



**PUBLIC PROCUREMENT AND DISPOSAL  
OF PUBLIC ASSETS AUTHORITY**

*"Regulating for Results"*

**CONTRACT AUDIT REPORT INTO THE CONSTRUCTION  
OF SELECTED ROADS IN WAKISO DISTRICT LOCAL  
GOVERNMENT UNDER LOT 1 AND LOT 2**

**CONTACTORS:**

- 1. CHONGQING INTERNATIONAL CONSTRUCTION  
CORPORATION (CICO)**
- 2. CHINA RAILWAY SEVENTH GROUP CO. LTD**

**NOVEMBER 2025**

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## ACRONYMS

GCC:	General Conditions of Contract
GKMA -UDP:	Greater Kampala Metropolitan Area- Urban Development Program
GKMA:	Greater Kampala Metropolitan Area
PPDA Act:	Public Procurement and Disposal of Public Assets Act. Cap 205
PPDA:	Public Procurement and Disposal of Public Assets
UGX:	Uganda Shillings
VAT:	Value Added Tax
ESHS:	Environmental, Safety, Health and Social Safeguard

## EXECUTIVE SUMMARY

In the Financial Year 2024/2025, Wakiso District Local Government entered into contracts for the road construction projects under GKMA as indicated in Table 1 below:

**Table 1: Ongoing contracts in the financial year 2024/2025**

No.	Subject of Procurement	Procurement Ref. No	Contractor	Amount (UGX)
1	Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 1: Upgrading of Bukasa-Sentema-Kakiri Road (12.17km) to Paved Standard	WAKI-GKMA/WORKS/2024-2025/00001/01	Chongqing International Construction Corporation (CICO)	56,128,103,233
2	Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 2: Upgrading of Kisozi to Kitemu Road (4.5km) and Naggalabi Spur (2km) to paved standards under Wakiso District Local Government	WAKI-GKMA/WRKS/2024-25/0001-02	China Railway Seventh Group Co. Ltd	35,264,422,417

In line with Section 8 (1) (j) (ii) of the PPDA Cap. 205, the Public Procurement and Disposal of Public Assets Authority conducted contract audits into the construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 1: Upgrading of Bukasa-Sentema-Kakiri Road (12.17km) to Paved Standard and the Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 2: Upgrading of Kisozi to Kitemu Road (4.5km) and Naggalabi Spur (2km) to paved standards under Wakiso District Local Government.

### The following key exceptions were noted:

#### A. Upgrading of Bukasa-Sentema-Kakiri Road

1. There was delayed commencement of road works by approximately 18 weeks after the date of contract signature, with 0% physical progress observed during physical verification as at 17<sup>th</sup> June 2025. The contractor was on site; however, insufficient roads' equipment was on ground (low mobilisation), the laboratory not fully established, a few workers had been mobilised and relocation of utilities was yet to commence, with minor road works setting off;
2. The Entity delayed to remit advance payment of 30% (UGX 16,838,430,969.90 VAT deemed) of the contract price to the contractor, Chongqing International Construction Corporation (CICO), with over 44 days from 5<sup>th</sup> March 2025, the date the contractor submitted an advance payment security, contrary to GCC 60.1 of the Special Conditions of Contract which provides that the advance payment will be paid to the contractor within 30 calendar days of the submission of an acceptable unconditional advance payment bank guarantee. This action by the Entity was in breach of the contractual provisions which could

potentially increase the risk of compensatory events and further delay achievement of the project timelines;

3. The Contract Management Team failed to prepare a contract management plan as a guide on timelines and milestones which was contrary to Regulation 50 (3) of the PPDA (Contracts) Regulation, 2023 forward a copy of the contract management plan to the to the Procurement and Disposal Unit for purposes of monitoring, which exposed the Entity to the risks of contractual disputes, misaligned expectations, schedule slippage, inefficient processes and non-compliance to contractual requirements;
4. The Entity failed to request for insurance covers from the contractor, Chongqing International Construction Corporation (CICO) which was contrary to GCC 18.1 of the Special Conditions of Contract of the signed contract that requires the Contractor to comply with the minimum insurance covers; and
5. The Consultant for Environmental and Social Safeguard noted that some activities were not fully implemented by the contractor for the upgrading of Bukasa-Sentema-Kakiri Road (12.17km) with recommended actions for the contractor which include: finalizing the Environment Impact Assessment and submission of the matrix for approval; engaging a licensed waste handler and maintaining the records; providing necessary resources to support ESHS personnel; and finalizing the workers' employment contracts and establishing a functional grievance redress mechanism.

