractor) to construct Kanara Seed Secondary School for UGX 2,668,210,592 with an intended completion period of 18 months from site handover and a defects liability period of 12 months.

Key Findings of the Authority

The Authority found that:

1. Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023 requires the Contract manager to submit monthly reports on the progress of the contract to the Accounting Officer and to the Procurement and Disposal Unit. The Authority noted that out of the 35 progress reports that were meant to be prepared and submitted monthly, the Contract manager only prepared and submitted three reports dated 17th April 2025, 15th June 2025, and 10th September 2025. Regulation 52(3)(f) of the PPDA (Contracts) Regulations, 2023 also requires the Contract manager to appraise the performance of the provider and report to the Procurement and Disposal Unit. This was not fulfilled, making it difficult to monitor the achievement of the project milestones and early identification of project challenges for real time solutions.
2. Regulation 52 (3) (vi) of the PPDA (Contracts) Regulations, 2023 requires that all contract obligations are completed before the expiry of the contract. The Authority noted that the contract for the construction of Kanara Seed School expired on 31st January 2025 without a formal extension. Initially, the contract was intended to be completed within 18 months (28th June 2024). The Entity extended the contract by six months from 28th June 2024 to 31st January 2025. The Authority noted that the contract had expired on 31st January 2025 and works were incomplete which resulted in to delayed service delivery by 20 calendar months. This was due to the weak contract management system and oversight done by the Contract Management team in the Entity. However, after to the Authority's intervention, the Contractor has since returned on site and resumed works with a commitment of completing the outstanding contractual obligations by 30th June 2026.

3. Regulation 44 (1) (b) of the PPDA (Contracts) Regulations, 2023, states that individual payments don't exceed the cost or value of the deliverables, period or work to which the payment relates. The Entity paid the Contractor 94% (UGX.2,502,123,259 VAT inclusive) of the contract sum, yet the progress of the works was at 78.0% (UGX 2,081,204,261.76 VAT inclusive), as a result of advance payment without a security and retention, which is an indicator of unethical tenancies in the Entity and may result in financial loss to the Entity due to non -performance of the contractor.
4. Section 57.1 of the GCC, that states, if so, stated in the SCC, the PDE shall retain from each payment due to the contractor the proportion stated in the SCC until completion of the whole of the works. However, the Authority noted an irregular payment of 50% of the retention fees under certificate no.5, worth UGX.131,195,915 before works were complete, which leads to reduced security for defects or outstanding works.
5. Section 66 of the PPDA Act, Cap. 205, states that a Procuring and Disposing Entity shall for each procurement take into account environmental protection, social inclusion and stimulating innovation as may be prescribed by regulations made under this Act. The following ESHS requirements, like regular sensitization reports on HIV/AIDS by the Contractor's personnel, safety warnings installed on site by the Contractor, trees planted around the site, proper landscaping and provision for rainwater drainage channels were not implemented despite the contractor quoting UGX 5,000,000 and being paid for the same, thereby putting the health and safety of workers and communities at risk.

Audit conclusion

Based on the findings and the management response, there were significant indicators that the project could be concluded before 30th June 2026 since the contractor had returned on site and had achieved a project performance percentage of 78.%. The Authority therefore found the contract to be high-risk since there was no valid contract between the contractor and the Entity since its expired on 31st January 2025, and no extension.

In light of the above and in accordance with Section 9 of the PPDA Act, Cap. 205, the Authority recommended the following measures:

1. The Accounting Officer should:
 - (a). Implement the recommendations issued by the Authority in its letter dated 17th February 2026, assess the remaining works, and tender them out with a clear works program and a schedule on how the project will be executed to completion.
 - (b). Strengthen contracts management in the Entity and task the Contract Management team to always execute their roles diligently in accordance with Regulation 52 (1) of PPDA (Contracts) Regulations, 2023, including having the contractor comply with their obligations to execute works in time.
 - (c). Task the Contractor to immediately submit to the Entity a payment guarantee for the money that was paid yet works had not been done and investigate the over payment that was made to the contractor and ensure that it is recovered to avoid financial loss to the Entity.
 - (d). Task the District Engineer, District Internal Auditor and Chief Finance Officer to show cause why authorizing payment to the Contractor irregularly for works not done which may

result into financial loss in case the contractor fails to execute the project to its logical conclusion.

