



**CONTRACT AUDIT REPORT INTO THE CONSTRUCTION OF GIMARA
(GOPELLE) SEED SECONDARY SCHOOL (CONTRACTOR: SPIDER
CONTRACTORS LIMITED) AND SUPPLY AND INSTALLATION OF ICT
EQUIPMENT TO GIMARA (GOPELLE) SEED SECONDARY SCHOOL UNDER
UGIFT (SUPPLIER: MFI DOCUMENT SOLUTIONS LIMITED)**

OBONGI DISTRICT LOCAL GOVERNMENT

MAY 2026

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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
GCC:	General Conditions of the Contract
SCC:	Special Conditions of the Contract

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 Obongi 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 GIMARA (GOPELLE) SEED SECONDARY SCHOOL

On 13th February 2023, Obongi District Local Government entered into a contract with Spider Contractors Limited for the construction of Gimara Seed Secondary School at a cost of UGX. 2,998,522,308 VAT inclusive with an intended completion date of 24th March 2025.

B. SUPPLY, DELIVERY AND INSTALLATION OF ICT EQUIPMENT TO GIMARA SEED SECONDARY SCHOOL

On 5th May 2025, Obongi District Local Government entered into a contract with MFI Document Solutions Limited for the Supply and Installation of ICT Equipment at Gimara Seed Secondary School at a cost of UGX. 149,797,790 VAT inclusive with an intended completion date of 5th June 2025.

The following key exceptions were noted:

A. CONSTRUCTION OF GIMARA (GOPELLE) SEED SECONDARY SCHOOL

1. **Delayed completion of the project:** GCC 22 of the signed contract required the contractor to complete the works within 18 months i.e. 29th September 2024. However, despite several contract extensions i.e. from 24th March to 25th May 2025, from 25th May to 31st December 2025, and from 31st December 2025 to 31st March 2026, the Authority found that as at site visit date of 19th December 2025, the contract was incomplete at an estimated physical progress of 83%, financial progress of 67% and time progress of 138%. This is attributed to weak contract management by the Contract Manager which delayed service delivery to the public;
2. **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. During the audit exercise the Authority found no equipment on site regardless of the requirement of having key equipment on site as per the signed contract and there was no proof that the Project Manager authorized the contractor (Spider Contractors Limited) to demobilize. This was due to weak contract supervision which could have contributed to the delayed completion of the works;
3. **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. During the audit exercise 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;

4. **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 (Spider Contractors Limited) did not submit a Workman's Compensation Policy as it was required in the contract. This is attributed to inadequate supervision by the Project Manager and contract management team. 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; and
5. **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) safeguards requirements, however, the Authority found that the contractor did not implement ESHS requirements such as failure to hoard the site, uncovered pits and failure to put in place the first aid box at the site. This was attributed to poor contract supervision by the Contract Manager. This exposed the health, safety and security of the workers and community at a risk of being compromised.

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

1. The Accounting Officer should:
 - i. Task the Project Management Team to show cause why disciplinary action should not be taken against them for failure to effectively monitor the contract to completion; and
 - ii. Task the Project Manager to manage and supervise the contractor to the effect that 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 are adhered to;
2. The Project Manager should:
 - i. Closely monitor the project implementation and strictly supervise the contractor with a clear objective of compliance with all the performance/delivery obligations 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 all the equipment from site before completion of the works and without prior authorization in accordance with 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;
 - iv. Task the Contractor to submit an 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; and
 - v. Direct the contractor to prepare an Environment and Social Management Plan (ESMP) and implement it in accordance with SCC (GCC 29) of the contract.

B. SUPPLY, DELIVERY AND INSTALLATION OF ICT EQUIPMENT TO GIMARA SEED SECONDARY SCHOOL

The following key exceptions were noted:

1. **Failure to appoint a Contract Manager:** Regulations 50 and 51 of the PPDA (Contracts) Regulations, 2023 provide that the Accounting Officer shall appoint a person from the User Department to be the Contract Manager. The Authority, however, found that the Entity did not appoint the Contract Manager to manage the obligations and duties of the Entity specified in the contract. This was due to weak post-award controls and lack of management oversight, hence absence of accountability for contract implementation. Failure to appoint a contract manager may lead to poor oversight and increases the risk of non-compliance with contractual terms, potentially resulting to financial or operational losses;
2. **Failure to task the supplier (MFI Document Solutions Limited) to submit the Performance Security worth UGX. 7,489,889:** SCC (GCC 19.1) of the contract stated that a Performance Security shall be required, the amount of the Performance Security shall be 5% of the contract price. However, the Authority found that the supplier, MFI Document Solutions Limited, did not furnish the Entity with a Performance Security worth UGX. 7,489,889. This was due to weak contract management controls and lack of enforcement of contractual conditions by the Entity. The Entity has no recourse for non-performance of the contract by the supplier; and
3. **Failure by the supplier, MFI Document Solutions Limited, to deliver:** SCC (GCC 12) of the signed contract stated that the date of delivery shall be within 30 days after signing the contract i.e. 5th June 2025, the Authority, however, found that whereas the contract for Supply, Delivery and Installation of ICT Equipment to Gimara Seed Secondary School Under UgIFT was signed on 5th May 2025 with a contractual delivery date of 5th June 2025, the supplier did not supply and did not request for contract period extension when the contract was still valid. This was primarily caused by failure by a Contract Manager to enforce implementation of the contractual obligation up to contract completion which affects service delivery.

