



**CONTRACT AUDIT REPORT INTO THE CONSTRUCTION OF MAGAMAGA SEED  
SECONDARY SCHOOL IN ABIM DISTRICT UNDER UGIFT PROGRAM**

**CONTRACTOR: CAB UGANDA LIMITED**

**PROCUREMENT REF: MOES/UGIFT/WRKS/2022-23/0001-LOT 3**

**JUNE 2025**

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## **ACRONYMS**

ESHS	-	Environmental, Social, Health and Safety
PPDA Act	-	Public Procurement and Disposal of Public Assets Act CAP 205
PPDA	-	Public Procurement and Disposal of Public Assets Authority
UGX	-	Uganda Shillings
UGIFT	-	Uganda Intergovernmental Fiscal Transfer Program
VAT	-	Value Added Tax

## EXECUTIVE SUMMARY

The Government of Uganda appropriated funds worth UGX.2,297,331,500 to undertake the construction of Magamaga Seed Secondary School in Abim District. Funds were obtained from the World Bank through the Uganda Intergovernmental Fiscal Transfer Program (UGIFT), the implementing ministry was the Ministry of Education and Sports.

On 9<sup>th</sup> May 2024, Abim District Local Government entered into a contract with Cab Uganda Ltd for the construction of Magamaga Seed Secondary School at a cost of UGX.2,297,331,500 with the intended completion date on 9<sup>th</sup> November 2025 and a defects liability period of 180 days.

In line with Section 8 (1) (j) (ii) of the PPDA Act, Cap 205, the Public Procurement and Disposal of Public Assets Authority (hereinafter “PPDA or the Authority”) conducted a contract audit into the contract with an overall objective of assessing the status of contract implementation. The specific objectives of the contract audit were to assess the;

- (i). Progress of works;
- (ii). Effectiveness of time, quality & cost control of works undertaken; and
- (iii). Adherence to Environmental, Social, Health and Safety (ESHS) safeguard requirements.

### Key exceptions observed: -

1. **Failure to hoard-off the site:** It was observed that the project site was not hoarded-off. Whereas the contractor had budgeted for temporary screens and hoarding, by the time of the physical verification on 15<sup>th</sup> January 2025, the project was not completely hoarded. Failure to hoard the site compromises safety and security, increasing the risk of theft, unauthorized access, and harm to workers;
2. **Failure to plant trees and display health and safety sensitization posts at the site meetings on the site:** It was observed that the contractor did not plant trees and neither did they display sensitization signages and posts on HIV/AIDS & COVID-19. Furthermore, there was no evidence to show that sensitization meetings on HIV & AIDS were conducted in accordance with the Environment and Social Management Plan (ESMP) during implementation of the contract to ensure compliance of Environment Social and Health Safety (ESHS) requirements. Failure to comply with implementation of ESHS requirements puts the health and safety of workers and neighbouring community at risk during project implementation;
3. **Failure to keep documentation of the site safety risks and concerns by the contractor’s personnel in charge of ESHS:** The contractor had demonstrated the availability of a Health, Safety and Environmental Coordinator who was in charge of the contractor’s ESHS strategy. However, during contract implementation, these personnel were not involved in the site activities, there was no log of the Environment Social and Health Safety (ESHS) risks, accident and incident logs, grievance redress mechanism, and reports on the implementation of the strategy from the contractor. Inadequate safety practices can lead to rework, shutdowns, and the allocation of resources to address accidents or incidents that could have been prevented with proper safety measures.

**Audit Conclusion**

The time progress stood at 61.1%, while physical progress at 85% and financial progress was at 87.7%, indicating that the project was significantly on schedule with all structures being at the finishing stage. However, there were notable shortcomings in compliance with environmental, social, health, and safety standards, including the absence of planted trees, and failure to ensure hoarding -off of the site, among other issues.

