



**PUBLIC PROCUREMENT AND DISPOSAL  
OF PUBLIC ASSETS AUTHORITY**

*"Procurement That Delivers"*

**CONTRACT AUDIT REPORT INTO THE CONSTRUCTION OF  
ANGETTA SEED SECONDARY SCHOOL PHASE III IN ALEBTONG  
DISTRICT (Procurement Reference Number: ALEB804/WRKS/2023-  
2024/00009)**

**ALEBTONG DISTRICT LOCAL GOVERNMENT**

**MAY 2025**

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## **ACRONYMS**

ESHS	Environment, Social, Health and Safety
ESMP	Environment and Social Management Plan
FY	Financial Year
GCC	General Conditions of Contract
IPC	Interim Payment Certificate
PPDA	Public Procurement and Disposal of Public Assets Authority
PPDA Act	Public Procurement and Disposal of Public Assets Act
SCC	Special Conditions of Contract
UgIFT	Uganda Intergovernmental Fiscal Transfer
UGX	Ugandan Shillings

## **EXECUTIVE SUMMARY**

On 6<sup>th</sup> February 2024, Alebtong District Local Government entered into a contract with Delvo Holdings Company Limited for the construction of Angetta Seed Secondary School Phase 3 at a cost of UGX 1,038,000,000 with an intended completion period of four months.

In line with Section 8 (j) (ii) of the PPDA Act, Cap.205, the Public Procurement and Disposal of Public Assets Authority conducted a contract audit into the construction of Angetta Seed Secondary School phase 3 in Alebtong District (Procurement Reference Number: Aleb804/WRKS/2023-2024/00009) 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.

### **The following key exceptions were noted:**

1. Delayed completion of the works: By December 2024, 236% of the contract time had lapsed against a physical progress of 90.6% and a financial progress of 78.5%; despite extension of the contract from the initial contract completion date of 15<sup>th</sup> June 2024 to 15<sup>th</sup> October 2024. The contract between the Entity and Delvo Holdings Company Limited expired on 15<sup>th</sup> October 2024 before completion of the works. The Authority did not find any other extension of the completion period which meant that the terms and conditions of contract were no longer enforceable. This has delayed service delivery to the community. There is also likely to be an increase in the cost of completion of the works as a result of lapse of time and inflation costs.
2. Failure by the Project Manager to penalize the contractor for failure to submit a work program and subsequent program updates as required under GCC 36.1 and GCC 36.3 of the signed contract. The Project Manager could not effectively monitor the sequence of tasks, timelines, resource allocation and key milestones for the project
3. Lack of Performance Security and ES Performance Security:
  - i) The Entity did not task the contractor to submit the Performance Security worth UGX 83,040,000 contrary to GCC 61.1 of the signed contract which required a Performance Security worth 8% of the contract price. The Entity had no recourse for non-performance of the contract by the contractor.
  - ii) The Entity did not task the contractor to submit an ES Performance Security worth UGX 20,760,000 contrary to GCC 61.1 of the signed contract which required a Performance Security worth 2% of the contract price. The Entity had no recourse for non-performance of the contractor on environment, health, social and safety safeguards under the contract.
4. Failure by the contractor to implement activities worth UGX 15,325,000 that were costed under Environment and Social Safeguards in the bills of quantities. This compromised the health, safety and security of the workers, community and materials on site.

**In light of the above findings, the Authority recommends that:**

1. The Accounting Officer should:
  - i) Not allow the contractor, Delvo Holdings Company Limited, to proceed with execution of works at Angetta Seed Secondary School due to absence of a valid written contract between the Entity and the contractor.
  - ii) Task the District Engineer (Project Manager) to value the pending works and tender out the pending works to ensure successful completion of the works before 30<sup>th</sup> June 2025, when the UgIFT program is expected to close.
  - iii) Task the Project Manager to strengthen project monitoring and supervision by tracking project performance and conducting analyses at every stage to avoid further project delays and to ensure that works are completed before June 2025.
  - iv) In future contracts, manage the performance related risks for local contractors through use of performance securing declaration to commit contractors to meet their contractual obligations without encumbering financial resources in accordance with the PS/ST Circular dated 27<sup>th</sup> November 2024 on management of performance securities and advance payment guarantees.
  
2. The Project Manager should:
  - i) Withhold UGX 100,000 (for each missing program update) from the payments to be made to the contractor, Delvo Holdings Company Limited in accordance with GCC (SCC) 36.3 of the signed contract.
  - ii) In future procurements ensure that the Performance Security and Environmental and Social Performance Security submitted by a contractor remain valid until a date 28 days beyond the intended completion date in accordance with Clause 61.4 of the General Conditions of Contract; and
  - iii) After the tendering process for completion of the pending works, task the contractor to:
    - a) Implement the activities worth UGX 15,325,000 that were costed under the Environmental and Social Safeguards in the bills of quantities in order to manage potential environmental and social unintended negative impacts associated with the project's activities, as well as to allow for meaningful and inclusive multi-stakeholder consultations and engagement throughout the lifecycle of the project;
    - b) Take all reasonable precautions to maintain the health and safety of the contractor's personnel and authorized persons on site; and
    - c) Put in place safety measures and protocols during execution of the works in accordance with Section 66 of the PPDA Act, Cap. 205.