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

1. The Accounting Officer should:
 - i. Always appoint Contract Managers to oversee the proper execution of the contracts and to manage the obligations and duties of the Entity specified in the contract in accordance with Regulation 50 and 51 of the PPDA (Contracts) Regulations 2023;
 - ii. Where a contract requires a Performance Security, enforce it in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023;
 - iii. Where the contractor/supplier 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; and
2. The Authority shall institute proceedings for suspension of MFI Document Solutions 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.

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. Obongi 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 Obongi 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 GIMARA (GOPELLE) SEED SECONDARY SCHOOL

On 13th February 2023, Obongi District Local Government entered into a contract with Spider Contractors Limited for the construction of Gimara Seed Secondary School at a cost of UGX. 2,998,522,308 VAT inclusive with an intended completion date of 24th March 2025.

B. SUPPLY, DELIVERY AND INSTALLATION OF ICT EQUIPMENT TO GIMARA SEED SECONDARY SCHOOL

On 5th May 2025, Obongi District Local Government entered into a contract with MFID Document Solutions Limited for the Supply and Installation of ICT Equipment at Gimara Seed Secondary School at a cost of UGX. 149,797,790 VAT inclusive with an intended completion date of 5th June 2025.

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 Gimara Seed Secondary School and supply and installation of ICT Equipment at Gimara Seed Secondary School in Obongi District.

1.4 Audit methodology

The Authority adopted the following methodology:

Between 15th and 22nd 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 matter 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 19th December 2025. The Management Letter was issued on 11th March 2026, to which the Entity responded on 14th 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 Obongi District Local Government's management and the Contractor, Spider Contractors 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 (Contracts) Regulations, 2023;
- iii. The bidding document issued to bidders;
- iv. The signed contracts
- 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 GIMARA (GOPELLE) SEED SECONDARY SCHOOL

Table 1 below shows the contract summary for the construction of Gimara Seed Secondary School in Obongi District

Table 1: Contract Summary for the construction of Gimira (Gopelle) Secondary School

Contract Title	Construction of Gimira (Gopelle) Seed Secondary School, Obongi District		
Contract Scope	Qty	Deliverables	Amount (UGX)
	1	Preliminaries	178,000,000
	1	Site Levelling Works	9,355,000
	3	2-Classroom Block	458,208,000
	1	2-Unit Science Laboratory Block	299,113,900
	1	Administration Block	164,910,050
	3	2-Unit Teachers House	444,000,900
	3	2-Unit Teachers Kitchen	118,742,400
	1	2-Stance Lined VIP Latrine Block Administration Block	19,825,600
	3	2-Stance Lined VIP Latrine Block for Teachers' House	75,976,800
	1	5-Stance Lined VIP Latrine Block-Boys	39,223,100
	1	5-Stance Lined VIP Latrine Block-Girls	39,223,100
	1	External Works	23,410,000
	1	Rain Water Harvest System With 5000l Water Tank	3,002,000
	1	ICT-Library Block	340,656,500
	1	Multi-Purpose Hall	277,473,250
	1	Sports Field	50,000,000
		Sub-Total 1	2,541,120,600
		Add: Vat 18%	457,401,708
		Total Amount	2,998,522,308
Name of Contractor	Spider Contractors Limited		
Method of procurement	Open Bidding		
Type of Contract	Admeasurement Contract		
Contract Price (UGX)	2,998,522,308		
Contract signing date	13 th February 2023		
Commencement date as per contract	23 rd February 2023		
Actual	24 th March 2023		

commencement date	
End date as per contract	24 th March 2025 (24 calendar months from start)
Revised completion date	25 th May 2025 31 st December 2025 31 st March 2026
Project Manager	District Engineer
Progress as at 19 th December 2024	Physical progress – 83% Financial progress – 67% Time progress – 138%

2.1.1 The level of implementation of the authority’s previous audit recommendations issued in August 2024.

2.1.2 Failure by the Entity to implement the previous audit recommendations

Section 10 (1) (a) of the PPDA Act, Cap. 205 mandates the Authority to direct the concerned Entity to take such corrective action as may be necessary in the circumstances to rectify the breach, or recommend to a competent authority to suspend the Officer responsible for the breach, to replace the Head of the Procurement and Disposal Unit or the Chairperson of the Contracts Committee as the case may be, to discipline the Accounting Officer and to transfer temporarily, the procurement and disposal function of an Entity to a third party procurement agency.