**Recommendations**

In light of the above findings arising from the contract audit exercise and in accordance with Section 10 of the PPDA Act, Cap 205, the Authority recommends the following measures: -

1. The Accounting Officer should: -
  - i. Ensure that the District Community Development Officer and the Environmental Officer always task the contractor to implement the ESHS requirements to protect the environment, take all reasonable precautions to maintain the health and safety of the contractor's personnel and visitors on site; and to put in place safety measures and protocols during execution of the works in accordance with Section 66 of the PPDA Act, CAP 205.
  - ii. Prevail on the Contract Manager and Contract Management team to ensure that the Contractor's Health, Safety and Environmental Coordinator together with the Community Development Officer regularly assess the site Environment Social and Health Safety (ESHS) risks by having regular site visits and promptly report any incidents of accidents or grievance harm incurred by the contractor's personnel on site and recommend remedial actions to be undertaken by the contractor in accordance with Section 66 of the PPDA Act, CAP 205.

This is to communicate to you the findings and recommendations of the Authority that are detailed in the contract audit report attached hereto. As the Accounting Officer, you are responsible for the overall procurement process in your Entity and are therefore required to ensure that the above recommendations and the specific action in this report are implemented by the responsible persons within the specified period.

## CHAPTER 1: INTRODUCTION

### 1.1 Contract summary

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

**Table 1: Contract summary for construction of Magamaga Seed Secondary School**

Contract Title	Construction of Magamaga Seed Secondary School
Reference Number	Moes-UgIFT/WRKS/22-23/00001-Lot 3
Contract Sum	UGX. 2,297,331,500
Contract Scope	<ol style="list-style-type: none"> <li>1. Preliminaries-UGX. 49,100,000</li> <li>2. Site levelling works -UGX. 5,620,000</li> <li>3. Three 2-classroom blocks-UGX. 521,412,413</li> <li>4. One 2-Unit Science Laboratory Block-UGX. 341,341,838</li> <li>5. One Administration Block-UGX. 183,510,750</li> <li>6. Three 2-Unit Teachers House-UGX. 531,535,800</li> <li>7. Three 2-Unit Teachers Kitchen-UGX. 125,530,875</li> <li>8. One 2-Stance Lined VIP Latrine at Administration Block-UGX. 19,224,000</li> <li>9. Three Two-Stance Lined VIP Latrine Block for Teachers House-UGX. 70,906,500</li> <li>10. One Five Stance Lined VIP Latrine Block for Boys-UGX. 37,366,500</li> <li>11. One Five Stance Lined VIP Latrine Block for Girls-UGX. 35,946,500</li> <li>12. External works -UGX. 47,670,000</li> <li>13. One rain water harvest system with 5000 litres-UGX. 6,693,000</li> <li>14. One ICT library Block-UGX. 382,521,700</li> <li>15. One Multipurpose Hall-UGX. 278,151,050</li> <li>16. One sports field-UGX. 50,000,000</li> </ol>
Contract Signing date	9 <sup>th</sup> May 2024
Site hand over date	9 <sup>th</sup> May 2024
Original contract completion date	9 <sup>th</sup> November 2025 (18 months)
Defects Liability period	12 months
Contract Extensions	N/A
Name of Contractor	Cab Uganda Ltd
Method of procurement	Open National Bidding
Type of Contract	Lumpsum
Amount Paid	UGX. 2,014,903,995
Contract supervisor of works	Mr. Martin Areun -District Engineer
Project Manager	Charles Oiing-District Education Officer
Clerk of works	David Ogororo
Progress at site	Physical progress:85%

	Financial: 87.7% Time: 61.1%
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## 1.2 Laws applicable

The applicable laws and legal framework were:

1. The Public Procurement and Disposal of Public Assets Act CAP 205;
2. The PPDA Regulations 2023
3. The bidding document issued to bidders;
4. The signed contract between Abim District Local Government and Cab Uganda Limited; and
5. The circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer (UGIFT) program dated 16<sup>th</sup> March 2021.

## 1.3 Objectives

The overall objective of the contract audit was to assess the effectiveness of the contracting process and the status of contract implementation in regard to the obligations of Abim District Local Government (the Entity) and Cab Uganda Limited (the Contractor).

The specific objectives of the contract audit were to assess the:

- i Progress of the works;
- ii Effectiveness of cost and quality control of works undertaken; and
- iii Adherence to Environmental, Social, Health and Safety (ESHS) requirements.