## CHAPTER 1: INTRODUCTION

### 1.1 Background

The Government of Uganda received funds from the World Bank to fund the Uganda Intergovernmental Fiscal Transfer (UgIFT) Program for Results. Ministry of Education under the UgIFT program earmarked the construction of Seed Secondary Schools.

Alebtong District Local Government was one of the beneficiary districts and on 6<sup>th</sup> February 2024, the district entered into a contract with Delvo Holdings Company Limited for the construction of Angetta Seed Secondary School phase 3 at a cost of UGX 1,038,000,000 in Angetta Sub-County with an intended completion period of four months.

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 construction of Angetta Seed Secondary School phase 3 in Alebtong District (Procurement Reference Number: Aleb804/WRKS/2023-2024/00009). The overall objective 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; the provisions of the PPDA Law and UGIFT Guidelines.

Table 1 below shows the summary of the contract between Alebtong District Local Government and the contractor, Delvo Holdings Company Limited.

**Table 1: Contract Summary**

Entity	Alebtong District Local Government
Contract Title	Construction of Angetta Seed Secondary School – Phase 3
Name of the Provider	Delvo Holdings Company Limited
Type of Contract	Lumpsum Contract
Original Contract Value Inclusive of VAT	UGX 1,038,000,000
Contract Signature Date	6 <sup>th</sup> February 2024
Contract Start Date	13 <sup>th</sup> February 2024
Actual Start Date	1 <sup>st</sup> March 2024
Site Possession Date	13 <sup>th</sup> February 2024
Actual Site Possession Date	26 <sup>th</sup> February 2024
Contract End Date	15 <sup>th</sup> June 2024
Actual Contract End Date	Works not yet completed as of 4 <sup>th</sup> Dec. 2024
Contract Progress	Time progress at 236% Financial progress at 78.5% Physical progress at 90.6%
Defects Liability Period (DLP)	Six Months
Project Manager	District Engineer

Table 2 below shows the summary of the bills of quantities (scope) for the contract between Alebtong District Local Government and the contractor, Delvo Holdings Company Limited.

**Table 2: Summary of the bills of quantities**

No.	Structure details	Quantity	Amount (UGX)
1.	Environmental and Social Safeguards Mitigation Plan	1	30,100,000
2.	Preliminaries	1	21,350,000
3.	Site levelling works	1	45,386,000
4.	2-Unit Teachers house	1	149,608,000
5.	2-Unit Teachers kitchen	1	35,287,000
6.	2-Stance lined VIP latrine block for teachers' house	1	18,311,700
7.	ICT/Library Block	1	397,306,000
8.	Multipurpose Hall	1	293,074,000
9.	External works	1	35,195,000
10.	Rainwater harvesting system with 5000L storage tank	1	12,382,300
<b>Total Amount</b>			<b>1,038,000,000</b>

**1.2 Objective of the audit**

The primary objective of the contract audit exercise 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 Law and UGIFT Guidelines.

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

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

**1.3 Scope of the audit exercise**

The audit covered the contract execution and management for the construction works for Angetta Seed Secondary School in Angetta Sub-County, Alebtong district.

**1.4 Audit methodology**

The Authority adopted the following methodology:

- i) Review of the signed contract, contract implementation records and any correspondences related to the matter.
- ii) Physical verification of the project site.
- iii) Debrief of the Entity management on the preliminary findings.
- iv) Issuance of a management letter to the Entity for its management response.
- v) Reporting on the audit findings and providing actionable recommendations where applicable.

**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. The overall responsibility of the quality of works lies with Alebtong District Local Government's management and the contractor, Delvo Holdings Company Limited.

## **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 Regulations, 2023.
- iii) The signed contract.
- iv) The Circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer (UgIFT) program dated 16<sup>th</sup> March 2021.

## CHAPTER 2: FINDINGS AND RECOMMENDATIONS

### 2.1 PROGRESS OF THE WORKS

The contract implementation of the project has been very slow mainly attributed to two reasons namely; (a) lack capacity of the contractor Delvo Holdings Company Ltd in terms of finances, equipment, personnel etc. and, (b) failure by the Entity to effectively supervise and monitor the contract implementation.