**B. Upgrading of Kisozi to Kitemu Road & Naggalabi Spur**

1. The contractor, China Railway Seventh Group Co. Ltd (CRSG) delayed the commencement of road works with 0% physical progress observed during physical verification as at 17<sup>th</sup> June 2025 after, 8% (approximately seven weeks) project time had elapsed. The contractor was on site; however, the campsite was still under construction with no laboratory, a few workers mobilized, road works not started and the contractor was still in the process of securing clearance from relevant Authorities for the relocation of utilities;
2. The contract management team failed to prepare a contract management plan as a guide on timelines and milestones which was contrary to Regulation 50 (3) of the PPDA (Contracts) Regulation, 2023 forward a copy of the contract management plan to the to the Procurement and Disposal Unit for purposes of monitoring, which exposed the Entity to the risks of contractual disputes, misaligned expectations, schedule slippage, inefficient processes and non-compliance to contractual requirements;
3. The Entity failed to request for insurance covers from the contractor, Chongqing International Construction Corporation (CICO) which was contrary to GCC 18.1 of the Special Conditions of Contract of the signed contract that requires the Contractor to comply with the minimum insurance covers. Other contract management records such as progress reports for the months of March, April and May 2025 were not on file contrary to Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations, 2023, therefore exposing the Entity to risks of contractual disputes, schedule slippage, strained relationships and no-compliance with contractual requirements; and
4. An estimate of 32.9% of the cost of road works was for drainage which was high compared to the 25.7% for the Earthworks & pavement layers and Bituminous layer & seals which is the core works. This, if not well managed may lead to payments higher than the actual value of works putting the project at a risk of being abandoned by the contractor at later stages.

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

**A. Upgrading of Bukasa-Sentema-Kakiri Road**

1. The Accounting Officer should ensure that:
  - i) The contractor, Chongqing International Construction Corporation (CICO) is fully paid on time and through formal arrangements, the contractor is advised on the percentage of guarantee to be obtained in order to enable them manage their costs in cases the Entity is unable to make full payments in line with the provisions of the signed contract and in accordance with Regulation 12 (1) (c) of the PPDA (Contracts) Regulation, 2023; and
  - ii) Full advance payment is made on time to the contractor for the Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 1: Upgrading of Bukasa-Sentema-Kakiri Road (12.17km) to Paved Standard in line with the provisions of the contract and in accordance with Regulation 12 (1) (c) of the PPDA (Contracts) Regulation, 2023;
2. The Supervising Consultant should:
  - i) Ensure timely execution of works by the contractor with documentary evidence, in line with the contract terms and conditions in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2023;
  - ii) Task the contractor, Chongqing International Construction Corporation (CICO) to expedite the mobilisation and all pre-requisite clearances from responsible Authorities for efficiency in the contractual implementation in line with the contract and in accordance with Section 52 (3) of the PPDA Act, Cap. 205; and
  - iii) Task the contractor to produce detailed price analyses for any or all items in the Bill of Quantities and establish the internal consistency of those prices with the construction methods before interim payments are made;
3. The contract management team/ Team Leader should:
  - i) Prepare a contract management plan using Form 49 under Schedule 2 of the PPDA (Contracts) Regulations, 2023 and share a copy with the Procurement and Disposal Unit for purposes of monitoring timelines and deliverables in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023;
  - ii) Follow up with the contractor, Chongqing International Construction Corporation (CICO) to ensure that all the insurance covers as required in the contract are submitted for custody in accordance with Regulation 52 (3) (a) (ii) of the PPDA (Contracts) Regulations, 2023; and
  - iii) Follow up on the implementation of the recommendations by the Consultant including the establishment of a functional grievance redress mechanism, engaging a licensed waste handler with records on waste management and providing necessary resources to support ESHS personnel.

**B. Upgrading of Kisozi - Kitemu Road and Naggalabi Spur**

1. The Supervising Consultant should:
  - i) Ensure timely supervision of the contractor to fast track the contractor performance to the contract terms and conditions in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2023; and
  - ii) Task the contractor to produce detailed price analyses for any or all items in the Bill of Quantities and establish the internal consistency of those prices with the construction methods before interim payments are made;

2. The Contract Management Team/ Team Leader should:
  - i) Prepare a contract management plan using Form 49 under Schedule 2 of the PPDA (Contracts) Regulations, 2023 and forward a copy to the Procurement and Disposal Unit for purposes of monitoring timelines and deliverables in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023;
  - ii) Follow up with the contractor to ensure that all the insurance covers as required in the contract are submitted for custody accordance with Regulation 52 (3) (a) (ii) of the PPDA (Contracts) Regulations, 2023; and
  - iii) Follow up with the Supervising Consultant on submission of monthly progress reports for the months of March 2025 to date and should also prepare and submit monthly reports to the Accounting Officer and Procurement and Disposal Unit as required in the appointment letter.

## **CHAPTER 1: INTRODUCTION**

### **1.1 Background**

The Government of Uganda under the Greater Kampala Metropolitan Area (GKMA) Urban Development Program-for-Results for Uganda allocated funds to Wakiso District Local Government with a development objective to improve the institutional capacity in the GKMA for metropolitan coordination and management for increased access to improved infrastructure and services.