2. The Contract Manager should:
 - (a). Organize monthly site meetings to review contract progress and prepare the meeting minutes for escalation to the Accounting Officer for action and informed decision-making; and
 - (b). Prepare and submit the progress report monthly to the responsible stakeholders in accordance with Regulation 52 (3) (g) of the PPDA (Contracts) Regulations,2023.
3. The Contractor's Health, Safety and Environmental Coordinators together with the Community Development Officer and the District Environmental Officer should assess the site ESHS risks through site visits, and promptly report any accidents or grievances, and recommend remedial actions in accordance with Section 66 of the PPDA Act, Cap. 205.

CHAPTER 1: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority conducted a Contract audit into the contracts under the Inter-Government Fiscal Transfer (UGFIT) program worth UGX 2,668,210,592 to undertake the construction of Kanara Seed Secondary School in Kitagwenda District Local Government in accordance with Section 8(1)(j)(ii) of the PPDA Act, Cap 205.

The audit exercise was conducted from 8^h to 10th December 2025. A management letter was issued to the Entity on 10th February 2026 and the management response was submitted on 18th February 2026. This report communicates the audit conclusions and final recommendations of the Authority. The contract backgrounds and summary for respective projects are provided in Chapter 2 of the report

1.2 Laws applicable

The applicable laws and legal framework were:

1. The Public Procurement and Disposal of Public Assets Act, Cap. 205;
2. PPDA (Contracts) Regulations 2023;
3. The signed contract between Kitagwenda District Local Government and Skyworth Technical Services Limited; and
4. The circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer (UGIFT) program, dated 16th March 2021, was issued by the Permanent Secretary/Secretary to the Treasury.

1.3 Objectives

The overall objective of the contract audit was to assess the status of contract implementation concerning the obligations of Kitagwenda District Local Government and Skyworth Technical Services Limited.

The specific objectives of the contract audit were to assess:

- (i). The progress of the works;
- (ii). The effectiveness of time, quality & cost control of works undertaken; and
- (iii). Adherence to Environmental, Social, Health and Safety safeguard requirements.

1.4 Scope of the Audit

The audit covered the contract execution and management of the construction of Kanara Seed School.

1.5 Audit Methodology

The Authority adopted the following methodology:

- i. Review of documentation in the procurement action file.
- ii. Physical verification of the site.
- iii. Debriefing the Entity management on the preliminary findings.
- iv. Issuing a management letter to the Entity for an official management response.
- v. Reporting on findings of the audit 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. As such, we could not conclusively give an opinion on the technical quality of the works undertaken. The overall responsibility for the quality of works undertaken lies with the Entity management and the contractor.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

This chapter details the findings and recommendations from the contract audit.

2.1 Kanara Seed Secondary School.

2.1.1 Contract Background

On 28th December 2028, Kitagwanda District Local Government entered into a contract with Skyworth Technical Services Limited to construct Kanara Seed Secondary School at a cost of UGX 2,668,210,592 with an intended completion period of 18 months from site handover and a defects liability period of 12 months. Site hand over was done on 28th December 2028 with the intended completion date of 28th June 2024. The contract was extended once (from 28th June 2024 to 31st January 2025 with no further extension granted to the contractor. As at 18th February, 2026, the Physical progress of works was at 78.0 % as per the progress report by the Clerk of Works. The Authority established the time progress to be at 211% with a delay of 20 calendar months. and financial progress was at 94%.

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

Table 1: Contracts Summary for the Construction of Kanara Seed Secondary School

Contract Title	Construction of Kanara Seed Secondary School	
Reference Number	MOES/UGIFT/WRKS/20-21/00002/LOT11	
Contract Sum	UGX 2,668,210,592 VAT Inclusive	
Contract Scope	Works Description	Amount (UGX)
	Preliminaries	57,600,000
	Site levelling works	15,988,000
	03. No. 2-classroom block	491,884,725
	2-unit science laboratory	265,511,825
	Administration block	184,910,225
	03. No. 2-unit teachers' house	503,107,350
	03. No. 2-unit teachers' kitchen	137,851,500
	2-stance lined VIP latrine block-administration block	19,253,000
	03. No. 2-stance lined VIP latrine block-Teachers' house	75,277,500
	5-stance lined VIP latrine block-Boys	38,328,000
	5-stance lined VIP latrine block-Girls	38,576,000
	External works	46,993,500
	Rainwater harvest system with a 5000L water tank	4,407,700
	ICT Library block	357,106,350
	Multi-purpose block	285,498,850
	Sports field	50,000,000
	Sub-Total	2,572,294,525
	Less Discount 10%	257,229,453
		2,315,065,073
Add: VAT	353,145,520	
Grand Total	2,668,210,592	


