



**CONTRACT AUDIT REPORT INTO FOR THE CONSTRUCTION OF TOROMA SEED  
SECONDARY SCHOOL PHASE ONE IN KATAKWI DISTRICT UNDER UGIFT  
PROGRAM**

**CONTRACTOR: SANITATION AFRICA LTD**

**PROCUREMENT REF: MOES-UGIFT/WRKS/21-22/00005-Lot 21**

**APRIL 2025**

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## **ACRONYMS**

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

## **EXECUTIVE SUMMARY**

The Government of Uganda appropriated funds worth UGX. 3,130,377,160 to undertake the construction of Toroma Seed Secondary School in Katakwi District. Funds were obtained from the World Bank through the Uganda Intergovernmental Fiscal Transfer Program (UGIFT), the implementing ministry was the Ministry of Education and Sports.

On 28<sup>th</sup> September 2022, Katakwi District Local Government entered into a contract with Sanitation Africa Ltd for the construction of Toroma Seed Secondary school at a cost of UGX. 3,130,377,160 with the intended completion date on 18<sup>th</sup> October 2024 and a defects liability period of 180 days.

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

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

## **Key Findings of the Authority**

The Authority found that:

1. Delayed project completion. The Authority noted that the contract was signed on 28<sup>th</sup> September 2022, with a commencement date of 18<sup>th</sup> October 2022, and a duration of 24 months, setting the expected completion date at 18<sup>th</sup> October 2024. However, a review of the progress report as of 31<sup>st</sup> January 2025, revealed that physical progress stood at 92%, while time progress had reached 118.7%. The interior finishing works remained incomplete, delaying services to the intended beneficiaries, contrary to Regulation 52 (3) (vi) of the PPDA (Contracts) Regulations, 2023;
2. Expired contract. The Authority noted that whereas, the contract had expired on 18<sup>th</sup> October 2024, there was no extension granted to the contractor yet works were incomplete at 92% physical progress as per the progress report dated 31<sup>st</sup> January 2025 contrary to Regulation 53 (1) (d) of the PPDA (Contracts) Regulations 2023;
3. The Authority noted that although, the contractor was already behind schedule, there was low level of personnel mobilization. On 26<sup>th</sup> November 2024, only five helpers and three masons were present on-site, engaged in wall painting and constructing the water harvester. The slow progress of the works could be attributed to the inadequate number of personnel deployed by the contractor;
4. There were missing contract management records on the procurement action file such as site meeting records, interim payment certificates, progress reports, and payments records which affected the audit trail and could undermine financial accountability in the Entity contrary to Section 48 of the PPDA Act Cap 205; and
5. The coordinator responsible for Environmental, Social, Health and Safety Standards (ESHS) failed to maintain a log of safety risks and welfare concerns affecting the contractor’s personnel. This included missing records of site accidents and worker grievances. As a result,

there was no documented evidence of incidents, preventing the contractor from taking timely action to protect workers, contrary to Section 66 of the PPDA Act, Cap 205.

### **Audit Conclusion**

In summary, the audit findings by the Authority indicate that the contractor has not fully adhered to their contractual obligations such as ensuring to complete the works within contractual time, ensuring proper documentation of contract management records, and failure to adhere to the Environmental, Social, and Health Standards (ESHS) requirements.

### **Recommendations**

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

The Accounting Officer should: -

- i. Strengthen contracts management and prevail over the Contract Management Team to regularly monitor, supervise and report on the project progress while ensuring that contractor executes his contractual obligations in time in line with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023. Should the contractor fail, the Accounting Officer should forward the errant contractor to PPDA for blacklisting in line with section 128 (e) of the PPDA Act, Cap 205;
- ii. In future, ensure that works are completed within the contractual completion period in accordance with Regulation 52 (3) (vi) of the PPDA (Contracts) Regulations 2023;
- iii. Ensure that Contract Management team regularly prepares and shares contract implementation progress reports and payment records with the Accounting Officer and Procurement and Disposal Unit so that appropriate remedies to ensure effective contract implementation are deployed by the entity in time in line with Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations as well having a complete procurement file with all documents in accordance with Section 33 (o) of the PPDA Act Cap 205; and
- iv. Task the Community Development Officer, Environment Officer, Contract Management team, and Labour Officer to assess the site ESHS risks of the project to have them incorporated in the Bills of Quantities and later the ESMP of the project that will form a basis of regularly monitoring and reporting on the same during contract implementation so that appropriate compliance intervention can be put in place by the entity so that the Contractor adheres to them in accordance with Section 66 of the PPDA Act, Cap 205.