On 13<sup>th</sup> February 2025, Wakiso District Local Government entered into contract for the construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 1: Upgrading of Bukasa-Sentema-Kakiri Road (12.17km) to Paved Standard worth UGX 56,128,103,233 for a period ending 2<sup>nd</sup> November, 2026. On 25<sup>th</sup> February, 2025 another contract for the Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 2: Upgrading of Kisozi to Kitemu Road (4.5km) and Naggalabi Spur (2km) to paved standards under Wakiso District Local Government worth UGX 35,265,472,417 was signed with China Railway Seventh Group Co. Ltd for a period ending 2<sup>nd</sup> November, 2026.

In line with Section 8 (1) (j) (ii) of the PPDA Cap. 205, the Public Procurement and Disposal of Public Assets Authority conducted contract audits into these projects in Wakiso District Local Government with an overall objective of assessing the status of contract implementation with emphasis on verification that all parties to the contracts complied with the requirements and standards set forth in the contracts, PPDA Law and other attendant regulations and guidelines.

### **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.

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

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

### **1.3 Scope of the audit exercise**

The audit covered the contract implementation and management for the:

1. Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 1: Upgrading of Bukasa-Sentema-Kakiri Road (12.17km) to Paved Standard; and
2. Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 2: Upgrading of Kisozi to Kitemu Road (4.5km) and Naggalabi Spur (2km) to paved standards under Wakiso District Local Government.

### **1.4 Audit methodology**

The Authority adopted the following methodology:

- i. Review of documentation on the procurement action file.
- 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 official 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 civil works hence could not conclusively give an opinion on the technical quality of the works undertaken. Therefore, the overall responsibility of the quality of works undertaken lies with the management Wakiso District Local Government (the Entity) and the contractors; Chongqing International Construction Corporation (CICO) and China Railway Seventh Group Co. Ltd.

### **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 of 2023;
- iii. The bidding document issued to bidders;
- iv. The signed contract between Wakiso District Local Government and Chongqing International Construction Corporation (CICO) for the construction of Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 1: Upgrading of Bukasa-Sentema-Kakiri Road (12.17km) to Paved Standard; and
- v. The signed contract between Wakiso District Local Government and China Railway Seventh Group Co. Ltd for the construction of Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 2: Upgrading of Kisozi to Kitemu Road (4.5km) and Naggalabi Spur (2km) to paved standards under Wakiso District Local Government.

## CHAPTER 2: FINDINGS AND RECOMMENDATIONS

### 2.1 Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality, Lot 1: Upgrading of Bukasa-Sentema-Kakiri Road (12.17km) to Paved Standard

The summary of the contract is as indicated in Table 2 below:

**Table 2: Contract Summary for Lot 1: Upgrading of Bukasa-Sentema-Kakiri Road**

Contract Title	Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 1: Upgrading of Bukasa-Sentema-Kakiri Road (12.17km) to Paved Standard		
Name of the Provider	Chongqing International Construction Corporation (CICO)		
Contract Type	Admeasurement Contract		
Original Contract Value exclusive of VAT /deemed (UGX)	56,128,103,233		
Contract Signature Date	13 <sup>th</sup> February 2025		
Site possession date	5 <sup>th</sup> May 2025		
Original Contract End Date	2 <sup>nd</sup> November 2026 (18 calendar Months)		
1st Extension of Time	N/A		
2nd Extension of Time	N/A		
Contract Scope	<b>Description</b>	<b>Amount (UGX)</b>	
	General and preliminaries	6,893,390,902	
	Drainage	18,873,999,429	
	Earthworks and Pavement Layers	15,016,801,285	
	Bituminous Layer and Seals	8,160,574,627	
	Ancillary Roadworks	1,991,845,566	
	Structures	980,103,548	
	Testing, Tolerances and Quality Control	92,400,000	
	Dayworks	107,470,072	
	Solar Street Lighting	1,338,750,983	
	<b>Sub-total, Bills</b>	<b>53,455,336,412</b>	
	Add: 5% Contingencies	2,672,766,821	
	<b>Total Excluding VAT</b>	<b>56,128,103,233</b>	
	Add: 18% VAT	10,103,058,582	
<b>Total including VAT</b>	<b>66,231,161,814</b>		
Status as at ..... progress report	Time Progress- 8.3% Physical Progress- 0.0% Financial Progress- 20%		
Securities	<b>Security</b>	<b>Amount (UGX)</b>	<b>Date of Expiry</b>
	Advance Payment Security (30% of contract price)	16,838,430,969.90	02 <sup>nd</sup> March 2026
	Performance Security (4% of contract price)	2,245,124,129.32	30 <sup>th</sup> September 2026