On 15th August 2024, the Authority issued a contract audit report for the construction of Gimara Seed Secondary School, Obongi District Local Government with a number of corrective recommendations to be implemented. The Authority, however, noted that the Entity did not implement the following conditions in Table 2 below. This was attributed to the Entity’s lack of a proper mechanism for implementing the Authority’s recommendations and enforce compliance.

Table 2: Unimplemented PPDA audit recommendations for August 2024 Report

No.	Irregularities noted in August 2024 report	PPDA Previous recommendations (August 2024 report)	Status of Implementation
1.	The Project Manager did not prepare a contract implementation plan as well as the monthly progress reports for the 11 months as required.	The Project Manager should prepare a contract implementation plan using Form 49 and forward a copy of the contract management plan to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023.	Not Implemented
2.	The Authority found that contrary to GCC 36.3 of the Special Conditions of Contracts which provided that the amount to be withheld for late submission	The Project Manager should invoke GCC 36.3 for the Entity to withhold UGX, 200,000 from the contractor's next payment certificate for each month the contractor did not submit the	Not Implemented

No.	Irregularities noted in August 2024 report	PPDA Previous recommendations (August 2024 report)	Status of Implementation
	of an updated program is UGX. 200,000, there was no evidence that the Entity withheld UGX. 200,000 from the contractor for failure to submit updated works programs.	updated progress of works and continue to withhold this amount until the overdue works program has been submitted.	
3.	The Authority found that the contractor did not submit a Workman's Compensation Policy contrary to SCC (GCC 18.1) of the signed contract which stated that: "The minimum cover for insurance for personal injury or death insurance workers as per statute (Workman's Compensation Act, Cap. 225)."	The Accounting Officer should in writing task the contractor to submit insurance cover for workers (Workman's Compensation Act, Cap 225) in accordance with SCC (GCC 18. 1) of the signed contract.	Not Implemented
4.	Failure to have in place grievance redress mechanism	<ol style="list-style-type: none"> 1. The Accounting Officer should ensure that grievance redress committees are established at all levels, including the district level, and that they are fully aware of their duties and responsibilities, in accordance with Section 66 of the PPDA Act. CAP. 205. 2. The District Community Development Officer should ensure that the Contractor establishes a grievance redress mechanism and maintains a register of all grievances. The register should indicate how each issue was resolved or escalated to the next level. 	Not Implemented

Implication

Failure to implement the Authority's audit recommendation implies the lack of willingness within the Entity to improve the performance of the procurement and disposal function hence continued procurement irregularities affects service delivery.

Management Response

1. *The contract implementation plan was later prepared as recommended.*
2. *It is true that updated work programmes have not been submitted regularly despite notices*

and instructions to do so. Management did not invoke GCC 36.3 to withhold UGX. 200,000 each time the contractor failed to submit a work programme because payments made to the contractor in FY 2024/2025 were less than the value of the works executed, due to insufficient funds released by MoES and MoFPED. By the end of June 2025, physical progress stood at 80%, yet financial progress was only 69.7%. From now on, we shall compel the contractor to submit work program updates regularly and in case of failure, GCC 36.3 shall be invoked.

3. The issue of the insurance cover for workers was an oversight, and we have noted this for subsequent improvement.
4. Despite being established, the grievance redress body was ineffective. The project management team has been promptly resolving employee complaints as they arise. Since the project is nearing its conclusion, management will make sure such a committee operates effectively in future projects.

Authority’s comment:

No Form 49 (Contract Implementation Plan) was submitted for consideration.

Recommendation

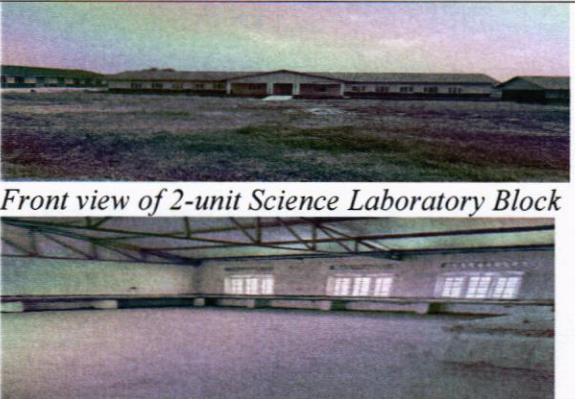
The Accounting Officer should develop a mechanism of implementing the Authority’s recommendation and enforce compliance by the key stakeholders in accordance with Section 10 (l) (a) of the PPDA Act, Cap. 205.