Contract Signature date	28 th December 2022
Site handover date	28 th December 2022
Contract Duration	18 months
Contract completion date	28 th June 2024
Contract Extensions	28 th June 2024 to 31 st January 2025
Defects Liability period	12 months
Name of Contractor	Sky Worth Technical Services Ltd
Project supervisor	Mr. Francis Timanywa, Ag. District Engineer
Type of Contract	Lumpsum contract
Time progress	38 months site handover 211%
Status (as per Activity Supervision Report dated 18 th February 2026)	Time Progress 211%% (Contract expired on 31 st January 2025) Physical progress 78.0 % Financial Progress 94%
Amount Paid as at 18 th February 2026	UGX, 2,502,123,259

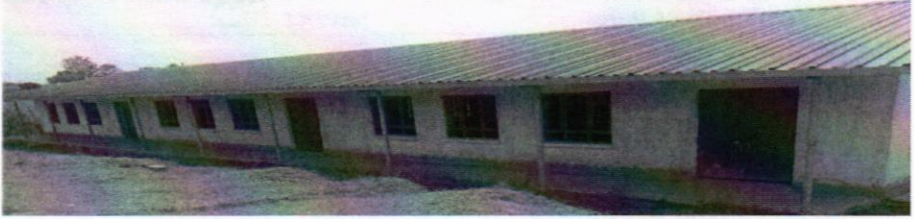

2.1.2 Delayed Completion of works and abandonment of the site


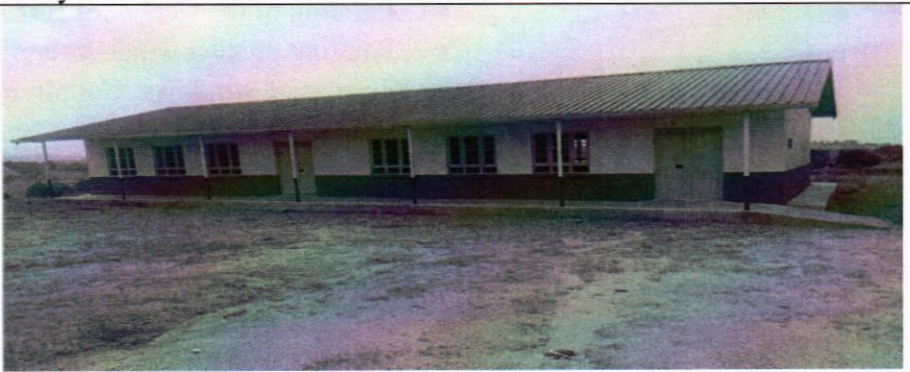
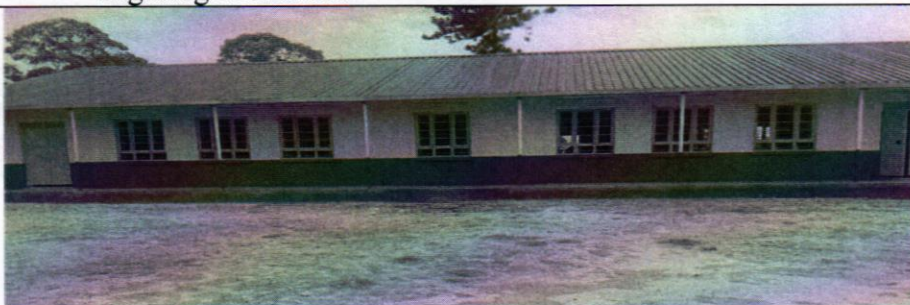
Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023, requires the provider meets all the performance or delivery obligations in accordance with the terms and conditions of the contract. However, Whereas the contract signed between the Entity and the contractor on 28th December 2022 indicated that the original contractual completion period was 18 months with an intended completion date of 28th June 2024 and the contract had been extended to 31st January 2025, as of 18th February 2026 the works on site were incomplete at 78.0% physical progress against time progress of 211% (delayed completion by 20 calendar months).