#### 2.1.1 TIME CONTROL

##### 2.1.1.1 Delayed completion of the works

The Authority found that 236% of the contract time had elapsed against a financial progress of 78.5% and estimated physical progress of 90.6% as at December 2024 as indicated in tables 3, 4, 5 and 6 below:

**Table 3: Time progress as of December 2024**

Start Date	13 <sup>th</sup> February 2024
End Date	15 <sup>th</sup> June 2024
Measurement Date	December 2024
Contract Period (Days)	125
Time Lapse (Days)	295
Time Progress	236%

**Table 4: Financial progress as of December 2024**

Contract Amount (UGX)	1,038,000,000
Payment made on 11 <sup>th</sup> July 2024 (UGX) Request for payment submitted on 27 <sup>th</sup> May 2024	520,586,298
Payment made on 11 <sup>th</sup> July 2024 (UGX) Request for payment submitted on 20 <sup>th</sup> June 2024	293,842,145
Total amount paid (UGX)	814,428,443
Financial Progress	78.5%

**Table 5: Physical progress as of December 2024**

Total value of executed works	940,485,700
Total value of unexecuted works	97,514,300
Physical progress (%)	90.6%

**Table 6: Unexecuted works as at December 2024**

Item	Amount (UGX)	Management Response
<b>1. Preliminaries</b>		
• Sign Board for works	1,500,000	<i>Was not done and not paid.</i>
• Programme and progress charts	250,000	<i>Was not done and not paid.</i>
• Maintaining site records: Drawings, schedules, site diary, visitors' book and site instructions books	200,000	<i>All are available for verification – Annex 8</i>  <b>Authority's comment:</b> The Authority appreciated the Entity's response however,

Item	Amount (UGX)	Management Response
		annex 8 had only the commencement order and site handover report.
• Temporary screens and hoardings	2,500,000	<i>Was not done and not paid.</i>
<b>2. Environmental and Social Safeguards Mitigation Plan</b>		
• Ensure terms of employment are clear and issue out appointment letters and ensure that all workers are insured against injury and death arising out of project related work	500,000	<i>Was not done and not paid</i>
• Put in place grievance log sheet/book and handle grievances urgently as they arise	200,000	<i>Was not done and not paid</i>
• Put in place Grievance Redress Committee	200,000	<i>Was not done and not paid</i>
• Engage medical personnel to conduct medical examination/check-up before one is employed	300,000	<i>It was not done and not paid</i>
• Clear signage posts on STDs, HIV & AIDS in the compound of the site	100,000	<i>It was not done and not paid</i>
• Observe SOPs issued by the Ministry of Health (put in place washing facility with soap, provide disinfectants, provide sanitizer on site, put a temperature measuring equipment	1,000,000	<i>It was not done and not paid</i>
• Clear signage posts on Covid-19 in the compound of the site	100,000	<i>It was done and not paid</i>
• Provide accident log sheet	200,000	<i>It was not done and not paid</i>
• Identify and protect all danger places and surround them with visible warning red tapes (open pits, sharp objects collection points etc.	300,000	<i>It was not done and not paid</i>
• Sort waste and keep them separately (biodegradable and non-biodegradable	200,000	<i>It was not done and not paid</i>
• Dispose hazardous wastes accordingly as recommended by the Environment Officer	250,000	<i>It was not done and not paid</i>
<b>3. ICT/Library Block</b>		
• Soft pin board	7,200,000	<i>It's now done</i>

Item	Amount (UGX)	Management Response
		<p><b>Authority's comment:</b> The Authority appreciated the Entity's response however; no evidence was provided to support the management response.</p>
<ul style="list-style-type: none"> <li>• Open shelves</li> </ul>	2,000,000	<p><i>It's now done</i></p> <p><b>Authority's comment:</b> The Authority appreciated the Entity's response however; no evidence was provided to support the management response.</p>
<ul style="list-style-type: none"> <li>• Furniture engraving</li> </ul>	1,000,000	<p><i>It's now done</i></p> <p><b>Authority's comment:</b> The Authority appreciated the Entity's response however; no evidence was provided to support the management response.</p>
<b>4. Multipurpose Hall</b>		
<ul style="list-style-type: none"> <li>• Soft pin board</li> </ul>	19,607,000	<p><i>Its now done</i></p> <p><b>Authority's comment:</b> The Authority appreciated the Entity's response however; no evidence was provided to support the management response.</p>
<ul style="list-style-type: none"> <li>• Projector and PA installations</li> </ul>	30,000,000	<i>Not done and not paid</i>
<ul style="list-style-type: none"> <li>• Curtain rods</li> </ul>	500,000	<i>Not done and not paid</i>
<ul style="list-style-type: none"> <li>• Mahogany partition foldable doors</li> </ul>	5,000,000	<p><i>It's now done</i></p> <p><b>Authority's comment:</b> The Authority appreciated the Entity's response however; no evidence was provided to support the management response.</p>
<b>5. External Works</b>		
<ul style="list-style-type: none"> <li>• Storm water drainage</li> </ul>	1,700,000	<p><i>It's now done</i></p> <p><b>Authority's comment:</b> The Authority appreciates the Entity's response however; no evidence was provided to support the management response.</p>

Item	Amount (UGX)	Management Response
• Landscaping	10,325,000	<i>Not done and not paid</i>
<b>6. Rainwater harvesting system</b>		
Rainwater harvesting system with 5000L storage tank	12,382,300	<i>It's now done</i> <b>Authority's comment:</b> The Authority appreciates the Entity's response however; no evidence was provided to support the management response.
<b>Total of unexecuted works</b>	<b>97,514,300</b>	

### Implications

- Delayed completion of the works, delayed service delivery to the public hence affecting performance of the Government of Uganda.
- There is a risk of increased project costs and value for money may not be achieved due to time variation, inflation and potential quality deterioration of the works because of delayed completion.

