

**CONTRACT AUDIT REPORT INTO THE CONSTRUCTION OF AMURU TOWN
COUNCIL SEED SECONDARY SCHOOL (CONTRACTOR: AGWERU GENERAL
MERCHANDISE LIMITED) AND AMURU SEED SECONDARY SCHOOL
(CONTRACTOR: DAVRICH COMPANY (U) LIMITED)**

AMURU DISTRICT LOCAL GOVERNMENT

MAY 2026

TABLE OF CONTENTS

ACRONYMS	i
EXECUTIVE SUMMARY	ii
CHAPTER 1: INTRODUCTION	1
1.1 Background	1
1.2 Objective of the audit	1
1.3 Scope of the audit exercise.....	1
1.4 Audit methodology.....	1
1.5 Limitation of scope	2
1.6 Legal documents applicable.....	2
CHAPTER 2: FINDINGS AND RECOMMENDATIONS	3
CHAPTER 3: AUDIT CONCLUSION	23

List of Tables

Table 1: Contract Summary for the construction of Amuru Town Council Seed Secondary School	3
Table 2: Physical Progress as at 16th December 2025	4
Table 3: Analysis of timelines of payment certificates.....	8
Table 4: VAT Payments made to the contractor.....	9
Table 5: List of key equipment not found on site	10
Table 6: Schedule of key personnel	12
Table 7: Poor quality works.....	13
Table 8: Contract Summary for the construction of Amuru Seed Secondary School in Amuru District.	16
Table 9: Physical Progress as at 16th December 2025	18

ACRONYMS

ESHS:	Environmental, Safety, Health and Social Safeguard
UgIFT:	Uganda Intergovernmental Fiscal Transfer
PPDA:	Public Procurement and Disposal of Public Assets
VAT:	Value Added Tax
UGX:	Uganda Shillings
BoQs:	Bills of Quantities

EXECUTIVE SUMMARY

In line 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 in Amuru District Local Government with an overall objective of assessing the status of contract implementation with emphasis on verification that all parties to the contract complied with the requirements and standards set forth in the contract and the provisions of the PPDA Law and UgIFT Guidelines respectively. The two contracts are as follows:

A. CONSTRUCTION OF AMURU TOWN COUNCIL SEED SECONDARY SCHOOL
On 18th January 2023 Amuru District Local Government entered into a contract with Agweru General Merchandise Limited for the construction of Amuru Town Council Seed Secondary School at a cost of UGX. 3,268,535,454 VAT inclusive with an intended completion date of 18th January 2025.

B. CONSTRUCTION OF AMURU SEED SECONDARY SCHOOL
On 6th June 2019, Amuru District Local Government entered into a contract with Davrich Company (U) Limited for the Construction of Amuru Seed Secondary School at a cost of UGX. 1,768,734,000 VAT inclusive with an intended completion date of 22nd July 2021.

The following key exceptions were noted:

A. CONSTRUCTION OF AMURU TOWN COUNCIL SEED SECONDARY SCHOOL

- 1. Delayed completion of the project.** GCC 22 of the signed contract between Amuru District Local Government and Agweru General Merchandise Limited required the contractor to complete the works within 24 months i.e. From 18th January 2023 to 18th January 2025. However, at the time of audit on 18th December 2025, the Authority found that, the contract was incomplete at an estimated physical progress of 78%, financial progress of 63.2% and time progress of 138% This is attributed to weak contract management by the Contract Manager which delayed service delivery to the public;
- 2. Irregular inclusion of VAT component in the IPC No. 1 and No.2.** The Permanent Secretary/Secretary to the Treasury Circular, Ref No. TPD/137/167/08 dated 7th August 2017, on Value Added Tax (VAT) on Aid-Funded projects guided the Entities implementing such (UgIFT) projects to treat VAT component deemed to have been paid and not required to pay the tax. The Authority noted that whereas the VAT component worth UGX. 498,590,154 was included in the total contract sum, a review of IPC No. 1 and No.2 indicated a total of UGX. 265,272,428 was paid to the contractor as VAT. This was largely due to weak contract management mechanism in the Entity. Payment of VAT under this project was a double payment that resulted into a financial loss on the side of the government since VAT was deemed already paid;
- 3. Removal of equipment from site without the Project Manager's authorization.** Clause 28 of the General Conditions of Contract states that the contractor shall not remove from the site any major items of contractor's equipment without the consent of the Project Manager. The Authority found there was no equipment on site contrary to the key equipment required to be on site as per the signed contract, yet the Project Manager did not authorize the contractor (Agweru General Merchandise Limited) to demobilize. This was as a result of inadequate contract management. Removal of equipment and machinery on site could have contributed to the delayed completion of the works;

4. **Inappropriate liquidated damages.** Liquidated damages are monetary conditions set in the contract to ensure that the project is substantially completed on time and failure to complete, shall hold the contractor accountable for delaying to deliver the project on time. SCCC (GCC 58.1) of the PPDA User Guide for bidding document for the procurement of works under open or restricted bidding method states *that liquidated damages are set between 0.05 percent and 0.10 percent per day, and the total amount is not to exceed between 5 percent and 10 percent of the Contract Price.* However, the Authority found that SCC (GCC 58.1) of the Contract signed between Amuru DLG and Agweru General Merchandise Limited provided for liquidated damages of 0.001% per day to a maximum value of 0.05% of the contract price amounting to UGX. 1,634,268, this value is small for a contract price of UGX. 3,268,535,454 to serve the intended purpose. This was due to limited understanding of application of liquidated damages provisions. This exposes the Entity to high risk in case the contractor fails to perform;
5. **Unsatisfactory workmanship.** Regulations 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023 mandates the Project Manager to ascertain that the contractor meets all performance and delivery obligations as outlined in the terms and conditions of the contract. Additionally, Clause 44 of the General Conditions of Contract mandated the Project Manager to give notice to the contractor of any defects. The Authority, however, found that some works were poorly executed largely due to inadequate supervision by the Project Manager and Contract Management Team. Poor quality works affects the durability of the structures and achievement of value for money of the project by the Government of Uganda; and
6. **Expired contract: SCC (GCC 22)** of the signed contract between Amuru DLG and Agweru General Merchandise Limited required the contractor to complete the works within 24 months i.e. from 18th January 2023 to 18th January 2025. However, at the time of audit, on 18th December 2025, the Authority found that, the contract was incomplete at an estimated physical progress of 78%., financial progress of 63.2% and time progress of 2138% This was largely due to lack of proper oversight by the Contract Manager. The expired contract is voidable and it cannot be enforced.