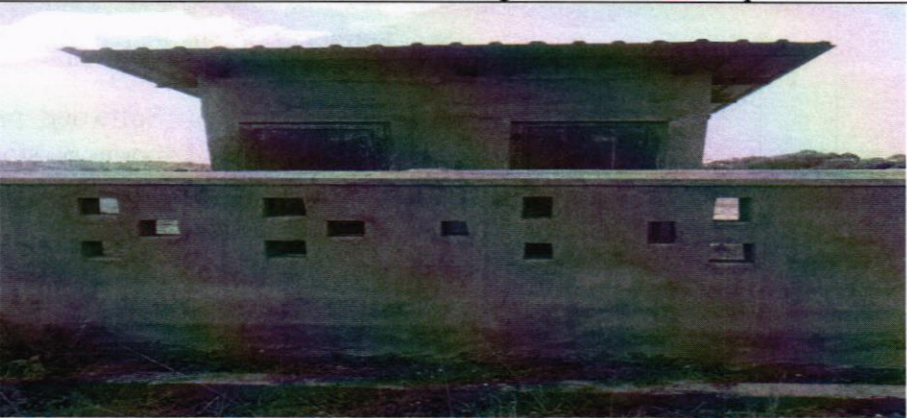
Key facilities such as the administration block, library, computer laboratory, staff house, kitchen, and classroom block were still unfinished, and no progress was made on the sports pitch or water harvesting system. Outstanding items are detailed in Table 2 below:

Table 2: Status of the Kanara Seed Secondary School as of 18th February 2026

No.	Item	Status of implementation
1.	Administration Block	 <ul style="list-style-type: none"> • Timber doors, inclusive of timber frames, • Softwood pin boards • Lockable shelves • Teacher's tables and chairs • Visitors concrete bench • Electrical installations • Lightening arrestors • 10,000 rainwater tank and gutters

No.	Item	Status of implementation
2.	Multipurpose Hall	 <ul style="list-style-type: none"> • Skirting the walls • Painting and Decorating of the walls (Internal and external) • Painting of the steel door surfaces • Painting of steel windows and burglar-proof • Glazing rods • Partitioning doors, inclusive of timber frames • Chalk boards • Remaining part of the splash aprons • Joinery fittings (Softwood pins, boards, tables in hardwood and steel frames, Hard seat chairs) • Electrical installations • Data and project points • Projector & PA Installations • Lightening arrestors • Rainwater tank and gutters
3.	ICT Library block	 <ul style="list-style-type: none"> • Skirting the walls • Painting and Decorating of the walls (Internal and external) • Painting of the steel door surfaces • Painting of steel windows and burglar-proof • Ceiling finishing • Grille windows • Timber doors, including timber frames • Remaining part of the splash aprons • Joinery fittings (softwood pin boards, Portable Fire Extinguishers, reading and computer tables, hard seat chairs, bookshelves, teachers' tables, Teachers chairs, open shelves)

No.	Item	Status of implementation
4.	Sports field	 <p data-bbox="544 562 807 595">Not yet commenced</p>
5.	2 Classroom block	 <ul data-bbox="592 965 1458 1144" style="list-style-type: none"> • Joinery fittings (Soft pin boards, Inbuilt shelves, open shelves, students' benches and desks, teacher's tables, teacher's chairs), • Electrical Installations • Fittings for rainwater disposal, • Lighting Protection
6.	2-unit science laboratory	 <ul data-bbox="592 1447 1458 1794" style="list-style-type: none"> • Timber doors, inclusive of timber frames • , Floor finishing • Joinery fittings (Softwood pins, boards, fume cups, boards, Open shelves, Laboratory stools, Laboratory tables, teachers Chairs) • Electrical installations • Fittings for rainwater disposal • Portable fire Extinguishers • Mechanical installations
7.	2-unit teachers' house	