### Management response

1. *There was a slight delay since the contract period was extended and the snag list was issued to the contractor and most of the snags have been addressed – Annex 1*
2. *Reminders were issued to the contractors to rectify the identified defects by December by 2024 – Annex 1.*

### **Authority's comment**

In light of the circumstances raised by the Entity, the Accounting Officer did not ensure that the contract remained valid until completion of the works. The Authority during a site visit in December 2024 found incomplete works yet the contract expired on 15<sup>th</sup> October 2024.

### **Recommendations**

The Accounting Officer should:

1. Task the District Engineer (Project Manager) to value the pending works and tender these pending works to the contractor to ensure successful completion of the works before 30<sup>th</sup> June 2025 so as to deliver service to the intended beneficiaries.
2. In future contracts, put in place strategies such as holding regular site meetings, adequate monitoring and supervision of contract implementation so as to address challenges causing the slow execution of the works.

#### **2.1.1.2 Expired contract**

The Authority found that the Entity extended the contract from 15<sup>th</sup> June 2024 to 15<sup>th</sup> October 2024. The contract expired on 15<sup>th</sup> October 2024 and the Entity did not have the contract extended before it expired yet the physical progress of the works was at only 90.6%.

### **Implication**

The contract with Delvo Holdings Company Limited is void and the terms and conditions are no longer enforceable.

### **Management response**

- *The contract was extended and the extension letter is available for verification - Annex 15.*
- *The guidance has been noted for compliance*

### **Authority's comment**

In light of the circumstances raised by the Entity, the Accounting Officer did not ensure that the contract remained valid until completion of the works. The letter dated 27<sup>th</sup> May 2024 that was provided for verification in Annex 15 indicated contract extension from 15<sup>th</sup> June 2024 to 15<sup>th</sup> October 2024.

### **Recommendations**

1. The Accounting Officer should:
  - a) Not allow the contractor, Delvo Holdings Company Limited, to proceed with execution of works due to absence of a valid binding agreement between the Entity and the contractor.
  - b) Task the Project Manager to ensure that all contract obligations are completed before the expiry of the contract in accordance with Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023.
2. In subsequent procurements, the Project Manager should monitor running contracts and in case need arises for contract extension, he should expedite the process and obtain all the necessary approvals before expiry of the contract.

#### **2.1.1.3 Failure by the Project Manager to penalize the contractor for failure to submit a work program and subsequent updates to the work program**

The Authority found that the Project Manager did not penalize the contractor, Delvo Holdings Company Limited, for failure to prepare and submit a work program and any updates to the work program contrary to:

- GCC 36.1 of the signed contract which stated that: *"The Contractor shall submit the Program for the Works within 7 days of contract signature."*
- GCC 36.3 of the signed contract which stated that: *The period between Program updates is 30 days. The amount to be withheld for late submission of an updated Program is: UGX 100,000."*

### **Implication**

Without a work program, the Project Manager could not effectively monitor the sequence of tasks, timelines, resource allocation and key milestones for the project. This contributed to time losses during contract execution hence delayed completion of the works.

### **Management response**

*Management noted the concern and going forward, the project manager has been tasked to ensure that the contractors meet the requirement of submitting program updates.*

### **Recommendations**

1. The Project Manager should withhold UGX 100,000 (for each missing program update) from the payments to be made to the contractor, Delvo Holdings Company Limited in accordance with GCC (SCC) 36.3 of the signed contract.

2. In future procurements, the Accounting Officer should consider termination of a contract if the contractor causes a fundamental breach of the contract as per Clause 68.1 and 68.2 (a) of the General Conditions of Contract.

## **2.1.2 QUALITY CONTROL**

### **1.1.2.1 Failure to appoint a Contract Management Team**

The Authority found that the Accounting Officer did not appoint a Contract Management Team to effectively monitor and supervise the contract implementation contrary to PPDA Circular No. 3 dated 24<sup>th</sup> July 2019 and Permanent Secretary/Secretary to the Treasury (PS/ST) Circular dated 26<sup>th</sup> May 2020 on the implementation of procurements under UgIFT which requires the Accounting Officer to appoint a Contract Management Team comprised of the CAO as Chairperson, District Engineer, District Education Officer, District Environment Officer and District Community Development Officer.

There were no appointment letters for the contract management team clearly stipulating their roles and responsibilities. There were no records of contract management team holding meetings at the project site.

