



**PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY**
"Procurement That Delivers"

**CONTRACT AUDIT REPORT INTO THE UPGRADE OF ACII
HEALTH CENTRE II TO III IN AMOLATAR DISTRICT (Procurement
Reference Number: MoH-UgIFT/WRKS/2022-23/00001 - Lot 5)**

AMOLATAR DISTRICT LOCAL GOVERNMENT

JUNE 2025

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ACRONYMS

BOQs	Bills of Quantities
DLG	District Local Government
DLP	Defects Liability Period
ESHS	Environment, Social, Health and Safety
ESMP	Environment and Social Management Plan
FY	Financial Year
GCC	General Conditions of Contract
PDE	Procuring and Disposing Entity
PPDA	Public Procurement and Disposal of Public Assets Authority
PPDA Act	Public Procurement and Disposal of Public Assets Act
SCC	Special Conditions of Contract
UgIFT	Uganda Intergovernmental Fiscal Transfer
UGX	Ugandan Shillings

EXECUTIVE SUMMARY

On 26th May 2023, Amolatar District Local Government entered into a contract with Buildmast Engineering Limited for the upgrade of Acii Health Centre II to III at a cost of UGX 917,944,163 with an intended completion period of eight months.

In line with Section 8 (1) (j) (ii) of the PPDA Act, Cap.205, the Public Procurement and Disposal of Public Assets Authority conducted a contract audit into the upgrade of Acii Health Centre II to III in Amolatar District (Procurement Reference Number: MoH-UgIFT/WRKS/2022-23/00001 - Lot 5) with an overall objective of assessing the status of contract implementation with emphasis on verification that all parties to the contract complied with the requirements and standards set forth in the contract and the provisions of the PPDA Law and UGIFT Guidelines.

The following key exceptions were noted:

1. Delayed completion of the works: By January 2025, 250% of the contract time had lapsed against a physical progress of 60% and a financial progress of 100%. The contract between the Entity and Buildmast Engineering Limited expired on 31st January 2024 before completion of the works. The Authority did not find any other extension of the completion period which implied that the terms and conditions of contract were no longer enforceable. There has been delayed health service delivery to the community. There is also likely to be an increase in the cost of completion of the works as a result of lapse of time and inflation costs in the event that the Entity tenders out the pending works.
2. Defects on the works. During the physical verification of the project site in January 2025, the Authority found defects such as peeling plaster, visible cracks on the walls. Defects on the works compromise the quality of the structures.
3. Payment of 100% advance contrary to the provision in the contract. The Entity paid the contractor 100% advance at contract commencement instead of 30% as provided in the contract. The Entity on 28th June 2023 paid the contractor UGX 917,944,163 instead of UGX 275,383,248 contrary to GCC 60.1 of the special conditions of contract which provided that advance payment shall be equivalent to 30% of the contract price. This was a breach of contractual terms and conditions and can cause financial loss to the Government in the event of non-performance by the contractor.
4. Expired advance payment guarantees. The Entity failed to task the contractor to extend the validity periods of the Advance Payment Guarantee dated 26th May 2023 worth UGX 275,383,249 (ref. no. CRDB/HEADOFFICE/TF/26.01/05/2023) and Advance Payment Guarantee dated 1st June 2023 worth UGX 642,560,915 (ref. no. CRDB/HEADOFFICE/TF/01.03/06/2023) before their expiry on 25th November 2023 and 29th May 2024 respectively. There is a risk of the Entity incurring a financial loss of UGX 365,944,163 (value of unexecuted works) in unrecovered advance due to the expired Advance Payment Guarantees.
5. Site abandonment by the contractor. A progress report dated 10th December 2024 prepared by the District Engineer Mr. Orech Edward highlighted frequent abandonment of the site by the contractor for a cumulative period of over 11 months. This affected

timely completion of project and this ultimately affected the delivery of health services to the citizens.

6. Failure to deduct 10% retention from payment made to the contractor. On 28th June 2023, The Entity irregularly paid Buildmast Engineering Limited the full contract amount of UGX 917,944,163 without deducting the 10% retention worth UGX 91,794,416. This was contrary to GCC 44.1 and GCC 57.1 of the Special Conditions of Contract which provided for a defects liability period (DLP) of 365 days and retention worth 10% of the contract price. This put the Entity at a risk of absence of a safeguard against any defects on the construction works by the contractor.
7. Failure by the Project Manager to penalize the contractor for failure to submit a work program and subsequent program updates as required under GCC 36.1 and GCC 36.3 of the signed contract. The Project Manager could not effectively monitor the sequence of tasks, timelines, resource allocation and key milestones for the project.
8. Lack of Performance Security and ES Performance Security:
 - i) The Entity did not task the contractor to submit the Performance Security worth UGX 64,256,091 contrary to GCC 61.1 of the signed contract which required a Performance Security worth 7% of the contract price. The Entity had no recourse for non-performance of the contract by the contractor.
 - ii) The Entity did not task the contractor to submit an ES Performance Security worth UGX 27,538,325 contrary to GCC 61.1 of the signed contract which required a Performance Security worth 3% of the contract price. The Entity had no recourse for non-performance of the contractor on environment, health, social and safety safeguards under the contract.
9. Failure by the contractor to implement activities worth UGX 5,000,000 that were costed under Environment and Social Management Plan in the bills of quantities. This compromised the health, safety and security of the workers, community and materials on site.

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

1. The Accounting Officer should:
 - i. Task the District Engineer (Project Manager) to value the pending works and tender out the pending works to ensure successful completion of the works before 30th June 2025, when the UgIFT program is expected to close.
 - ii. Appoint a Contract Management Team and task them to strengthen project monitoring and supervision by tracking project performance and conducting analyses at every stage to avoid further project delays and to ensure that works are completed before June 2025.
 - iii. Submit the Buildmast Engineering Limited to the Authority for suspension in accordance with Sections 9 (1) (f) and 128 (e) of the PPDA Act, Cap. 205.
 - iv. Recover advanced funds worth UGX 365,944,163 (*value of unexecuted works as indicated in the progress report prepared by the District Engineer on 10th December 2024*) from Buildmast Engineering Limited. In the event of failure to recover the

- advanced funds from Buildmast Engineering Limited, the Accounting Officer should pay it.
- v. Recover 10% retention worth UGX 91,794,416 from Buildmast Engineering Limited to cover the defects liability period of 365 days.
 - vi. Where the contractor fails to furnish the Performance Security and ES Performance Security within the stipulated period in future contracts, withhold the bid security, annul the contract award decision and award the contract to the next best evaluated bidder in accordance with Regulation 12 (2) and (3) of the PPDA (Contracts) Regulations, 2023.
 - vii. In future contracts, manage the performance related risks for local contractors through use of performance securing declaration to commit contractors to meet their contractual obligations without encumbering financial resources in accordance with the PS/ST Circular dated 27th November 2024 on management of performance securities and advance payment guarantees.
2. The Authority shall initiate suspension hearing on Buildmast Engineering Limited for abandonment of works in accordance with Section 128 (e) of the PPDA Act, Cap. 205.
 3. The Permanent Secretary, Ministry of Local Government should institute disciplinary action against the Accounting Officer and the Chief Finance Officer for potentially causing financial loss worth UGX 365,944,163 (value of unexecuted works) by paying 100% advance worth UGX 917,944,163 to Buildmast Engineering Limited through a bank account in a different bank contrary to the terms and conditions stated in the advance payment guarantees. The advance payment guarantees Ref. Numbers: CRDB/HEADOFFICE/TF/01.03/06/2023 and CRDB/HEADOFFICE/TF/26.01/05/2023 worth UGX 642,560,915 and 275,383,249 respectively, that were issued by Centenary Bank clearly stated that *"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"*.
 4. The Accounting Officer and Chief Finance Officer should show cause as to why disciplinary action should not be taken against him for breach of the contract terms by paying the contractor 100% advance instead of 30% advance as required in the contract.
 5. The Project Manager should:
 - i) In future procurements, consider termination of a contract if the contractor causes a fundamental breach of the contract as per Clause 68.1 and 68.2 (a) of the General Conditions of Contract.
 - ii) In future procurements ensure that the Advance Payment Guarantees remain valid until all the advance monies paid to the contractor are recovered from the subsequent interim payments made to a contractor in accordance with Regulation 43 (5) (a) of the PPDA (Contracts) Regulations, 2023.
 - iii) In future procurements ensure that the Performance Security and the Environmental and Social Performance Security submitted by a contractor remain valid until a date 28 days beyond the intended completion date in accordance with Clause 61.4 of the General Conditions of Contract; and

- iv) After the tendering process for completion of the pending works, task the contractor to:
 - a) Implement the activities worth UGX 5,000,000 that were costed under the Environmental and Social Management Plan in order to manage potential environmental and social unintended negative impacts associated with the project's activities, as well as to allow for meaningful and inclusive multi-stakeholder consultations and engagement throughout the lifecycle of the project;
 - b) Take all reasonable precautions to maintain the health and safety of the contractor's personnel and authorized persons on site.