No.	Item	Status of implementation
8.	2-unit staff kitchen	 <ul style="list-style-type: none"> • Skirting on the walls, Painting and decorating of the walls (internal and external) • Ceiling finishing • Painting of the steel door surfaces • Painting of steel windows and burglar-proof • Glazing of windows, Curtain roads, Timber doors, inclusive of timber frames, • The remaining part of the splash aprons, • Floor finishing, • Joinery fittings wardrobes, vanity tops), • Electrical installations, • Mechanical installations, • Fittings for rainwater disposal
9.	5-stance lined VIP Latrine (boys and girls)	 <ul style="list-style-type: none"> • Skirting the walls • Painting and wall finishes (internal and external) • Mechanical installations, Fittings for rainwater disposal
10.	2-stance pit-lined latrine for Administration	 <ul style="list-style-type: none"> • Skirting the walls

No.	Item	Status of implementation
		<ul style="list-style-type: none"> • Painting (Internal and external) • Floor construction and finishing, Mechanical installations

Implication

The project risks remaining incomplete by the closure of the UGIFT funding if no urgent and proactive action is taken.

Management Response

The Contractor is on site executing works and has so far achieved a project performance percentage of 78.0. The Accounting Officer, in his letter dated 2nd February 2026, wrote to the Executive Director of PPDA, which was submitted and received on 3rd February 2026 by PPDA-Mbarara Regional Offices. Seeking guidance on Contract extensions for Kanara Seed School, and awaits a response to guide the next course of action.

Authority Comment

In its guidance dated 17th February 2026, the Authority advised the Entity to procure a provider to complete the works since the initial contract had expired.

Recommendations

The Accounting Officer should:

1. Proceed and procure a provider to complete the works by the intended date of 30th May 2026 since the original contract expired. This could include procuring the existing contractor through direct procurement method as per the Authority guidance dated 17th February 2026; and
2. Task the Contract Management team to always execute their roles diligently in accordance with Regulation 52 (1) of PPDA (Contracts) Regulations, 2023, including having the contractors comply with their obligations executing works in time.

2.1.3 Expired Contract

Regulation 52 (3) (vi) of the PPDA (Contracts) Regulations, 2023 requires that all contract obligations are completed before the expiry of the contract. However, the Authority noted that the contract for the construction of Kanara Seed School expired on 31st January 2025 without a formal extension. Initially, the contract was intended to be completed within 18 months (28th June 2024). The Entity extended the contract by six months from 28th June 2024 to 31st January 2025. Although the contract expired on 31st January 2025, the works were still incomplete at the time of audit.

Implication

Expiry of the contract highlights the contractor's failure to fulfill obligations, resulting in delayed service delivery and indicating shortcomings in the Contract Management team's oversight.

Management Response

The Accounting Officer, in his letter dated 2nd February 2026, wrote to the Executive Director PPDA of which was submitted and received on 3rd February 2026 by PPDA-Mbarara Regional Offices, seeking guidance on contract extension for Kanara Seed School and awaits a response to guide the next course of action.

Authority's comment:

The Authority issued guidance to the Entity in its letter dated 17th February 2026 and the Accounting Officer was expected to implement the recommendations below.

1. In the circumstances, the Entity cannot grant a further contract extension, as the original contract and the previously approved extension have lawfully expired and there is currently no valid contract in force to support an extension of contract period or issuance of a change order.
2. The Entity should proceed and procure a provider to complete the works, subject to confirmation of the availability of funds by the Accounting Officer under Section 28 (i) & (f) of the PPDA Act, Cap.205.
3. Subject to Section 91 of the PPDA Act. Cap. 205, the Entity may use direct method of procurement where exceptional circumstances prevent the use of competition to ensure efficient and timely procurement.
4. Regulation 25(1)(a) of the PPDA (Rules and Methods of procurement of Supplies, Works and non-consultancy services) Regulations, 2023, provides that direct procurement may be used where there is insufficient time for any other procedure such as in an emergency situation.
5. An emergency situation in accordance with Section 2 of the PPDA Act, Cap. 205 is defined to mean among other circumstances, one which is urgent or unforeseeable or a situation which is not caused by dilatory conduct where a government programme would be delayed or seriously compromised unless a procurement is undertaken within the required timeframe.
6. Regulation 24 of the PPDA (Rules and Methods of procurement of Supplies, Works and non-consultancy services) Regulations, 2023. provides that the Entity shall use appropriate documents from the standard documents with the necessary modifications, for the requirements of the using direct procurement method.
7. Cognizant of the current circumstances that UGIFT programme is closing in June 2026 and the project is still incomplete, the Entity may with Contracts Committee approval and in accordance with the foregoing provisions, proceed with the direct method of procurement for the completion of the construction of Kanara Seed Secondary School.
The Accounting Officer should assess the contractor's satisfactory performance of the previous contract with the Entity. The computation and supporting documentation should be documented in accordance with Section 44 of the PPDA Act, Cap. 205.