#### **Implications**

- Absence of a project management team affected performance of the Government of Uganda in delivering of education services to communities in and surrounding areas of Angetta.
- Without formal appointment of project management team, persons deemed to be responsible for roles of the contract management team may not legally be held responsible for any shortcoming.
- Ineffective contract monitoring and supervision, potentially increased the risk of contract non- performance by a provider.

#### **Management response**

- *The contract management team was appointed and the appointment letters are available for verification – Annex 3.*
- *Appointment of the contract management team was done in accordance with the PPDA Circular No.3 of 2019 on the implementation of procurements under UGIFT and PSST Circular dated 26<sup>th</sup> May 2020 – Annex 3.*

#### **Authority's comment**

The Entity's response is noted; however, the Entity only provided in Annex 3, the appointment letters of Mr. Olwit Moses, the Ag. District Education Officer as the Contract Manager and Mr. Obote Ambrose, the Roads Inspector as the Site Supervisor.

#### **Recommendation**

The Accounting Officer should appoint a Contract Management Team in accordance with PPDA Circular No. 3 of 2019 on the implementation of procurements under UgIFT and PSST Circular dated 26<sup>th</sup> May 2020 on contract management and safeguard requirements under UgIFT.

### **1.1.2.2 Failure to prepare monthly progress reports**

The Authority found that the Project Manager did not prepare monthly progress reports yet the contract required preparation of monthly progress reports. This was contrary to the PPDA

Circular No. 3 dated 24<sup>th</sup> July 2019 on the implementation of procurements under UgIFT that requires preparation and submission of monthly progress reports to the Accounting Officer and the Line Ministry.

### **Implications**

- Lack of progress reports casts doubt on whether the Entity was supervising & monitoring the projects effectively and efficiently.
- Failure to prepare progress reports denies the project stakeholders the opportunity of knowing the actual progress of the works, the challenges faced and addressing the various challenges faced.

### **Management Response**

*Monthly progress reports were prepared in accordance with Regulation 52 (3) (g) of the PPDA (contract) Regulations 2023 and PPDA circular No. 3 dated 24<sup>th</sup> July 2019 and copies are available for verification – Annex 5.*

### **Authority's comment**

The Entity's response is noted; however, the Entity submitted progress reports for April, May and June 2024 that were prepared by Ms. Akullu Eunice the Clerk of Works. The Clerk of Works addressed the monthly reports to the Project Manager. There were no monthly progress reports prepared by the Project Manager and submitted to the Accounting Officer and Procurement and Disposal Unit.

### **Recommendation**

The Accounting Officer should task the Project Manager to prepare progress reports and conduct routine site meetings in accordance with Regulation 52 (3) (g) of the PPDA (Contracts) Regulations. 2023 and PPDA Circular No. 3 dated 24<sup>th</sup> July 2019 on the implementation of procurements under UgIFT.

#### **1.1.2.3 Failure to hold monthly site meetings and prepare site meeting minutes**

The Authority found that the Entity only held monthly site meetings in the months of March, May and June 2024 yet the contract required monthly site meetings by the Entity and the Contractor. There were no monthly site meetings held in April, July, September and October 2024. This was contrary to PPDA Circular No. 3 dated 24<sup>th</sup> July 2019 on the implementation of procurements under UgIFT that required the Entity to hold monthly site meetings.

### **Implications**

- Lack of site meeting minutes' casts doubt on whether the Entity was supervising the projects effectively and efficiently and further increases the risk of poor quality/shoddy works.
- Due to failure to hold site meetings, grievances from the contractor's staff and surrounding communities were never heard and addressed.

### **Management Response**

- *Monthly site meetings were held and minutes were shared and copies are available for verification – Annex 6.*
- *Site meetings were organized by the contract manager with stake holders and minutes were shared with stakeholders – Annex 6.*

### **Authority's comment**

The Entity's response is noted; however, the Entity only provided three monthly site meeting minutes for March, May and June 2024. There were no reports for February, March, July, August, September and October 2024.

### **Recommendations**

1. The Project Manager should arrange for site meetings with the stakeholders to discuss project progress, challenges and way forward.
2. The Accounting Officer should task the Project Manager to prepare the monthly site meeting minutes with action points and share with the stakeholders.

#### **1.1.2.4 Failure to certify the Interim Payment Certificates No. 1 and 2**

The Authority found that the Community Development Officer and Natural Resources Officer did not certify the Interim Payment Certificates No. 01 and 02. The IPCs required certification by the Community Development Officer and Natural Resources Officer however the section for their names and signatures was left blank.

When the audit team raised this matter at the debrief meeting, Community Development Officer and the Natural Resources Officer stated that they were not facilitated to go to the field and supervise the implementation of the ESHS safeguards and therefore they could not certify what they did not supervise.

