



**CONTRACT AUDIT INTO THE UPGRADE OF ACII HEALTH  
CENTRE II TO HEALTH CENTRE III IN AMOLATAR  
DISTRICT (CONTRACTOR: BUILDMAST ENGINEERING  
LIMITED)**

**AMOLATAR DISTRICT LOCAL GOVERNMENT**

**APRIL 2026**

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## **ACRONYMS**

|       |  |
|-------|--|
| BoQs  | Bill of Quantities   |
| HC    | Health Centre  |
| ESHS  | Environment, Social, Health and Safety                     |
| GCC   | General Conditions of Contract                             |
| GRC   | Grievance Redress Committee                                |
| GRM   | Grievance Redress Mechanism                                |
| PFMA  | Public Finance Management Act                              |
| PPDA  | Public Procurement and Disposal of Public Assets Authority |
| SCC   | Special Conditions of Contract                             |
| UgIFT | Uganda Intergovernmental Fiscal Transfer                   |
| UGX   | Ugandan Shillings  |
| VAT   | Value Added Tax  |

## EXECUTIVE SUMMARY

In accordance with Section 8 (1) (j) (ii) of the PPDA Act, Cap. 205, the Authority conducted a contract audit into the upgrade of Acii Health Centre II to Health Centre III in Amolatar District worth UGX. 917,944,163 by Buildmast Engineering Limited.

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 Act, Cap. 205 and UgIFT Guidelines to achieve the goal of boosting health service delivery.

The upgrade of Acii HC II to III exemplifies a total collapse of internal controls and statutory compliance. By disbursing 100% of the contract sum (UGX. 917,944,163) within one month of commencement, the Entity bypassed mandatory safeguards under the PPDA Act, Cap. 205 and Public Finance Management Act (PFMA) Cap. 171. This irregular upfront payment effectively neutralized the District's oversight leverage and created a confirmed financial exposure to loss of UGX. 611,154,845. With the contract expired and all funds exhausted, the Entity lacks the legal and financial mechanisms required to enforce the completion of the remaining works or the rectification of structural defects, rendering the public investment a total loss.

### Below were the key exceptions noted:

- 1. Unauthorized Funds Diversion and Nullification of Securities:** SCC (GCC 60.1) provided for only 30% advance payment, the Authority noted a significant breach of compliance where the Entity, on 28<sup>th</sup> June 2023, disbursed the full contract sum (100%) of UGX. 917,944,163 to Bank Account Number: 1003000350 on 28<sup>th</sup> June 2023. This transaction also directly contradicted the Advance Payment Securities issued by Centenary Bank which explicitly mandated that funds be deposited into Credit Bank Account Number: 1651000010002 (Koinange Street Branch) as a prerequisite for the guarantee's validity. By diverting these funds to an unauthorized account, the Entity effectively discharged the bank's liability under the Advance Payment Securities. This action nullified the only available financial recourse, leaving the public funds entirely unsecured and invalidated the contractor's obligation to demonstrate/prove value-for-money.
- 2. Financial Exposure of UGX. 611,154,845:** GCC 61.1 of the contract required the bidders to submit a performance and Environmental/Social Security. The absence of valid 7% Performance and 3% Environmental/Social Securities as required under GCC 61.1 of the contract, coupled with the now void Advance Payment Securities created a critical financial exposure of UGX. 611,154,845. This figure represents the unrecovered advance, the funding gap required to complete pending works, unearned funds (including unjustified payment of supervision fees and contingencies), and the irregular payment of retention before practical completion. In the absence of valid financial securities, this exposure will transition into a realized loss, leaving the Entity with no residual budget to procure a new contractor, should Buildmast Engineering Limited fail to complete the works.
- 3. Project Stagnation and Site Abandonment:** s of 30<sup>th</sup> January 2026, the project reflected a 398% time overrun against a contract that expired on 31<sup>st</sup> January 2024 with no authorized extensions of time. This chronic stagnation was characterized by an unauthorized total cessation of works for 11.5 months, withdrawal of all equipment and technical personnel and a systemic failure in project oversight. The frequent site

abandonment followed by re-entry without a valid contract indicates that the contractor, rather than the Entity, is dictating the project timelines. This has ultimately denied the community essential medical services and undermined the District's health improvement mandate.

4. **Material Testing Non-Compliance and Absence of Oversight:** Contrary to Item B (Preliminaries) of the Bills of Quantities, there were no records of the mandatory material test results (e.g., concrete cube tests, soil compaction, or tensile strength tests) to verify the quality of works. Furthermore, the project was implemented without a Clerk of Works, leaving daily construction activities entirely unmonitored, in direct violation of Circular Ref: BPD 86/107/01 (Contract Management and Safeguards for the UgIFT Program) issued by the Permanent Secretary/Secretary to the Treasury (PS/ST) on 26<sup>th</sup> May 2020. In the absence of daily supervision and technical validation, there is no assurance that the structures possess the required durability. This negligence conceals latent defects, poses a direct threat of structural collapse, and exposes the Government of Uganda to catastrophic remedial costs to rectify sub-standard construction.
5. **Failure to implement the ESHS Safeguards:** Contrary to GCC Clauses 24, 29 and 31 of the contract, the contractor failed to secure the site i.e., it was unfenced, unguarded, poorly lit, and overgrown with bushes. In addition, there was a total absence of safety signage, warning tapes around hazards like the open septic tank, soak pit, placenta pit, medical waste pit and more. With the site abandoned and contract expired, the Entity is liable for any site accidents or fatalities and faces massive litigation and compensation claims due to the contractor's negligence.

#### **Recommendations**

The substantive Accounting Officer should:

1. Issue a formal demand notice to Buildmast Engineering Limited to refund UGX 427,566,013, representing irregular payments to the contractor and unmet contractual obligations as indicated below:
  - Unexecuted Works (20%) paid: UGX. 168,491,745 of actual construction budget
  - Contingency Fees paid: UGX. 42,985,436
  - Supervision Fees paid: UGX. 32,500,000
  - Unearned Retention paid: UGX. 91,794,416
  - Missing Performance Security (7%): UGX. 64,256,091
  - Missing ES Performance Security (3%): UGX. 27,538,325Failure to refund these funds within 14 days should result in the immediate pursuit of legal remedies due to a fundamental breach of contract.
2. Secure supplementary funding of UGX. 183,588,832 (funding gap) for completion of the pending works, while pursuing legal remedies against Buildmast Engineering Limited for contract breach.
3. Investigate the officers responsible for authorizing the 100% advance payment in violation of the statutory safeguards. Appropriate disciplinary action must be taken to uphold accountability and restore institutional integrity.
4. Direct the District Engineer and District Internal Auditor to conduct a comprehensive "As-Built" site verification and condition survey to technically value the 80% purported works

and establish an inflation-adjusted budget for procuring a new contractor to complete the works. This assessment must:

- i) Specifically identify and quantify any structural and aesthetic deterioration, such as rebar oxidation, honeycombing, and wall dampness, resulting from the 11.5-month abandonment and exposure to the elements (rain, sun, wind, and humidity).
  - ii) Verify that the existing works align with the Bill of Quantities (BoQs) and structural safety standards. The cost of all necessary remedial and restorative works should be formally documented and added to the demand notice as a direct financial liability of Buildmast Engineering Limited.
5. Undertake rigorous due diligence to ascertain that the new contractor possesses the requisite financial and technical capacity, supported by verified evidence of all mandatory equipment and key personnel necessary to complete the pending works. Furthermore, the contractor should be required to submit a Performance Securing Declaration prior to the commencement of the remaining works in accordance with the PS/ST Circular dated 27<sup>th</sup> November 2024 on management of performance securities and advance payment guarantees.
  6. Task the District Engineer to conduct a site safety compliance inspection to ensure that all the health and safety measures are in place. The costs for any emergency works undertaken by the district should be billed directly to the defaulting contractor's final account.

In accordance with Section 128 (e) of the PPDA Act Cap. 205, the Authority will undertake suspension proceedings against Buildmast Engineering Limited for failure to substantially perform the obligations specified in the contract for the upgrade of Acii Health Centre II to Health Centre III in Amolatar District worth UGX. 917,944,163.