Recommendation

The Accounting Officer should proceed and implement the above recommendations that were issued by the Authority in a letter dated 17th February 2026 and ensure that the project is completed and delivers value for money to the intended beneficiaries by 30th May 2026 .

2.2 Adherence to the quality standards, specifications and cost controls

2.2.1 Overpayment of the contractor for works not yet done

The Entity paid the Contractor 94% (UGX 2,502,123,259 VAT inclusive) of the contract sum, yet the physical progress of the works was at 78.0 % (UGX 2,081,204,261.76 VAT inclusive), contrary to Regulation 44 (1) (b) of the PPDA (Contracts) Regulations, 2023. The details are in Table 3 and 5 below:

Table 3 Financial status (EFT Payment Vouchers as at 18th February 2026)

Date	Payment Certificate	Actual Amount Paid to the Contractor
08/08/2023	Payment certificate 1	198,110,813
08/08/2023	Payment of VAT 18%	43,487,739
08/08/2023	Advance payment	533,642,118
10/01/2024	Payment certificate 2	379,720,989
10/01/2024	Payment of 18%	72,712,491
13/03/2024	Payment of Certificate 3	560,622,916
13/03/2024	Payment of Certificate 3	100,912,125
16/04/2024	Payment of Certificate 4	250,839,089
16/04/2024	Payment of Certificate 4	45,151,036
11/06/2024	Payment of Certificate 5	268,578,935
11/06/2024	Payment of Certificate 5	48,344,208
	Total	2,502,123,259
	% Financial Progress	94%
	Physical progress of the project 78%	

Implication

Payment for works not done is an indicator of unethical tenancies in the Entity and may result in financial loss to the Entity due to non-performance of the contractor.

Management Response

The Contractor is on site executing works and has so far achieved a project performance percentage of 78.0. The Accounting Officer in his letter dated 2nd February 2026, wrote to the Executive Director of PPDA, which was submitted and received on 3rd February 2026 by PPDA-Mbarara Regional Offices, seeking guidance on the contract extension for Kanara Seed Secondary School and awaits a response to guide the next course of action. The Contractor is on time and determined to complete the remaining works and the entire project.

Authority's Comment

The Authority takes note, however the Entity should at all times monitor and review payment securities before any payments are made to the contractors to monitor their validity and also request for contract extensions or renewals three months prior to the expiry of the existing contracts.

Recommendation

The Accounting Officer should:

- i Task the Contractor to provide a valid payment security;

- ii Take disciplinary action for those Officers who didn't enforce the advance payment security;
- iii Task the Contractor to immediately submit to the Entity a payment guarantee for the money that was paid yet works had not been done and investigate the over payment that was made to the contractor and ensure that it is recovered to avoid financial loss to the Entity; and
- iv Task the District Engineer, District Internal Auditor and Chief Finance Officer to show cause for authorizing payment to the Contractor irregularly for works not done which may result into financial loss in case the contractor fails to execute the project to its logical conclusion.

2.2.2 Payment of retention funds before the contract was complete

Section 57.1 of the GCC, that states, if so, stated in the SCC, the PDE shall retain from each payment due to the contractor the proportion stated in the SCC until completion of the whole of the works. However, the Authority noted that there was a payment of 50% of the retention fees under certificate no.5 worth UGX.131,195,915 before works were completed contrary to the above provision.

Implication

This leads to reduced security for defects or outstanding work.

Management response

The Contractor is on site executing works and has so far achieved a project performance percentage of 78.0. Retention payment was paid in error. The Contractor is finishing material-intensive work to complete the project.

Authority's comment

This is noted however; the Entity should never pay retention before works are complete. Retention funds safe guard the entities from financial losses during the defect's liability periods.

Recommendation

The Accounting Officer should recover the retention from the contractor since it was paid in error.