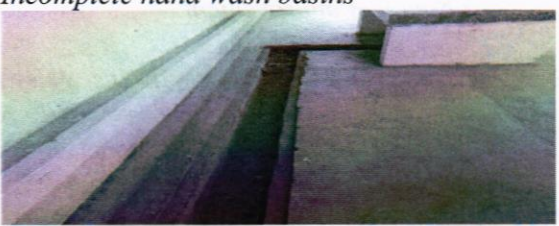

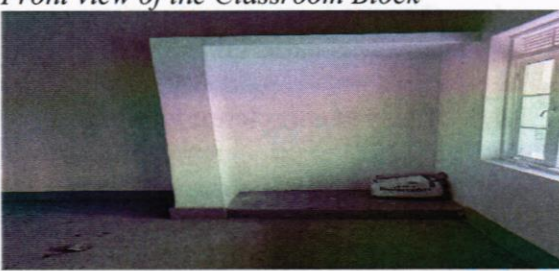



2.1.3 The progress of works with regard to effectiveness of time, quality and cost controls of works undertaken

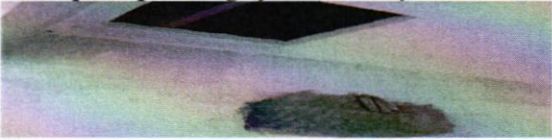

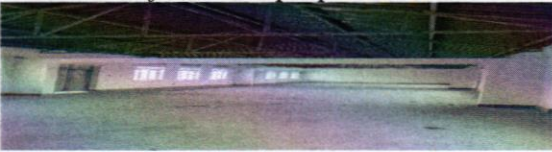




2.1.4 Delayed completion of the project

SCC (GCC 22) of the signed contract required the contractor to complete the works within 18 months i.e. From 13th February 2024 to 29th September 2024. However, despite several contract extensions i.e. from 24th March 2025 to 25th May 2025, then from 25th May 2025 to 31st December 2025, and from 31st December to 31st March 2026, the Authority found that as at site visit date of 19th December 2025, the contract was incomplete at an estimated physical progress of 83%. This is attributed to weak contract management by the Contract Manager. The physical progress of the project was as detailed in Table 3 below:

Table 3: Physical Progress as at 19th December 2025

Item Description	Status of the works	Pictorial evidence
Science Laboratory Block.	Pending works; <ul style="list-style-type: none"> • Laboratory sinks not connected with elbow tap and traps. • Wash hand basins- installed but with no taps 	 <p style="text-align: center;"><i>Front view of 2-unit Science Laboratory Block</i></p>

Item Description	Status of the works	Pictorial evidence
	and outlet connectors. <ul style="list-style-type: none"> • Painting. • Floor finishes. • Incomplete electric installations, • Incomplete plumbing works. • Incomplete worktops. • Drainage channel covers. 	<i>Incomplete floor finishes and painting</i>  <i>Incomplete hand wash basins</i>  <i>Incomplete drainage channel covers</i>
Classroom Blocks.	Pending works: <ul style="list-style-type: none"> • Rain water harvest. • Gutters. • Electrical installations. • Book shelves. • Painting of blackboards. • Metre box. • Painting of vendor metallic poles. 	 <i>Front view of the Classroom Block</i>  <i>Incomplete book shelves</i>
5-Stance Lined Vip Latrine Block.	Pending works: <ul style="list-style-type: none"> • Installation of vent pipe. • PWD rails. • Manhole covers. • Not engraved. 	 <i>Front view of the toilet, not yet engraved</i>  <i>A vent pipe not yet fixed</i>
Library	Pending works:	

Item Description	Status of the works	Pictorial evidence
	<ul style="list-style-type: none"> • Interior painting. • Electricity sockets and bulbs. • Gutters. • Interior doors. 	<p><i>Incomplete painting of the Library Block</i></p>  <p><i>Interior doors not yet fixed in the library</i></p>
Multipurpose Hall.	Pending works: <ul style="list-style-type: none"> • Electric installations. • Middle separators. • Gutters. • Painting. 	 <p><i>Front view of the Multipurpose Hall</i></p>  <p><i>Middle separator was incomplete</i></p>
Staff houses	Pending works: <ul style="list-style-type: none"> • Painting. • Interior doors not yet fixed. • Ward ropes not yet fixed. • Incomplete Kitchen. • Lightening arrester. 	   <p><i>Interior doors not yet fixed</i></p>
Sports field	Pending work: <ul style="list-style-type: none"> • Landscaping • Grass planting. 	 <p><i>Incomplete sports field</i></p>
Furniture	Not yet commenced.	

Implication

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

Management response

The project delays were often because it was a multi-year financing project, where after every close of FY, unspent balances were returned to the Consolidated Fund Account for revoting in the following FY. This has resulted in delays where the Contractor severely demobilises as he waits for funds in the subsequent FY. As noticed during the inspection, the works could not be completed by the revised date.

Some of the delays were also attributed to the following reasons:

- High temperatures from December 2024 to April 2025 affected screeding works within the work schedule.
- A proposal by stakeholders during the site meeting to change the floor finish from cement screed to terrazzo. These resulted in the halting of screeding works.

However, the District has continuously engaged the contractor to complete the works. The project is now 83% complete.

Recommendation

1. The Accounting Officer should task the Project Management Team to show cause why disciplinary action should not be taken against them for failure to effectively monitor the contract to completion; and
2. The Project Manager should closely monitor the project implementation and strictly supervise the contractor with a clear objective of compliance with all the performance/delivery obligations in accordance with the terms and conditions of the contract as required under Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.