## CHAPTER 1: INTRODUCTION

### 1.1 Background

In accordance with Section 8 (1) (j) (ii) of the PPDA Act Cap. 205, the Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a contract audit into the upgrade of Acii Health Centre II to Health Centre III worth UGX. 917,944,163 in Amolatar District.

The project is part of the Uganda Intergovernmental Fiscal Transfer (UgIFT) Program for Results, funded by the World Bank. Under this initiative, the Ministry of Health earmarked several Health Centre IIs across Uganda for upgrades or new construction to improve regional healthcare service delivery.

As a beneficiary district, Amolatar District Local Government on 26<sup>th</sup> May 2023 entered into a contract with Buildmast Engineering Limited for the upgrade of Acii H/C II to H/C III at a contract price of UGX. 917,944,163 inclusive of 6% WHT and 18% VAT. The contract was an admeasurement type with an original completion date of 31<sup>st</sup> January 2024.

- i) On 28<sup>th</sup> June 2023 in a significant breach of compliance, the Entity disbursed a 100% advance payment totaling UGX. 917,944,163 to Buildmast Engineering Limited through Bank Account No: 1003000350 (Appendix III). This transaction directly contradicted the terms of the Advance Payment Securities issued by Centenary Bank, which explicitly required the funds to be deposited into the Credit Bank Account No: 1651000010002 at the Koinange Street Branch as a prerequisite for any claim or payment (Appendix IV).
- ii) These irregularities were highlighted in the PPDA's June 2025 Contract Audit Report regarding the upgrade of Acii H/C II to HC III. At that time, the project faced severe performance imbalances. While the financial progress stood at 100%, the time lapsed had reached 310.3% and the physical works were only 60% complete.
- iii) On 13<sup>th</sup> August 2025, in response to these findings, the Chief Administrative Officer of Amolatar DLG submitted a report (Ref. ADM/104/06) to the Permanent Secretary of the Ministry of Local Government, detailing the implementation of the PPDA Audit recommendations.
- iv) On 3<sup>rd</sup> October 2025, the Permanent Secretary (PS) of the Ministry of Local Government (MoLG) wrote a letter to the PPDA Executive Director. In this correspondence, the PS-MoLG noted that the Accounting Officer- Amolatar DLG acknowledged the contract management failures and maintained that efforts were being made to prevent any loss of Government funds. By the date of 20<sup>th</sup> November 2025 of the PS's letter, the executed works had reportedly progressed to 80%.
- v) On 28<sup>th</sup> November 2025, the Authority conducted a follow-up inspection to assess the progress of the works and the overall implementation of the June 2025 PPDA audit recommendations.

### 1.2 Objective of the audit

The overall objective was to assess the status of contract implementation of the upgrade of Acii Health Centre II to Health Centre III 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 Act, Cap. 205 and UgIFT Guidelines, to achieve the goal of improved service delivery and equitable access to quality healthcare for the local community.

### 1.3 Specific objectives

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

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

### 1.4 Scope of the audit exercise

The audit examined the contract execution and management for the upgrade of Acii Health Centre II to Health Centre III at a contract price of UGX. 917,944,163. The key contractual details are summarized in Table 1 below.

**Table 1: Contract Summary**

| Item Description  | Details   |                     |
|---|---|---------------------|
| Entity  | Amolatar District Local Government                            |                     |
| Procurement Reference Number  | MOH-UGIFT/WRKS/2022-23/00001                                  |                     |
| Contract Title  | Upgrade of Acii Health Centre II to Health Centre III         |                     |
| Name of the Provider  | Buildmast Engineering Limited                                 |                     |
| Contract Type   | Admeasurement Contract  |                     |
| Original Contract Value   | UGX. 917,944,163  |                     |
| Contract Signature Date   | 26 <sup>th</sup> May 2023                                     |                     |
| Start Date  | 1 <sup>st</sup> June 2023                                     |                     |
| Original Contract End Date  | 31 <sup>st</sup> January 2024                                 |                     |
| Status of works as at 24 <sup>th</sup> November 2025 as per the Progress Report prepared by the Ag. District Engineer | Time Progress – 370.3%%<br>Physical – 80%<br>Financial – 100% |                     |
| Defects Liability Period  | 365 days  |                     |
| Contract Manager  | District Engineer   |                     |
| Contract Scope and Amount   | <b>Works Description</b>                                      | <b>Amount (UGX)</b> |
|   | Preliminaries   | 17,250,000          |
|   | ESMP implementation   | 5,000,000           |
|   | Maternity Ward (Standard)                                     | 515,683,710         |
|   | 01. No. VIP 4 Stance + Shower                                 | 38,168,500          |
|   | Placenta Pit  | 15,638,000          |
|   | Medical Waste Pit   | 7,673,750           |
|   | Staff House   | 213,044,767         |
|   | OPD Renovation  | 30,000,000          |
|   | <b>Sub-Total</b>  | <b>842,458,727</b>  |
|   | Add: Contingency 5%   | 42,985,436          |
|   | <b>Sub-Total</b>  | <b>885,444,163</b>  |
|   | Add: Local Government Supervision                             | 32,500,000          |
| <b>Grand Total</b>  | <b>917,944,163</b>  |                     |

### **1.5 Audit methodology**

Between 28<sup>th</sup> November 2025 and 4<sup>th</sup> 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 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 4<sup>th</sup> December 2025. The Management Letter was issued on 19<sup>th</sup> February 2026, to which the Entity responded on 25<sup>th</sup> February 2026. This report details the findings and recommendations arising from the audit exercise.

### **1.6 Limitation of scope**

While the audit team performed a physical verification of the works against the contract specifications, the team did not include a certified Engineer. This audit report does not provide a technical opinion on the structural integrity or deep-technical quality of the installations beyond the visible non-compliance and functional failures.

### **1.7 Legal documents applicable**

The applicable laws and legal framework were:

- i) The PPDA Act, Cap. 205.
- ii) The PPDA Regulations, 2023.
- iii) The signed contract.

## 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

#### 2.1.1 Time Control

##### i) Project Stagnation and Abandonment

The Acii Health Centre III project was meant to be completed on 31<sup>st</sup> January 2024, however, the Authority noted with grave concern Buildmast Engineering Limited's persistent abandonment of the project. Despite the Entity's full disbursement of the UGX. 917M contract sum (100% financial progress) on 28<sup>th</sup> June 2023, the physical works remained stalled at 80% as observed during site inspection on 28<sup>th</sup> November 2025.

As of 30<sup>th</sup> January 2026, the project reflected a 398% time overrun against a contract that expired on 31<sup>st</sup> January 2024 with no authorized extensions.

This chronic stagnation was characterized by an unauthorized total cessation of works and a systemic failure in project oversight.

##### **Documented Abandonment History (District Engineer records):**

- 22<sup>nd</sup> December 2023 – 7<sup>th</sup> July 2024: First abandonment (6.5 months).
- October 2024 – February 2025: Second abandonment (5 months).

While no formal abandonment was documented between March and October 2025, the PPDA site inspection in November 2025 confirmed that the site was again vacated. This constituted unauthorized decommissioning, as evidenced by the total absence of equipment (Appendix I) and personnel (Appendix II), in direct violation of SCC (GCC 14.1) and (GCC 28) of the contract:

- GCC 28.1 of the contract stated that: *“The contractor shall be responsible for all the contractor’s equipment. When brought on to the site, the contractor’s equipment shall be deemed to be exclusively intended for the execution of the works. The contractor shall not remove from the site any major items of the contractor’s equipment without the consent of the Project Manager. However, consent shall not be required for vehicles transporting goods or contractor’s personnel off site.”*
- *SCC (GCC 14.1) of the contract required the key personnel (Appendix II) to be on site during execution of the contract.*

The Entity effectively facilitated this project stagnation by permitting intermittent abandonment for nearly a year without invoking punitive measures or termination.

##### **Implications**

- Frequent site abandonment followed by re-entry without a valid contract indicates that the contractor, rather than the Entity, is dictating the project timelines.
- By paying 100% of the contract value, the Entity removed all financial incentive for the contractor to achieve project completion.
- This has ultimately denied the community essential medical services and undermined the District's health improvement mandate.