## 1.4 Scope of the Audit

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

## 1.5 Audit Methodology

The Authority adopted the following methodology:

- i. Review of documentation in the procurement action file;
- ii. Physical verification of the site;
- iii. Debriefing the Entity management on the preliminary findings;
- iv. Issuing a management letter to the Entity for official management response; and
- v. Reporting on findings of the audit and providing recommendations where applicable.

## 1.6 Limitation of Scope

The contract audit was undertaken by auditors who did not have professional competence in engineering and building construction. The audit team could not conclusively give an opinion on the technical quality of the works undertaken. The overall responsibility of the quality of works undertaken lies with the Entity management and the contractor.

## CHAPTER 2: FINDINGS AND RECOMMENDATIONS

### 2.1 ASSESSMENT OF THE PROGRESS OF WORKS

#### 2.1.1 Progress of works

At the time of the physical verification exercise by the Authority on 15<sup>th</sup> January 2025, 47.8% of the contract time had elapsed and physical progress stood at 78%. However, there were still pending works to be fully completed that included final finishes of the classroom blocks, ICT and science block, staff houses and kitchen, administration block, boys' and girls' pit latrine were all at finishes. The furniture for the classroom block and the ICT equipment had not been delivered. Furthermore, the football pitch had not been levelled and the water harvest system had not been installed.

The Entity's management letter response dated 7<sup>th</sup> April 2025 and the District Engineer's progress report dated 1<sup>st</sup> April 2025 submitted to the Authority respectively reported that the physical progress was 85%, and financial progress at 87.7%.

#### i. Time Progress

The time progress as at 1<sup>st</sup> April 2025 is shown in the Table 2 below:

**Table 2: Time Progress as at 1<sup>st</sup> April 2025**

<b>Start Date</b>	9 <sup>th</sup> May 2024
<b>End Date</b>	9 <sup>th</sup> November 2025
<b>Measurement Date</b>	30 <sup>th</sup> April 2025
<b>Contract Period (Months)</b>	18
<b>Time Lapse (Months)</b>	11 months and 2 weeks
<b>Time Progress</b>	61.1%

The project was on schedule with 61.1 % of the time spent and works are in progress with the contractor's labourer's and personnel fully on site at the time of physical verification on 15<sup>th</sup> January 2025.

#### ii. Financial Progress

The project's financial progress was assessed by comparing the total payments made to date against the overall contract value. The details of the financial progress are shown in Table 3 below:

**Table 3: Financial Progress as at 1<sup>st</sup> April 2025**

<b>Contract Amount (UGX)</b>		2,297,331,500
<b>Payments made so far</b>		
Advance	539,998,322	
Payment cert 2	385,148,158	
Payment cert 3	281,343,011	
Payment cert 4	696,736,159	
Payment cert 5	111,678,345	
<b>Total</b>		2,014,903,995
<b>% Financial Progress</b>		87.7%

**iii. Physical Progress**

The details of the physical progress ascertained during the Authority's physical verification visit at the site as at 15<sup>th</sup> January 2025 and the District Engineer's Progress dated 1<sup>st</sup> April 2025 are shown in Table 4 below:

**Table 4: Physical Progress as at 15<sup>th</sup> January 2025 & 1<sup>st</sup> April 2025**

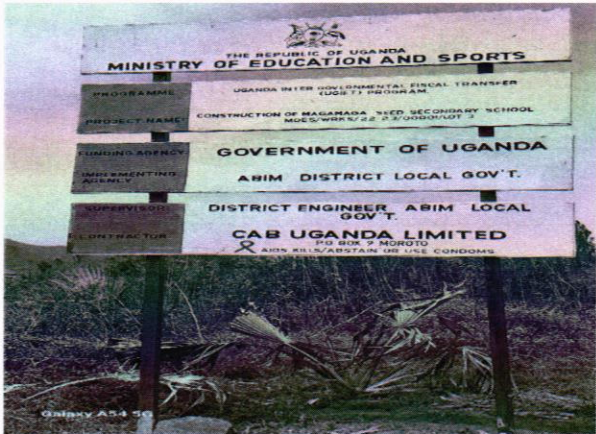
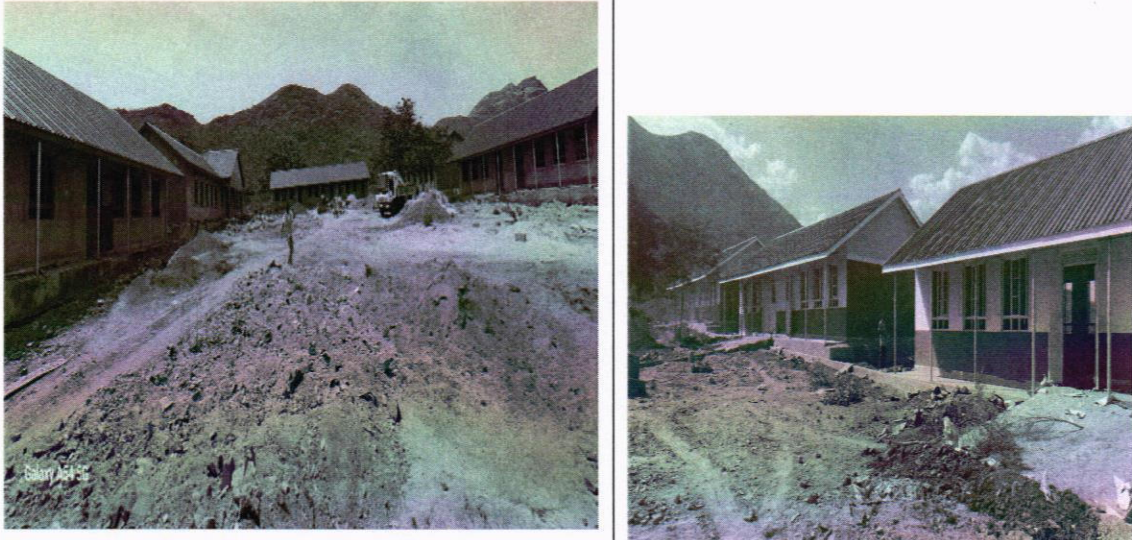
<b>Contract Amount</b>	2,297,331,500
<b>Valued works as at 15<sup>th</sup> January 2025</b>	1,791,918,570
<b>Physical Progress as at 15<sup>th</sup> January 2025</b>	78%
<b>Valued works as at 1<sup>st</sup> April 2025</b>	1,952,731,775
<b>Physical Progress as at 1<sup>st</sup> April 2025</b>	85%