2.1.5 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

As noted earlier, updated work programmes have not been submitted regularly despite notices and instructions to do so. Management did not invoke GCC 36.3 to withhold UGX. 200,000 each time the contractor failed to submit a work programme because payments made to the contractor in FY 2024/2025 were less than the value of the works executed, due to insufficient funds released by MoES and MoFPED. By the end of June 2025, physical progress stood at 80%, yet financial progress was only at 69.7%. From now on, we shall compel the contractor to submit work program updates regularly and in case of failure, SCC (GCC 36.3) shall be invoked.

Recommendation

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

2.1.6 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. During the audit exercise the Authority found no equipment on site regardless of the

requirement of having key equipment on site as per the signed contract and there was no proof that the Project Manager authorized the contractor (Spider Contractors Limited) to demobilize.

Table 4 below shows the key equipment that was not found on site at the time of inspection by the Authority on 19th December 2025:

Table 4: List of key equipment not found on site

No.	Equipment type	Minimum number
1.	Dumper trucks	2
2.	Excavator	1
3.	Low Load Carrier	1
4.	Grader	1
5.	Poker Vibrators	1
6.	Jumpers	
7.	Concrete block making machine	1
8.	Concrete poker vibrator	1
9.	Welding machines	2

Implication

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

Management response

Key equipment was mobilised during the major critical phase of the construction and were demobilised when the major works had considerably reduced at the time when the audit was carried out. Quality control measures were also put in place to ensure that quality work is produced.

Recommendation

The Authority noted the Entity's response and recommends that the Project Manager should in future procurements, not allow a contractor to remove all the equipment from site before completion of the works and without prior authorization in accordance with Clause 28 of the General Conditions of Contract.

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 19th 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 5 to be on site during execution of the contract:

Table 5: Schedule of key personnel

Position	Number
Contract Manager	Eng. Nicholas Jemba
Project Engineer	Mr. Onesimus Shadrack Olelo
Quantity Surveyor	Ms. Hanifa Nakitanda
Health, Safety and Environmental Coordinator	Mr. David Ssonko and Mr. Sinad Obiga
General Mechanical	Mr. Stuart Matege
Stores	Mr. Douglas Sematimba
Drivers	4
Operators	3

Position	Number
Casual workers	7
Masons	10
Carpenters	4
Security Personnel	1
Welfare/cooks	1
Total	37

Implications

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

Management response

No management response.

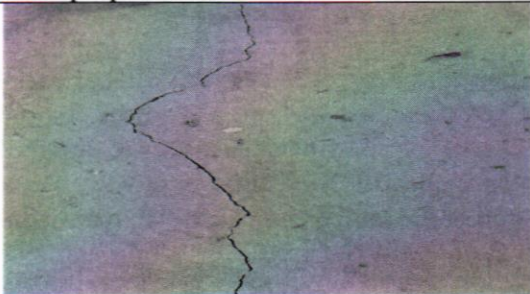
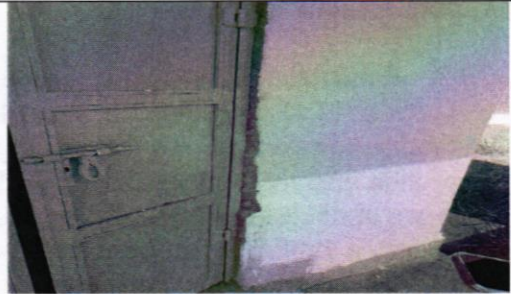

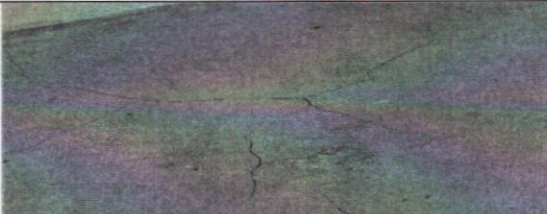
Recommendations

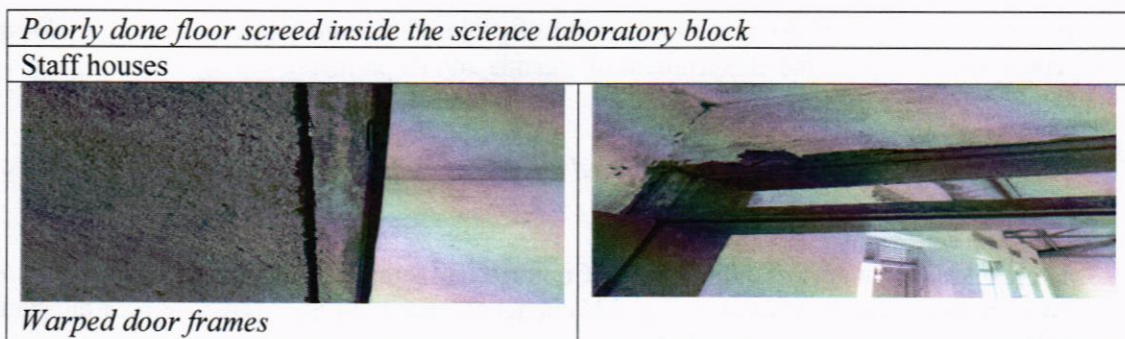
1. The District Engineer should instruct the contractor to mobilise and expedite the completion of the school within cost and quality.
2. The Contract Manager should strictly enforce contractual provisions as he is mandated under Regulations 52 (1) (a) (b) of the PPDA (Contracts) Regulations, 2023.