	ES Performance Security (1% of contract price)	561,281,032.33	30 <sup>th</sup> September 2026
Defect liability period	365 days		
Retention	10%		
Clerk of works	Yet to be appointed by the Contracted Engineering Supervisor		
Project Manager	M/S AARVEE Associates Architects Engineers and Consultants Pvt Ltd in JV with Adrian Consults SMC Ltd		
Project Implementation Team dated 18 <sup>th</sup> March 2025	<ol style="list-style-type: none"> <li>1. Eng. Geoffrey Ndiwalana B. -District Engineer (Team Leader)</li> <li>2. Rebecca Ssabaganzi -District Natural Resource Officer</li> <li>3. Esau Mpoza – Senior Environment Officer</li> <li>4. John Kyejusa -District Community Development Officer</li> <li>5. Lukia Nakyeyune- Senior Community Development Officer</li> <li>6. Prossy Nakalembe – Senior Communications Officer</li> <li>7. Racheal Musasazi – Senior Assistant Chief Administrative Officer</li> <li>8. William Mayanja – Head Procurement and Disposal Unit</li> <li>9. Achilles Kiwanuka- GKMA Focal person</li> </ol>		
Payments	Advance payment (20.0%): UGX 11,225,620,647		

## 2.1.1 PROGRESS OF WORKS WITH REGARD TO EFFECTIVENESS OF TIME, QUALITY AND COST CONTROLS OF WORKS UNDERTAKEN UNDER LOT 1

### 2.1.1.1 TIME CONTROL

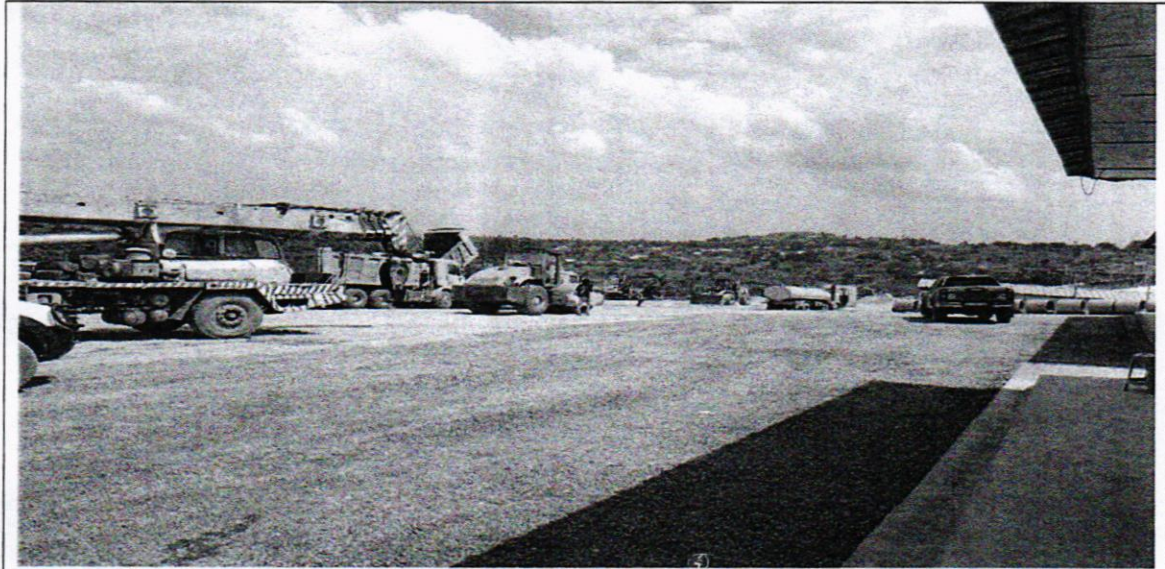
#### a) Slow progress of works

On 13<sup>th</sup> February 2025, the Entity entered into a contract for the Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 1: Upgrading of Bukasa-Sentema-Kakiri Road (12.17km) to Paved Standard worth UGX. 56,128,103,233 (VAT exclusive/deemed) with M/s Chongqing International Construction Corporation (CICO) with the completion period of up to 4<sup>th</sup> November, 2026.

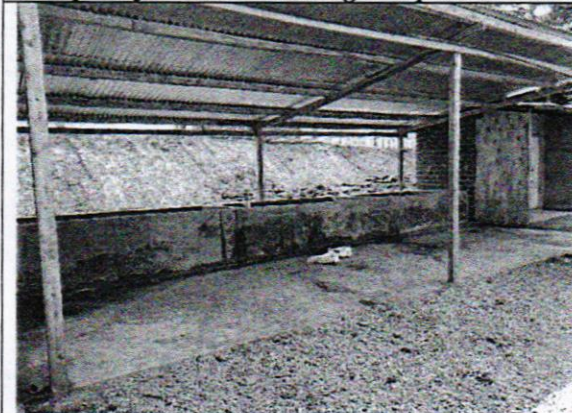
The Authority noted that the contractor was on site, however, insufficient roads' equipment was on ground (low mobilisation), the laboratory not fully established, a few workers had been mobilised and relocation of utilities was yet to commence, with minor road works setting off as shown in Figure 1 and Figure 2 below.

As at 17<sup>th</sup> June 2025, 8% (approximately seven weeks) of the project time had elapsed since site handover, with the physical progress at 0% as observed during physical verification and the financial progress at 20% of the contract price (partial advance payment).