### **Implications**

- Failure by the Community Development Officer and Natural Resources Officer to monitor the implementation of the ESHS safeguards is an indication of the Entity's lack of interest in ensuring that ESHS safeguard measures are implemented at all project sites.
- Failure by the Community Development Officer and Natural Resources Officer to certify the Interim Payment Certificates is an indication that the Entity paid the contractor without confirming that the ESHS safeguard measures have been implemented.
- The funds that were provided for monitoring the implementation of the ESHS safeguards could have been paid to the wrong people.

### **Management response**

- *The oversight for not signing has been noted and improvements are being under taken.*
- *The community Development Officer and Environmental Officer do monitor and supervise projects.*

### **Recommendations**

The Accounting Officer should:

1. Provide adequate facilitation to the Community Development Officer and Natural Resources Officer to monitor and supervise the implementation of the Environment, Social, Health and Safety (ESHS) Safeguards at the project sites so as to promote Sustainable Procurement in accordance with Section 66 of the PPDA Act, Cap. 205.
2. Task the Community Development Officer and Environment Officer to monitor and supervise the implementation of projects and have all interim payment certificates certified.

### 1.1.3 COST CONTROL

#### 1.1.3.1 Failure to task the contractor submit the Performance Security worth UGX 83,040,000

The Authority found that Delvo Holdings Company Ltd did not furnish the Entity with a Performance Security worth UGX 83,040,000. This was contrary to GCC 61.1 of the Special Conditions of Contract which stated that the Performance Security worth 8% of the contract price shall be required and should be submitted to the employer within 21 calendar days of signing the contract.

#### **Implications**

- The Entity breached GCC Clause 61.1 of the Special Conditions of Contract by allowing the contractor to commence works without fulfillment of submission of a Performance Security.
- The Entity has no recourse for non-performance of the contract by the contractor.

#### **Management Response**

- *We note the challenge and going forward, arrangements have been put in place to address the challenge.*
- *We have noted the advice for compliance*

#### **Recommendations**

The Accounting Officer should:

1. Where the contractor fails to furnish the Performance Security within the stipulated period, withhold the bid security, annul the contract award decision and award the contract to the next best evaluated bidder in accordance with Regulation 12 (2) and (3) of the PPDA (Contracts) Regulations, 2023.
2. In future contracts, manage the performance related risks for local contractors through use of performance securing declaration to commit contractors to meet their contractual obligations without encumbering financial resources in accordance with the PS/ST Circular dated 27<sup>th</sup> November 2024 on management of performance securities and advance payment guarantees.
3. Where a contract requires a Performance Security, the Accounting Officer should task the contractor to submit it in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023.

#### 1.1.3.2 Failure to hoard the construction site

The construction site was not hoarded by the contractor yet UGX 2,500,000 was provided in the BOQs for this purpose. Hoarding helps to protect the public from any dangers posed by the construction works and also provide security for the construction materials and equipment.

#### **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 challenge is noted and the payment for the noted activity is not effected.*
- *The challenge is noted for compliance*

### **Recommendation**

After the tendering process for completion of the pending works, the Accounting Officer should task the Project Manager to ensure that the construction site is hoarded in accordance with the provisions in the contract.

#### **1.1.3.3 Failure to install the project sign board**

The Authority found that the contractor did not install the project sign board at the construction site yet UGX 1,500,000 was provided for installation of the project sign board. Project sign board are important to inform the public and other stakeholders about the project details such as name of the project, owners of the project, supervising engineers and source of funding among others.

### **Implications**

Due to lack of a project sign board at the site, the public may not be aware of the details of the construction works being undertaken in an area such as name of the project, funder, contractor's name, project manager etc.

### **Management Response**

- *The challenge is noted and the payment for the noted activity is not effected.*
- *The challenge is noted for compliance*

### **Recommendations**

After the tendering process for completion of the pending works, the Accounting Officer should:

1. Task the Project Manager to ensure that new contractor installs the project sign board at the site in accordance with the provisions in the contract.
2. Not pay the contractor UGX 1,500,000 in the event that the project sign board is not installed as required in the contract.

## **2.2 ENVIRONMENT, SOCIAL, HEALTH AND SAFETY REQUIREMENTS**

### **2.2.1 Failure to task the contractor to submit the Environment and Social (ES) Performance Security worth UGX 20,760,000**

The Authority found that the contractor, Delvo Holdings Company Limited, did not submit the ES security worth UGX 20,760,000 (2% of the total contract price) contrary to GCC 61.1 of the signed contract which provided that "*A performance security worth 2% of the contract price.*"

### **Implication**

The Entity could potentially lose out on financial compensation worth UGX 20,760,000 in the event of contractor's failure to complete its obligations on environment, health, social and safety safeguards under the contract.

### **Management response**

- *The challenge has been noted, going forward, corrective action is being taken*
- *The guidance is noted for compliance*

### **Recommendation**

Where a contract requires an ES Performance Security, the Accounting Officer should task the contractor to submit it in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023.