2.2.3 Poor Contract Management by the project management team

Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023. requires the Contract manager to submit monthly reports on the progress of the contract to the Accounting Officer and to the Procurement and Disposal Unit. The authority noted that out of the 35 progress reports that were meant to be prepared and submitted monthly, the Contract manager only prepared and submitted three reports dated 17th April 2025, 15th June 2025, and 10th September 2025. Regulation 52(3)(f) of the PPDA (Contracts) Regulations, 2023 also requires the Contract manager to appraise the performance of the provider and report to the Procurement Disposal Unit. This was not fulfilled as evidenced by the two meetings i.e., in January and August 2023 conducted instead of 18 monthly meetings.

Implication

Failure to hold monthly site meetings as required by the contract may have led to delays in work execution, contractor abandonment upon contract expiration, and payment for incomplete work, it also becomes difficult to monitor the achievement of the project milestones when progress reports are not submitted promptly.

Recommendation

The Contract Manager should organize monthly site meetings to review contract progress and prepare the meeting minutes for escalation to the Accounting Officer for action and informed decision-making, and also prepare and submit the progress reports monthly to the responsible stakeholders in accordance with Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023.

Management response

Some members of the Contract Management team transferred services to other entities, creating a human resource gap in the Entity. More Human Resource has been recruited on a replacement basis and the Contract Management team reconstituted and is performing its role and hence, going forward, progress reports will be available.

Authority's comment

This has been noted however with the UGIFT deadline fast approaching, stricter weekly supervision measures need to be adopted and progress reports availed for monitoring purposes.

Recommendation

The contract Manager should prepare and submit the progress reports monthly to the responsible stakeholders in accordance with Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023.

2.3 Adherence to environmental, social, health and safety safeguard requirements

2.3.1 Failure to adhere to ESHS requirements in the contract

Section 66 of the PPDA Act, Cap. 205, states that a Procuring and Disposing Entity shall for each procurement take into account environmental protection, social inclusion and stimulating innovation as may be prescribed by regulations made under this Act. The audit found that the contractor quoted UGX 5,000,000 for Safety, Health and Welfare for staff under the Preliminaries in the BOQs. However, there was no evidence to show that the following ESHS requirements were implemented:

1. Ensuring that the site is registered by the Ministry of Gender, Labour and Social Development. Contrary to the requirement that all project sites that last longer than six months be registered by the Ministry of Gender, Labour and Social Development to ensure that the workers are protected and can easily seek redress in case of grievances;
2. No report on regular sensitization on HIV/AIDS by the contractor's personnel;
3. There was no safety warnings installed on site by the Contractor.
4. No trees had been planted around the site.
5. No proper landscaping and provision for rainwater drainage channels were done.

Implications

- This puts the health and safety of the workers and the communities at risk.
- Inadequate safety practices can lead to rework, shutdowns, and the allocation of resources to address accidents or incidents that could have been prevented with proper safety measures.

Management Response

Some members of the Contract Management team transferred services to the other entities, creating human resource gaps in the Entity. More Human Resources have been recruited on a replacement basis and the Contract Management Team has been reconstituted and is performing its role. The team composition includes the District Natural Resources Officer and Community Development Officer to enforce ESHS.

Recommendations

1. The Accounting Officer should task the project implementation team to put keen emphasis on ESHS requirements and ensure that the contractor complies with the provisions in the contract in accordance with Regulation 52 (b) of the PPDA Contracts Regulations 2023.
2. The Contractor's Health, Safety and Environmental Coordinator, together with the Community Development Officer and Environment Officer, should regularly assess ESHS risks through site visits, and promptly report any accidents or grievances, and recommend remedial actions in accordance with Section 66 of the PPDA Act, Cap 205.

CHAPTER 3: CONTRACT CLOSURE AND AUDIT CONCLUSION

3.1 Contract Closure and Handover

As of 18th February 2026, the works had only achieved a physical progress of 78.0% against a time progress of 211% and financial progress at 94%.

Key facilities such as the administration block, library, computer laboratory, staff house, kitchen, and classroom block were not finished, and no progress was made on the sports pitch and water harvesting system. The furniture was being made. The improved status is as per the latest progress report dated 18th February 2026, with the physical progress standing at 78.0%.

However, there is no formal contract between the Entity and Contractor which makes the dealing null and void. Thus, high risk project.

3.2 Audit conclusion

In light of the risk of not implementing the Authority's recommendations and not having a valid Contract in place, the, Authority therefore found the contract to be a High-risk contract.