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. During the audit exercise 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 6:

Table 6: Poor quality works

Multipurpose hall	
	
<i>Visible cracks on the floor screed of the administration block.</i>	<i>Visible cracks on the wall, which makes the doors loose.</i>
Science laboratory	
	



Implication

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

Management Response

The contractor is under a contractual obligation to provide works according to the specifications. Noted defects have always been addressed through out while on site and written instructions, regular supervision, monitoring and conduction of review meetings. The PDE ensured that work is done to standard, despite the few exceptions.

The contractor has already corrected some of the defects noticed earlier and instructions have already been issued to correct pending snags and defects. Since the works are ongoing, the contractor will continually be engaged to correct any emerging defects that come up to the end of the defect liability period. A complete snag list shall be developed at substantial completion for follow up during the DLP.

Authority's comment:

The Entity did not submit any evidence indicating that the above defects were addressed.

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 manage and supervise the contractor to the effect that 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 are adhered to.

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

2.2.1 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 (Spider Contractors Limited) did not submit a Workman's Compensation Policy as it was required in the contract. This is attributed 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

This was an oversight, and we have noted this for subsequent improvement.

Recommendation

The Contract Manager should task the Contractor to submit an 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.

2.2.2 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 site hoarding was removed at the time of the compound clearance to facilitate the proper levelling of the site. This was done when the work progress was 80%, and the major structures were already completed.

Authority's comment:

The Authority noted the Entity's response, however, the site had uncovered toilet slaps and manholes with no warning tape which puts a risk to the community members.

Recommendation

The Contract Manager should always monitor the construction site and enforce that it is hoarded as required in the contract.




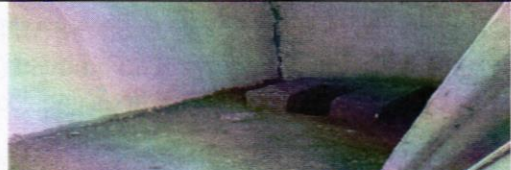
2.2.3 Failure by the contractor to comply with the Environmental, Social, Health and Safety (ESHS) safeguards requirements

SCC (GCC 29) of the contract required the contractor to implement Environmental, Social, Health and Safety (ESHS) safeguards requirements, however, the Authority found that the contractor did not implement ESHS requirements 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.

Table 7: Non-compliant Environmental, Social, Health and Safety (ESHS) requirements

	
<p><i>Inaccessible ramp in front of the classroom block. It was highly raised.</i></p>	<p><i>Un covered toilet slab with no warning tape.</i></p>
	
<p><i>Uncovered manhole for a 5 stance pit latrine with no warning tape.</i></p>	<p><i>Missing holding rails in PWDs toilet</i></p>

Implication

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

Recommendation

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

Management Response

The contractor submitted the Environment and Social Management Plan for the project. Some of the lapses in implementation have already been corrected. Management has continually engaged the contractor in ensuring that the ESMP is fully implemented.

B. SUPPLY, DELIVERY AND INSTALLATION OF ICT EQUIPMENT TO GIMARA SEED SECONDARY SCHOOL

The specific objectives of the contract audit for the supply, delivery and installation of ICT equipment to Gimara (Gopelle) Seed Secondary School was to assess the progress of works with regard to effectiveness of time, quality and cost controls of works undertaken. The summary of the contract is given in Table 8 below:

Table 8: Contract Summary for the supply and installation of ICT equipment to Gimara Seed Secondary School

Entity	Obongi District Local Government
Procurement Reference Number	OBON913/MOES/SUPLS/24-25/00001
Contract Title	Supply, Delivery and Installation of ICT Equipment to Gimara Seed Secondary School Under Ugift
Name of Contractor	MFI DOCUMENT SOLUTIONS LIMITED
Type of Contract	Lump sum
Contract Price (UGX)	149,797,790
Contract Scope	Supply, Delivery and Installation of ICT Equipment as indicated in Appendix 1
Contract Signing date	5 th May 2025

Contract Start date	5 th May 2025
Original Contract end date	5 th June 2025 (30 days after signing the contract)
Revised completion date	None
Warranty	12 months from the time of acceptance of delivery
Time elapsed to complete works	7 Months
Date of delivery	Not yet delivered
Project Manager	Not Appointed

During the course of the audit, the Authority identified a number of exceptions for the attention of Obongi District Local Government (DLG) management. Therefore, the purpose of this letter is to communicate the findings and recommendations for your management response.