**Figure 1: The Chongqing International Construction Corporation Campsite as at 17<sup>th</sup> June 2025**



*Campsite for CICO nearing completion with some road equipment in place*



*Incomplete laboratory*



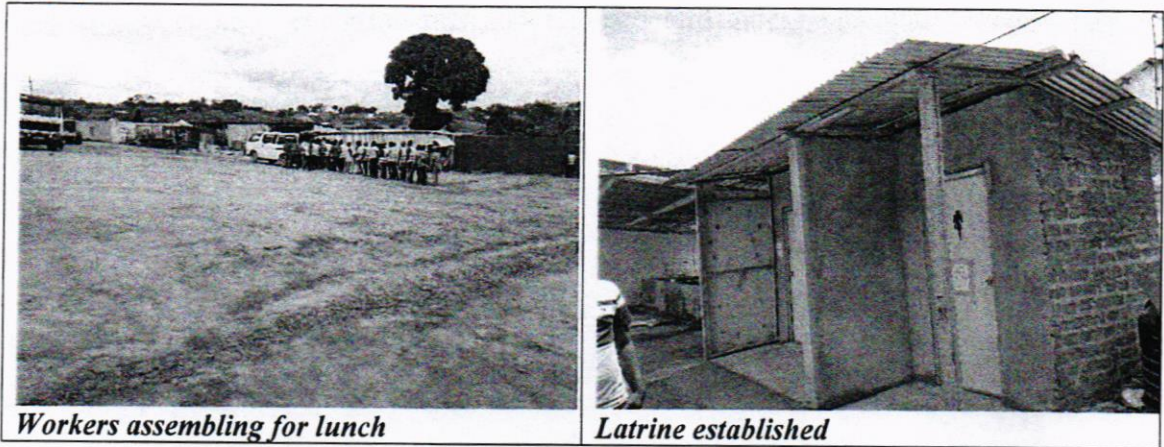
*Workshop for carpentry works including road signs*