### **Management Response**

*The Entity took steps to engage the contractor and he resumed construction works which now stand at 88% (see report- December 2025). There is a Joint Task Force with the Ministry of Health, Development Partner and Local Government to fast track the effective completion of the project within the scheduled time of June 2026. There is also a planned joint site meeting to handle the completion and commissioning of the project.*

### **Authority's comment**

Management's response is noted, but it is unsatisfactory and remains unsubstantiated. The Progress Report dated 5<sup>th</sup> December 2025 is purely narrative and lacks technical valuation sheets, measurement documents, or interim certificates to verify the claimed increase in progress to 88%. By disbursing 100% of the contract sum (UGX. 917M) in June 2023, the Entity surrendered all contractual leverage to compel project completion. Furthermore, no documentary evidence (such as daily site logs, inspection reports, or meeting minutes) was submitted to support claims that a Clerk of Works was "fully facilitated" or that the Joint Task Force is actively overseeing the site works. Consequently, the project remains at a high risk of total abandonment, with public funds fully exposed to loss.

### **Recommendations**

The Accounting Officer should:

1. Issue a formal demand notice to Buildmast Engineering Limited to refund UGX. 427,566,013, representing irregular payments to the contractor and unmet contractual obligations as indicated below:
  - Unexecuted Works (20%) paid: UGX. 168,491,745 of actual construction budget.
  - Contingency Fees paid: UGX. 42,985,436.
  - Supervision Fees paid: UGX. 32,500,000.
  - Unearned Retention paid: UGX. 91,794,416.
  - Missing Performance Security (7%): UGX. 64,256,091.
  - Missing ES Performance Security (3%): UGX. 27,538,325.Failure to refund these funds within 14 days should result in the immediate pursuit of legal remedies due to a fundamental breach of contract.
2. Secure supplementary funding of UGX. 183,588,832 (funding gap) for completion of pending works, while pursuing legal remedies against Buildmast Engineering Limited for breach of contract.
3. Direct the District Engineer and District Internal Auditor to conduct a comprehensive 'As-Built' site verification and condition survey to technically value the 88% purported works and establish an inflation-adjusted budget for procuring a new contractor to complete the works. This assessment must:
  - i) Specifically identify and quantify any structural and aesthetic deterioration, such as rebar oxidation, honeycombing, and wall dampness, resulting from the 11.5-month abandonment and exposure to the elements (rain, sun, wind, and humidity).
  - ii) Verify that the existing works align with the Bill of Quantities (BoQs) and structural safety standards. The cost of all necessary remedial and restorative works formally documented and added to the demand notice as a direct financial liability of Buildmast Engineering Limited.
4. Undertake rigorous due diligence to ascertain that the new contractor possesses the requisite financial and technical capacity, supported by verified evidence of all mandatory

equipment and key personnel necessary to complete the pending works. Furthermore, the contractor should be required to submit a Performance Securing Declaration prior to the commencement of the remaining works in accordance with the PS/ST Circular dated 27<sup>th</sup> November 2024 on management of performance securities and advance payment guarantees.

**ii) Non-implementation of the PPDA June 2025 Audit Recommendations**

Section 10 (1) (a) of the PPDA Act. Cap. 205 provides that: *“Where there is persistent breach of this Act or Regulations made, or Guidelines issued, under this Act, the Authority may direct the concerned Procuring and Disposing Entity to take such corrective action, as may be necessary in the circumstances, to rectify the breach.”*

The Authority noted a failure by the Management of Amolatar DLG to implement the corrective actions recommended in the June 2025 PPDA Audit Report as indicted in Table 2 below:

**Table 2: Unimplemented June 2025 PPDA Audit Recommendations**

| No. | Exceptions (June 2025 Report)  | PPDA Audit Recommendations (June 2025)  | Status of Implementation (November 2025)  |
|-----|--|---|---|
| 1.  | <b>Irregular payment of 100% Advance:</b> Entity paid UGX. 917M (100%) instead of the 30% (UGX. 275M) stipulated in GCC 60.1 of the contract.                                    | Recover advance funds worth UGX. 365,944,163 (unexecuted works). If recovery fails, the Accounting Officer should be held liable. | <b>Not Implemented.</b> While legal/police action was initiated by the Entity (July 2024/Feb 2025), no funds have been recovered to date.   |
| 2.  | <b>Expired Guarantees against non-performing contract:</b> Advance Payment Guarantees expired on 25 <sup>th</sup> November 2023 and 29 <sup>th</sup> May 2024 without extension. | Submit Buildmast Engineering Ltd. for suspension. Ensure future guarantees remain valid until full recovery.                      | <b>Not Implemented.</b> The guarantees remain expired. While the Entity referred the contractor to PPDA for suspension on 14 <sup>th</sup> August 2025, it ignored PPDA's 24 <sup>th</sup> September 2025 letter requesting for the procurement action file (Appendix V). |
| 3.  | <b>Delayed Completion:</b> Contract expired on 31 <sup>st</sup> January 2024. Time progress in June 2025 was 310.3% vs. 60% physical progress and 100% financial progress.       | Value pending works and re-tender to ensure completion. Appoint a Contract Management Team (CMT) to track performance.            | <b>Not Implemented.</b> Works remained with the original contractor. There was no evidence submitted of appointment of a CMT.   |
| 4.  | <b>Defects on Works:</b> Visible cracks and peeling plaster observed in January 2025, compromising structural quality.   | Ensure completion of works and address structural defects through strict supervision.   | <b>Not Implemented.</b> Site inspection on 28 <sup>th</sup> November 2025 found incomplete works with unrectified defects (Appendix VI).  |
| 5.  | <b>Site Abandonment:</b> Frequent abandonment  | Consider contract termination for   | <b>Not Implemented.</b> The Entity maintained the   |

| No. | Exceptions (June 2025 Report)   | PPDA Audit Recommendations (June 2025)  | Status of Implementation (November 2025)  |
|-----|---|---|---|
|     | reported for a cumulative period of 11 months.  | fundamental breach and re-allocate works to a new provider.   | contract with Buildmast Engineering Limited despite the breach.   |
| 6.  | <b>Failure to Deduct Retention:</b> Full contract sum paid without 10% retention (i.e., UGX. 91M) for the Defects Liability Period. | Recover the 10% retention (UGX. 91,794,416) from the contractor.  | <b>Not Implemented.</b> Full payment remains unrecovered, leaving the Entity with no safeguard against defects. |
| 7.  | <b>Security and Compliance:</b> No Performance Security, ES Security, or work programs submitted by the contractor.                 | Penalize the contractor for non-submission. In future, annul awards if securities are not furnished within the stipulated period. | <b>Not Implemented.</b> Recourse for non-performance remains non-existent due to lack of securities.            |
| 8.  | <b>ESMP Neglect:</b> Failure to implement Environmental and Social Management Plan activities (UGX. 5M).                            | Task the contractor to implement all ESMP activities to manage health, safety, and community risks.                               | <b>Not Implemented.</b> No evidence found that the UGX. 5M budgeted for ESMP was utilized as intended.          |

Despite the non-implementation of the core audit recommendations, the Accounting Officer had initiated the following attempts at recovery of funds:

- **Legal Action:** A letter dated 16<sup>th</sup> July 2024 to the Attorney General’s Chambers (Gulu) requested legal action for breach of contract.
- **Criminal Investigation:** A letter dated 19<sup>th</sup> February 2025 requested the District Police Commander (Amolatar District) to investigate fraud.

However, as of 30<sup>th</sup> January 2026, there was no evidence of follow-up by the Accounting Officer, to find out if either the Police or the Attorney General’s office had taken substantive action. As a result, no funds have been recovered.

#### Implications

- Failure to follow up on reported criminal and legal cases suggests a lack of commitment to recover the public funds.
- **Service Delivery Failure:** The two-year delay has halted Acii HC upgrades, denied the community essential medical services and undermined the District’s health improvement mandate.
- **Direct financial loss to Government:** The Entity is financially exposed to the tune of UGX. 611,154,845 (Table 3). In the absence of valid financial securities, this exposure will transition into a realized loss, leaving the Entity with no residual budget to procure a new contractor should Buildmast Engineering Limited fail to complete the works.
- **Project Cost Escalations:** Prolonged unrecovered funds and site abandonment increase future completion costs due to inflation and deterioration of existing structures.