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

2.3.1 Failure by the supplier, MFI Document Solutions Limited, to deliver

SCC (GCC 12) of the signed contract stated that the date of delivery shall be within 30 days after signing the contract i.e. From 5th May 2025 to 5th June 2025, the Authority, however, found that whereas the contract for Supply, Delivery and Installation of ICT Equipment to Gimara Seed Secondary School Under UgIFT was signed on 5th May 2025 with a contractual delivery date of 5th June 2025, the supplier did not supply and did not request for contract period extension when the contract was still valid. This was primarily caused by failure by the Contract Manager to enforce implementation of the contractual obligation up to contract completion.

Implication

Failure by the supplier to deliver within the contractual period was a breach of SCC (GCC 12) of the signed contract.

Management Response

The Contract Manager actively engaged the provider, and the supplier did formally request for an extension of the contract period.

The delay in delivery was attributed to factors beyond the immediate control of the supplier, as explained in their communication. Specifically, the ICT equipment under this procurement is largely sourced from abroad, and the supplier cited challenges related to international sourcing, logistics, and shipment timelines, which affected timely delivery within the original contractual period. Management therefore notes that the delay was due to external supply chain constraints associated with international procurement of specialized ICT equipment.

The Entity exercised due consideration of the circumstances surrounding the delay and maintained engagement with the provider to ensure completion of the contract, rather than immediately recommending suspension.

Authority's comment:

The Authority noted the Entity's response, however as of April 2026, the supplier had not supplied and the contract expired on 5th June 2025.

Recommendation

1. Despite the fact that the contractor faced supply chain challenges, the Entity should have extended the contract period prior to its expiry in accordance with Regulations 53 (1) (d) of the PPDA (Contracts) Regulations, 2023.
2. The Authority shall institute proceedings for suspension of MFI Document Solutions 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.

2.3.2 Contradicting Special Conditions of the Contract.

Regulation 9 (1) (a) of the PPDA (Contracts) Regulations 2023 states that a contract shall clearly identify the obligations of each party. The Authority, however, noted that the signed contract had contradicting Special Conditions of the Contract as detailed in the Table 9 below: This is attributed to inadequate contract review and harmonisation prior to signing as a result of weak internal controls.

Table 9: Contradicting Special Conditions of the contract.

Special Conditions in the issued bidding document	Special Conditions in the signed Contract
SCC (GCC 16.1): The structure of payment shall be 20% advance payment and 80% after delivery, verification and acceptance.	SCC (GCC 17.1): An advance payment guarantee shall not be required.
SCC (GCC 19.1): A Performance Security shall be required. The amount of the Performance Security shall be 5% of the contract value.	SCC (GCC 19.3) The forms of acceptable Performance Securities shall be N/A. SCC (GCC 19.4) Discharge of the Performance Security shall be N/A

Implication

Contradicting contract clauses creates ambiguity and confusion on which clause should be applicable which exposes the Entity to litigation risks.

Management Response

The Entity acknowledges the observation regarding the contradicting Special Conditions of the Contract. However, Management wishes to clarify that the bidding documents and standard contract provisions used for this procurement were developed and issued by the Ministry of Education and Sports.

Given the nature of this procurement-particularly that most of the ICT equipment is sourced internationally-the Entity exercised caution in modifying the provisions so as not to introduce additional risks. International procurements carry inherent uncertainties, including delays in shipment, supply chain disruptions, or in extreme cases, non-delivery of items. Any misallocation of risk could expose the Entity to potential financial loss or litigation with the service provider.

It is also important to note that, initially, the procurement and payment arrangements were intended to be handled centrally by the Ministry. However, a subsequent decision was made to transfer the funds and implementation responsibility to the Local Government. This transition contributed to the inconsistencies observed in the Special Conditions of Contract, as some provisions were retained primarily for risk mitigation and protection of the Entity.

Recommendation

The Accounting Officer should task the Head of Procurement and Disposal Unit to always conduct technical reviews of the contract and ensure consistency of all clauses of the contract before signing.

2.3.3 Failure to Appoint Contract Manager

Regulation 50 and 51 of the PPDA (Contracts) Regulations 2023 provides that the Accounting Officer shall appoint a person from the User Department to be the Contract Manager. The Authority, however, found that the Entity did not appoint the Contract Manager to manage the obligations and duties of the Entity specified in the contract. This was due to weak post-award controls and lack of management oversight, hence absence of accountability for contract implementation.

Implication

- Failure to appoint a Contract Manager may lead to poor oversight and increases the risk of non-compliance with contractual terms, potentially resulting to financial or operational losses.
- Lack of formal appointment exposes the Entity to risks associated with unauthorized contract management, including potential errors, non-compliance, and a lack of accountability.

Management Response

The Contract Manager was duly appointed to manage the referenced contract in accordance with Regulations 50 and 51 of the Public Procurement and Disposal of Public Assets Authority (Contracts) Regulations, 2023.

The District Education Officer (DEO) Mr. Felix Idraku was formally appointed as the Contract Manager from the User Department to oversee the implementation of the contract.

Authority's comment:

The appointment letter was not submitted for verification.