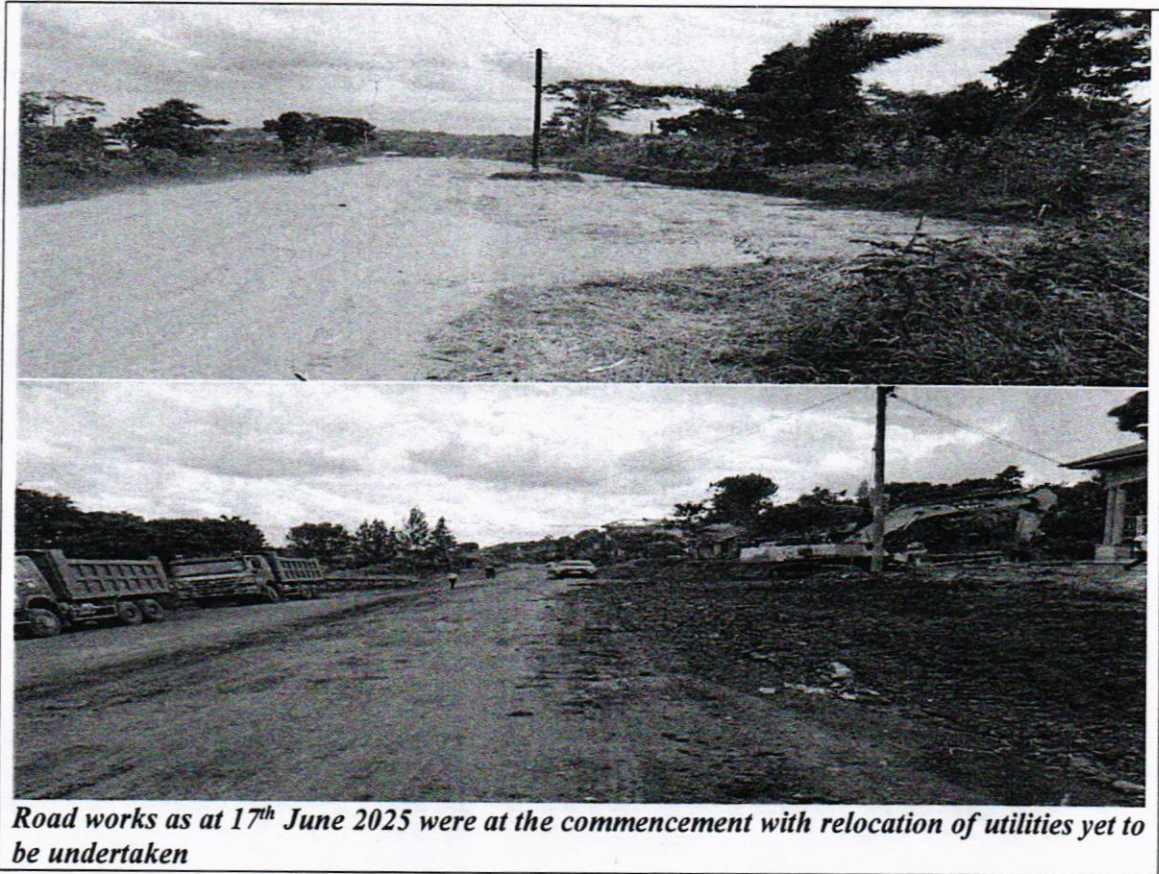
*Waste collection points*



*Few roads' equipment*



**Figure 2: Pictorial Status of road works on Bukasa-Sentema-Kakiri Road as at 17<sup>th</sup> June 2025**



As at 17<sup>th</sup> June 2025, 8% (approximately seven weeks) of the project time had elapsed since site handover, with the physical progress at 0% as observed during physical verification and the financial progress at 20% of the contract price (partial advance payment).

**Implication**

Delay in commencement of works increases the risk of failure to complete the works within the contractual period. leading to increased project costs in terms of resource allocations such as time, human resource and money,

### **Management response**

*Management noted the Authority's observation and submitted that with works commencing on 2<sup>nd</sup> May 2025, the current physical progress of works was at 8.6% against the projected 7.7%, implying that the contractor was ahead of schedule.*

**Authority comment:** Noted that the physical progress of works 8.6% was for the month of July 2025 as reported in the project brief August 2025 by the Supervising Consultant, against time lapse of 22% (120 of 550 days) and a financial progress of 20% (partial advance payment).

### **Recommendations**

The Authority recommends that:

1. The Supervising Consultant should ensure timely execution of works by the contractor with documentary evidence, in line with the contract terms and conditions in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2023.
2. The Supervising Consultant should task the contractor, Chongqing International Construction Corporation (CICO) to expedite the mobilisation and all pre-requisite clearances from responsible Authorities for efficiency in the contractual implementation in line with the contract and in accordance with Section 52 (3) of the PPDA Act, Cap. 205.

#### **b) Failure to prepare a contract management plan**

The Authority found that, whereas the contract management team had been appointed, there was no proof that a contract management plan was prepared to guide the team on timelines and milestones, contrary to Regulation 50 (3) of the PPDA (Contracts) Regulation, 2023 which provides that upon receipt of the contract, the contract manager shall prepare a contract management plan using Form 49 in Schedule 2 of the Regulations, and forward a copy of the contract management plan to the to the Procurement and Disposal Unit for purposes of monitoring.

#### **Implication**

This exposes the Entity to the risks of contractual disputes, misaligned expectations, schedule slippage, inefficient processes and non-compliance to contractual requirements

### **Management response**

*Management noted the Authority's observation and explained that the contract management plan was prepared.*

### **Recommendation**

The Authority noted the Entity's response; however, no copy of the contract management plan was submitted for verification and therefore recommends that:

The Contract Management Team/ Team Leader should prepare a contract management plan using Form 49 under Schedule 2 of the PPDA (Contracts) Regulations, 2023 and share a copy with the Procurement and Disposal Unit for purposes of monitoring timelines and deliverables in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023.

#### **2.1.1.2 Cost Controls**

##### **a) Delayed payment of 30% advance payment for contractor**

The Authority found that the Entity made an advance payment to the contractor on 17<sup>th</sup> April 2025 i.e., 44 days from 5<sup>th</sup> March 2025, the date the contractor submitted an advance payment security issued by Absa Bank Uganda Limited. This was contrary to GCC 60.1 of the Special Conditions of Contract which provided for an advance payment equivalent to 30% of the

accepted contract price, to be paid to contractor within 30 calendar days of submission of an acceptable advance payment bank guarantee.

**Implication**

This action by the Entity was in breach of the contractual provisions which could potentially increase the risk of compensatory events and further delay achievement of the project timelines

**Management Response**

*Management acknowledged the Authority's observation.*

**Recommendation**

The Authority noted the Entity's response and therefore recommends that the Accounting Officer should ensure that the contractor, Chongqing International Construction Corporation (CICO) is paid on time in accordance with provisions in the Special Conditions of Contract.

**b) Partial payment of 30% advance payment for contractor**

The Authority found that the Contractor, Chongqing International Construction Corporation (CICO) was paid UGX 11,225,620,647 (20% of the contract price) instead of UGX 16,838,430,969.90 (30%) as advance payment after submission of an advance payment guarantee of UGX 16,838,430,969.90 from Absa Bank Uganda Limited. This was contrary to GCC 60.1 of the Special Conditions of Contract signed on 13<sup>th</sup> February 2025 which provided for the advance payment will be equivalent to 30% of the accepted contract price.

**Implication**

Partial payment leads to delay in resource mobilization by the contractor and subsequent delaying works execution.

**Management Response**

*Management acknowledged the Authority's observation and explained that the Ministry of Kampala Capital City and Metropolitan Affairs the remaining 10% of the advance was paid to the contractor.*

**Authority's comment:** Noted the Entity's response; however, no payment details such as payment voucher and acknowledgement of receipt from the contractor were provided for verification.