- **Personal liability for the Accounting Officer:** Non-recovery of the irregularly paid funds risks a surcharge under Section 78 of the Public Finance Management Act (PFMA), Cap. 171 requiring personal refund by the officer.
- **Institutional Risk (Moral Hazard):** Failure to penalize Buildmast Engineering Limited signals impunity for breaches and abandonments in Amolatar District, which erodes procurement integrity and invites future contractor non-compliance.

### **Management Response**

*The Entity took steps to engage the contractor and he resumed construction works which now stand at 88%. There is a Joint Task Force with the Ministry of Health, Development Partner and Local Government to fast track the effective completion of the project within the scheduled time of June 2026. There is also a planned joint site meeting to handle the completion and commissioning of the project.*

### **Authority's comment**

Management's response is noted, but it is unsatisfactory and reflects a persistent disregard for the Authority's previous recommendations. The Progress Report of 5<sup>th</sup> December 2025 confirms that none of the eight (8) critical recommendations issued in June 2025 have been implemented. The Authority noted with grave concern the following:

- i) **Failure to Recover Funds:** Despite the recommendation to recover UGX. 365,944,163 (unexecuted works) and UGX. 91,794,416 (unconditional retention), Management has provided no evidence of any recovery or offset. The full contract sum remains in the hands of a non-performing contractor.
- ii) **Amnesty for Fundamental Breach:** While the Authority recommended contract termination for an 11-month abandonment and suspension of Buildmast Engineering Limited, Management has instead granted an informal extension to June 2026. This action was taken without securing revised Performance Securities or Advance Payment Guarantees, leaving the taxpayer with no financial protection.
- iii) **Technical Negligence:** Management failed to value pending works or conduct the recommended structural defect assessments. Claiming an 8% progress increase (from 80% to 88%) without valuation sheets or interim certificates renders the claimed progress unsubstantiated.
- iv) **Compliance Deficit:** Recommendations regarding Environmental and Social Management (ESMP) and Security/Guarantees remain unaddressed. The site remains a hazard, and the contract is operating outside the legal framework.

By failing to implement the June 2025 audit recommendations, the Accounting Officer effectively validated the contractor's non-performance and facilitated the continued risk of loss of UGX. 611M (Table 3). The Authority maintains that the project is in a state of fundamental breach, and the lack of enforcement constitutes gross negligence in contract management.

### **Recommendations**

In addition to the recommendations for Exception 2.2.1 (i) on Page 5 of this report, the Accounting Officer should do the following:

1. **Demand Personnel Accountability:** Investigate the officers responsible for authorizing the 100% advance payment in violation of the statutory safeguards. Appropriate disciplinary action must be taken to uphold accountability and restore institutional integrity.
2. **Community Stakeholder Engagement:** Conduct a transparency meeting with Acii Sub-County leaders to provide a factual status update and a definitive timeline for the

resumption of works. This will manage expectations and restore public trust in the District's health mandate.

3. **Active Follow-up:** Assign staff/team to provide monthly updates on the status of the cases with the PPDA, Ministry of Justice & Constitutional Affairs and the Amolatar District Police.
4. **Future Safeguards:**
  - i) Enforce adherence to the 30% cap on advance payments as per Regulation 43 (3) of the PPDA (Contracts) Regulations, 2023.
  - ii) Implement a simple tracking system for all securities (Performance, Advance, and ES) to ensure that renewals are requested from contractors 30 days before expiry.

#### 2.1.2 Cost Control: Negative Financial Position

##### i) Analysis of Financial Exposure (UGX. 611,154,845)

- SCC (GCC 60.1) of the Special Conditions of Contract stated that: *"The advance payment will be equivalent to 30% of the contract price and will be paid in the same currency and proportions as the contract price"*; and
- Regulation 43 (3) of the PPDA (Contracts) Regulations, 2023 states that: *"A Procuring and Disposing Entity shall not make an advance payment exceeding thirty percent of the contract price."*

The Authority, however, noted that the Entity exhausted the entire contract sum of UGX. 917,944,163 (100%) on 28<sup>th</sup> June 2023, within only one month of contract signature (Appendix III). By ignoring the 30% advance payment limit, the Entity created a total financial exposure of UGX. 611,154,845. This figure represents the value of funds disbursed beyond the legal advance payment limit for which there was no corresponding physical value on-ground.

A site inspection conducted in November 2025 established that physical works had stalled at 80% completion, leaving the Entity fully exposed to the financial risk of completing the remaining 20% of unexecuted works, despite having already exhausted 100% of the budgeted resources. This total disbursement was executed without any formal valuation or measurement of works, essentially paying for the entire project in advance. This action represented a fundamental breach of GCC 50.1, 50.2, and 50.3 of the contract, which mandated a structured payment-by-performance mechanism as follows:

- **SCC (GCC 50.1):** Explicitly required the contractor to submit monthly statements of the estimated value of work executed. However, no such statements were found on file.
- **GCC 50.2:** Mandated the Project Manager (District Engineer) to check and certify the amount to be paid. The 100% payment indicated that this check was bypassed.
- **GCC 50.3:** Placed the sole responsibility for determining the value of work executed on the Project Manager.

By failing to adhere to these clauses, the Project Manager abdicated their duty, resulting in a pre-payment for non-existent works and leaving the District with zero financial leverage to compel the contractor to return to the site.

Table 3 below breaks down the contract sum into specific irregular expenditures and the outstanding liabilities required to complete the pending works.

**Table 3: Amolatar DLG Financial Exposure for the Upgrade of Acii HC II to HC III**

| Category                        | Financial Component                      | Amount (UGX)       | Nature of Exposure / Irregularity   | Risk Level      |
|---------------------------------|--|--------------------|---|-----------------|
| <b>Direct Cash Loss</b>         | Unrecovered Advance                      | 183,588,832        | Cash paid for 20% of work not yet performed.  | High            |
| <b>Funding Gap</b>              | Value of Unexecuted Physical Works (20%) | 168,491,745        | The cost to complete the facility for which no funds are available. (20% of the construction budget of UGX 842,458,727) | High            |
| <b>Defects Risk</b>             | Uncollected Retention (10%)              | 91,794,416         | No funds held to guarantee structural repairs.  | High            |
| <b>Illegal Payout</b>           | LG Supervision Fees                      | 32,500,000         | Irregularly disbursed to the contractor; compromises oversight independence.  | Loss            |
| <b>Illegal Payout</b>           | Contingency Fees (5%)                    | 42,985,436         | Disbursed without evidence of unforeseen works or authorized variations.  | Loss            |
| <b>Missing Protection</b>       | Missing Performance Security (7%)        | 64,256,091         | Failure to secure a bank guarantee to indemnify against breach of contract.   | Critical        |
| <b>Missing Protection</b>       | Missing ES Performance Security (3%)     | 27,538,325         | No financial cover for ESHS non-compliance.   | Critical        |
| <b>Total Financial Exposure</b> |  | <b>611,154,845</b> | <b>Total unprotected public investment.</b>   | <b>Critical</b> |

**Note:**

- High Risk** - There is no protection. The Entity will lose the money if the contractor fails to complete the works.
- Loss** - The money is gone. Even if the contractor completes the works, this specific money was spent illegally/wastefully.
- Critical** - Signifies a total system failure where there are no safety nets, leaving the Entity completely defenseless.

**Unauthorized Funds Diversion and Nullification of Securities**

The Authority further noted a significant breach of compliance, where the Entity, on 28<sup>th</sup> June 2023, disbursed a 100% advance payment totaling UGX. 917,944,163 to Buildmast Engineering Limited through Bank Account No: 1003000350 (Appendix III). This transaction directly contradicted the terms of the Advance Payment Securities issued by Centenary Bank (Table 4), which explicitly required the funds to be deposited into Credit Bank Account No: 1651000010002 at the Koinange Street Branch as a prerequisite for any claim or payment (Appendix IV).

By diverting these funds to an unauthorized account, the Entity effectively nullified the bank's liability, left the public funds entirely unsecured, and invalidated the contractor's obligation to demonstrate/prove value-for-money.