2.3.4 Failure to prepare contract implementation plan

Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023 provides that the Contract Manager shall prepare a Contract Management Plan using Form 49 in Schedule 2 and forward a copy of the Contract Management Plan to the Procurement and Disposal Unit for purposes of monitoring. The Authority, however, found that there was no contract implementation plan to guide in the effective implementation of the contract. The contract was signed on 5th May 2025 and by the time of the Audit exercise (19th December 2025), the contract implementation plan had not been prepared. This is attributed to weak post-award controls and lack of management oversight.

Implication

Lack of a contract implementation plan casts doubt on effective monitoring of the contract, tracking of key milestones and supervising the contractor to meet the contractual obligations.

Management Response

The contract implementation plan for the referenced contract was duly prepared by the appointed Contract Manager in line with Regulation 50 (3) of the Public Procurement and Disposal of Public Assets Authority (Contracts) Regulations, 2023. At the time of the audit,

copies of the contract management plan were available in the Contract Manager's file and in the correspondence file within the PDU; however, their placement may have led to the conclusion that the plan had not been prepared.

Authority's comment:

The contract implementation plan was not submitted for verification.

Recommendation

The Accounting Officer should always appoint the Contract Managers who are tasked to prepare Contract Implementation Plans using Form 49 and forward a copy of the same to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023.

2.3.5 Failure to task the supplier to submit the Performance Security worth UGX. 7,489,889

SCC (GCC 19.1) of the contract stated that a Performance Security shall be required, the amount of the Performance Security shall be 5% of the contract price. However, the Authority found that the supplier, MFI Document Solutions Limited, did not furnish the Entity with a Performance Security worth UGX. 7,489,889. This was due to weak contract management controls and lack of enforcement of contractual conditions by the Entity.

Implications

- The supplier breached SCC (GCC 19.1) of the Special Conditions of the Contract.
- The Entity has no recourse for non-performance of the contract by the supplier.

Management Response

Management has taken note of this for future improvement and implementation.

Recommendations

1. The Accounting Officer should provide an explanation for failure to obtain a Performance Security worth UGX. 7,489,889 from MFI Document Solutions Limited.
2. Where there is a requirement for a Performance Security, the Accounting Officer should enforce it in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023.
3. The Accounting Officer should, where the contractor fails to furnish the Performance Security within the stipulated period, 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.

2.3.6 Communication gaps between the Entity and the Supplier

The Authority noted that the supplier, MFI Document Solutions Limited, wrote to the Entity on 11th August 2025 informing the Entity as follows:

"We wish to inform you that we are ready to proceed with the supply and installation of ICT equipment for Seed Secondary School. Majority of the consignment has already been received in our stores.

We anticipate that by the third week of August, we shall have completed the deliveries, installed the computer lab and handed over the site to the Seed Secondary School.

In light of this, we kindly request an extension of the contract period until 30th September to allow for the completion of all activities."

The Entity, however, did not respond to the supplier's request, even though the contract had expired on 5th June 2025.

Implication

Failure by the Entity to respond to the supplier's request demonstrates weak contract administration and may be interpreted as implied acceptance which exposes the Entity to the risk of legal disputes.

Recommendation

The Accounting Officer should always formally respond to the provider's requests in order to avoid future legal and governance implication.

Management Response

Management wishes to clarify that the Entity has been in continuous communication with the service provider both formally and informally throughout the contract period. Specifically, a formal response to the supplier's letter dated 11th August 2025 was issued by the Entity. At the time of the audit, a copy of this response was not available on the contract file, which may have led to the conclusion that no response had been made. However, the said correspondence was duly filed in the registry, and a copy has since been retrieved.

Authority's comment:

The correspondence letters were not attached for verification.

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 67% as at 12th December 2025 for the construction of Gimara Seed Secondary School.

Despite several contract extensions i.e. from 24th March 2025 to 25th May 2025, then from 25th May 2025 to 31st December 2025, and from 31st December to 31st March 2026, the Authority found that as at site visit date of 19th December 2025, the project was incomplete at an estimated physical progress of 83% and the contractor had demobilised the equipment and personnel from the site. This is attributed to weak contract management by the Contract Manager.

For the Supply, Delivery and Installation of ICT Equipment, the Authority found that whereas the contract for Supply, Delivery and Installation of ICT Equipment to Gimara Seed Secondary School Under UgIFT was signed on 5th May 2025 with a contractual delivery date of 5th June 2025, the supplier did not supply and did not request for contract period extension when the contract was still valid.

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

Appendix 1

No.	Item Description	Quantity
1)	Desktop Computer	20
2)	Server Processor	01
3)	Network Switch 24 Port	02
4)	Multipurpose Printer	01
5)	UPS	20
6)	Projector	01
7)	Network Rack Cabinet	01
8)	Wireless Routers	01
9)	Air conditioners	02
10)	Firewall	01
11)	Power Surge Protector	10
12)	Server UPS	01
13)	LAN	01
14)	Internet Connection	12 Months
15)	CCTV Camera	01
16)	Router	01