CHAPTER 1: INTRODUCTION

1.1 Background

The Government of Uganda received funds from the World Bank to fund the Uganda Intergovernmental Fiscal Transfer (UgIFT) Program for Results. Ministry of Health under the UgIFT program earmarked Health Centre IIs to be upgraded to Health Centre IIIs and construction of new Health Centre IIIs.

Amolatar District Local Government was one of the beneficiary districts and on 26th May 2023, the district entered into a contract with Buildmast Engineering Limited for the upgrade of Acii Health Centre II to III at a cost of UGX 917,944,163 in Acii Sub-County with an intended completion period of eight months.

In line with Section 8 (1) (j) (ii) of the PPDA Act, Cap. 205, the Public Procurement and Disposal of Public Assets Authority conducted a contract audit into the upgrade of Acii Health Centre II to III in Amolatar District (Procurement Reference Number: MoH-UgIFT/WRKS/2022-23/00001 - Lot 5) The overall objective was to assess the status of contract implementation with emphasis on verification that all parties to the contract complied with the requirements and standards set forth in the contract; the provisions of the PPDA Law and UGIFT Guidelines.

Table 1 below shows the summary of the contract between Amolatar District Local Government and the contractor, Buildmast Engineering Limited.

Table 1: Contract Summary

Entity	Amolatar District Local Government
Contract title	Upgrade of Acii Health Centre II to Health Centre III
Name of the provider	Buildmast Engineering Limited
Type of contract	Admeasurement Contract
Original contract value inclusive of VAT	UGX 917,944,163
Contract signature date	26 th May 2023
Contract start date	1 st June 2023
Contract end date	31 st January 2024
Contract period	Eight Months
Site possession date	1 st June 2023
Defects liability period	365 days
Status as at 31 st January 2025	Works not yet completed
Contract progress	Time progress at 250% Financial progress at 100% Physical progress at 60%
Project Manager	District Engineer

Table 2 below shows the summary of the bills of quantities (scope) for the contract between Amolatar District Local Government and the contractor, Buildmast Engineering Limited.

Table 2: Summary of the bills of quantities

No.	Structure details	Quantity	Amount (UGX)
1.	Preliminaries	1	17,250,000
2.	ESMP Implementation	1	5,000,000
3.	Maternity Ward (Standard)	1	515,683,710
4.	VIP 4 Stance + Shower	1	38,168,500
5.	Placenta Pit	1	15,638,000
6.	Medical Waste Pit	1	7,673,750
7.	Staff House	1	213,044,767
8.	OPD Renovation	1	30,000,000
Sub Total I			842,458,727
9.	Contingency		42,985,436
Sub Total II			885,444,163
10.	LG Supervision		32,500,000
Total Amount			917,944,163

1.2 Objective of the audit

The primary objective of the contract audit exercise was to assess the status of contract implementation with emphasis on verification that all parties to the contract complied with the requirements and standards set forth in the contract and the provisions of the PPDA Law and UGIFT Guidelines.

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

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

1.3 Scope of the audit exercise

The audit covered the contract execution and management for the upgrade of Acii Health Centre II to III in Acii Sub-County, Amolatar district.

1.4 Audit methodology

The Authority adopted the following methodology:

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

1.5 Limitation of scope

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

1.6 Legal documents applicable

The applicable laws and legal framework were:

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

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

2.1 PROGRESS OF THE WORKS

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

2.1.1 TIME CONTROL

2.1.1.1 Delayed completion of the works

The Authority found that 250% of the contract time had elapsed against a financial progress of 100% and estimated physical progress of 60% as at 31st January 2025 as indicated in tables 3, 4, 5 and 6 below:

Table 3: Time progress as of 31st January 2025

Start Date	1 st June 2023
End Date	31 st January 2024
Measurement Date	31 st January 2025
Contract Period (Months)	8
Time Lapse (Months)	20
Time Progress	250%

Table 4: Financial progress

Contract Amount	917,944,163
Payment made on 28 th June 2023	917,944,163
Financial Progress	100%

Table 5: Physical progress

Item	Amount (UGX)
Total of executed works	552,000,000
Executed works (%)	60%
Total of unexecuted works	365,944,163
Unexecuted works (%)	40%

Note: Information obtained from the progress report prepared by the District Engineer on 10th December 2024

Table 6: Photographs showing physical progress as of 31st January 2025

Physical verification of works at Acii Health Centre

Maternity Ward



Backview of the incomplete maternity block



Interior of the incomplete maternity block



Incomplete soak pit for maternity block



Incomplete septic tank for maternity block

Status of works: The works were incomplete

Pending works:

Item	Amount (UGX)
Doors	29,212,400
Windows	29,305,000
External finishes	12,375,000
Internal finishes	76,901,060
Joinery and fittings	28,000,000
Electrical installations	46,860,000
Mechanical installations	51,870,000

VIP latrine at Acii Health Centre III



Inco



Incomplete VIP Latrine

Physical verification of works at Acii Health Centre

mplete VIP Latrine

Status of works: The works were incomplete

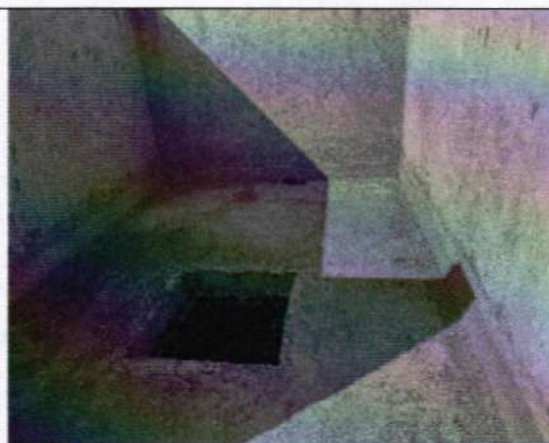
Pending works:

Item	Amount (UGX)
Doors	4,364,000
External finishes	3,206,500
Internal finishes	1,543,880
Mechanical installations	1,170,000

Placenta Pit



Incomplete placenta pit



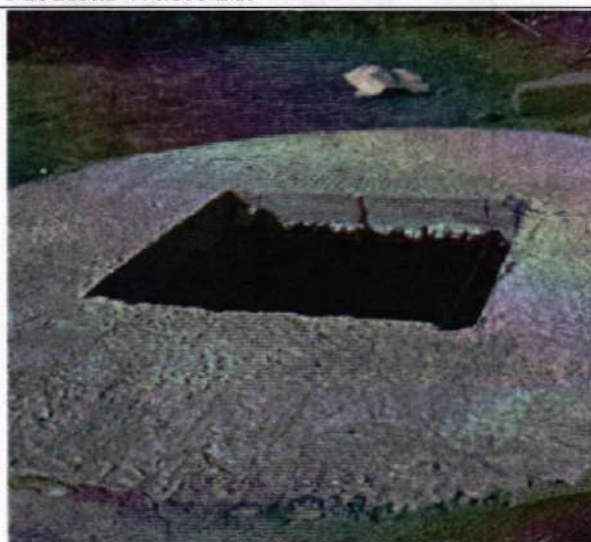
Incomplete placenta pit

Status of works: The works were incomplete

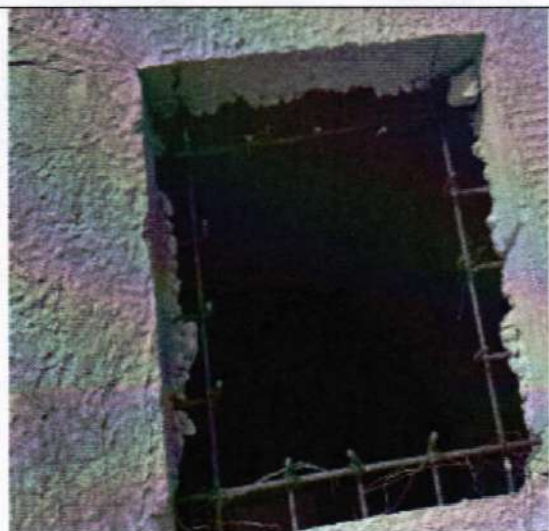
Pending works:

Item	Amount (UGX)
Doors	840,000
Finishes	1,585,000

Medical Waste Pit



Incomplete medical waste pit



Incomplete medical waste pit

Physical verification of works at Acii Health Centre

Status of works: The works were incomplete

Pending works:

Item	Amount (UGX)
Finishes	660,000
Steel lockable cover	200,000

Staff House

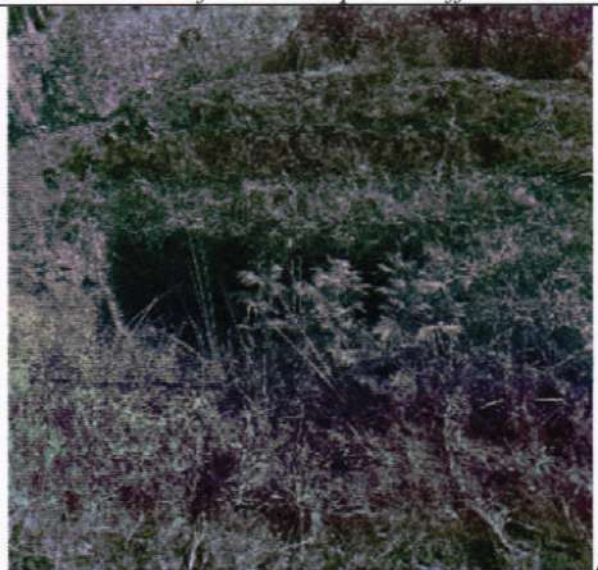


Exterior view of the incomplete staff house



Inte

rior view of the incomplete staff house



I

ncomplete septic tank for the staff house

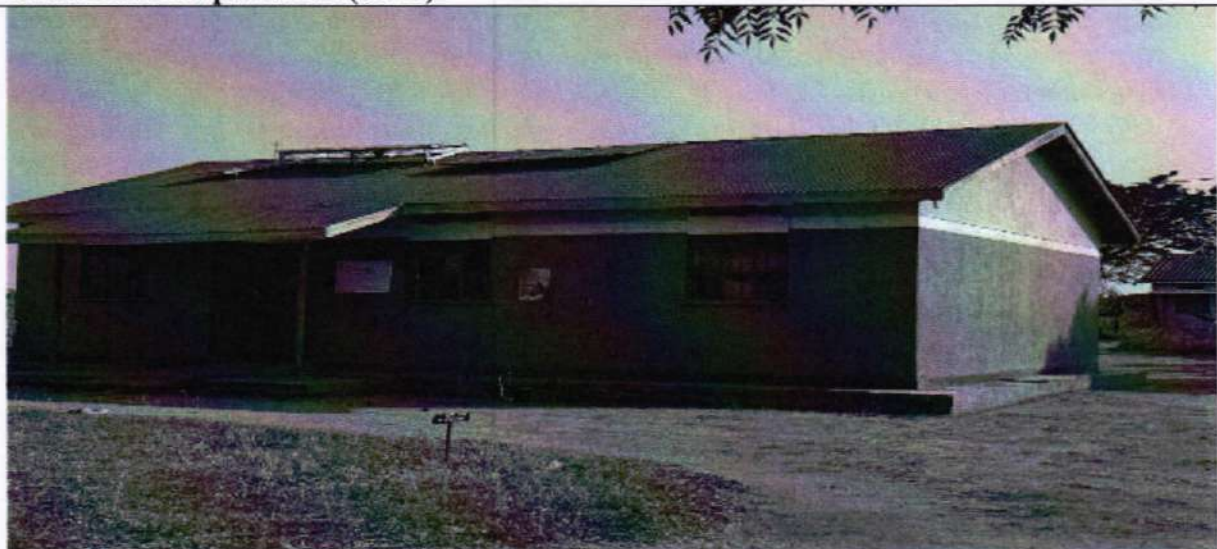


In

complete soak pit for the staff house

Physical verification of works at Acii Health Centre**Status of works:** The works were incomplete**Pending works:**

Item	Amount (UGX)
Roofing and rain water disposal	37,568,993
Doors	15,680,000
Windows	13,659,600
External finishes	6,186,055
Internal finishes	25,853,223
Joinery and fittings	6,000,000
Electrical installations	16,880,000
Mechanical installations	18,348,000

Out-Patient Department (OPD)*OPD not renovated***Status of works:** The works were not yet complete**Pending works:**

OPD renovation	30,000,000
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Compound at Acii Health Centre III

The above are photographs taken on 31st January 2025 showing no landscaping works executed, no trees and grass planted by the contractor.

Implications

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

Management response

1. *It is true that the contractor abandoned the site on 23rd December 2023, otherwise from the beginning of the contract period to the time of abandonment, the work progress and workmanship was good.*
2. *The Entity wrote to the contractor on 19th April 2024 to show cause for abandonment of site and why Amolatar District Local Government should extend his contract, ADLF should not cash out his bank payment guarantee and why his contract should not be terminated. The contractor wrote back on 23rd April 2024 citing challenges the company was facing, he said they had a challenge with their bankers which affected his finances hence affecting the works at Acii HC III. He then in his letter pledged to get back to site within one week from 23rd April 2024. On receiving his response to the warning, the Accounting Officer wrote to PDU to submit his request for contract extension to Contracts Committee. When he didn't resume work as promised the Accounting Officer wrote to Solicitor General and Police for legal and criminal investigation.*

Authority's comment

In light of the circumstances raised by the Entity, the Accounting Officer did not ensure that the contract remained valid until completion of the works. The Authority during a site visit in January 2025 found incomplete works yet the contract expired on 15th September 2025.

Recommendations

The Accounting Officer should:

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

2.1.1.2 Expired contract

The Authority found that the contract expired on 31st January 2024 and the Entity did not have the contract extended before it expired yet the physical progress of the works was at only 60% against a financial progress of 100%. The project had no valid contract for over 12 months yet the works were incomplete.

Implication

The contract with Buildmast Engineering Limited is void and the terms and conditions are no longer enforceable.

Management response

This is noted for future contracts. The Entity will ensure that contracts are extended before expiry to ensure completions of works within a valid contract period.

In this scenario the contractor submitted request for contract extension and was extended by Contracts Committee once and he still didn't show up on site for the whole contract period, so when he submitted the second request, Contracts Committee didn't approve the request for contract extension.

Authority's comment

In light of the circumstances raised by the Entity, the Accounting Officer did not take adequate action for the contract to remain valid until completion of the works. The Entity did not provide any documentary evidence to show that the contract was extended.

Recommendations

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

2.1.1.3 Site abandonment by the contractor for a cumulative period of over 11 months

The Authority during physical verification on 31st January 2025 found the site had been abandoned.

The progress report dated 10th December 2024 prepared by the District Engineer Mr. Orech Edward highlighted frequent abandonment of the site by the contractor. The report indicated that the contractor abandoned the site from 22nd December 2023 to 7th July 2024. When the contractor returned to the site on 8th July 2024, they again abandoned the site in October 2024 and since then had not returned to the site to complete the pending works. Therefore, cumulatively the site had been abandoned by Buildmast Engineering Limited for a period of over 11 months.

The Entity thus failed to ensure that the contractor met all the performance or delivery obligations *in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.*

Implication

Site abandonment affects timely completion of projects and this ultimately affected the delivery of health services to the citizens.