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

1. The Accounting Officer should:
 - i. Always treat VAT component of the Aid-Funded projects in accordance with PS/ST Circular Ref No. TPD/137/167/08 dated 7th August 2017 on Value Added Tax (VAT) of Aid-Funded projects;
 - ii. Recover UGX. 265,272,428 that was paid to the contractor (Agweru General Merchandise Limited) for VAT of this project.
 - iii. Instruct the District Engineer to always monitor contractual timelines and ensure that contract extension is made before the original contract expires in accordance with Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023; and
 - iv. Instruct the Project Manager to value and come up with BoQs of the pending works and tender the pending works to achieve successful completion of the project before the end of FY 2025/2026.
2. The Project Manager should:
 - i. Closely monitor the project implementation and supervise the performance/delivery obligations of the contractor, in accordance with the terms and conditions of the

- contract as required under Regulation 52 (3) (a) ((i) of the PPDA (Contracts) Regulations, 2023;
- ii. In future procurements, not allow a contractor to remove any equipment from site before completion of the works and without his prior authorization in accordance Clause 28 of the General Conditions of Contract;
 - iii. Develop a complete snag list and instruct the contractor, Spider Contractors Limited, to correct all the defects identified above; and
 - iv. Always monitor running contracts and in case need arises for contract extension, the process should be expedited with all the necessary approvals obtained before expiry of the contract.
3. The Head Procurement and Disposal Unit should always provide for liquidated damages that is fair to compensate for the loss incurred due to delays caused by the contractor in accordance with SCCC (GCC 58.1) of the User Guide for bidding document for the procurement of works under open or restricted bidding method which provides *that liquidated damages are set between 0.05 percent and 0.10 percent per day, and the total amount is not to exceed between 5 percent and 10 percent of the Contract Price.*

B. CONSTRUCTION OF AMURU SEED SECONDARY SCHOOL

The following key exceptions were noted:

1. **Delayed completion of the project.** GCC 22 of the signed contract between Amuru DLG and Davrich Company (U) Limited required the contractor to complete the works within 24 months i.e. from 6th June 2019 to 22nd July 2021. However, at the time of audit, on 18th December 2025, the Authority found that, the contract was incomplete at an estimated physical progress of 90%, financial progress of 85% and time progress of 320%. Additionally, Clause 44 of the General Conditions of Contract mandated the Project Manager to give notice to the contractor of any defects. The Authority, however, found that some works were poorly executed largely due to inadequate supervision by the Project Manager and Contract Management Team which delayed service delivery.

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

1. The Accounting Officer should instruct the Project Manager to value and come up with BoQs of the pending works and tender the pending works to achieve successful completion of the project before the end of FY 2025/2026; and
2. The Project Manager should develop a complete snag list and instruct the contractor, Davrich Company (U) Limited, to correct all the defects identified.

CHAPTER 1: 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 in Uganda. Amuru District Local Government was one of the beneficiaries in the FY 2021-2022.

In line 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 in Amuru District Local Government with an overall objective of assessing the status of contract implementation with emphasis on verification that all parties to the contract complied with the requirements and standards set forth in the contract and the provisions of the PPDA Law and UgIFT Guidelines respectively. The two contracts are as follows:

A. CONSTRUCTION OF AMURU TOWN COUNCIL SEED SECONDARY SCHOOL

On 18th January 2023 Amuru District Local Government entered into a contract with Agweru General Merchandise Limited for the construction of Amuru Town Council Seed Secondary School at a cost of UGX. 3,268,535,454 VAT inclusive with an intended completion date of 18th January 2025.

B. CONSTRUCTION OF AMURU SEED SECONDARY SCHOOL

On 6th June 2019, Amuru District Local Government entered into a contract with Davrich Company (U) Limited for the Construction of Amuru Seed Secondary School at a cost of UGX. 1,768,734,000 VAT inclusive with an intended completion date of 22nd July 2021.

1.2 Objective of the audit

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:

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

1.3 Scope of the audit exercise

The audit covered the contract implementation and management for the construction of Amuru Town Council Seed Secondary School and construction of Amuru Seed Secondary School in Amuru District.

1.4 Audit methodology

The Authority adopted the following methodology:

Between 8th and 16th December 2025, one Senior Officer-Performance Monitoring and one Officer-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 correspondences related to the contract and physical

verification of the project site to obtain relevant and sufficient evidence to derive the audit conclusions.

The PPDA Officers met with the staff from the Procurement and Disposal Unit, Contracts Committee, Internal Audit and User Departments where necessary, to obtain crucial qualitative information about the internal control system and processes in place.

Following completion of the field work, the PPDA Officers debriefed the Accounting Officer on 16th December 2025. The Management Letter was issued on 9th March 2026, to which the Entity responded on 16th April 2026. This report details the findings and recommendations arising from the audit exercise.

1.5 Limitation of scope

The contract audit was undertaken by auditors who did not have professional competence in engineering and building construction hence could not give an opinion on the technical quality of the works undertaken. However, the overall responsibility of the quality of works lies with Amuru District Local Government's management and the Contractors.

1.6 Legal documents applicable

The applicable laws and legal framework were:

- i. The Public Procurement and Disposal of Public Assets Act, Cap. 205;
- ii. The PPDA (Contracts) Regulations, 2023;
- iii. The bidding document issued to bidders;
- iv. The signed contract; and
- v. The Circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer (UgIFT) program dated 16th March 2021.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

2.1 PROGRESS OF THE WORKS WITH REGARD TO THE EFFECTIVENESS OF TIME, QUALITY AND COST CONTROLS OF WORKS UNDERTAKEN

A. CONSTRUCTION OF AMURU TOWN COUNCIL SEED SECONDARY SCHOOL

On 6th June 2019, Amuru District Local Government entered into a contract with Davrich Company (U) Limited for the Construction of Amuru Seed Secondary School at a cost of UGX. 1,768,734,000 VAT inclusive with an intended completion date of 22nd July 2021.