## CHAPTER 1: INTRODUCTION

### 1.1 Contract summary

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

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

Contract Title	Construction of Toroma Seed School
Reference Number	Moes-UgIFT/WRKS/21-22/00003-Lot 21
Contract Sum	3,130,377,160
Contract Scope	<ol style="list-style-type: none"> <li>2. Preliminaries-UGX. 58,150,000</li> <li>3. Site levelling works -UGX. 14,585,000</li> <li>4. Three 2-classroom blocks-UGX. 501,364,500</li> <li>5. One 2-Unit Science Laboratory Block-UGX. 300,419,000</li> <li>6. One Administration Block-UGX. 176,567,000</li> <li>7. Three 2-Unit Teachers House-UGX. 476,286,000</li> <li>8. Three 2-Unit Teachers Kitchen-UGX. 124,977,000</li> <li>9. One 2-Stance Lined VIP Latrine at Administration Block-UGX. 23,323,000.</li> <li>10. Three Two-Stance Lined VIP Latrine Block for Teachers House-UGX. 86,661,000</li> <li>11. One Five Stance Lined VIP Latrine Block for Boys-UGX. 42,710,000</li> <li>12. One Five Stance Lined VIP Latrine Block for Girls-UGX. 41,624,500</li> <li>13. External works -UGX. 46,095,000</li> <li>14. One rain water harvest system with 5000 litres-UGX. 4,563,000</li> <li>15. One ICT library Block-UGX. 411,995,500</li> <li>16. One Multipurpose Hall-UGX. 292,418,000</li> <li>17. One Sports field-UGX. 50,000,000</li> </ol>
Contract Signing date	28 <sup>th</sup> September 2022
Site hand over date	18 <sup>th</sup> October 2022
Original contract completion date	18 <sup>th</sup> October 2024 (24 months)
Lapse of time as at 4 <sup>th</sup> March 2025	28 months
Defects Liability period	12 months
Contract Extensions	No evidence of contract extension
Name of Contractor	Sanitation Africa Limited Ltd.
Method of procurement	Open National Bidding
Type of Contract	Lumpsum
Amount Paid	Record of payments missing on file.
Contract supervisor of works	-District Engineer-Engineer Andrew Echatu
Project Manager	Comas Opio

Clerk of works	Solomon Wilbert Ojilong
Progress at site	Physical progress: 92% Financial:75.3 % Time: 118.7%

## 1.2 Laws applicable

The applicable laws and legal framework were:

1. The Public Procurement and Disposal of Public Assets Act Cap 205;
2. The Local Governments (PPDA) Regulations, 2006;
3. The Local Governments (PPDA) Guidelines, 2008;
4. The bidding document issued to bidders;
5. The signed contract between Katakwi DLG and Sanitation Africa Ltd; and
6. The circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer (UGIFT) program dated 16<sup>th</sup> March 2021.

## 1.3 Objectives

The overall objective of the contract audit was to assess the effectiveness of the contracting process and the status of contract implementation in regard to the obligations of Katakwi District Local Government (the Entity) and Sanitation Africa Ltd (the Contractor).

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

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

## 1.4 Scope of the Audit

The audit covered the contract implementation and management of the construction of Toroma Seed Secondary School.