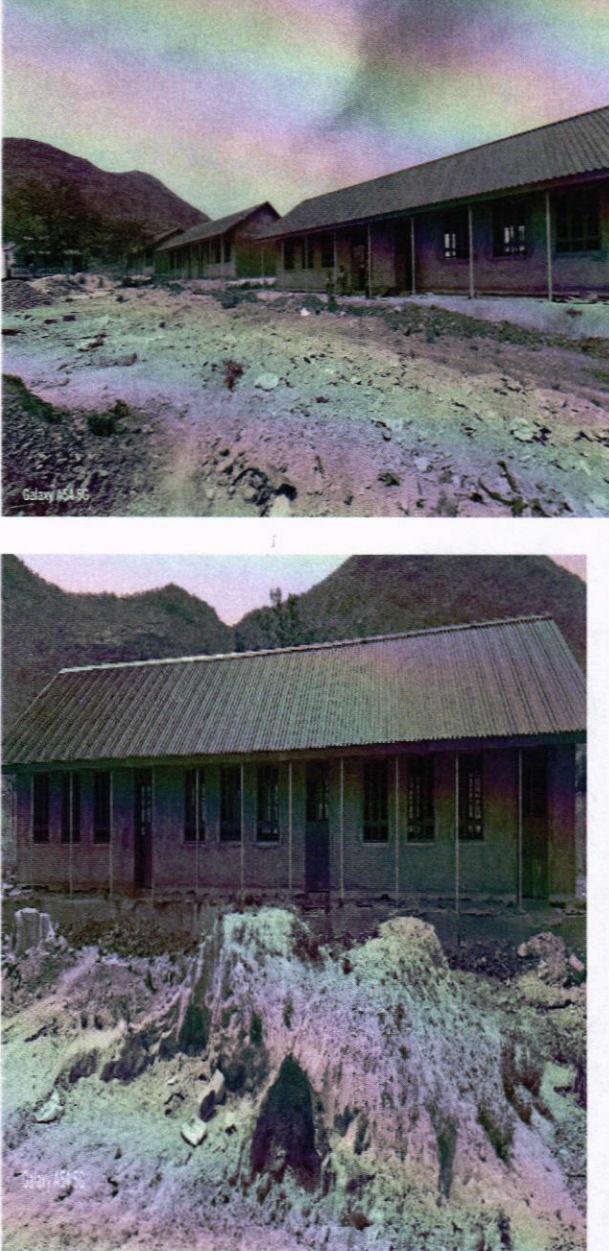

**iv. Physical verification pictures**

The Authority conducted physical verification of the project on 15<sup>th</sup> January 2025. The status of the project is provided in Table 5 below:

**Table 5 shows the status of works as at 15<sup>th</sup> January 2025 & 1<sup>st</sup> April 2025**

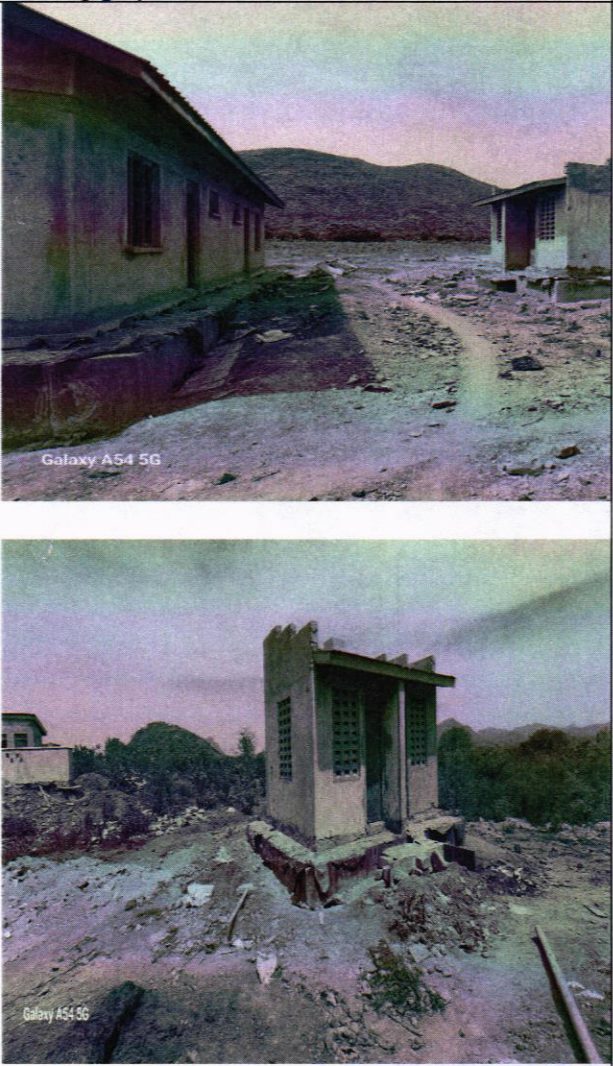
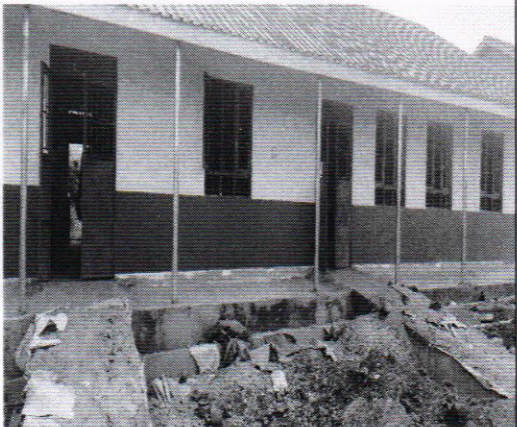
<b>No.</b>	<b>Status of works as at 15<sup>th</sup> January 2025 during physical verification</b>	<b>Status of works as per progress report dated 1<sup>st</sup> April 2025</b>
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No.	Status of works as at 15 <sup>th</sup> January 2025 during physical verification	Status of works as per progress report dated 1 <sup>st</sup> April 2025
1.	<p data-bbox="288 271 710 304"><b>Project Sign post and site view</b></p>  <p data-bbox="288 875 533 909"><b>Classroom blocks</b></p> 	