Table 1 below shows the contract summary for the construction of Amuru Town Council Seed Secondary School in Amuru District

Table 1: Contract Summary for the construction of Amuru Town Council Seed Secondary School


Contract Title	Construction of Amuru Town Council Seed Secondary School, Amuru District		
Contract Scope	Qty	Deliverables	Amount (UGX)
	1	Preliminaries	36,310,000
	1	Site Levelling Works	34,920,500
	3	2-Classroom Block	551,355,300
	1	2-Unit Science Laboratory Block	333,548,500
	1	Administration Block	202,809,500
	3	2-Unit Teachers House	508,290,000
	3	2-Unit Teachers Kitchen	136,743,000
	1	2-Stance Lined VIP Latrine Block for Administration Block	16,800,000
	3	2-Stance Lined VIP Latrine Block for Teachers' House	62,217,000
	1	5-Stance Lined VIP Latrine Block-Boys	34,377,000
	1	5-Stance Lined VIP Latrine Block-Girls	35,482,000
	1	External Works	88,052,500
	1	Rain Water Harvest System With 5000l Water Tank	7,700,000
	1	ICT-Library Block	396,992,000
	1	Multi-Purpose Hall	274,348,000
	1	Sports Field	50,000,000
		Sub-Total 1	2,769,945,300
		Add: Vat 18%	498,590,154
		Total Amount	3,268,535,454
Name Contractor	of Agweru General Merchandise Limited		
Method procurement	of Open Bidding		
Type of Contract	Lumpsum Contract		
Contract Price (UGX)	3,268,535,454		







Contract signing date	18 th January 2023
Commencement date as per contract	1 st February 2023
Actual commencement date	1 st February 2023
End date as per contract	18 th January 2025 (24 calendar months from start)
Revised completion date	
Project Manager	District Engineer
Progress as at 18 th December 2025	Physical progress – 78% Financial progress – 63.2% Time progress – 138%




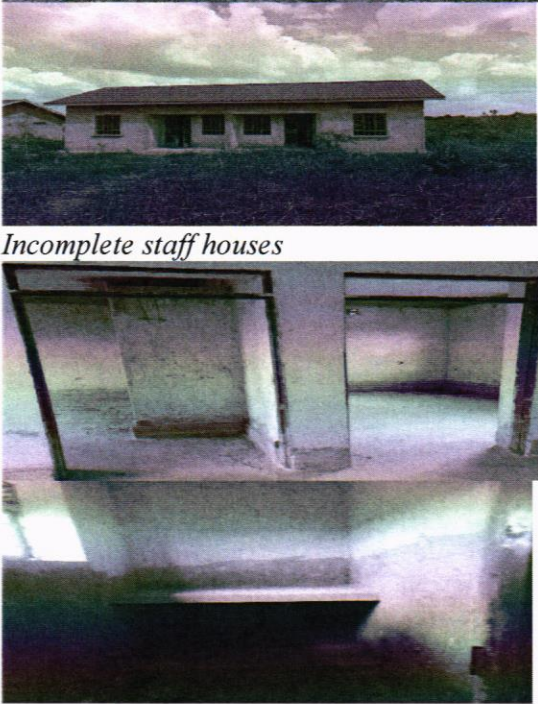
2.1.1 Delayed completion of the project

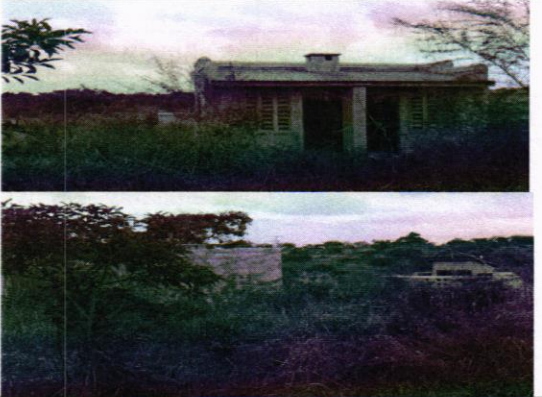
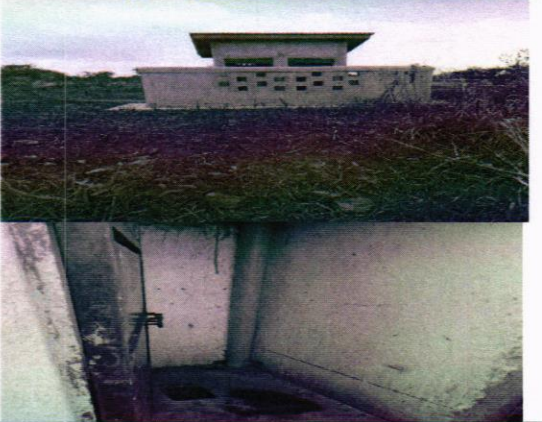

GCC 22 of the signed contract between Amuru District Local Government and Agweru General Merchandise Limited required the contractor to complete the works within 24 months i.e. from 18th January 2023 to 18th January 2025. However, at the time of audit on 16th December 2025, the Authority found that, the contract was incomplete at an estimated physical progress of 78% against time progress of 138%. This is attributed to weak contract management by the Contract Manager. The physical progress of the project was as detailed in Table 2 below:

Table 2: Physical Progress as at 16th December 2025

Item Description	Status of the works	Pictorial evidence
1 No. 2 unit Science Laboratory Block	Pending works; <ul style="list-style-type: none"> • External and Internal painting. • Glazing of windows and doors. • Laboratory sinks not connected with elbow tap and traps. • Wash hand basins - installed but with no taps and outlet connectors. • Electrical installations. • Blackboard painting. • Gutters and down pipes. • Glass windows. 	

Item Description	Status of the works	Pictorial evidence
3 No. 2-Unit Classroom Blocks	Pending works: <ul style="list-style-type: none"> • External and Internal painting. • Glazing of windows and doors. • Earthing. • Blackboard painting. • Gutters and down pipes. • Book shelves shutters. • Painting of blackboards. • Bulbs. • Supply of desks. 	 <p><i>Behind view of classroom block</i></p>  <p><i>Unglazed classroom windows</i></p> 
1 No. Administration block.	Pending works: <ul style="list-style-type: none"> • External and Internal painting. • Glazing of windows and doors. • Electrical installations. • Blackboard painting. • Gutters and down pipe. • Furniture. • Ceiling access cover. • Internal door frames and shutters. 	 <p><i>Front view of the Administration block</i></p>
ICT /Library block	Pending works: <ul style="list-style-type: none"> • External and Internal painting. • Glazing of windows and doors. • Electrical installations. • Gutters and down pipes. • Furniture. 	 <p><i>Incomplete painting of the Library Block</i></p> 