**Table 4: Expired Advance Payment Securities**

| Advance Payment Guarantee issued by Centenary Bank | Amount (UGX)       | Date of Issue             | Expiry Date                    | Reference   |
|--|--------------------|---------------------------|--------------------------------|-------------|
| CRDB/HEADOFFICE/TF/26.01/05/2023                   | 275,383,249        | 26 <sup>th</sup> May 2023 | 25 <sup>th</sup> November 2023 | Appendix IV |
| CRDB/HEADOFFICE/TF/01.03/06/2023                   | 642,560,915        | 1 <sup>st</sup> June 2023 | 29 <sup>th</sup> May 2024      |             |
| <b>Total Amount</b>                                | <b>917,944,164</b> |                           |                                |             |

**Implications**

- By paying 100% for unmeasured works, the Entity effectively removed the contractor's obligation to prove value-for-money.
- **Compromised Oversight Independence:** Direct payment of supervision fees to the contractor destroyed independent oversight, enabling a project time overrun without penalty.
- **Fiscal Malpractice:** The 100% disbursement of "Provisional Sums" (Contingency & Supervision Fees) violated Section 78 of the PFMA Cap. 171, as these were unearned funds paid without proof of service.
- **Total Loss of Leverage:** By paying out the 10% retention sum and having no valid Advance Payment Guarantees, the Entity has zero financial recourse to enforce completion of the purported final 20% of works and rectification of defects.
- **Liability for Financial Loss:** The Accounting Officer has failed to rectify the omission currently at UGX. 183,588,832 (unrecovered advance), maintaining a state of liability for surcharge under Section 78 of the PFMA Cap. 171.

**Management Response**

Refer to the report of 5<sup>th</sup> December 2025.

**Authority's comment**

The reported 88% physical progress (as per the Progress Report dated 5<sup>th</sup> December 2025) is noted; however, the Entity's Management failed to provide any valuation certificates or measurement sheets to support this claim as mandated by GCC 50.1; 50.2, and 50.3 of the contract. Without evidence of certified works, the physical progress remains unsubstantiated, and the taxpayer's exposure to the loss of UGX. 611,154,845 persists, due to gross negligence in contract management.

**Recommendation**

The Accounting Officer should implement the recommendations on Page 5 and Page 8-9 of this report.

**2.1.3 Quality Control**

The Authority noted three key anomalies as detailed below:

**i) Failure in Material Testing and Preservation**

Item B of the Preliminaries of the Bill of Quantities stated that: *"The Contractor shall furnish at the earliest possible opportunity before work commences at his own cost, any samples of materials of workmanship that may be called for by the Project Manager for his approval or rejection and any further samples in the case of rejection until such samples are approved by*

*the Project Manager and such samples when approved shall be the minimum standard for the work to which they apply.”*

The Authority noted a total absence of material test results (e.g., concrete cube tests, soil compaction, or tensile strength tests). This lack of documentation provides no assurance that the structures possess the required durability to prevent future failure. Furthermore, there was substandard material storage i.e., the storage of cement was found to be technically negligent as the bags were stored directly on the bare floor rather than on raised wooden pallets. This exposure to ground moisture facilitates hydration, causing the cement to cake and lose its bonding strength.

#### **ii) Failure in Site Organization and Supervision**

The site inspection of Acii HC III in November 2025 confirmed that the contractor failed to maintain a professional site environment, directly endangering the quality of the works as detailed below:

- a) **Absence of the Project Manager’s Office:** Contrary to the BoQs requirements, the contractor failed to provide a dedicated site office to the Project Manager. This omission effectively prevented the Project Manager from maintaining continuous on-site supervision, coordination, and documentation to prevent negligence, maintain quality control, and create an audit trail for construction progress.
- b) **Lack of on-site oversight:** The project was implemented without a Clerk of Works, leaving daily construction activities entirely unmonitored, contrary to Circular Ref: BPD 86/107/01 (Contract Management and Safeguards for the UgIFT Program) dated 26<sup>th</sup> May 2020 that was issued to all Local Government Accounting Officers, by the Permanent Secretary/Secretary to the Treasury.
- c) **Failure to conduct routine inspections:** There was no evidence that the Project Manager (District Engineer) conducted routine defect inspections, contrary to GCC 42 of the contract which stated that: *“The Project Manager shall check the Contractor’s work and notify the Contractor of any defects that are found. Such checking shall not affect the Contractor’s responsibilities. The Project Manager may instruct the Contractor to search for a defect and to uncover and test any work that the Project Manager considers may have a defect.”*
- d) **Unsecured Site Perimeter:** Contrary to the BoQs requirements, the lack of hoarding has resulted in a haphazard site layout, leaving construction materials vulnerable to theft, while also posing a safety hazard to the public.

#### **iii) Absence of Mandatory Technical Documentation**

Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations, 2023 mandates the Contract Manager to keep and archive all contract management records as required

However, the Authority noted a breakdown in site management evidenced by the total absence of the following:

- a) Approved architectural and structural drawings.
- b) Bill of Quantities and Construction Schedules/Work Programs.
- c) Site Instruction Books, Worker Logs, and Personnel Identification.

Without these records, it was impossible to conduct objective quality assurance and to verify if the alleged 80% physical progress met the required technical standards.

## **Implications**

- **Structural Integrity Risk:** The failure to conduct mandatory material testing, specifically for concrete strength and reinforcement quality, has left the facility's integrity unverified. This negligence conceals latent defects, poses a direct threat of structural collapse, and exposes the project to catastrophic remedial costs.
- **Material Waste and Theft:** Poor material storage and lack of site hoarding likely caused undetected material losses and deterioration. It also further demonstrates a negligent approach to asset preservation and occupational safety.
- **Absence of a Technical Audit Trail:** A lack of site instruction books, drawings and more, erase the audit trail, blocking identification, accountability or remedies for design deviations.
- **Oversight Failure:** The absence of a dedicated Project Manager's office and a Clerk of Works led to disjointed supervision, leaving the project without any day-to-day technical leadership or accountability.

## **Management Response**

*Refer to the Progress Report of 5<sup>th</sup> December 2025.*

### **Authority's comment**

Management's response is noted, but unsatisfactory. A narrative progress report cannot substitute for mandatory technical evidence such as material test results, approved drawings, site instruction books and documented defects inspections. Furthermore, no pictorial evidence was submitted to verify the existence of a Project Manager's office, site hoarding, and compliant material storage. By executing the project without a Clerk of Works, Management bypassed critical quality control checkpoints established under the UgIFT Guidelines. Consequently, the Authority could not ascertain whether the works were fit-for-purpose, leaving a high risk of latent structural defects.

### **Recommendations**

The Accounting Officer should:

1. **Commission a Forensic Structural Audit:** Direct the District Engineer to verify the strength of the existing 80% structure before any further work proceeds.
2. **Secure the Site:** immediately erect hoarding and deploy 24/7 security to halt material theft or vandalism.
3. **Hold the Project Manager Accountable:** Issue a formal inquiry to the Project Manager (District Engineer) on oversight lapses, requiring explanation for failing to conduct mandatory material strength tests, defects inspections and maintaining mandatory site documentation.
4. **Appoint a Clerk of Works:** Hire a dedicated on-site individual for daily oversight, mandating weekly progress and quality reports during the project completion phase.

## **2.2 Adherence to Environmental, Social, Health and Safety (ESHS) requirements**

### **2.2.1 Negligence of ESHS Standards**

- GCC Clause 24 (**Safety Procedures**) establishes the contractor's total liability for site safety and public protection. The contractor assumes absolute liability for site safety and regulatory compliance, requiring them to provide continuous guarding, fencing, and hazard management to protect personnel, the public, and the works until a formal handover occurs.

- GCC Clause 29 (**Protection of the Environment**) mandates the contractor to assume full responsibility for the environmental and social impact of their operations through the following requirements: implementation of the ESMP, pollution and nuisance control, compliance with emission standards and adaptive management to unforeseen environmental impacts or issues.
- GCC Clause 31 (**Health and Safety**) mandates the contractor to maintain a safe working environment through the following three pillars: Operational Safety (31.1); Health Policy & Awareness (31.2); and Pandemic & Outbreak Response (31.3).