## 1.5 Audit Methodology

The Authority adopted the following methodology:

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

## 1.6 Limitation of Scope

1. The contract audit was undertaken by auditors who did not have professional competence in engineering and building construction. The audit team could not conclusively give an opinion on the technical quality of the works undertaken. The overall responsibility of the quality of works undertaken lies with the Entity management and the contractor.
2. The Authority was not able to ascertain the cumulative payments made to the contractor since the interim payment certificates and payment vouchers were not submitted for

verification. However, the Authority relied on the Entity management letter response, progress report dated 31<sup>st</sup> January 2025 and the physical verification conducted on 26<sup>th</sup> November 2024 to determine the physical and financial progress of the project.

## CHAPTER 2: FINDINGS AND RECOMMENDATIONS

### 2.1 ASSESSMENT OF THE PROGRESS OF WORKS

#### 2.1.1 Progress of works.

The Authority reviewed project documentation and did physical verification exercise of the project in order to establish its time, financial and physical performance. The documentation included among others the management letter responses received by the Authority on 30<sup>th</sup> January 2025 and the progress report dated 31<sup>st</sup> January 2025 that was submitted by entity on 28<sup>th</sup> February 2025. The table 2 below shows the time progress of the project as at 25<sup>th</sup> March 2025.

#### A. Time progress:

**Table 2: Time Progress as at 25<sup>th</sup> March 2025**

<b>Time Progress</b>	<b>Time Progress as 25<sup>th</sup> March 2025</b>
<b>Start Date</b>	18 <sup>th</sup> October 2022
<b>End Date</b>	18 <sup>th</sup> October 2024
<b>Original Contract Period (Months)</b>	24 months
<b>Extended contract period</b>	No record of extension
<b>Time Lapse (Months)</b>	29 months and one week
<b>Time Progress</b>	118.7%

The project was behind schedule with 118.7% time spent yet works were incomplete. Furthermore, according to the physical progress report prepared by the District Engineer dated 31<sup>st</sup> January 2025 submitted to the Authority, the report indicated that the contractor had returned to the site, resumed work and most structures had been roofed that included the classroom blocks, laboratory, administration block, and teachers' staff houses and the football pitch had been terraced.

#### B. PHYSICAL PROGRESS

Table 3 shows the physical progress of the project at 92% as at 31<sup>st</sup> January 2025 as indicated in the entity's management letter responses and progress report submitted to the Authority.

The Authority noted that the physical progress had improved from 83% as the time of physical verification on 26<sup>th</sup> November 2024 to 92% as at 31<sup>st</sup> January 2025. It was reported that the interior & external structure paintings of the multipurpose hall & ICT & science laboratory, classroom blocks, five -stance pit latrines for boys & girls, and teachers 'staff houses and kitchens were complete, the water harvester tanks have been installed, electrical installation had been done.

Table 3 below shows the physical progress of the project as at 31<sup>st</sup> January 2025:-

**Table 3: Physical Progress as 26<sup>th</sup> November 2024 and at 31<sup>st</sup> January 2025**

<b>Contract Amount</b>	3,130,377,160
<b>Valued works as at physical verification held on 26<sup>th</sup> November 2024 &amp; Percentage</b>	2,598,213,042 (83%)

<b>Physical progress value &amp; percentage of works done as per progress report dated 31<sup>st</sup> January 2025</b>	92% (UGX.2,879,946,9870)
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**C. FINANCIAL PROGRESS**

The financial progress of the project as reported in the entity’s progress report dates 31<sup>st</sup> January 2025 and submitted to the Authority was at UGX. 2,358,000,000 which was 75.3% of the total contract sum. However, Authority could not ascertain all these payments since no payment vouchers and interim payment certificates were provided for verification. The Authority entirely relied on the report that was submitted.

See Table 4 below with financial progress as per the report date 31<sup>st</sup> January 2025 from the entity.