Management response

The Accounting Officer took action by writing to the contractor warning letters and imploring *him to resume work on site. Accounting Officer also wrote to Solicitor General in a letter dated 16th July 2024 requesting for legal action against Buildmast Engineering Ltd and also to the District Police Commander Amolatar on 19th February 2025 for criminal investigations. Several communications both written and via phone calls to the contractor which made him resume work in August 2024. (Attached as annex 2)*

Authority's comment

In light of the circumstances raised by the Entity, the Accounting Officer did not take any measures against the contractor over fundamental breach of contract. The Entity did not provide any documentary evidence to show that the Accounting Officer had written to the Solicitor General on 16th July 2024 and District Police Commander on 19th February 2025.

Recommendations

The Accounting Officer should:

1. In future contracts, ensure that providers meet all the performance or delivery obligations in accordance with the terms and conditions of the contract.
2. Task the Project Manager (District Engineer) to show cause as to why disciplinary actions should not be taken against him for failure to take any actions against the contractor for abandoning the site for long periods.
3. Invoke GCC 58.1 and charge 5% liquidated damages worth UGX 45,897,208 against Buildmast Engineering Limited. *GCC 58.1 of the Special Conditions of Contract states that the maximum amount of liquidated damage for the whole of the works shall be 5% of the final contract price.*

2.1.1.4 Failure to terminate the contract and submit Buildmast Engineering Limited to the Authority over non-performance of the contract

The Authority found that the Entity did not terminate the contract of Buildmast Engineering Ltd for abandoning the site for a cumulative period of over 11 months. This was contrary to GCC 68.1 and 68.2 (a) of the contract which provides that the PDE may terminate the contract if the contractor causes a fundamental breach of the contract such as stopping work for 28 days when no stoppage of work is shown on the program of works and the stoppage has not been authorized by the Project Manager.

Furthermore, the Entity did not submit the contractor to the Authority for failure to honor the contract terms and conditions contrary to the Regulation 13 of the Public Procurement and Disposal of Public Assets Regulations, 2014. The contract completion date was 31st January 2024 however at the time of contract audit on 31st January 2025, the physical progress of the works was only at 60% and the financial progress at 100%.

Implication

Failure to take actions on obligations not met by the contractor is an indication of poor project management by the Entity and potential collusion to defraud the Government of Uganda.

Management Response

Yes, it's true the Accounting Officer did not submit Buildmast Engineering Limited to PPDA suspension because the Entity was pursuing legal actions against the contractor. The Accounting Officer will now write to PPDA recommending for suspension.

Recommendations

The Accounting Officer should:

1. In future contracts, terminate a contract where a contractor causes a fundamental breach of the contract by stopping work for 28 days when no stoppage of work is shown on the program of works and the stoppage has not been authorized by the Project Manager.
2. The Authority shall institute suspension proceedings into failure by Buildmast Engineering Ltd to perform its obligations that were specified in the contract for the

upgrade of Acii Health Centre II to III worth UGX 917,944,163 in accordance with Section 128 (e) of the PPDA Act, Cap. 205.

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

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

- GCC 36.1 of the signed contract which stated that: *"The Contractor shall submit the Program for the Works within 14 days of contract signature."*
- GCC 36.3 of the signed contract which stated that: *The period between Program updates is 30 days. The amount to be withheld for late submission of an updated Program is: UGX 500,000."*

Implication

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

Management response

Program for works was submitted by the contractor and it is attached.

Authority's comment

The Entity's response is noted; however, the Entity did not provide the program for works and program updates for verification as claimed in the management response.

Recommendation

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

2.1.2 QUALITY CONTROL Failure to appoint a Contract Management Team

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

There were no appointment letters for the Contract Management Team clearly stipulating their roles and responsibilities. There were also no records of the Contract Management Team holding meetings at the project site.

Implications

- Absence of a Contract Management Team affected performance of the Government of Uganda in delivering of health services to communities in and surrounding areas of Acii Sub County.

- Without formal appointment of Contract Management Team, persons deemed to be responsible for roles of the contract management team may not legally be held responsible for any shortcoming.
- Ineffective contract monitoring and supervision, potentially increased the risk of contract non- performance by a provider.

Management response

The contract management team were appointed and site meetings held. The file couldn't be accessed during the audit since most of Amolatar District Local Government Heads of Departments were in Soroti for DDPIV.

Authority's comment

The Authority found the Entity's response unsatisfactory given that the Entity did not submit copies of appointment letters of the the Contract Management Team for verification.

Recommendation

After the tendering process, the Accounting Officer should appoint a Contract Management Team in accordance with PPDA Circular No. 3 of 2019 on the implementation of procurements under UgIFT and PSST Circular dated 26th May 2020 on contract management and safeguard requirements under UgIFT.

1.1.2.2 Failure to prepare the contract implementation plan

The Authority found that there was no contract implementation plan to guide the effective implementation of the contract contrary to Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023. Whereas the contract start date was 1st June 2023 with a completion date of 31st January 2024, the contract implementation plan was not prepared even at the time of the audit on 31st January 2025. A contract implementation plan provides key milestones such as the start date and end date, site possession date by the contractor, date of submission of the Performance Security, date of submission of Advance Payment Guarantee, date of release of the bid security, date of release of the securities and the defects liability period.

Implications

Lack of a contract implementation plan hinders the Entity from effectively monitoring, tracking of key milestones and supervising the contractor to meet the contractual obligations.

Management Response

The contract management plan is available and attached

Authority's comment

The Entity's response is noted; however, the Entity did not attach the contract implementation plan for verification as claimed in the management response.

Recommendation

After the tendering process, the Accounting Officer should instruct the Project Manager to prepare a contract implementation plan using Form 49 and forward a copy of the same to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations 2023.

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

The Authority found that the Entity only held monthly site meetings in the months of January 2024 and March 2024 yet the contract required monthly site meetings by the Entity Team and the Contractor. There were no monthly site meetings held from June 2023 to December 2024. This was contrary to PPDA Circular No. 3 dated 24th July 2019 on the implementation of procurements under UgIFT that requires the Entity to hold monthly site meetings.

Implications

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

Management Response

The site meetings were held and minutes prepared (see attached).

Authority's comment

The Entity's response is noted; however, the Entity only provided site meeting minutes for January 2024 and March 2024. There were no monthly site meeting minutes for the meetings held from June 2023 to December 2024 with exception of the two mentioned herein.

Recommendations

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

1.1.2.4 Failure to conduct inspections and approval of outputs

The Authority found that the Entity did not conduct monthly inspections and approval of outputs. It was noted that since the works started on 1st June 2023 up to date, there was no records of inspections and approvals (site instruction book) to show that inspections and approval of outputs of the construction works was undertaken by the District Engineer/Project Manager.

Implications

Failure to conduct inspections and approval of outputs:

- Denies the Entity the opportunity to detect non-compliance to drawings and specifications, materials testing and defects.
- Increases the risk of shoddy works by the contractor and compromises quality of works.

Management response

Inspection report available and output tracked (see attached reports and work progress)

Authority's comment

The Entity's response is noted; however, the Entity did not provide the inspection reports for verification as claimed in the management response.