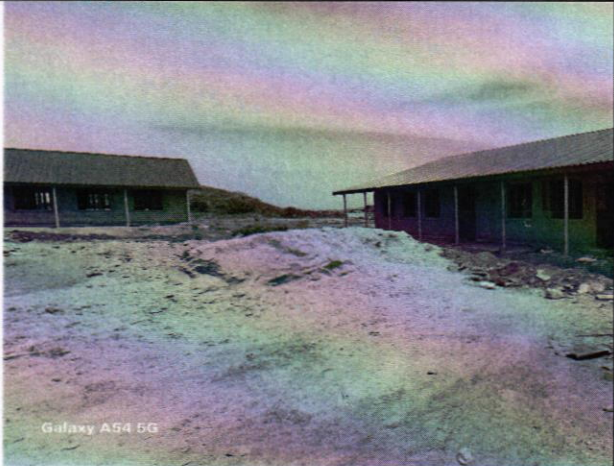
No.	Status of works as at 15 <sup>th</sup> January 2025 during physical verification	Status of works as per progress report dated 1 <sup>st</sup> April 2025
		

No.	Status of works as at 15 <sup>th</sup> January 2025 during physical verification	Status of works as per progress report dated 1 <sup>st</sup> April 2025
	<p data-bbox="292 271 715 304"><b>Laboratory and library Blocks</b></p>   <p data-bbox="331 1541 459 1570">Galaxy A54 5G</p>	

No.	Status of works as at 15 <sup>th</sup> January 2025 during physical verification	Status of works as per progress report dated 1 <sup>st</sup> April 2025
	 <p data-bbox="331 766 459 788">Galaxy A54 5G</p> <p data-bbox="293 936 598 969"><b>Teachers' staff houses</b></p>  <p data-bbox="293 1637 746 1671"><b>Staff House Kitchens and Toilets</b></p>	 <p data-bbox="935 1200 1002 1218">POVA 6 Neo</p> <p data-bbox="1318 1200 1417 1218">27mm f/1.6 1/500s ISO90</p>

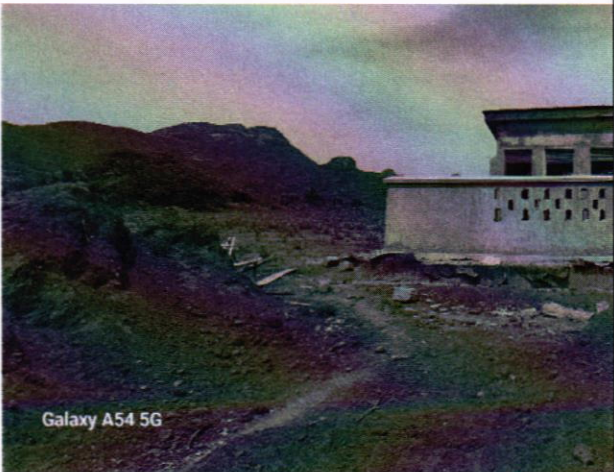
No.	Status of works as at 15 <sup>th</sup> January 2025 during physical verification	Status of works as per progress report dated 1 <sup>st</sup> April 2025
	 <p data-bbox="290 1361 592 1400"><b>Administration Block</b></p>	

No.	Status of works as at 15 <sup>th</sup> January 2025 during physical verification	Status of works as per progress report dated 1 <sup>st</sup> April 2025
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Galaxy A54 5G