### **2.2.2 Failure by the contractor to implement activities that costed under ESMP**

The Authority found that the contractor, Delvo Holdings Company Limited, did not implement some of the items under the Environmental and Social Safeguards Mitigation Plan that were costed as indicated in Table 7 below:

**Table 7: Unimplemented activities under the ESMP as at December 2024**

<b>Item Description</b>	<b>Amount (UGX)</b>	<b>Management Response</b>
• Ensure terms of employment are clear and issue out appointment letters and ensure that all workers are insured against injury and death arising out of project related work	500,000	<i>Was not done and not paid</i>
• Put in place grievance log sheet/book and handle grievances urgently as they arise	200,000	<i>Was not done and not paid</i>
• Put in place Grievance Redress Committee	200,000	<i>Was not done and not paid</i>
• Engage medical personnel to conduct medical examination/check-up before one is employed	300,000	<i>It was not done and not paid</i>
• Clear signage posts on STDs, HIV & AIDS in the compound of the site	100,000	<i>It was not done and not paid</i>
• Observe SOPs issued by the Ministry of Health (put in place washing facility with soap, provide disinfectants, provide sanitizer on site, put a temperature measuring equipment	1,000,000	<i>It was not done and not paid</i>
• Clear signage posts on Covid-19 in the compound of the site	100,000	<i>It was done and not paid</i>
• Provide accident log sheet	200,000	<i>It was not done and not paid</i>
• Identify and protect all danger places and surround them with visible warning red tapes (open pits, sharp objects collection points etc.	300,000	<i>It was not done and not paid</i>
• Sort waste and keep them separately (biodegradable and non-biodegradable	200,000	<i>It was not done and not paid</i>
• Dispose hazardous wastes accordingly as recommended by the Environment Officer	250,000	<i>It was not done and not paid</i>
• Provide accident log sheet	200,000	<i>No management response</i>

• Construct separate sanitary facilities for both male and female staff	1,000,000	<i>No management response</i>
• Sort waste and keep them separately (biodegradable and non-biodegradable)	200,000	<i>No management response</i>
• Dispose hazardous wastes accordingly as recommended by the Environment Officer	250,000	<i>No management response</i>
• Supply and plant approved 20 small trees including watering until established: height n.e. 500mm high	400,000	<i>No management response</i>
• Supply, spread and level 300mm black soil and mix with manure and general fertilizer including planting 1985 approved grass tufts at 100mm centers and flower hedges including watering until established	9,925,000	<i>No management response</i>
<b>Total</b>	<b>15,325,000</b>	

### **Implication**

- The health, safety and security of the workers, community and materials on site was compromised.
- There is a potential financial loss of UGX 15,325,000 in case these monies are paid to the contractor without implementation of the above activities.

### **Management response**

*Activities which were not done are not paid for, however activities which were done may be paid for.*

### **Recommendations**

After the tendering process for completion of the pending works, the Project Manager should task the contractor to:

1. Implement the ESMP in order to manage potential environmental and social unintended negative impacts associated with the project's activities, as well as to allow for meaningful and inclusive multi-stakeholder consultations and engagement throughout the lifecycle of the project;
2. Take all reasonable precautions to maintain the health and safety of the contractor's personnel and authorized persons on site; and
3. Put in place safety measures and protocols during execution of the works in accordance with Section 66 of the PPDA Act, Cap. 205.

### **CHAPTER 3: AUDIT CONCLUSION**

The Authority found that 236% of the contract time had elapsed against a financial progress of 78.6% and estimated physical progress of 90.6% as at December 2024.

The Authority noted that the contract expired on 15<sup>th</sup> October 2024 and during physical verification of the site on 6<sup>th</sup> December 2024, the works were not complete yet 236% of the contract time had lapsed.

In light of the above, the Accounting Officer should implement the Authority's recommendations herein by tendering the pending works and tasking the Project Manager to strengthen contract monitoring and supervision so that the works at Angetta Seed Secondary School are completed by 30<sup>th</sup> June 2025 within cost and of quality in order to realize the project's objective of delivering education services to the community and the general public.

## APPENDICES

### Appendix 1: Physical verification of the site as of December 2024

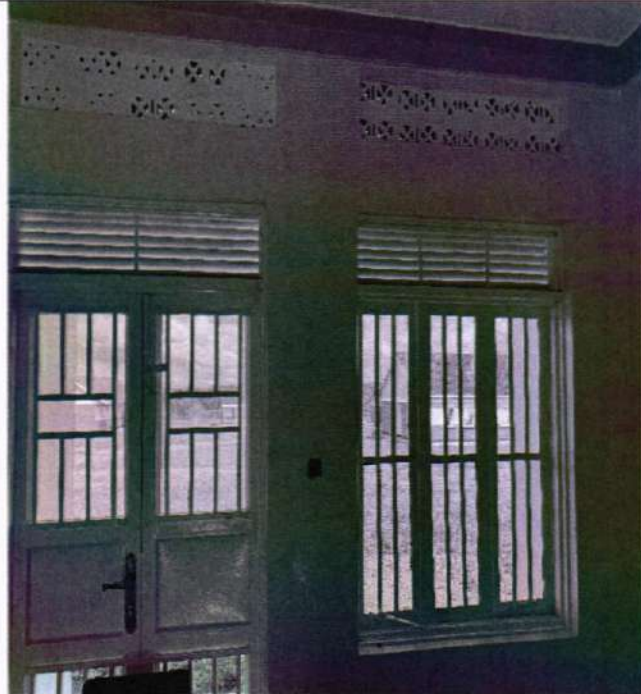
#### 1. Physical verification of 2-Unit Staff House