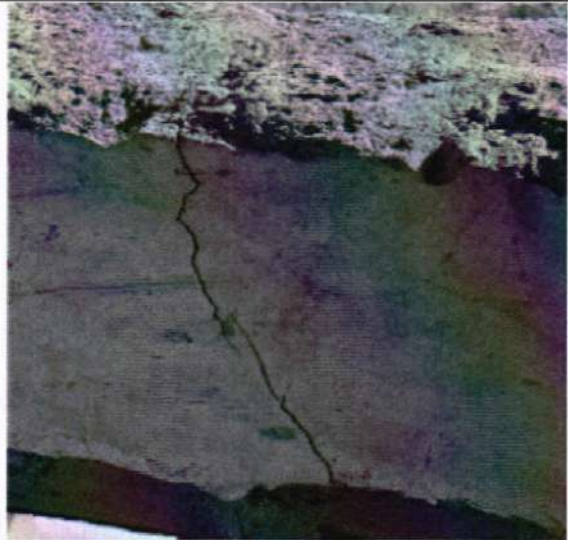
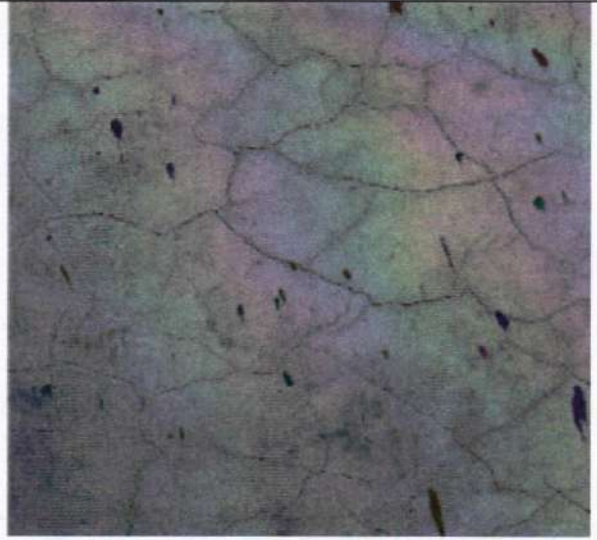

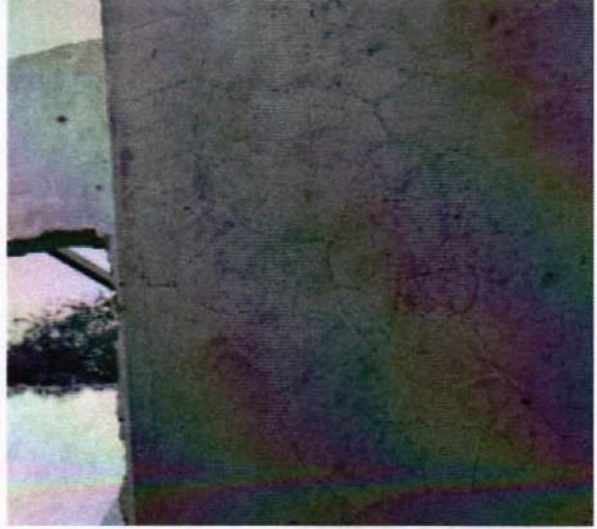
Recommendation

The Accounting Officer should instruct the District Engineer/Project Manager to conduct periodic inspections and approval of outputs of the pending works so as to ensure quality control in accordance with Regulation 52 (3) (a) (iv) of the PPDA (Contracts) Regulations, 2023.

1.1.2.5 Unsatisfactory works and defects

The audit team conducted physical verification of the upgrade of Acii Health Centre II to III on 31st January 2025 and found plaster cracks on the walls. The contractor plastered the internals walls before roofing and this could have caused the plaster cracks due to exposure to severe harsh weather conditions for a long period. The peeling cracks are also attributed to poor workmanship in terms of work methods, material mixes, poor quality materials, and poor contract supervision. The details are indicated in Table 7 below:

Table 7: Shoddy works and defects as of 31st January 2025

	
<i>Visible wide cracks on the plastered wall</i>	<i>Visible cracks on the plastered wall</i>
	
<i>Peeled of plaster due to inadequate cement</i>	<i>Visible cracks on the plastered wall</i>

Implications

Unsatisfactory works and defects compromise the quality of the structures and this can pose a serious risk to the occupants.

Management response

No, there was no poor workmanship and poor materials. Plastering and roofing were planned as concurrent activities but unfortunately the contractor got challenges before, he could roof but plastering was already done leading to over exposure of the plastered surface resulting to minute cracks on the walls.

Authority’s comment

The Entity’s response is noted; however, based on the findings from the site visit on 31st January 2025 as indicated in Table 7, there were peeling plaster and visible cracks on the walls which was an indication of poor workmanship by the contractor.

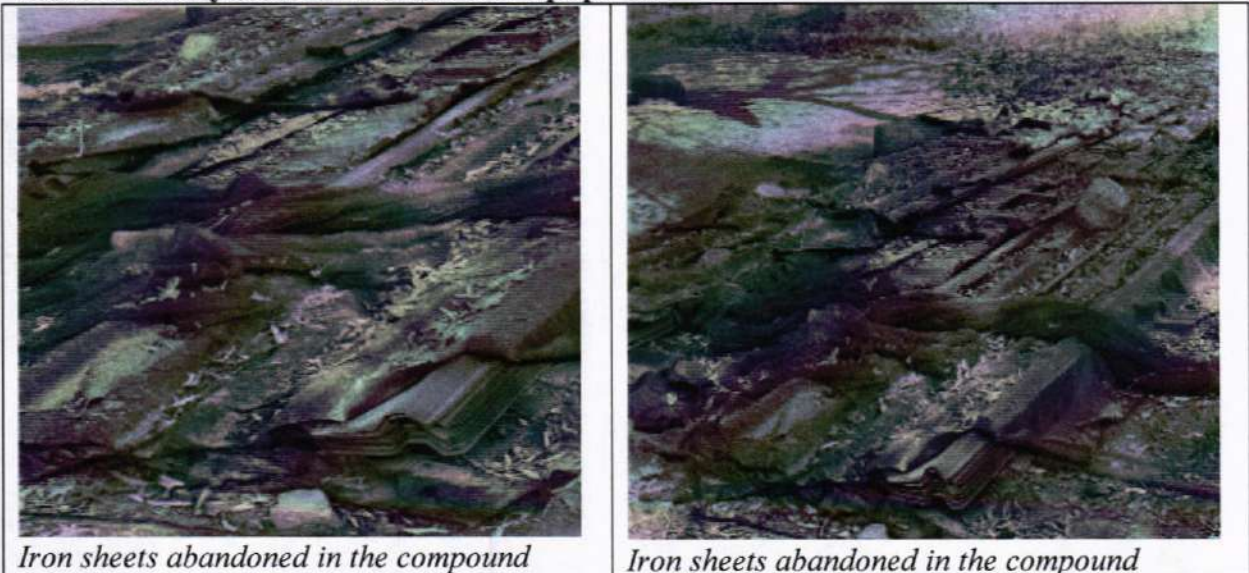
Recommendations

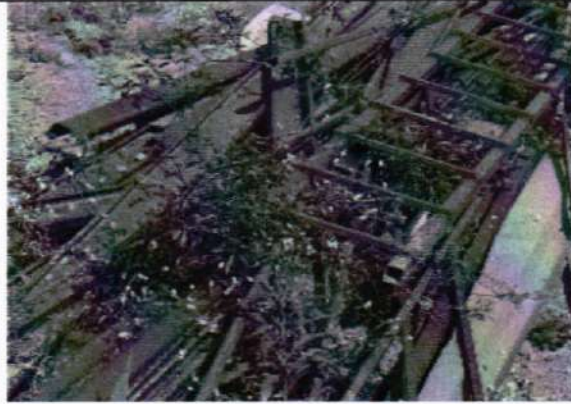
1. The Accounting Officer should task the Project Manager to bring to the attention of Buildmast Engineering Limited, a list of defects and snags that the contractor must repair and rectify.
2. In the event of failure by Buildmast Engineering Limited to correct the identified defects and snags, the Accounting Officer should submit the company to the Authority for suspension in accordance with Section 9 (1) (f) of the PPDA Act, Cap. 205.