**Five -Stance Latrine for Boys and Girls**

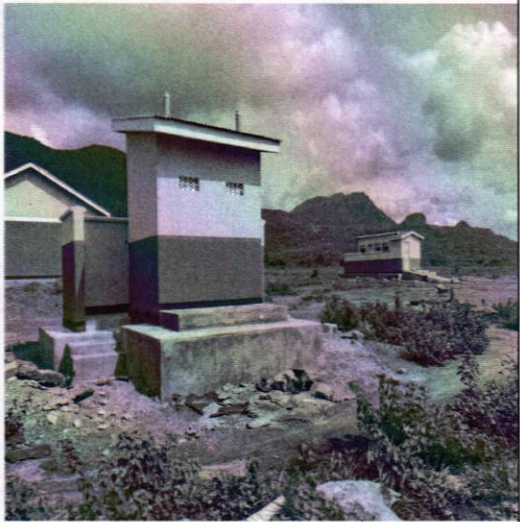


Galaxy A54 5G





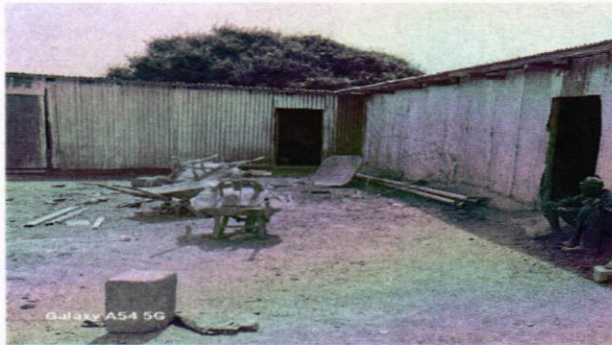

POVA 6 Neo

27mm f/1.8 1/133s ISO50



POVA 6 Neo

27mm f/1.8 1/775s ISO50

No.	Status of works as at 15 <sup>th</sup> January 2025 during physical verification	Status of works as per progress report dated 1 <sup>st</sup> April 2025
	<p data-bbox="288 342 539 376"><b>Teachers 'Latrine</b></p>  <p data-bbox="288 846 544 880"><b>Multipurpose Hall</b></p>  <p data-bbox="288 1310 451 1344"><b>Site storage</b></p>  <p data-bbox="288 1798 483 1832"><b>Observations</b></p> <ul data-bbox="339 1839 895 1906" style="list-style-type: none"> <li>• At the time of physical verification of the site by the Authority on 15<sup>th</sup></li> </ul>	 <p data-bbox="927 741 995 757">POVA &amp; Neo</p> <p data-bbox="1310 741 1414 757">27mm (1/4) 506 (5050)</p>

No.	Status of works as at 15 <sup>th</sup> January 2025 during physical verification	Status of works as per progress report dated 1 <sup>st</sup> April 2025
	<p>January 2025, physical progress was at 78%, financial progress at 23.5%, and time progress at 47.2% with contract completion date on 9<sup>th</sup> November 2025.</p> <ul style="list-style-type: none"> <li>• At the time of the District Engineer's report dated 1<sup>st</sup> April 2025, physical progress was at 85%, financial progress at 87.7%, and time progress at 61.1% with contract completion date on 9<sup>th</sup> November 2025.</li> <li>• The external and interior of all the structures was not yet completed by the contractor since works were still ongoing.</li> <li>• The laboratory was incomplete as interior works are still ongoing and electrical and laboratory installations had not been done.</li> <li>• The field /football pitch had not been terraced.</li> <li>• Water tanks had not been installed.</li> <li>• The ESHS requirements had been adhered to such as sensitization posts and planting of trees although there was a bushy vegetation surrounding the site and the compound has not been cleared.</li> </ul>	

The Authority observed that the contractor remained on track, with physical progress at 78% compared to a time progress of 47.2%. During the physical inspection, it was noted that the classroom block, multi-purpose hall, laboratory, staff houses, and pit latrines were all at the plastering stage. The Accounting Officer is advised to ensure effective contract management to facilitate timely completion of the project.

**Implication**

Failure to execute the remaining works as per agreed contractual terms inhibits attainment of value for money and exposes Government to the risk of financial loss due to none or unsatisfactory performance of a contract.