**Recommendation**

The Accounting Officer should ensure that full advance payment is made on time to the contractor for the Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 1: Upgrading of Bukasa-Sentema-Kakiri Road (12.17km) to Paved Standard in line with the provisions of the contract and in accordance with Regulation 12 (1) (c) of the PPDA (Contracts) Regulation, 2023. Where the entity is unable to make full payments, this should be formally communicated to the contractor and a commitment made on when payments would be met in order to enable them manage their cashflows.

**c) Unbalanced contractor's costings in the bills of quantities**

Authority noted that in the bills of quantities of the signed contract with Chongqing International Construction Corporation (CICO), 50.06% of the cost of construction works was on preliminaries and drainage which was high compared to the 48.99% for the Earthworks & pavement layers and Bituminous layer & seals which is the core works. (Both percentages are calculated inclusive of the contingency amounts)

**Implication**

Unbalanced costings under admeasurement leads to payments higher than the actual value of works not commensurate to putting the project at a risk of abandonment.

**Recommendation**

The Project Manager should task the contractor to produce detailed price analyses for any or all items in the Bill of Quantities and establish the internal consistency of those prices with the construction methods before interim payments are made.

**2.1.1.3 Quality Controls****a) Failure to obtain insurance covers**

The Authority noted that the Entity did not obtain insurance covers from the contractor contrary to GCC 18.1 of the Special Conditions of Contract which required the contractor to comply with the minimum insurance covers indicated in the signed contract. Failure to keep and archive such contract management records is contrary to Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations, 2023.

**Implication**

Lack of contract management records exposes the entity to risks of contract disputes, non-compliance to contractual requirements, reputational damage, inefficient contract administration and difficulty in contract renewal or termination.

**Management Response**

*Management noted the Authority's observation and explained that the draft insurance covers were submitted by the contractor awaiting final approval.*

**Recommendation**

The Authority noted the Entity's response and recommends that the Contract Management Team should follow up with the contractor to ensure that all the insurance covers are obtained and archived in custody accordance with Regulation 52 (3) (a) (ii) of the PPDA (Contracts) Regulations, 2023.

**2.1.2 Adherence to Environmental, Safety, Health and Social Safeguards (ESHS) Requirements**

The Entity contracted Global Amet Allies (GAA) Ltd and Infrastructure Development and Management Ltd for the Supervision of Environmental and Social Safeguards on upgrading of Bukasa-Sentema-Kakiri Road (12.17km). The Authority found that there was no proof that the supervision consultant was conducting the Environmental and Social Safeguard assessments given that no reports were found on file.

**Implication**

This affects the health and safety of the workers and the community if not well managed.

**Management response**

*Management noted the Authority's observation and explained that the ESHS reports were available for review.*

**Authority's Comment:** Noted the Entity's response and project reports for the months of June, July and August 2025 submitted by the Consultant for Environmental and Social Safeguards,

Global Amet Allies (CAA) Limited in association with Infrastructure Development and Management Limited. Some of the recommended actions for the contractor included; finalising the Environment Impact Assessment and submission of the matrix for approval, engaging a licensed waste handler and maintain records, providing necessary resources to support ESHS personnel and finally finalise the workers' employment contracts and establish a functional grievance redress mechanism.

### Recommendation

The Contract Management Team should follow up on the implementation of the recommendations by the Consultant including the establishment of a functional grievance redress mechanism, engaging a licensed waste handler with records on waste management and providing necessary resources to support ESHS personnel.

## 2.2 Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 2: Upgrading of Kisozi to Kitemu Road (4.5km) and Naggalabi Spur (2km) to paved standards under Wakiso District Local Government

The summary of the contract is as indicated in Table 3 below:

**Table 3: Contract Summary for Lot 2: Upgrading of Kisozi - Kitemu Road and Naggalabi Spur**

Contract Title	Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 2: Upgrading of Kisozi to Kitemu Road (4.5km) and Naggalabi Spur (2km) to paved standards under Wakiso District Local Government	
Name of the Provider	China Railway Seventh Group Co. Ltd	
Contract Type	Admeasurement Contract	
Original Contract Value exclusive of VAT /deemed	35,265,472,417	
Contract Signature Date	25 <sup>th</sup> February,2025	
Site possession date	02 <sup>nd</sup> May 2025	
Original Contract End Date	2 <sup>nd</sup> November,2026	
1st Extension of Time	N/A	
2nd Extension of Time	N/A	
Contract Deliverables	Outputs/	Amount (UGX)
	<b>Description</b>	
	General and preliminaries	5,756,598,930
	Drainage	13,686,383,263
	Earthworks and Pavement Layers	5,499,737,767
	Bituminous Layer and Seals	5,212,578,598
	Ancillary Roadworks	721,683,133
	Structures	0
	Testing, Tolerances and Quality Control	105,000,000
	Dayworks	222,522,500
	Solar Street Lighting	2,381,660,016
	<b>Sub-total, Bills</b>	<b>33,586,164,207</b>
	Add: 5% Contingencies	1,679,308,210
	<b>Total Excluding VAT</b>	<b>35,265,472,417</b>
	Add: 18% VAT	6,347,785,035
	<b>Total including VAT</b>	<b>41,613,257,452</b>