Item Description	Status of the works	Pictorial evidence
<p>Multipurpose Hall.</p>	<p>Pending works:</p> <ul style="list-style-type: none"> • External and Internal painting. • Glazing of windows and doors. • Electrical installations. • Gutters and down pipes. • Furniture. 	<p><i>Unpainted black board</i></p>  <p><i>Front view of the Multipurpose Hall</i></p>  <p><i>Unpainted interior of multipurpose hall</i></p>
<p>3 No. 2-unit Staff houses.</p>	<p>Pending works:</p> <ul style="list-style-type: none"> • External and Internal painting. • Glazing of windows and doors. • Electrical installations. • Gutters and down pipes. 	 <p><i>Incomplete staff houses</i></p>  <p><i>Interior fittings not yet fixed</i></p>

Item Description	Status of the works	Pictorial evidence
3 No. 2-unit staff kitchen.	Pending works: <ul style="list-style-type: none"> • External and Internal painting. • Glazing of windows and doors. 	
Lined latrine block (bos)	<ul style="list-style-type: none"> • External and Internal painting. • Glazing of windows and doors. • Handles for PWDs. 	
Sports field.	Pending work: <ul style="list-style-type: none"> • Leveling. • Grass planting. 	 <p data-bbox="882 1335 1158 1364"><i>Incomplete sports field</i></p>

Implication

This delayed service delivery to the public/communities where the facility is being constructed.

Management response

Management noted the Authority's recommendation and the project manager is closely monitoring the project implementation and closely supervising the performance/delivery obligations of the contractor.

Recommendation

The Project Manager should closely monitor the project implementation and supervise the performance/delivery obligations of the contractor, in accordance with the terms and conditions of the contract as required under Regulation 52 (3) (a) ((i) of the PPDA (Contracts) Regulations, 2023.

2.1.2 Delays in payments

GCC 52 of the signed contract between Amuru DLG and Agweru General Merchandise Limited required the Entity to pay the contractor certified amounts by the Project Manager within 30 days of each certificate. The Authority, however, noted that the Entity took 127 days to pay certificate No. 2. This was due to weak internal controls that failed to follow up on the contract obligations of the contractor. Table 3 below shows analysis of the payment timelines the payment certificates:

Table 3: Analysis of timelines of payment certificates

IPC No.	Date IPC certified by the Contractor	Amount Certified (UGX)	Amount Paid (UGX)	Contractual deadline of payment	Actual payment date.	Observation
Advance Payment	07/03/2023	653,707,091	653,707,091	19/4/2023	18/4/2023	Paid within time
IPC No.1	29/5/2023	1,013,245,990	710,167,151 259,286,461	12/7/2023	16/6/2023	Paid within time Delayed by 127 days
IPC No.2	19/1/2024	398,908,609	340,978,385	5/3/2024	13/3/2024	Delayed by 8 days
Total		2,065,861,690	1,964,139,088			

Implication

Delay to pay leads to cashflow challenges to the contractor.

Management Response

The delay in payment is attributed to delay by Ministry of Finance, Planning and Economic Development to release funds. This was beyond our control. The district is committed to make payment to all contractors within 30 days as required.

Authority's comment

The Entity's response is noted, however, the Authority did not receive evidence from the Entity to substantiate the above submission.

Recommendation

The Accounting Officer should:

1. Always pay the contractors in accordance with payment terms stipulated in the contract; and
2. Make payments within 30 days as required by the PS/ST Circular, dated 16th March 2021, on contract management and safeguard requirements under UgIFT.

2.1.3 Failure by the Entity to apply penalties to the Contractor for late submission of an updated program for works

SCC (GCC 36.3) provided that “the amount to be withheld for late submission of an updated program is UGX. 200,000”. The Authority, however, noted that there was no evidence that the Entity withheld UGX. 200,000 from the contractor for failure to submit an updated works schedule. This was due to weak contract monitoring mechanism.

Implication

- Failure by the contractor to submit program updates shows there was no reporting tool to keep the stakeholders up to date on the progress of the construction works.
- There was laxity on the part of the Entity in its supervisory roles to ensure that the contractor submits the program updates as required under SCC (GCC 36.3) of the contract.

Management Response

The Project Management Team held a meeting on the 10th December 2024 and resolved that the UGX. 200,000 should be withheld in the subsequent payment to the contractor. This has been deducted from retention which is being processed during this month of April 2026.

Authority’s comment: No documented evidence has been submitted for Authority’s consideration.

Recommendation

The Project Manager should invoke SCC (GCC 36.3) and recover the amounts owed due to late submission of program of works from contractor.

2.1.4 Irregular inclusion of VAT component in the IPC No. 1 and No.2

The Permanent Secretary/Secretary to the Treasury Circular, Ref No. TPD/137/167/08 dated 7th August 2017, on Value Added Tax (VAT) on Aid-Funded projects guided the Entities implementing such (UgIFT) projects to treat VAT component deemed to have been paid and not required to pay the tax. The Authority noted that whereas the VAT component worth UGX. 498,590,154 was included in the total contract sum, a review of IPC No. 1 and No.2 indicated a total of UGX. 265,272,428 was paid to the contractor as VAT. This was largely due to weak contract management mechanism in the Entity. Table 4 below indicates a summary of VAT payments made to the contractor.

Table 4: VAT Payments made to the contractor

No.	Payment Certificate No.	VAT Amount paid (UGX)
1.	IPC 1	179,492,455
2.	IPC 2	85,779,973
TOTAL		265,272,428

Implication

Payment of VAT under this project was a double payment that resulted into a financial loss on the side of the government since VAT was deemed to have been already paid.

Management Response

The policy directive on VAT management was formulated by Ministry of Education and Sports within the Hybrid Contract Management framework indicating that the contract should be VAT inclusive. Therefore, the Entity simply implemented the directive as per the terms and

conditions of the contract. When the line Ministries realized their mistake, the VAT was remitted by URA to MoFPED and subsequently remitted to the district.

Authority’s comment: No documented evidence has been submitted for Authority’s consideration. Additionally, PS/ST Circular Ref No. TPD/137/167/08 on Value Added Tax (VAT) of Aid-Funded projects was issued on 7th August 2017, way before the Entity signed the contract on 18th January 2023.