1.1.2.6 Poor storage of materials and equipment

The audit team conducted physical verification of the upgrade of Acii Health Centre II to III on 31st January 2025 and found poor storage of materials by Buildmast Engineering Ltd. Materials and equipment such as iron sheets, concrete mixers, steel windows, pipes and water tank were abandoned in the compound and were exposed to harsh weather conditions. This was attributed to laxity on the part of the contractor and poor contract monitoring and supervision by the Entity. The details are in Table 8 below:

Table 8: Poorly stored materials and equipment

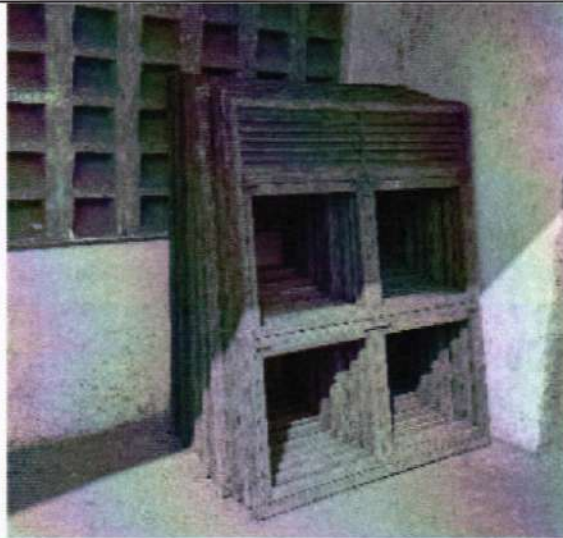




Steel materials with rust abandoned in the compound



Concrete mixer abandoned in the compound



Steel doors with rust abandoned outside



PVC pipes abandoned in the compound



Water tank abandoned in the compound



Machine abandoned in the compound

Implications

- Poor storage and material handling could lead to waste, environmental pollution, accidents, and material quality deterioration.
- Failure to store materials and equipment in a safe and secure place could lead to theft of materials and equipment which ultimately leads to increased costs and project delays.

Management Response

Accounting Officer wrote to the contractor to properly store their materials on site.

Recommendations

The Accounting Officer should:

1. After the tendering process, task the Project Manager to instruct the contractor to provide and maintain on the site ample weatherproof sheds for storage of materials for the pending works in order to uphold the quality of the materials.
2. Task the District Engineer to assess the state and condition of the materials to determine their suitability for use in the construction works.
3. Caution the District Engineer for failure to task Buildmast Engineering Limited to store the materials and equipment in the site store.

1.1.3 COST CONTROL

1.1.3.1 Failure to task the contractor submit the Performance Security worth UGX 64,256,091

The Authority found that Buildmast Engineering Limited did not furnish the Entity with a Performance Security worth UGX 64,256,091. This was contrary to GCC 61.1 of the Special Conditions of Contract which provided that “The Performance Security worth 7% of the contract price shall be required and should be submitted to the employer within 21 calendar days of signing the contract.”

Implications

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

Management Response

This is true and noted by management for improvement.

Recommendations

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

3. Where a contract requires a Performance Security, the Accounting Officer should ensure that it is submitted in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023.

1.1.3.2 Payment of 100% advance instead of 30% advance as provided in the contract

The Authority found that the Entity paid the contractor 100% advance at contract commencement instead of 30% as provided in the contract. The Entity on 28th June 2023 paid the contractor UGX 917,944,163 instead of UGX 275,383,248 contrary to GCC 60.1 of the special conditions of contract which stated that advance payment shall be equivalent to 30% of the contract price. It was also contrary to Regulation 43 (3) of the PPDA (Contracts) Regulations, 2023 which states that a '*Procuring and Disposing Entity shall not make an advance payment exceeding thirty percent of the contract price*'.

Implication

This is a breach of contractual terms and conditions and can cause financial loss to the Government in the event of non-performance by the contractor.

Management Response

Yes, it is true that the contractor was advanced 100% of the contract sum instead of the 30%, this was due to pressure of closure of the financial year and the contract provided advance payment guarantee covering 100% payment. The 100% payment was only to be released by the bank to the contractor upon certification of progress of work authorisation from Accounting Officer. After abandonment of site, the Accounting Officer wrote to the bank recalling the guarantee so that funds can be reverted back, the bank replied requesting for proof of payment via the designated account number 1651000010002 to enable them proceed with the payment. The Entity then realised that the contractor had fraudulently tricked the District and the money was paid through a different account and bank other than the one that had provided the advance guarantee. On realisation, AO reported to Solicitor General and Amolatar Central Police Station case ref.....

Recommendations

1. Disciplinary action should be instituted against the Accounting Officer and the Chief Finance Officer for potentially causing financial loss worth UGX 365,944,163 (value of unexecuted works) to the Government by paying 100% advance worth UGX 917,944,163 to Buildmast Engineering Limited through a bank account in a different bank contrary to the terms and conditions stated in the advance payment guarantees. The advance payment guarantees Ref. Numbers: CRDB/HEADOFFICE/TF/01.03/06/2023 and CRDB/HEADOFFICE/TF/26.01/05/2023 worth UGX 642,560,915 and 275,383,249 respectively, that were issued by Centenary Bank clearly stated that "*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*".
2. The Accounting Officer and Chief Finance Officer should show cause as to why disciplinary action should not be taken against him for breach of the contract terms by paying the contractor 100% advance instead of 30% advance as required in the contract.
3. The Accounting Officer should recover advanced funds of UGX 365,944,163 worth the value of unexecuted works from Buildmast Engineering Limited.
4. Where a contract requires an advance payment, the Accounting Officer should pay the advance in accordance with GCC 60.1 of the special conditions of contract.

1.1.3.3 Expired advance payment guarantees

The Authority found that the Entity failed to task the contractor to extend the validity periods of the Advance Payment Guarantees before their expiry on 25th November 2023 and 29th May 2024 respectively. At the time of completion of the audit exercise on 31st January 2025, there were no valid securities in place yet the physical progress of the works was at 60%. Table 9 below shows the details of the expired advance payment guarantees:

Table 9: Expired advance payment guarantees

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

Note: The details of the advance payment guarantee worth UGX 275,383,249 and advance payment guarantee worth UGX 642,560,915 are in appendix 3 and 4 respectively.

Implication

The Entity could incur a financial loss of UGX 365,944,163 (value of unexecuted works as indicated in the progress report prepared by the District Engineer on 10th December 2024) in unrecovered advance due to expiry of the Advance Payment Guarantees.

Management response

This is true and shall be corrected.

Recommendations

1. The Accounting Officer should recover advanced funds worth UGX 365,944,163 (value of unexecuted works as indicated in the progress report prepared by the District Engineer on 10th December 2024) from Buildmast Engineering Limited.
2. The Contractor Manager should in future procurements ensure that the Advance Payment Guarantees remain valid until all the advance monies paid to the contractor are recovered from the subsequent interim payments made to a contractor in accordance with Regulation 43 (5) (a) of the PPDA (Contracts) Regulations, 2023.

1.1.3.4 Failure to deduct 10% retention from the payment made to the contractor

The Authority found that the Entity on 28th June 2023 irregularly paid Buildmast Engineering Limited the full contract amount of UGX 917,944,163 without deducting the 10% retention worth UGX 91,794,416. This was contrary to GCC 44.1 and GCC 57.1 of the Special Conditions of Contract which provided for a defects liability period (DLP) of 365 days and retention worth 10% of the contract price.

Implications

- Failure by the Entity to deduct the 10% retention exposed the Entity to a risk of non-safeguard for any defects on the construction works by the contractor.

- Failure by the Entity to deduct the 10% retention as required in the contract was a breach of the contract terms.
- In case the contractor fails to correct the defects, this might have to be done at the Entity's cost hence causing a potential financial loss to the Government of Uganda.

Management Response

The retention would be recovered during interim certifications and would be held by the bank until instructed by the Accounting Officer to release to the contractor after defects liability period. It was unfortunate that the contractor was paid through a different account in a different bank.

Authority's comment

The Entity's response is noted; however, the contractor was paid 100% of the contract sum and the contract with Buildmast Engineering Limited expired on 31st January 2024.

Recommendations

The Accounting Officer should:

1. Recover 10% retention worth UGX 91,794,416 from the total amount that was paid to Buildmast Engineering Limited to cover the defects liability period of 365 days.
2. In the event of failure to recover the retention worth UGX 91,794,416, task Buildmast Engineering Ltd to provide a payment security for the retained payment, in accordance with Regulation 45 (2) of the PPDA (Contracts) Regulations, 2023.
3. In future contracts, ensure that retentions are deducted at payments in accordance with the provisions stated in the Special Conditions of Contract.