**Table 4: Financial Progress as at 31<sup>st</sup> January 2025**

<b>Contract Amount</b>	<b>3,130,377,160</b>
<b>Total amount paid to the contractor as per the Entity’s report</b>	<b>2,358,000,000</b>
<b>Percentage financial progress</b>	<b>75.3%</b>
<b>Finding:</b> <i>No Evidence of payment availed to the Authority and on the procurement action file.</i>	

**Management response**

*Evidence of payment is hereby attached for verification.*

**Authority’s Comment**

The Entity’s management letter did not avail evidence for the above payments in terms of interim payment certificates and payment vouchers. The Authority only relied of the progress report dated 31<sup>st</sup> January 2025 was received on 28<sup>th</sup> February 2025.

**Recommendation:**

The Accounting Officer should;

- i. Task the Contract Management Team and Contract Manager to always ensure that all contract management records such as progress reports, interim payment certificates and payment vouchers among others are properly kept on the procurement action file in line with Regulation 52 (3) (a) (vii) (Contracts) Regulations 2023.
- ii. The Accounting Officer should ensure that the entity meets all its payment and other obligations in accordance with the terms and conditions of a contract in line with Regulation 52 (3) (a) (iii) (Contracts) Regulations 2023.





**D. Comparison of physical progress of projects as at 26<sup>th</sup> November 2024 and 31<sup>st</sup> January 2025.**

The Authority conducted physical verification of the project on 26<sup>th</sup> November 2024 and the physical progress of work was at 83%. The entity submitted a management letter response

dated 30<sup>th</sup> January 2025, and later a physical progress report dated 31<sup>st</sup> January 2025 which was received by the Authority on 28<sup>th</sup> February 2025 .

Table 5 below shows the physical progress of the project as at 26<sup>th</sup> November 2024 when the Authority conducted a physical verification exercise at the site, and physical progress report prepared by the District Engineer dated 31<sup>st</sup> January 2025 which was received by the Authority on 28<sup>th</sup> February 2025.

**Table 5 :Physical Progress of works as at 26<sup>th</sup> November 2024 and as at 31<sup>st</sup> January 2025**

No.	Status of works as at 26 <sup>th</sup> November 2024 at the time of physical verification by the Authority	Status of works as at physical progress report dated 31 <sup>st</sup> January 2025 submitted to the Authority on 28 <sup>th</sup> February 2025
1.	 <p><b>Sign post and Site Compound</b></p>  <p><b>Classroom blocks at final finishes</b></p>	 <p>Recent site meeting with contractor back to the site .</p> 

No.	Status of works as at 26 <sup>th</sup> November 2024 at the time of physical verification by the Authority	Status of works as at physical progress report dated 31 <sup>st</sup> January 2025 submitted to the Authority on 28 <sup>th</sup> February 2025
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**Classroom blocks at final finishes**