Recommendation

The Accounting Officer should:

1. Treat VAT component of the Aid-Funded projects in accordance with PS/ST Circular Ref No. TPD/137/167/08 dated 7th August 2017 on Value Added Tax (VAT) of Aid-Funded projects; and
2. Recover UGX. 265,272,428 that have been paid to the contractor (Agweru General Merchandise Limited) for VAT of this project that is deemed to have been paid.

2.1.5 Removal of equipment from site without the Project Manager’s authorization

Clause 28 of the General Conditions of Contract states that the contractor shall not remove from the site any major items of the contractor’s equipment without the consent of the Project Manager. The Authority found that there was no equipment on site contrary to the key equipment required to be on site as per the signed contract, yet the Project Manager did not authorize the contractor (Agweru General Merchandise Limited) to demobilize. This was as a result of inadequate contract management.

Table 5 below shows the key equipment that was not found on site at the time of inspection by the Authority on 18th December 2025:

Table 5: List of key equipment not found on site

No.	Equipment type	Minimum number
1.	(10-20 ton) Dumper trucks.	2
2.	Excavator.	1
3.	Concrete poker.	1
4.	Concrete mixers (1-2 cub.m).	1
5.	Wheal loader (105 HP).	1
6.	Poker Vibrators.	1
7.	Bar Bending.	1
8.	Drum roller.	1
9.	Concrete block making machine.	1
10.	Concrete poker vibrator.	1
11.	Welding set.	2
12.	Surveying equipment.	1
13.	Concrete power floating machine.	1

Implication

Removal of equipment and machinery on site could have contributed to the delayed completion of the works.

Management response

The Project Manager will implement the audit recommendation in subsequent contracts as recommended by the Authority.

Recommendation

The Project Manager should in future procurement, not allow a contractor to remove any equipment from site before completion of the works and without his prior authorization in accordance with Clause 28 of the General Conditions of Contract.

2.1.6 Inappropriate liquidated damages

Liquidated damages are monetary conditions set in the contract to ensure that the project is substantially completed on time and failure to complete, shall hold the contractor accountable for delaying to deliver the project on time.

SCCC (GCC 58.1) of the PPDA User Guide for bidding document for the procurement of works under open or restricted bidding method states *that liquidated damages are set between 0.05 percent and 0.10 percent per day, and the total amount is not to exceed between 5 percent and 10 percent of the Contract Price.* However, the Authority found SCC (GCC 58.1) of the Contract signed between Amuru DLG and Agweru General Merchandise Limited provided for liquidated damages of 0.001% per day to a maximum value of 0.05% of the contract price amounting to UGX. 1,634,268, this value is small for a contract price of UGX. 3,268,535,454 to serve the intended purpose. This was due to limited understanding of application of liquidated damages provisions.

Implication

This exposes the Entity to high risk in case the contractor fails to perform.

Management response

The provision for liquidated damages was enshrined in the terms and conditions of the contract which was provided by the Ministry of Education and Sports under the hybrid contract arrangement. The entity simply implemented as provided. There is need to advise the line ministries to make provision of liquidated damages within the statutory provisions in future contracts to avoid such anomaly.

Recommendation

The Head Procurement and Disposal Unit should always provide for liquidated damages that is fair to compensate for the loss incurred due to delays caused by the contractor in accordance with SCCC (GCC 58.1) of the User Guide for bidding document for the procurement of works under open or restricted bidding method which provides *that liquidated damages are set between 0.05 percent and 0.10 percent per day, and the total amount is not to exceed between 5 percent and 10 percent of the Contract Price.*

2.1.7 Removal of personnel from site without the Project Manager's authorization

SCC (GCC 14.1) stated that the schedule of key personnel shall be part of the contract. The Authority, however, did not find any of the contractor's key personnel on site during the site inspection visit that was conducted on 18th December 2025 yet the works were incomplete. This was attributed to weak contract supervision of the signed contract which required the key personnel in Table 6 below to be on site during the execution of the contract:

Table 6: Schedule of key personnel

Position	Number
Contract Manager	1
Project Engineer	1
Quantity Surveyor	1
Health, Safety and Environmental Coordinator	1
General Mechanical	1
Stores	1
Drivers	4
Operators	3
Casual workers	7
Masons	10
Carpenters	4
Security Personnel	1
Welfare/cooks	1

Implications

Unauthorised demobilisation caused delayed project completion and this may cause more time extensions and cost overruns.

Management response

Although the implementation delayed due to fund constraint, the District Engineer has instructed the contractor to mobilize and expedite the completion of the school within the cost and quality as per the requirements in the contract.

Authority’s comment: No documented evidence was submitted for Authority’s consideration.

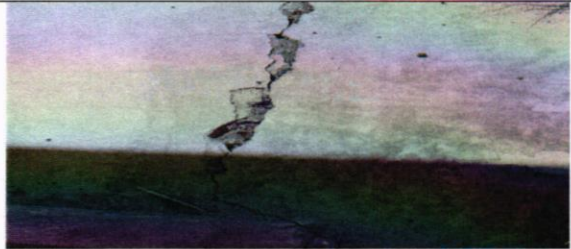
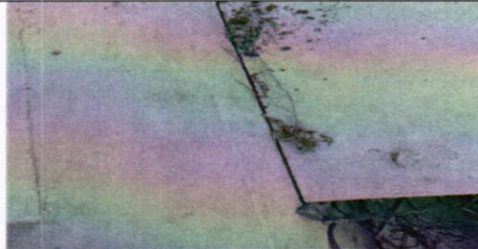



Recommendations

1. The District Engineer should instruct the contractor to mobilize and expedite the completion of the school within the cost and quality as per the requirements in the contract.
2. The Contract Manager should strictly enforce contractual provisions as he is mandated under Regulations 52 (1) (a) (b) of the PPDA (Contracts) Regulations, 2023.

2.1,8 Unsatisfactory workmanship

Regulations 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023 mandates the Project Manager to ascertain that the contractor meets all performance and delivery obligations as outlined in the terms and conditions of the contract. Additionally, Clause 44 of the General Conditions of Contract mandated the Project Manager to give notice to the contractor of any defects. The Authority, however, found that some works were poorly executed largely due to inadequate supervision by the Project Manager and contract management team as indicated in Table 7:

Table 7: Poor quality works

Multipurpose hall	
	
<i>Poor quality of the floor screed</i>	
	
<i>Poorly fitted door</i>	<i>Visible cracks on the floor</i>
Staff houses	
	
<i>Cracked ceiling</i>	

Implication

Poor quality works affect the durability of the structures and achievement of value for money from the project by the Government of Uganda.