The Authority established that the contractor (Buildmast Engineering Limited) did not implement ESHS protocols stipulated under GCC 24, 29 and 31 of the contract due to inadequate contract supervision by the Project Manager. Below were the findings:

- Lack of Basic Welfare and Sanitation:** The site lacked basic medical supplies (First Aid kits), a waste disposal plan and management systems, and an approved Environmental and Social Management Plan (ESMP).
- Dangerous Site Conditions:** The site was not fenced, guarded, was poorly lit, and was overgrown with bushes. In addition, there was a total absence of safety signage, warning tapes around hazards like the open septic tank, soak pit, placenta pit, medical waste pit and more.
- Neglect of Social Safeguards:** The contractor failed to carry out the mandatory HIV/AIDS, STI, and M-Pox awareness campaigns and policies required by the contract.
- Absence of a Grievance Redress Structure:** The project was implemented without an active Grievance Redress Mechanism (GRM). The absence of a designated Grievance Redress Committee (GRC) to mediate site-level conflicts left the workforce without legal or administrative recourse, effectively undermining labor rights and project accountability.

#### **Implications**

- With the site abandoned and contract expired, the Entity is liable for any site accidents or fatalities and faces massive litigation and compensation claims due to the contractor's negligence.
- The continued tolerance of these non-compliances reflects a failure in oversight by the Project Manager, potentially undermining public trust and the District's credibility in managing high-value infrastructure projects.

#### **Management Response**

*Yes, it is true that during the audit there was no evidence of basic sanitation. This is because there were no workers on site but when the contractor was on site, there was a nurse and all the ESHS parameters were followed. The Grievance Redress Committee sat and resolved on payment of workers.*

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

Management's response is noted, but unsatisfactory as it fails to provide documentary or physical evidence to substantiate the claims of compliance. The Authority notes the following:

- Continuous Obligation:** The requirement for site fencing, hoarding, and hazard signage (especially around open pits) is a continuous safety obligation that persists regardless of

whether workers are actively on-site, primarily to protect the surrounding community from accidents.

- ii) **Documentation Gap:** No evidence was submitted to confirm the existence of an approved ESMP, records of HIV/AIDS/M-Pox awareness sessions, or the appointment letters Grievance Redress Committee and minutes of their meetings.
- iii) **Safety Negligence:** The admission that the site was overgrown and poorly lit, coupled with the absence of warning tapes around deep excavations (septic and placenta pits), constitutes a significant breach of statutory Occupational Safety and Health (OSH) standards and Environmental and Social Safeguards (ESS) mandated in the contract

The above findings indicate a total collapse of ESHS monitoring. Consequently, the contractor remains in breach of contract, and the Entity failed in its duty to enforce these mandatory provisions

### **Recommendations**

The Accounting Officer should:

1. Task the District Engineer to conduct a site safety compliance inspection to ensure that all the health and safety measures are in place. The costs for any emergency works undertaken by the district should be billed directly to the defaulting contractor's final account.
2. Immediately establish a Grievance Redress Committee in accordance with Circular ADM 84/121/02 (Grievance Management under the UgIFT Programme) issued on 19<sup>th</sup> July 2023 by the Permanent Secretary, Ministry of Gender, Labour and Social Development.

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

The upgrade of Acii HC II to III exemplifies a total collapse of internal controls and statutory compliance. By disbursing 100% of the contract sum (UGX. 917,944,163) within one month of commencement, the Entity bypassed mandatory safeguards under the PPDA Act, Cap. 205 and PFMA Cap. 171. This irregular upfront payment effectively neutralized the District's oversight leverage and created a confirmed financial exposure of UGX. 611,154,845.

Critically, on 28<sup>th</sup> June 2023, the Entity disbursed these funds to Bank Account No: 1003000350 instead of Credit Bank Account No: 1651000010002 mandated by the Centenary Bank Advance Payment Securities as a prerequisite for the guarantees' validity. By diverting funds to an unauthorized account, the Entity nullified the bank's liability, leaving public funds entirely unsecured and without legal recourse for recovery.

With the contract expired and all funds exhausted, the Entity lacks the legal and financial mechanisms required to enforce the completion of the remaining works or the rectification of structural defects, rendering the public investment a total loss.

The Accounting Officer should immediately initiate debt recovery proceedings and source emergency funding to complete outstanding works, remediate structural defects, and commission the facility for public use.

**APPENDICES****Appendix I: Mandatory Contractor's Equipment (GCC 28.1) not found on site**

| <b>No.</b> | <b>Equipment type</b>                                 | <b>Minimum number</b> |
|------------|---|-----------------------|
| 1.         | 10-Ton dumper trucks                                  | 2                     |
| 2.         | 2-Ton dumper trucks                                   | 3                     |
| 3.         | Pick-up vehicle                                       | 1                     |
| 4.         | Motorcycle  | 1                     |
| 5.         | Concrete block making machine (if automated one unit) | 1                     |
| 6.         | Concrete poker vibrator                               | 1                     |
| 7.         | Carpentry and joinery kit                             | 2                     |
| 8.         | Welding machines                                      | 2                     |
| 9.         | Power float machine                                   | 1                     |
| 10.        | Plate compactor                                       | 2                     |
| 11.        | Generator – 6KVA – 3 Phase                            | 1                     |

**Appendix II: Mandatory Key Personnel (SCC (GCC) 14.1) not found on site**

| <b>Position</b>                              | <b>Number</b> |
|--|---------------|
| Contract Manager                             | 1             |
| Project Engineer                             | 1             |
| Quantity Surveyor                            | 1             |
| Health, Safety and Environmental Coordinator | 1             |
| Foreman Mechanical                           | 1             |
| Foreman Electrical                           | 1             |
| Foreman Masonry                              | 1             |
| Foreman Carpentry                            | 1             |
| <b>Total</b>                                 | <b>8</b>      |

**Appendix III: Evidence of payment made to Buildmast Engineering Ltd**

3/26/2023 4:20 AM

https://goufms.ifms.go.ug:4443/OA\_CGI/FNDWRR.exe?temp\_id=...

EFT PAYMENT VOUCHER

MALG : AMOLATAR DISTRICT LOCAL GOVERNMENT 06-JUL-2023 10:52:15  
TF 34A

Payee: BUILDMAST ENGINEERING LIMITED Voucher No 6425420  
AMOLATAR EFT No. 6425420

DUPLICATE


---

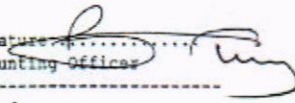
| BEING PAYMENT FOR: UPGRADE OF ACII H/C 2 TO 3 UNDER<br>UGIFT 2022/2023FY. | Amount      |
|---|-------------|
| 28-JUN-23 000000-000000-491002  | -41,953,356 |
| 28-JUN-23 120200-320165-312121  | 699,222,602 |
| 28-JUN-23 000000-000000-491002  | -13,123,294 |
| 28-JUN-23 120200-320165-263310  | 218,721,561 |
| Total   | 862,867,513 |

---

Shs. (in words) Eight Hundred Sixty-Two Million Eight Hundred Sixty-  
Seven Thousand Five Hundred Thirteen Only

I HEREBY CERTIFY that the above amount is correct and was incurred under the authority quoted that the above service has been duly and properly performed/supplies have been received in good condition, that the payment/price charged is in accordance with regulations, the terms of the contract or agreement/fair and reasonable, and that the above expenditure, will not cause an excess over the provision made under the authority quoted on this voucher under the head and items shown above.

Signature: .....  
Vote Controller

Signature: .....  
Accounting Officer

Date.....

I confirm that I have, on this ..... Day of .....  
20....., received a payment of the above amount.

.....  
Signature of Receiver

Signature of Witness of payment.....

This certificate must be made to apply to the circumstances of the payment.