**ICT and library Block at final finishes**





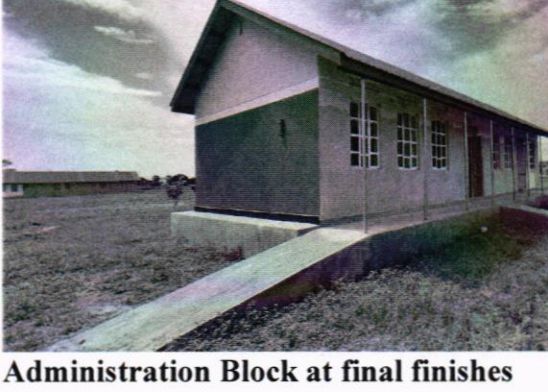









SPARK 30C


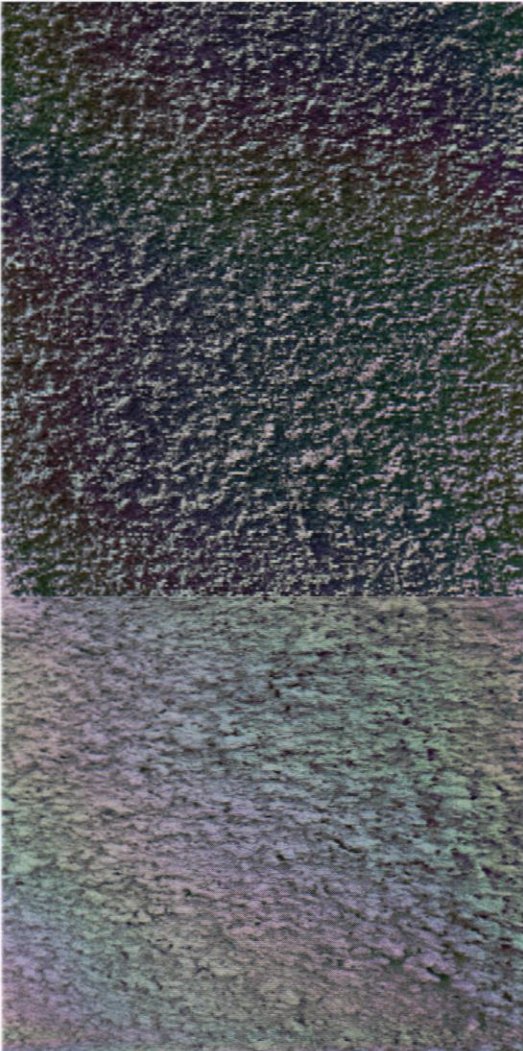



27mm 1/1& 1/60s ISO1145




**Science Laboratory Block at finishes and painting level**

No.	Status of works as at 26 <sup>th</sup> November 2024 at the time of physical verification by the Authority	Status of works as at physical progress report dated 31 <sup>st</sup> January 2025 submitted to the Authority on 28 <sup>th</sup> February 2025
		
	<p data-bbox="293 869 794 943"><b>Science Laboratory Block at finishes and painting level</b></p>	
		
	<p data-bbox="293 1476 807 1507"><b>Administration Block at final finishes</b></p>	
		
	<p data-bbox="293 1868 807 1899"><b>Administration Block at final finishes</b></p>	

No.	Status of works as at 26 <sup>th</sup> November 2024 at the time of physical verification by the Authority	Status of works as at physical progress report dated 31 <sup>st</sup> January 2025 submitted to the Authority on 28 <sup>th</sup> February 2025
	 <p data-bbox="290 891 549 925"><b>Multipurpose Hall</b></p>  <p data-bbox="290 1402 751 1435"><b>Football pitch with grass planted.</b></p>  <p data-bbox="290 1850 595 1883"><b>Teachers' staff houses</b></p>	  

No.	Status of works as at 26 <sup>th</sup> November 2024 at the time of physical verification by the Authority	Status of works as at physical progress report dated 31 <sup>st</sup> January 2025 submitted to the Authority on 28 <sup>th</sup> February 2025
	 <p data-bbox="293 734 568 770"><b>Staff house kitchens</b></p>  <p data-bbox="293 1854 766 1890"><b>Exterior walls of staff houses were</b></p>	 <p data-bbox="863 815 1444 891"><b>1 Block of a 5 Stances Lined VIP Latrine for Boys</b></p>  <p data-bbox="863 1339 1428 1415"><b>1 Block of a 5 Stances Lined VIP Latrine for Girls</b></p> 

No.	Status of works as at 26 <sup>th</sup> November 2024 at the time of physical verification by the Authority	Status of works as at physical progress report dated 31 <sup>st</sup> January 2025 submitted to the Authority on 28 <sup>th</sup> February 2025
	<p>poorly done.</p> <p><b>Observations</b></p> <ul style="list-style-type: none"> <li>• At the time of physical verification as at 26<sup>th</sup> November 2024., physical progress was at 83%, financial progress at (Unattained %), and time progress at 104% with contract completion date on 18<sup>th</sup> October 2024.</li> <li>• Interior works and finishing of all the structures were in complete with the administration block, class room blocks at undercoat painting.</li> <li>• The interior of the science laboratories is not completed and at plaster level.</li> <li>• All external structures have not been fully painted with the Multipurpose Hall and</li> <li>• The exterior walls of all the teachers ‘staff houses and kitchens were poorly done with substandard rough casting and the contractor was required to repeat the works.</li> <li>• The football pitch is terraced.</li> <li>• Water Harvesting tanks have not been installed and one that was</li> </ul>	<p><b>1 Block of a 2 Stances VIP Latrine for administration</b></p>  <p><b>Observations on progress made:</b> Management observed the Authority’s observation and stated that; -</p> <ul style="list-style-type: none"> <li>• The physical progress was at 92% complete and was scheduled for the technical site handover on 30<sup>th</sup> January 2025</li> <li>• The personnel on site were later on fully mobilised.</li> <li>• Interior works and finishing of all the structures were completed with the administration block, class room blocks painted.</li> <li>• The interior of the science laboratories was plastered and painted.</li> <li>• All external structures have been fully painted with the Multipurpose Hall and</li> <li>• The exterior walls of all the teachers ‘staff houses and kitchens were redone and painted.</li> <li>• Water Harvesting tanks have been</li> </ul>