Management Response

The Project Manager developed a complete snag list and instructed the contractor, to correct all the defects identified.

Authority's comment: The snag list was developed on 17th December 2025, however, there is no evidence that the contractor rectified the snags.

Recommendations

1. The Project Manager should develop a complete snag list and instruct the contractor, Spider Contractors Limited, to correct all the defects identified above.
2. The Accounting Officer should task the Project Manager to ensure that the contractor meets all performance and delivery obligations as outlined in the terms and conditions of the contract, in accordance with Regulations 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.

2.1.9 Expired contract

GCC 22 of the signed contract between Amuru DLG and Agweru General Merchandise Limited required the contractor to complete the works within 24 months i.e. from 18th January 2023 to 18th January 2025. However, at the time of audit, on 18th December 2025, the Authority found that, the contract was incomplete at an estimated physical progress of 78%. This was largely due to lack of proper oversight by the Contract Manager.

Implication

The expired contract is voidable and it cannot be enforced

Management response

Management acknowledged this and pledges to implement the Authority's recommendation.

Recommendations

1. The Accounting Officer should instruct the:
 - i) District Engineer to always monitor contractual timelines and ensure that contract extension is made before the original contract expires in accordance with Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023; and
 - ii) Project Manager to value and come up with BoQs of the pending works and tender the pending works to achieve successful completion of the project before the end of FY 2025/2026.
2. The Contract Managers should monitor running contracts and in case need arises for contract extension, they should expedite the process and obtain all the necessary approvals before expiry of the contract.
3. The Authority shall institute proceedings for suspension of of a contractor (Agweru General Merchandise Limited) from engaging in any public procurement or disposal process for a period determined by the Authority for failure to perform the obligations specified in the contract in accordance with Section 128 (c) of the PPDA Act, Cap. 205.

2.2 TO ASSESS ADHERENCE TO ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY (ESHS) REQUIREMENTS

2.2.1 Lack of an Environment and Social Management Plan

SCC (GCC 29) of the signed contract required the contractor to implement its Environmental and Social Management Plan (ESMP). The Authority, however, found that the Contractor (Agweru General Merchandise Limited) did not have an Environmental and Social Management Plan (ESMP) in place to guide the implementation of environmental and social requirements such as mitigation measures to be undertaken, maintenance of copies of environmental incident reports, re-vegetation and landscaping the site, maintenance of existing trees and planting of more indigenous species to rehabilitate the environment and social safety issues as it was required in the signed contract.

Implication

Failure to have an ESMP at the site puts the contractor at a risk of failure to consider and develop adequate measures and controls to minimize and mitigate the potential environment and social risks and impacts during project implementation.

Management Response

The Project Manager instructed the Contractor to submit ESMPs.

Authority's comment: The Entity did not submit the letter instructing the contractor to submit the ESMP plan. The Entity did not submit the ESMP plan for consideration.

Recommendation

The Project Manager should task the Contractor to submit ESMPs and a copy should be maintained on-site for purposes of close monitoring measures and control during implementation of potential environmental and social risks.

2.2.2 Failure by the contractor to submit a Workman's Compensation Policy

SCC (GCC 18.1) of the signed contract stated that: *"The minimum cover for insurance for personal injury or death insurance workers as per statute (Workman's Compensation Act, Cap, 225)."*

The Authority found that the contractor (Agweru General Merchandise Limited) did not submit a Workman's Compensation Policy as it was required in the contract. This was due to inadequate supervision by the Project Manager and contract management team.

Implication

Without a Workman's Compensation Policy, there is a risk that injured workers may not get medical care and compensation for a portion of the income they lose while they are unable to return to work. It may also result into lawsuits by injured workers while on duty and subsequent reputation damage to the Government of Uganda and its partners.

Management Response

Management noted and pledges to implement the Authority's recommendation.

Recommendation

In future procurements, the Accounting Officer should always task the Contractor to submit insurance cover for workers (Workman's Compensation Act, Cap 225) in accordance with SCC (GCC 18.1) of the standard bidding document and the contract.

2.2.3 Failure to hoard the construction site

The BoQs provided for the construction site to be hoarded by the contractor at UGX. 2,500,000, however the Authority noted that the site was not hoarded. Hoarding sites helps to protect the public from any dangers posed by the construction works and also provide security for the construction materials and equipment. This is attributed to the weak enforcement and supervision by the Contract Manager.

Implication

Failure to hoard the construction site can lead to vandalism and theft of construction materials and equipment, and it also exposes the public to dangers posed by the construction works such as excavated pits, nails, falling debris etc. which can potentially lead to accidents thus compromising safety of the public.

Management Response

The contract site was hoarded as required however, the eucalyptus trees and hoarding net got burnt during dry season. The project manager instructed the contractor to re-hoard the site.

Recommendation

The Accounting Officer should recover UGX. 2,500,000 from the contractor that was paid for hoarding of the construction site which was not done by the contractor.

2.2.4 Failure by the contractor to comply with the Environmental, Social, Health and Safety (ESHS) safeguards requirements.

SCC (GCC 29) of the contract required the contractor to implement Environmental, Social, Health and Safety (ESHS) safeguard requirements, however, the Authority found that the contractor did not implement ESHS as indicated below:

- i) There was no first aid box;
- ii) The site was not hoarded; and
- iii) Uncovered toilet pits.

The above anomalies are attributed to poor contract supervision by the Contract Manager.

Implication

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

Management Response

Management noted and pledges to implement the Authority's recommendation.

Recommendation

The Accounting Officer should instruct the Project Manager to direct the contractor to prepare Environment and Social Management Plan (ESMP) and implement it in accordance with SCC (GCC 29) of the contract.

B. CONSTRUCTION OF AMURU SEED SECONDARY SCHOOL

On 6th June 2019, Amuru District Local Government entered into a contract with Davrich Company (U) Limited for the Construction of Amuru Seed Secondary School at a cost of UGX. 1,768,734,000 VAT inclusive with an intended completion date of 22nd July 2021.

Table 8: Contract Summary for the construction of Amuru Seed Secondary School in Amuru District.