1.1.3.5 Payment for unimplemented activities under preliminaries and ESMP

The Authority found that the contractor, Buildmast Engineering Limited, was paid for unimplemented activities that were provided under preliminaries and ESMP in the bills of quantities as indicated in Table 10 below:

Table 10: Unimplemented activities under preliminaries and ESMP

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

Implication

The Entity will incur a financial loss of UGX 23,500,000 in case these monies are paid to the contractor without implementation of the above activities.

Management response

This is noted. The Entity is pursuing the contractor to come and finish the works remaining at the site.

Authority's comment

The Entity's response is noted; however, the contract with Buildmast Engineering Limited expired on 31st January 2024.

Recommendation

The Accounting Officer should recover UGX 23,500,000 that was paid to Buildmast Engineering Limited for the preliminary and ESMP activities that were not implemented.

1.1.3.6 Failure to put in place temporary hoardings and fencing of the construction site

The construction site was not hoarded and fenced by the contractor yet UGX 10,000,000 was provided in the BOQs for this purpose. Hoarding and fencing helps to protect the public from any dangers posed by the construction works and also provide security for the construction materials and equipment.

Implication

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

Management Response

The site was hoarded during the period the contractor was on site but since he abandoned the site, the hoarding structure collapsed.

Authority's comment

The Entity's response is noted; however, the Entity did not provide documentary and pictorial evidence to show that hoarding of the site was done as per the provision in the BOQ.

Recommendation

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

2.2 ENVIRONMENT, SOCIAL, HEALTH AND SAFETY REQUIREMENTS**2.2.1 Failure to task the contractor to submit the Environment and Social (ES) Performance Security worth UGX 27,538,325**

The Authority found that the contractor, Buildmast Engineering Limited, did not submit the ES security worth UGX 27,538,325 (3% of the total contract price) contrary to GCC 61.1 of the signed contract which provided that "A performance security worth 3% of the contract price."

Implication

The Entity could potentially lose out on financial compensation worth UGX 27,538,325 in the event of contractor's failure to complete its obligations on environment, health, social and safety safeguards under the contract.

Management response

This is true, the contractor did not submit the ES performance security.

Recommendations

1. Where a contract requires an ES Performance Security, the Accounting Officer should task the contractor to submit it in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023.
2. Where the contractor fails to furnish the ES Performance Security within the stipulated period, withhold the bid security, annul the contract award decision and award the contract to the next best evaluated bidder in accordance with Regulation 12 (2) and (3) of the PPDA (Contracts) Regulations, 2023.

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

The Authority found that the Entity, did not task the contractor to submit a Workman's Compensation Policy contrary to SCC (GCC) 18.1 of the signed contract which stated that:

- (a) The contractor shall provide insurance cover for workers (Workman's Compensation Policy);
- (b) The minimum deductible for insurance of the works, plant and materials is the responsibility of the contractor;
- (c) The minimum cover for insurance of equipment is to be handled by the contractor; and
- (d) The minimum cover for personal injury or death is to be handled by the contractor.

Implication

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

Management response

This is true and noted.

Recommendations

1. The Accounting Officer should caution the Project Manager for failure to task Buildmast Engineering Limited to submit an insurance cover for workers (Workman's Compensation Policy) in accordance with SCC (GCC) 18.1 of the contract and Regulations 36 and 52 (3) (a) (ii) of the PPDA (Contracts) Regulations, 2023.
2. After the tendering process for completion of the pending works, the Project Manager should task the contractor to submit a Workman's Compensation Policy in accordance with SCC (GCC) 18.1 of the contract and Regulations 36 and 52 (3) (a) (ii) of the PPDA (Contracts) Regulations, 2023.

2.2.3 Failure by the contractor to implement Occupational Health and Safety safeguards

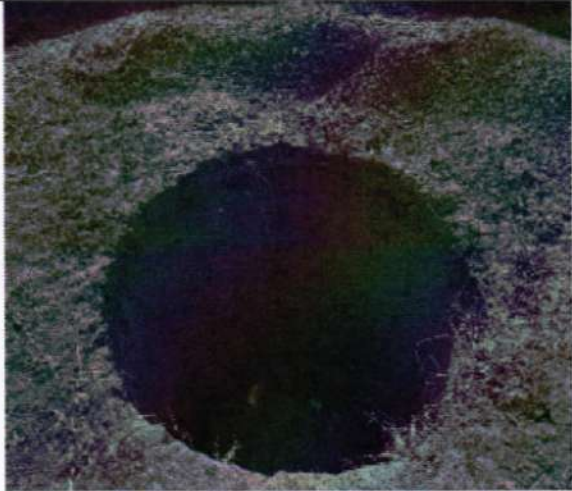
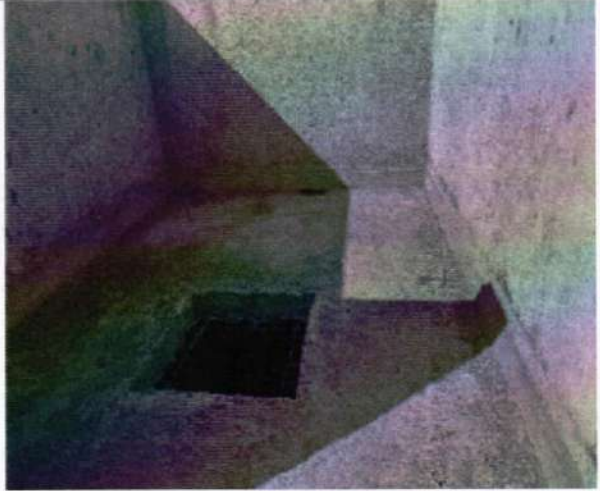

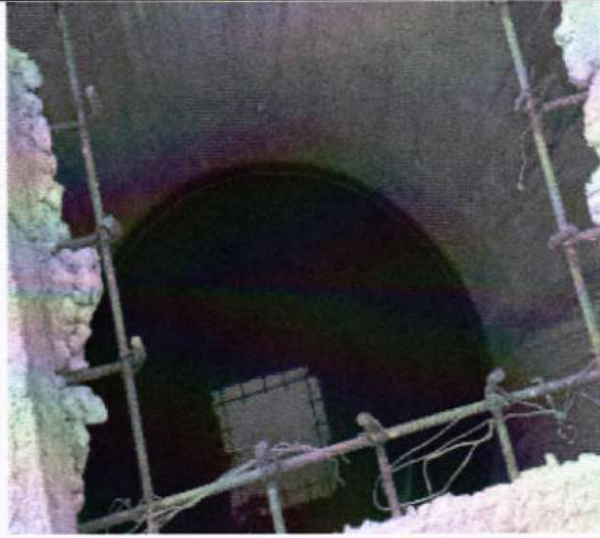
The Authority found that occupational health and safety were not implemented by the contractor, Buildmast Engineering Limited contrary to the terms in the contract and the Circular issued by the Permanent Secretary/Secretary to the Treasury (PS/ST) dated 26th May 2020 on contract management and safeguard requirements under UgIFT which required all Local Government Accounting Officers to take in to account Environmental, Social, Health and Safety concerns on all on-going and forthcoming projects under the UgIFT Programme in Health, Education, Water and Agriculture Sectors.

Activities not implemented included the following:

- i. HIV/AIDS and STD prevention and counselling which was to include information sharing, education and counselling campaigns including regular distribution of condoms however these were not implemented.
- ii. Gender sensitization and awareness raising meetings and workshops and provision of gender sensitive monitoring and reporting.
- iii. On occupational health and safety, the following non-compliance were noted during physical verification:
 - a) No evidence of Personal Protective Equipment (PPEs) such as boots, helmets, gloves and reflector vests etc;
 - b) No safety signs, warning tapes placed at dangerous spots at the site;
 - c) No assembly point;
 - d) No safe cooking place for the workers;
 - e) No accident register;
 - f) No first aid box stocked with medicines and sundries for use in treatment of injuries and sickness.