No.	Status of works as at 26 <sup>th</sup> November 2024 at the time of physical verification by the Authority	Status of works as at physical progress report dated 31 <sup>st</sup> January 2025 submitted to the Authority on 28 <sup>th</sup> February 2025
	<p>being built had a poorly build foundation that lacks stone pitching.</p> <ul style="list-style-type: none"> <li>• There are few personnel on site.</li> <li>• ESHS are not adhered to such Personnel Protective Equipment for personnel on site, lack of a medical kit, and sensitization sign posts.</li> </ul>	<p>installed.</p>

## 2.2 EFFECTIVENESS OF THE QUALITY, TIME AND COST CONTROLS

### 2.2.1 Status of Works

#### a) Delayed completion of works

The Authority observed that the Entity entered the contract was signed on 28<sup>th</sup> September 2022 and commencement date was 18<sup>th</sup> October 2022 with the duration of the contract to run for 24 months. The intended completion date was 18<sup>th</sup> October 2024.

However, during review of the progress reports and physical verification of the site on 26<sup>th</sup> November 2024, the Authority observed that physical progress was at 83% and later improved to 92% by 31<sup>st</sup> January 2025 against time progress of 116.6%.

#### b) Low mobilisation of personnel

The Authority found that despite the contractor being behind schedule. They had low mobilisation of personnel. The Authority found only 5 helpers and 3 masons on site on 26<sup>th</sup> November 2024 who were working on the painting of the walls and construction of the water harvester. Works were evidently progressing slowly due to insufficient personnel deployed by the contractor.

#### **Implication**

Failure by the contractor to complete works within the contractual period caused delays leading to delay of service delivery to the intended beneficiaries.

#### **Management Response**

*Management observed the Authority's observation and stated that; -*

- *The physical progress is now at 92% complete and was scheduled for the technical site handover on 30<sup>th</sup> January 2025*
- *The personnel on site were later on fully mobilised*
- *The contractor was instructed to adhere to the ESHS*

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

The Authority acknowledged the entity's response and the progress report submitted by the entity to the Authority on 28<sup>th</sup> February 2025 that was dated 31<sup>st</sup> January 2025 which showed that the contractor was on site and completion works are underway however maintained the query due to the delay caused by the contractor to complete works within its contractual obligations.

#### **Recommendation**

The Accounting Officer should strengthen contracts management and prevail over the Contract Management Team to regularly monitor, supervise and report on the project progress while ensuring that contractor executes his contractual obligations in time in line with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023. Should the contractor fail, the Accounting Officer

should forward the errant contractor to PPDA for blacklisting in line with section 128 (e) of the PPDA Act, Cap 205.

### **2.2.2 Expired Contract**

The Entity signed a contract with Sanitation Africa Limited Ltd on 28<sup>th</sup> September 2023 for these works with a commencement date of 18<sup>th</sup> October 2022 and contract completion period of 24 months running until 18<sup>th</sup> October 2024. The Authority noted that the contract had since expired and there wasn't any extension granted to the contractor yet works were incomplete at 92% physical progress and 116.6% as 31<sup>st</sup> January 2025.