**Management Response**

*Management observed the Authority's observation and has instructions has been made to the contractor to ensure completion of the works on site.*

**Recommendation**

The Accounting Officer should task the Contract Management team to closely monitor the contractor to perform the remaining part of the contract as per the terms and condition specified in the Contract in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023.

## **2.2 ADHERENCE TO THE ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY SAFEGUARD REQUIREMENTS**

### **2.2.1 Non adherence to Environmental, Social, Health, and Safety (ESHS) safeguards**

The Authority noted that the contractor did not adhere to several ESHS provisions and standards as stated in the signed contract. These include but are not limited to;

#### **(i) Failure to hoard the site**

The Authority found that the project site was not hoarded-off. Whereas the Contractor had budgeted for temporary screens and hoarding, by the time of the physical verification on 15<sup>th</sup> January 2025, the project was not completely hoarded.

#### **Implication**

The failure to hoard the site compromises safety and security, increasing the risk of theft, unauthorized access, and harm to workers.

#### **Management response**

*The Entity acknowledged the Authority's observation and stated that the site was hoarded at the start of the construction site however at the time of the audit, the nets for hoarding were destroyed by the heavy rains and had been taken by the neighbouring communities. However, this shall always be observed in future projects.*

#### **Recommendation**

The contractor should maintain to ensure the site is hoarded-off as required in the contract to mitigate the risks that may affect the security integrity of the site and the personnel in line with Section 66 of the PPDA Act, Cap 205.

#### **(ii) Failure to plant trees and display health and safety sensitization signage at the site meetings on the site.**

The Authority found that the contractor did not plant trees and neither did they display sensitization signages and posts on HIV/AIDS & COVID-19. Furthermore, there was no evidence to show that sensitization meetings on HIV & AIDS were conducted in accordance with the Environment and Social Management Plan (ESMP) during implementation of the contract to ensure compliance of ESHS requirements.

#### **Implication**

Failure to comply with implementation of ESHS requirements puts the health and safety of workers and neighbouring community at risk during project implementation.

#### **Management response**

*Management acknowledged the Authority's observations and stated that the trees and vegetation were not planted due to the harsh dry weather of the area however during the rain seasons the Environment Officer shall ensure that trees are planted.*

**Recommendation**

The District Community Development Officer and the Environmental Officer should always task the contractor to implement the ESHS requirements to protect the environment, take all reasonable precautions to maintain the health and safety of the contractor's personnel and visitors on site; and to put in place safety measures and protocols during execution of the works in accordance with Section 66 of the PPDA Act, Cap. 205.

**(iii) Failure to keep documentation of the site safety risks and concerns by the contractor's personnel in charge of ESHS**

The contractor had demonstrated the availability of a Health, Safety and Environmental Coordinator who was in charge of the contractor's ESHS strategy. However, during contract execution, this personnel was not involved in the site activities, there was no log of the ESHS risks, accident and incident logs, grievance redress mechanism, and reports on the implementation of the strategy from the contractor.

**Implication**

Inadequate safety practices can lead to rework, shutdowns, and the allocation of resources to address accidents or incidents that could have been prevented with proper safety measures.

**Management response**

*Management acknowledged the Authority's observation and ensure this is adhered by the contractor.*

**Recommendation**

The Contractor's Health, Safety and Environmental Coordinator together with the Community Development Officer should regularly assess the site ESHS risks by having regular site visits and promptly report any incidents of accidents or grievance harm incurred by the contractor's personnel on site and recommend remedial actions to be undertaken by the contract in accordance with Section 66 of the PPDA Act, CAP 205.

## **CHAPTER 3: CONTRACT CLOSURE AND AUDIT CONCLUSION**

### **3.1 Contract Closure and Handover**

The physical progress was at 85% against a time progress of 61.1%, implying that the contractor has met its contractual obligations to deliver the project within the stipulated time.

### **3.2 Audit conclusion**

The time progress stood at 61.1%, while physical progress at 85% and financial progress was at 87.7%, indicating that the project was significantly on schedule with all structures being at the finishing stage. However, there were notable shortcomings in compliance with environmental, social, health, and safety standards, including the absence of planted trees, and failure to ensure hoarding -off of the site, among other issues.