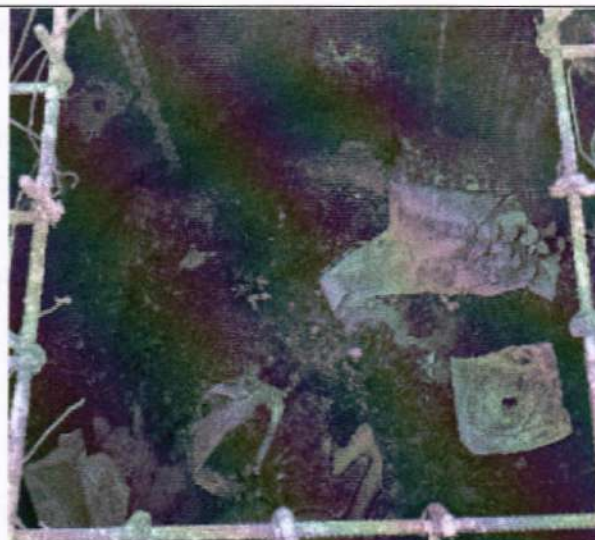
The details are in Table 11 below:

Table 11: Photographs showing non-implementation of occupational health and safety measures

	
<p><i>Open soak pit without a tape</i></p>	<p><i>Uncovered placenta pit</i></p>
	
<p><i>Workers pit latrine left open</i></p>	<p><i>Uncovered medical waste pit filled with water</i></p>



Uncovered septic tank



Uncovered pit

Implication

Failure to enforce compliance to occupational health and safety measures endangers the lives of workers at the site and the communities surrounding the site.

Management Response

This was done.

Authority's comment

The Entity's response is noted; however, the finding was maintained based on the observations noted during physical inspection of the site on 31st January 2025 and the lack of documentary and pictorial evidence to show that occupational health and safety issues were not implemented.

Recommendations

The Accounting Officer should:

1. Caution the Project Manager and District Community Development Officer for failure to enforce implementation of occupational health and safety measures by the contractor contrary to the guidance issued by the Permanent Secretary/Secretary to the Treasury (PS/ST) in the Circular dated 26th May 2020 on contract management and safeguard requirements under UgIFT.
2. After the tendering process for completing the pending works, task the contractor to implement occupational health and safety measures in accordance with the guidance issued by the Permanent Secretary/Secretary to the Treasury (PS/ST) in the Circular dated 26th May 2020 on contract management and safeguard requirements under UgIFT.

2.3 LAND OWNERSHIP

2.3.1 Land ownership (Title or Memorandum of Understanding) at Acii Health Centre

The Authority was not provided with any evidence or efforts made by the Entity to secure land ownership i.e., Title or Memorandum of Understanding where the construction works for the upgrade of Acii Health Centre II to III is being implemented.

Implication

There is a risk of potential land disputes, which could result in litigation and unnecessary costs in demolition or removal of the buildings.

Management response

The titling of Acii Health Centre III is in progress.

Authority's comment

The Entity's response is noted; however, the Entity did not provide documentary evidence to show that the land titling process was in progress.

Recommendation

The Accounting Officer should secure documentation to evidence land ownership of Acii Health Centre III i.e., Title or Memorandum of Understanding.

CHAPTER 3: AUDIT CONCLUSION

The Authority found that 250% of the contract time had elapsed against a financial progress of 100% and estimated physical progress of 60% as at January 2025.

The Authority noted that the contract expired on 31st January 2024 and during physical verification of the site 31st January 2025, the works were not complete yet 250% of the contract time had lapsed.

In light of the above, the Accounting Officer should implement the Authority's recommendations herein by tendering the pending works and tasking the Project Manager to strengthen contract monitoring and supervision so that the works for the upgrade of Acii Health Centre II to III are completed by 30th June 2025 within cost and of quality in order to realize the project's objective of delivering a health service to the community and general public.

APPENDICES

Appendix 1: Payment voucher showing 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 Amount
 UGIFT 2022/2023FY.

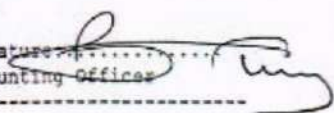
28-JUN-23 000000-000000-491002	-41,953,356
28-JUN-23 120200-320165-312121	699,222,602
28-JUN-23 000000-000000-491002	-13,123,294
28-JUN-23 120200-320165-263310	218,721,561

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.



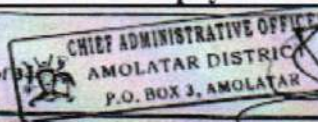
.....
 Signature of Receiver

Signature of Witness of payment.....

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

Appendix 2: GCC 60.1 showing provision of advance payment equivalent to 30%

Page 32 of 34

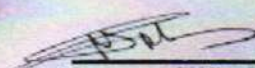

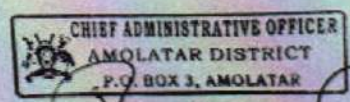
Local Government Bidding Document for Works under Open Bidding, September 2020

Part 3: Section 8 Special Conditions of Contract

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

GCC Clause Reference	Special Conditions
GCC 61.1	A Performance Security and ES Performance Security shall be required. A Performance Security and ES Performance Security shall be for 7% and 3% respectively of the Contract Price.
GCC 61.3	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.
GCC 67.1	The date by which "as-built" drawings are required is: 60 days from the date of practical completion The date by which operating and maintenance manuals are required is:
GCC 67.2	The amount to be withheld for failing to produce "as-built" drawings and/or operating and maintenance manuals by the date required is UGX 2,000,000
GCC 69.1	The percentage to apply to the value of the work not completed, representing the PDE's additional cost for completing the Works, is: 20%

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Appendix 3: Advance payment guarantee worth UGX 275,383,249



**Centenary
Bank**

Our ref: CRDB/HEAD OFFICE/TF/26.01/05/2023

Your ref:

Date: 26th May, 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. 275,383,249.00/- (Uganda Shillings Two hundred seventy five million three hundred eighty three thousand two hundred forty nine 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. 275,383,249.00/- (Uganda Shillings Two hundred seventy five million three hundred eighty three thousand two hundred forty nine 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, Kolnange 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 **25th November, 2023**.
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 KWEU MWESIGYE 
Name Signature

Manager, Corporate Credit: Lubaga Paul 
Name Signature

Centenary Bank Limited is a financial institution licensed and regulated by the Financial Institutions Regulatory and Development Authority of Uganda (FIRA) under the Financial Institutions Act, 2010. It is registered in the Registrar General's Office, Kampala, Uganda. Mr. Fabian Kasir (MD), Mr. Joseph Kiwanuka Bakuddembe (ED), Bishop Callixtus Ruberama, Dr. Mary Theopista Wamala, Ms. Vivian Odambia, Dr. Tom C. Aliti.

Appendix 4: Advance payment guarantee worth UGX 642,560,915

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

Your ref:

Date: 01st 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 OTYAL 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 29th 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 WELU MUKSIGYE
Name

Signature

Manager, Corporate Credit:

Lubega Paul
Name

Signature

This instrument has been received and used by the signature of Owners of Assets registered on the MR: 01/01/2023/00001/LOT 5
Centenary Bank Limited
Plot 44-46 Kampala Road and Plot 2 Burton Street, P.O. Box 1892 Kampala, UGANDA
Call Centre: 0800 206555/ 335244. Tel: +256 (0)41 251276/7. Fax: +256 (0)41 251273
email: info@centenarybank.co.ug website: www.centenarybank.co.ug

Chairman), Mr. Fabian Kasi (MD),
Mr. Joseph Kiwanuka Balikuddembe (ED),
Bishop Callist Rubaramira, Dr. Mary Theopista Wenene,
Ms. Vivian Ddambya, Dr. Tom C. Aiki.

Appendix 5: GCC 44.1 and GCC 57.1 showing DLP of 365 days and retention of 10%

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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

GCC Clause Reference	Special Conditions
	500,000/= per Lot.
GCC 44.1	The Defects Liability Period is 365 days .
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 SHALL NOT apply. The coefficients for adjustment of prices are: (a) For currency: (i) _____ percent nonadjustable element (coefficient A). (ii) _____ percent adjustable element (coefficient B). (b) For currency: (i) _____ percent nonadjustable element (coefficient A). (ii) _____ percent adjustable element (coefficient B).
GCC 56.1	The Index I for local currency will be: _____ The Index I for the specified international currency will be: _____ 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. 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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CHIEF ADMINISTRATIVE OFFICER
AMOLATAR DISTRICT
P.O. BOX 3, AMOLATAR

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