---

| Inc. | Trading Partner               | Supplier Name            | Invoice Number | Invoice Amount | Invoice Date | Bank Account Number |
|------|-------------------------------|--------------------------|----------------|----------------|--------------|---------------------|
| 206  | BUILDMAST ENGINEERING LIMITED | TC IDENT: MBR17420733.01 | 228723.893     | 13.09.2014     | 1003000350   |                     |
| 207  | BUILDMAST ENGINEERING LIMITED | TC IDENT: MBR17420733.01 | 41983.355      |                | 1003000350   |                     |



ii) Advance Payment Security worth UGX 642,560,915

Our ref: CRDB/HEAD OFFICE/TF/01.03/06/2023

Your ref:  
Date: 01<sup>st</sup> June, 2023

Office of the Chief Administrative Officer  
Amolatar District Local Government  
P.O.Box 3, Amolatar  
Uganda

**ADVANCE PAYMENT SECURITY**

Procurement Reference Number: MOH-UGIFT/WORKS/22-23/00001/LOT 5

**REF: UPGRADE OF ACII HC II TO III IN ACII S/C, AMOLATAR DISTRICT LOCAL GOVERNMENT AND CONSTRUCTION OF OKWIR HC III IN ICEME S/C AND UPGRADING OF ACOKARA HC II TO III IN OTWAL S/C, OYAM DISTRICT LOCAL GOVERNMENT LOT 5 - UGIFT PROGRAM FOR RESULTS.**

In accordance with the payment provision included in the Contract referenced above, in relation to advance payments, M/S. BUILDMAST ENGINEERING LIMITED of P. O. Box 6470, Kampala - Uganda (hereinafter called "the Contractor") shall deposit with the Employer an Advance Payment Guarantee to guarantee its proper and faithful performance of the obligations imposed by said Clause of the Contract, in amount of Ugx. 642,560,915.00/- (Uganda Shillings Six hundred forty two million five hundred sixty thousand nine hundred fifteen only).

We, the undersigned CENTENARY RURAL DEVELOPMENT BANK LIMITED, legally domiciled at Mapeera House, Plot 44-46, Kampala Road, P.O.Box 1892, Kampala, Uganda (hereinafter the Guarantor), as instructed by the Contractor, agree unconditionally and irrevocably to guarantee as primary obligor and not as surety merely, the payment to the Employer on its first demand and without its first claim to the Contractor, in the amount not exceeding Ugx. 642,560,915.00/- (Uganda Shillings Six hundred forty two million five hundred sixty thousand nine hundred fifteen only).

We further agree that no change or addition to or other modification of the terms of the contract or of the works to be performed there under or of any of the contract documents which may be made between the Employer and the Contractor, shall in any way release us from any liability under this Guarantee, and we hereby waive notice of any such change, addition, or modification.

It is a condition for any claim and payment under this guarantee to be made that the advance payment referred to above must have been received by the Contractor on its Credit Bank account number 1651000010002, Koinange Street Branch, swift code: CRBTKENA.

This security shall remain valid and in full effect from the date of the advance payment under the Contract until the Employer receives full repayment of the same amount from the Contractor.

This Guarantee is valid until 29<sup>th</sup> May, 2024.  
Upon expiry or demand, please return the original guarantee to us.

This Guarantee is subject to the Uniform Rules for Demand Guarantees, ICC Publication No. 758.  
SIGNED for and on behalf of CENTENARY RURAL DEVELOPMENT BANK LTD by

Chief Manager, Credit Administration: ANGELA NTELI MUKESIYU

Name

Signature

Manager, Corporate Credit:

Name

Signature

This instrument has been reviewed, verified and signed by the Officers of Attorneys registered on the MP of the Republic of Uganda.  
Centenary Bank Limited, P.O. Box 1892, Kampala, UGANDA.  
Plot 44-46 Kampala Road and Plot 2 Burton Street, P.O. Box 1892 Kampala, UGANDA.  
Call Centre: 0800 200555/ 335344, Tel: +256 (0)41 251276/7, Fax: +256 (0)41 251273  
email: info@centenarybank.co.ug, website: www.centenarybank.co.ug

Mr. Joseph Kihiruka Bakiuddembe (ED),  
Bishop Callist Rubaramira, Dr. Mary Theopista Wenene,  
Ms. Vivian Ddambya, Dr. Tom C. Aiki,

iii) GCC 60.1 showing provision of advance payment equivalent to 30%

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CHIEF ADMINISTRATIVE OFFICER  
AMOLATAR DISTRICT  
P.O. BOX 3, AMOLATAR

Local Government Bidding Document for Works under Open Bidding, September 2020

**Part 3: Section 8 Special Conditions of Contract**

|                 |   |
|-----------------|---|
| <b>C 60.1</b>   | The Advance Payment will be equivalent to 30% and will be paid in the same currencies and proportions as the Contract Price.<br>It will be paid to the Contractor within <b>THIRTY (30)</b> days after certification and presentation of an Equivalent amount in form of a Bank Guarantee recognized by Bank of Uganda. |
| <b>GCC 60.3</b> | The Advance Payment will be repaid by deducting equal amounts from payments due to the Contractor each month during the period starting <b>Two (02)</b> months after the Start Date and ending <b>Seven (07)</b> months after the Start Date.   |

| GCC Clause Reference | Special Conditions  |
|----------------------|---|
| <b>GCC 61.1</b>      | A Performance Security and ES Performance Security shall be required.<br>A Performance Security and ES Performance Security shall be for <b>7% and 3% respectively</b> of the Contract Price.       |
| <b>GCC 61.3</b>      | The standard form of Performance Security and ES Performance Security acceptable to the PDE shall be an Unconditional Bank Guarantee in the format presented in Section 9 of the Bidding Documents. |
| <b>GCC 67.1</b>      | The date by which "as-built" drawings are required is: 60 days from the date of practical completion<br>The date by which operating and maintenance manuals are required is:                        |
| <b>GCC 67.2</b>      | The amount to be withheld for failing to produce "as-built" drawings and/or operating and maintenance manuals by the date required is <b>UGX 2,000,000</b>  |
| <b>GCC 69.1</b>      | The percentage to apply to the value of the work not completed, representing the PDE's additional cost for completing the Works, is: <b>20%</b>   |

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AMOLATAR DISTRICT  
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Local Government Bidding Document for Works under Open Bidding, September 2020

iv) GCC 44.1 showing DLP of 365 days and GCC 57.1 provision for retention of 10%

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Local Government Bidding Document for Works under Open Bidding, September 2020

CHIEF ADMINISTRATIVE OFFICER  
AMOLATAR DISTRICT  
P.O. BOX 3, AMOLATAR

**Part 3: Section 8 Special Conditions of Contract**

| GCC Clause Reference | Special Conditions  |
|----------------------|---|
|                      | 500,000/= per Lot.  |
| GCC 44.1             | The Defects Liability Period is <b>365 days</b> .   |
| GCC 50.1             | Statements of estimated value of works executed shall be on an Interim Certificate basis.   |
| GCC 53.1(f)          | The following events shall also be Compensation Events: N/A   |
| GCC 56.1             | The Contract IS NOT subject to price adjustment in accordance with GCC 56 of the General Conditions of Contract, and the following information regarding coefficients <b>SHALL NOT</b> apply.<br>The coefficients for adjustment of prices are:<br>(a) For currency:<br>(i) _____ percent nonadjustable element (coefficient A).<br>(ii) _____ percent adjustable element (coefficient B).<br>(b) For currency:<br>(i) _____ percent nonadjustable element (coefficient A).<br>(ii) _____ percent adjustable element (coefficient B). |
| GCC 56.1             | The Index I for local currency will be: _____<br>The Index I for the specified international currency will be: _____<br>The Index I for currencies other than the local currency and the specified international currency will be: _____  |
| GCC 57.1             | The proportion of payments retained is 10% .  |
| GCC 58.1             | The liquidated damages for the whole of the Works are 0.05% per day.<br>The maximum amount of liquidated damages for the whole of the Works is 5% Percent of the Final Contract Price.  |
| GCC 59               | The Bonus for the whole of the Works is N/A per day. The maximum amount of Bonus for the whole of the Works is N/A Percent of the final Contract Price.   |

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Local Government Bidding Document for Works under Open Bidding, September 2020

CHIEF ADMINISTRATIVE OFFICER  
AMOLATAR DISTRICT  
P.O. BOX 3, AMOLATAR

**Appendix V: PPDA's 24<sup>th</sup> September 2025 letter requesting Amolatar DLG to submit the procurement action file**



PPDA/AMOL/805

24<sup>th</sup> September 2025

The Chief Administrative Officer  
Amolatar District Local Government  
P. O. BOX 3  
**AMOLATAR**

Email: [caoamolatar@gmail.com](mailto:caoamolatar@gmail.com)

**RE: RECOMMENDATION OF A PROVIDER IN THE NAME OF BUILDMAST ENGINEERING LIMITED FOR SUSPENSION**

Reference is made to your letter Reference No. ADM/166/177/01 dated 14<sup>th</sup> August 2025, recommending the suspension of Buildmast Engineering Limited for failure to substantially perform the obligations specified under the contract for the upgrade of Acii Health Centre II to III.