Contract Title	Construction of Amuru Seed Secondary School, Amuru District		
Contract Scope	DESCRIPTION	QTY	AMOUNT (UGX)
	Preliminaries	1	72,100,000
	2-Classroom Block	3	324,261,000
	2-Unit Science Laboratory Block	1	184,687,000
	Administration Block	1	136,215,000
	2-Unit Teachers House	3	318,879,000
	2-Unit Teachers Kitchen	3	131,136,000
	2-Stance Lined Vip Latrine Block - Administration Block	1	15,125,000
	2-Stance Lined Vip Latrine Block For - Teachers' House	3	57,975,000
	5-Stance Lined Vip Latrine Block-Boys	1	28,028,000
	5-Stance Lined Vip Latrine Block-Girls	1	30,990,000
	External Works	1	4,650,000
	Rain Water Harvest System With 5000l Water Tank	1	13,388,000


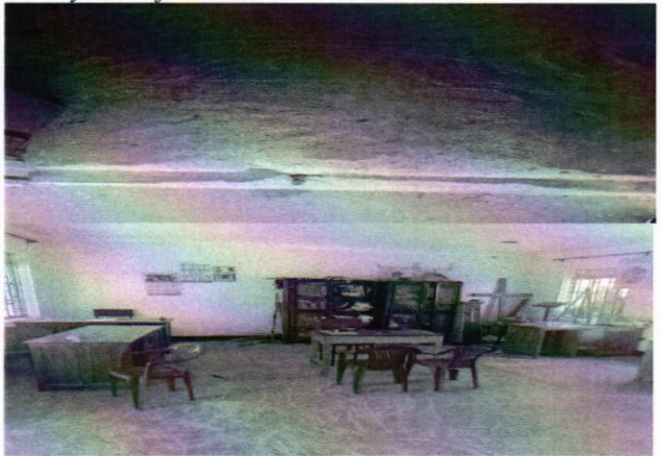



	Ict-Library Block	1	225,280,000
	Multi-Purpose Hall	1	176,020,000
	Sports Field	1	50,000,000
	Sub-Total		3,269,175,000
	Add: VAT 18%		Inclusive
	Total Amount		1,768,734,000
Name of Contractor	Davrich Company (U) Limited		
Method of procurement	Open Bidding		
Type of Contract	Lump sum Contract		
Contract Price (UGX)	1,768,734,000		
Contract signing date	6 th June 2019		
Commencement date as per contract	22 nd June 2019		
Actual commencement date as per commencement letter	22 nd June 2019		
End date as per contract	22 nd July 2021		
Project Manager	District Engineer		
Progress as of December 2025	Physical progress – 90% Financial progress – 85% Time progress – 320%		




2.3 THE PROGRESS OF WORKS WITH REGARD TO EFFECTIVENESS OF TIME, QUALITY AND COST CONTROLS OF WORKS UNDERTAKEN

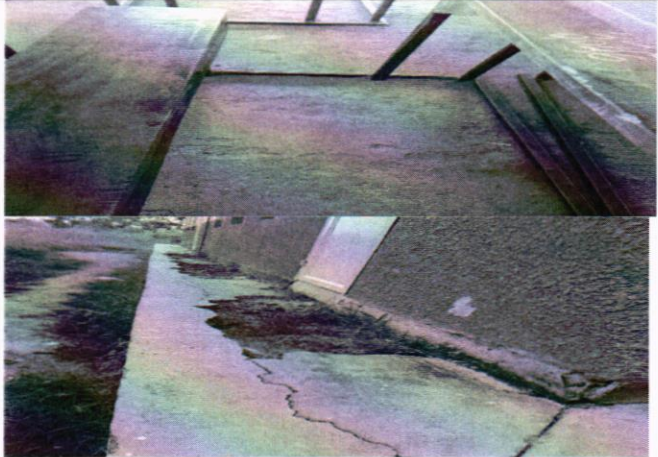
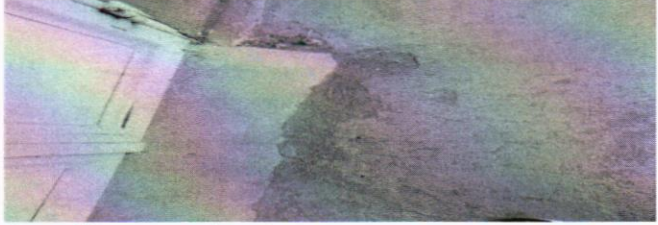
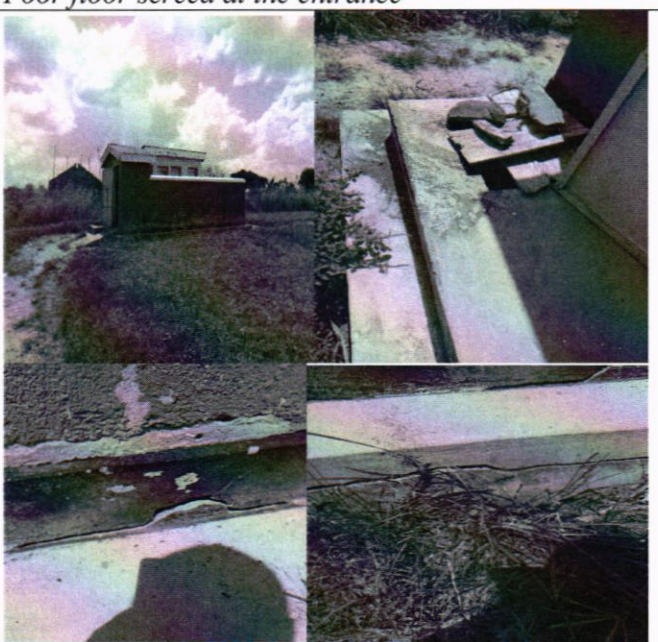
2.3.1 Delayed completion of the project