*Front view of the staff house*



*Internal doors not fitted*



*Curtain rods and electrical wiring not done*



*Cracks on the floor of the staff house*

**Status of works:** The works are not yet complete

#### **Exceptions and pending works noted**

- No ramp for the PwDs
- Incomplete electrical installations
- Incomplete mechanical installations
- No landscaping i.e. Site clearing and planting trees and grass

- No lightening arrestors
- No internal doors
- No curtain rods
- No rain water harvesting
- Cracks on the floor

**Management response**

*All the works listed above were done except land scaping, tree planting and grass planting*

**Authority's comment**

The Entity's response is noted; however, the Entity did not provide documentary and pictorial evidence as claimed in the management response.

**2. Physical verification of ICT and Library Block**



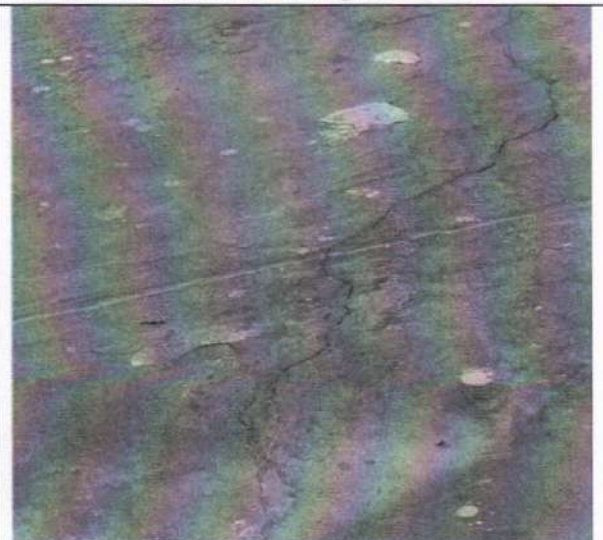
*Front view of the ICT/Maternity Block*



*Window vents not well aligned*



*Burglar proof fixed on the window instead of fixing directly on the main window frame*



*Cracks on the floor*



*Water collected on poorly levelled floor*

**Status of works:** The works are not yet complete

**Exceptions and pending works noted**

- Incomplete electrical installations
- Incomplete mechanical installations
- No landscaping i.e. Site clearing and planting trees and grass
- No lightening arrestors
- No internal doors
- No rain water harvesting system i.e., gutters
- Cracks on the floor
- Burglar proof fixed on the window instead of fixing directly on the main window frame
- Window vents not well aligned

**Management response**

*All the works listed above were done except land scaping, tree planting and grass planting*

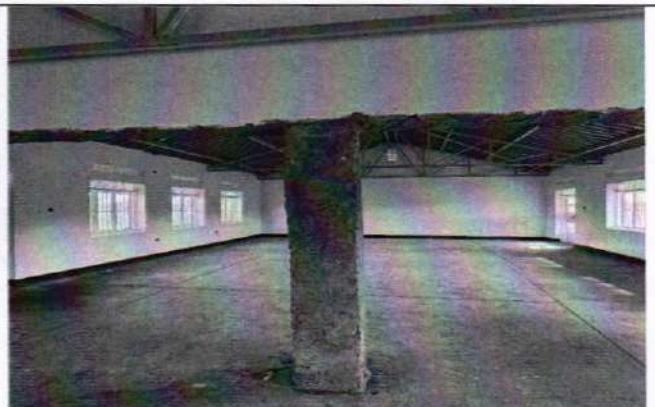
**Authority's comment**

The Entity's response is noted; however, the Entity did not provide documentary and pictorial evidence as claimed in the management response.

**3. Physical verification of Multipurpose Hall**



*Front view of the Multipurpose Hall*



*Incomplete works inside the Hall*



*Incomplete works inside the Hall*



*Incomplete works inside the Hall*

**Status of works:** The works are not yet complete

**Exceptions and pending works noted**

- Incomplete electrical installations
- Incomplete mechanical installations
- No landscaping i.e. Site clearing and planting trees and grass
- No lightening arrestors
- No rain water harvesting system i.e. gutters
- Incomplete works inside the Hall

**Management response**

*The contractor was notified of all the snags in the photos and some have been handled and the contractor is still on site handling others – Annex2*

**Authority's comment**

The Entity's response is noted; however, the Entity did not provide documentary and pictorial evidence as claimed in the management response.