The Authority has reviewed your recommendation and noted that it lacks the supporting documentary or other evidence, as required by Regulation 13(1)(d) of the Public Procurement and Disposal of Public Assets Regulations, 2014.

In order to facilitate due consideration and appropriate action, you are requested to submit the bid of the provider and the procurement file containing:

1. The bidding document;
2. The contract and all addenda made to the contract;
3. Current progress status report with photographs of the structures;
4. Payment Certificates;
5. The project valuation report supporting the payment certificates; and
6. All other contract management records and correspondence between the Entity and the provider.

The Authority has noted from your letter that you filed a police case against the provider. This is to request that you provide information to the Authority on the police case.

The above information should be submitted to the Authority by **Friday, 3<sup>rd</sup> October 2025**, to enable the Authority to proceed with the investigation.

Canon Benson Turamye  
**EXECUTIVE DIRECTOR**

|   |  |   |   |
|---|--|---|---|
| <b>Head Office</b><br>PPDA - URF Towers, Plot 19<br>Nakasero Road<br>P.O. Box 3925, Kampala Uganda<br>Tel: +256-414-311100<br>Email: <a href="mailto:info@ppda.go.ug">info@ppda.go.ug</a> | <b>Western Regional Office</b><br>RDC's Building, Bishop Stretcher Road,<br>Opposite BOU Currency Centre, Mbarara-Kabale Road<br>P.O. Box 1353, Mbarara, Uganda<br>Tel: +256-417-733900<br>Email: <a href="mailto:mbararaoffice@ppda.go.ug">mbararaoffice@ppda.go.ug</a> | <b>Northern Regional Office</b><br>Plot 1, Lower Churchill Drive<br>P.O. Box 999, Gulu, Uganda<br>Tel: +256-417-432010<br>Email: <a href="mailto:guloffice@ppda.go.ug">guloffice@ppda.go.ug</a> | <b>Eastern Regional Office</b><br>Oval Plaza, Plot 1, Court Road<br>P.O. Box 2173, Mbale, Uganda<br>Tel: +256-417-890100<br>Email: <a href="mailto:mbaleoffice@ppda.go.ug">mbaleoffice@ppda.go.ug</a> |
|---|--|---|---|

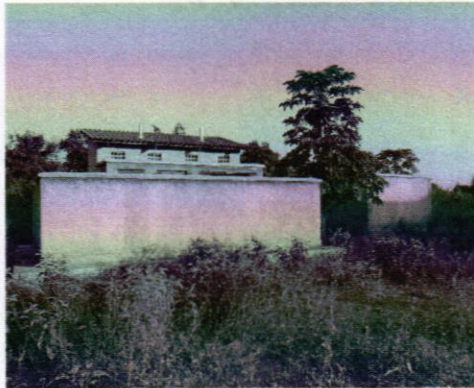
f PPDA Uganda    d PPDAUganda    PPDA Uganda    Info @ ppda.go.ug    [www.ppda.go.ug](http://www.ppda.go.ug)

**Appendix VI: Physical Verification Pictures in November 2025**

**VIP 4 STANCE + SHOWER**

Pending works included:

- Rain water disposal
- Two door installations
- Internal finishes
- External finishes
- Mechanical installations



*4-Stance VIP + Shower*

**MEDICAL WASTE PIT**

Pending works included installation of mild steel lockable cover and finishes.



*Medical Waste pit*

**MATERNITY WARD (STANDARD)**

The pending works included:

- Rainwater disposal
- Doors
- Windows
- Internal finishes
- External finishes
- Electrical installations
- Joinery fittings
- Mechanical installations



*Front View*



*Back view*



*Inside view of ongoing works inside the Maternity Ward*



*Ongoing works inside the Maternity Ward*

*Ramp construction works*

### **PLACENTA PIT**

Pending works included:

- Door installation
- Splash Apron
- Finishes



*Placenta pit front view*



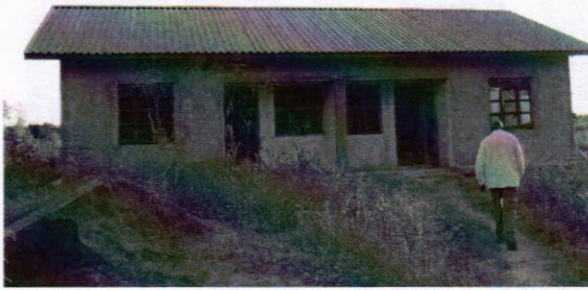
*uncovered pit*

### **STAFF HOUSE**

The pending works included:

- Roofing and rain water disposal
- Doors
- Windows
- External finishes
- Internal finishes
- Joinery and fittings
- Electrical installations

- Mechanical installations



*Ongoing works at the staff house*

### **OPD RENOVATION**

The renovation works have not commenced.



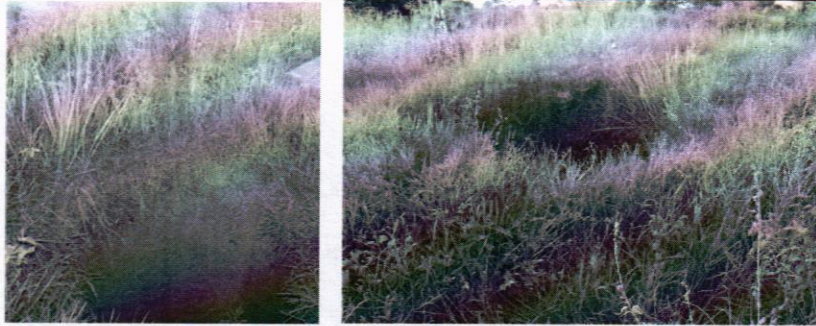
*Unrenovated OPD*

### **Landscaping/External Works/ Site Hazards**

The landscaping works and site safety measures not undertaken.



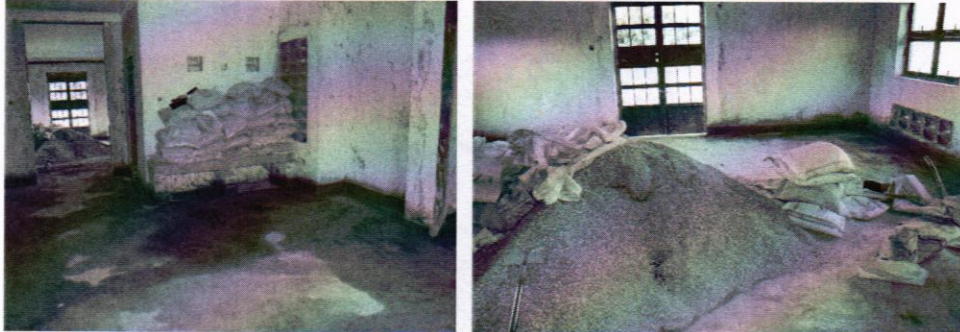
*Dangerous open holes and bushy site*



*Dangerous open holes and bushy site*

**Materials Storage**

The materials were stored inside the Maternity Ward and others on the floor in the materials store.



*Construction materials stored inside the maternity ward*



*Cement stored on ground instead of a raised surface/pallets*

**Unimplemented Preliminaries and ESMP**

| No. | Item Description   | Amount (UGX)      |
|-----|--|-------------------|
| 1.  | Office for the Project Manager   | 5,000,000         |
| 2.  | Maintain a telephone on the site from commencement to the completion of the contract | 500,000           |
| 3.  | Site progress photographs  | 1,000,000         |
| 4.  | Temporary hoardings and fencing  | 10,000,000        |
| 5.  | ESMP implementation  | 5,000,000         |
|     | <b>Total</b>   | <b>23,500,000</b> |

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