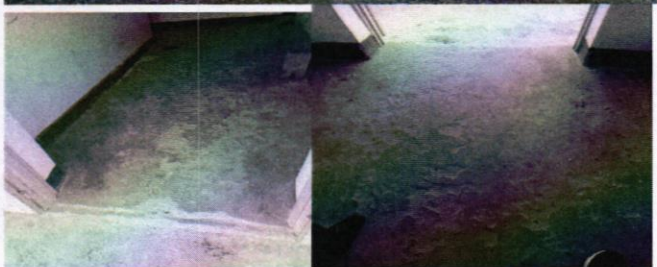




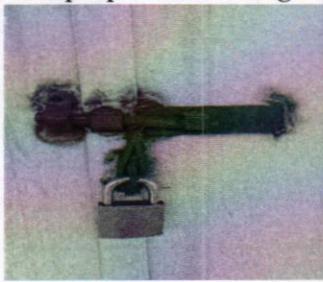
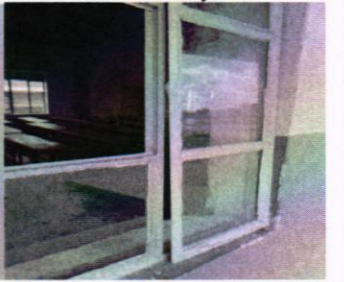
GCC 22 of the signed contract between Amuru DLG and Davrich Company (U) Limited required the contractor to complete the works within 24 months i.e. 22nd July 2019 to 22nd July 2021. However, at the time of audit, on 16th December 2025, the Authority found that, the contract was incomplete at an estimated physical progress of 90% against time progress of 320%. Additionally, Clause 44 of the General Conditions of Contract mandated the Project Manager to give notice to the contractor of any defects. The Authority, however, found that some works were poorly executed largely due to inadequate supervision by the Project Manager and contract management team as indicated in Table 9:





Table 9: Physical Progress as at 16th December 2025

Item Description	Status of the works	Pictorial evidence
<p>Administration block.</p>	<p>Pending works;</p> <ul style="list-style-type: none"> • Interior door not yet fixed. • Burglar proof for the windows. • Furniture. • Ceiling cover. <p>Observations</p> <ul style="list-style-type: none"> • Poorly done floor screed (internal and external). • Poor quality of painting. • Poor quality of interior door. 	 <p><i>Poorly done floor screed</i></p>  <p><i>Staff room already in use</i></p>   <p><i>Poor quality doors</i></p>
<p>2-Unit Science Laboratory Block</p>	<p>Pending works;</p> <ul style="list-style-type: none"> • Laboratory sinks not yet installed. • Wash hand basins- not 	

Item Description	Status of the works	Pictorial evidence
	<p>yet installed.</p> <ul style="list-style-type: none"> • Painting. • Floor finishes. • Window glasses. • Incomplete electric installations • Incomplete plumbing works. • Incomplete worktops. • Chalk board. • Water tanks. • Interior doors. • Glasses in the windows. • Downspout pipe. • Furniture. • Shelves. <p>Observations</p> <ul style="list-style-type: none"> • Poorly done floor screed (internal and external). • Poor quality of painting. <p>Pending works;</p> <ul style="list-style-type: none"> • Glasses in the windows. • Furniture. • Downspout pipe. • Water tanks. • Chalkboard rails. 	 <p><i>Incomplete worktops in the science lab</i></p>  <p><i>Poorly done floor screed that needs to be re-done</i></p>  <p><i>Chalkboard without the chalk rail</i></p>

Item Description	Status of the works	Pictorial evidence
Classroom Blocks	<ul style="list-style-type: none"> • Observations • Collapsing veranda. • Shutters on teacher's shelves. • Poorly done floor screed (internal and external). • Poor quality of painting. • Leaking roofs. 	 <p data-bbox="746 712 1407 750"><i>Shoddy works on the veranda</i></p>  <p data-bbox="746 974 1407 996"><i>Poor floor screed at the entrance</i></p>
5-Stance Lined Vip Latrine Block	<p data-bbox="470 996 734 1041">Pending works:</p> <ul style="list-style-type: none"> • Manhole covers. • PWD handle. • Not engraved. <p data-bbox="470 1254 734 1288">Observations</p> <ul style="list-style-type: none"> • Collapsing veranda on boys toilet. • Poor painting. 	 <p data-bbox="746 1635 1407 1668"><i>Cracked toilet foundation</i></p>

Item Description	Status of the works	Pictorial evidence
ICT and Library	<p>Pending works;</p> <ul style="list-style-type: none"> • Window glasses • Interior doors. • Furniture. • Celling cover. • Water tanks. • Ramp. • Downspout pipes. <p>Observations</p> <ul style="list-style-type: none"> • Poorly done floor screed (internal and external). • Poor quality of painting. • Weak. burglar proof in the windows. • Visible cracks on the veranda. 	  <p><i>Poorly done floor screed in the ICT and Library</i></p>   <p><i>Window with no glasses</i></p>
Multipurpose hall	<p>Pending works;</p> <ul style="list-style-type: none"> • Glasses in the windows. • Furniture. • Downspout pipe. • Water Tanks. • Chalkboard. • Electric sockets. <p>Observations</p> <ul style="list-style-type: none"> • Poorly done floor screed (internal and external). • Poor quality of painting. 	  <p><i>Multipurpose hall being used as a dormitory</i></p>  

Item Description	Status of the works	Pictorial evidence
		
Staff houses	Pending works: <ul style="list-style-type: none"> • Gutters. • Lightening arrestor. • Sockets. • 20 interior doors. • Bathroom. • Ramps. 	 <p><i>Staff houses with no lightening arrestor</i></p>  <p><i>Bathroom without a door</i></p>
Sports field	Pending work: <ul style="list-style-type: none"> • Landscaping. • Grass planting. • Goal posts and marking. 	 <p><i>Incomplete sports field</i></p>

Implication

- This delayed service delivery to the public/communities where the facility is being constructed.
- Poor quality works affects the durability of the structures and achievement of value for money from the project by the Government of Uganda

Management Response

Management noted and pledges to implement the Authority's recommendations.

Recommendation

1. The Accounting Officer should instruct the Project Manager to value and prepare BoQs of the pending works and tender the pending works to achieve successful completion of the project before the end of FY 2025/2026.
2. The Project Manager should develop a complete snag list and instruct the contractor, Davrich Company (U) Limited, to correct all the defects identified above.

CHAPTER 3: AUDIT CONCLUSION

The Authority found that 138% of the contract time had lapsed against a physical progress of 83% and a financial progress of 63% as at 16th December 2025 for the construction of Amuru Town Council Seed Secondary School. This is attributed to weak contract management by the Contract Manager.

On 16th December 2025, the Authority found that, the project for construction of Amuru Seed Secondary School was incomplete at an estimated physical progress of 90% and a financial progress of 85% against time progress of 320%. The Authority also found that some works were poorly executed largely due to inadequate supervision by the Project Manager and Contract Management Team.

In light of the above, the Accounting Officer should implement the Authority's recommendations herein in order to realise the project's objectives.