#### **Implication**

Expiry of the contract yet the site was not completed indicated failure by the contractor to meet their contractual obligation hence delaying service delivery to the intended beneficiaries.

#### **Management Response**

*Management acknowledged the Authority's observation and stated that the contract was for two financial years, delays in acquisition of some materials e.g gauge 26 Iron sheet from the manufactures etc, contractor having multiple contracts of the similar nature (lotting i.e 3 district for one contractor) delayed the planned completion of works*

*The contractor was re-engaged to complete remaining works and the project is due for commissioning.*

#### **Authority's Comment**

The Authority acknowledged the entity's response and the Entity's submission of the progress report dated 31<sup>st</sup> January 2025 received on 28<sup>th</sup> February 2025 showed some work done but that works were still ongoing and handover had not taken place hence query was maintained.

#### **Recommendations**

- The Accounting Officer should prevail upon the contract management team to ensure that thorough monitoring is done and that the contractor submits a detailed work program on how to complete the remaining part of the works, increase site visits, and undertake timely interventions to ensure the contractor meets their obligations in accordance with Regulations 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023; and
- The Accounting Officer should in future, ensure that works are completed within the contractual completion period in accordance with Regulation 52 (3) (vi) of the PPDA (Contracts) Regulations 2023.

### **2.2.3 Missing Contract Management records**

The Authority observed that the procurement action file did not have some of the contract management records that included the Performance Security, interim certificates & payment

records and progress reports contrary to Regulation 52 (3) (vii) of the PPDA (Contracts) Regulations 2023.

**Implication**

Such missing records compromise the audit trail and may give room for unethical and fraudulent practices in the Entity.

**Management Response**

*Contract management records are here attached for verification.*

**Authority's Comment**

The Authority noted the Entity's response however did not find it satisfactory since it did not provide evidence of missing contract management records raised by the Authority.

**Recommendation**

1. The Contract Management team should regularly monitor, supervise, prepare and share contract implementation progress reports and payment records. with the Accounting Officer and Procurement and Disposal Unit so that appropriate remedies to ensure effective contract implementation are deployed by the entity in time in line with Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations
2. The Head Procurement and Disposal Unit should ensure that procurement action files are complete with all documents in accordance with Section 33 (o) of the PPDA Act Cap 205.

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

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

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

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

The contractor had demonstrated the availability of a Health, Safety and Environmental Coordinator who was in charge of the contractor's ESHS strategy. However, during contract implementation, there was no record of evidence that the personnel's concerns were recorded, there was no log of the ESHS risks, accident and incident logs, grievance redress mechanism, and reports on the implementation of the strategy from the contractor.

#### **Implication**

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

#### **Management response**

*Management acknowledged the Authority's observation and stated that the Contractor's Health, Safety and Environmental Coordinator together with the Community Development Officer have been working together during the contract implementation and the issues of log of the ESHS risks, accident and incident logs, grievance redress mechanism, and reports on the implementation of the strategy from the contractor were addressed.*

#### **Authority's Comment**

The Authority noted the Entity's response however there was no record of evidence to substantiate the Entity's response hence the query was maintained for the Entity's compliance.

#### **Recommendation**

Task the Community Development Officer, Environment Officer and Labour Officer to assess the site ESHS risks of the project to have them incorporated in the Bills of Quantities and later the ESMP of the project that will form a basis of regularly monitoring and reporting on the same during contract implementation so that appropriate compliance intervention can be put in place by the entity so that the Contractor adhere to them in accordance with Section 66 of the PPDA Act, Cap 205.

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

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

The Entity's management letter response indicated that the outputs of the contract derived from the contractual obligation of the contractor had not been achieved since the contractor had not completed works despite the fact that the entity had indicated commissioning to be due for 31<sup>st</sup> January 2025.

### **3.2 Audit conclusion**

In summary, the audit findings by the Authority indicate that the contractor had not fully adhered to their contractual obligations such as ensuring to complete the works within contractual time, ensuring proper documentation of contract management records, and failure to adhere to the Environmental, Social, and Health Standards (ESHS) requirements.