Status as at ..... progress report	Time Progress- 8% Physical Progress- 0.0% Financial Progress- 20%		
Securities	<b>Security</b>	<b>Amount (UGX)</b>	<b>Date of Expiry</b>
	Advance Payment Security (30% of contract price)	10,579,641,725	31 <sup>st</sup> July, 2026
	Performance Security (4% of contract price)	1,664,530,298	31 <sup>st</sup> October 2026
	ES Performance Security (1% of contract price)	416,132,574	31 <sup>st</sup> October 2026
Defect liability period	365 days		
Retention	10%		
Clerk of works	Yet to be appointed by the Contracted Engineering Supervisor		
Project Manager	M/S AARVEE Associates Architects Engineers and Consultants Pvt Ltd in JV with Adrian Consults SMC Ltd.		
Project Implementation Team dated 18 <sup>th</sup> March 2025	<ol style="list-style-type: none"> <li>1. Lillian Namutebi. -Senior Civil Engineer (Team Leader)</li> <li>2. Godfrey Lukwago -Town Engineer Kyengera Town Council</li> <li>3. Esau Mpoza – Senior Environment Officer</li> <li>4. John Kyejusa -District Community Development Officer</li> <li>5. Lukia Nakyeyune- Senior Community Development Officer</li> <li>6. Prossy Nakalembe – Senior Communications Officer</li> <li>7. Stephen Mwasanje- Town Clerk Kyengera Town Council</li> <li>8. William Mayanja – Head Procurement and Disposal Unit</li> <li>9. Achilles Kiwanuka- GKMA Focal person</li> </ol>		
Payments	Advance payment (20%): UGX 7,053,094,484		

## 2.2.1 PROGRESS OF WORKS WITH REGARD TO EFFECTIVENESS OF TIME, QUALITY AND COST CONTROLS OF WORKS UNDERTAKEN UNDER LOT 2

### 2.2.1.1 Time Control

#### a) Slow Progress of works

On 25<sup>th</sup> February 2025, Wakiso District Local Government entered into a contract with China Railway Seventh Group Co. Ltd (CRSG) for Upgrading of Kisozi to Kitemu Road (4.5km) and Naggalabi Spur (2km) to paved standard worth UGX 35,265,472,417 (VAT exclusive/deemed) with the completion period up to 2<sup>nd</sup> November 2026.

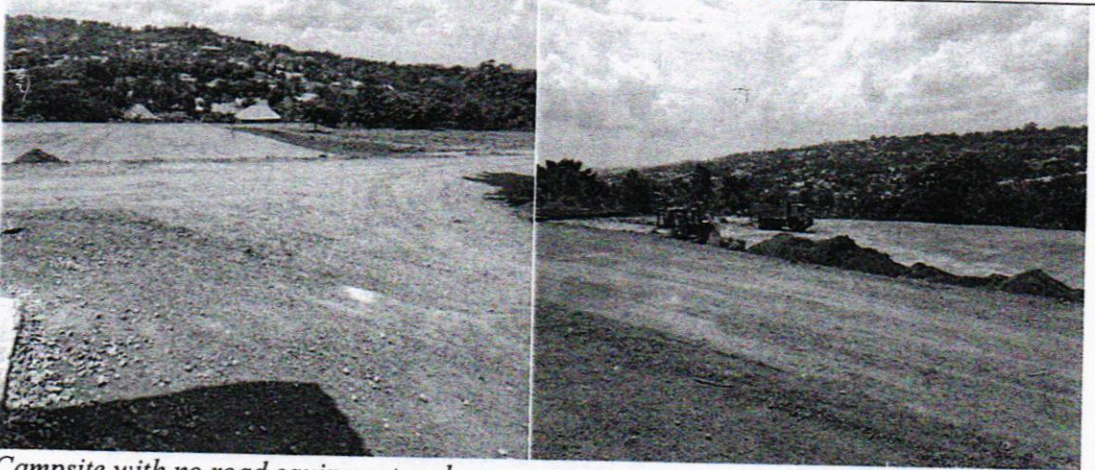
As at 17<sup>th</sup> June 2025, 8% (approximately seven weeks) project time had elapsed since site handover, with the physical progress at 0% as observed during physical verification and the financial progress at 20% (partial advance payment).

The Authority found that, whereas the contractor was on site, the campsite was still under construction with no laboratory, few workers mobilised, the road works had not commenced and the contractor was still in the process of securing clearance from relevant Authorities for the relocation of utilities. The camp site is as shown in Figure 3 below:

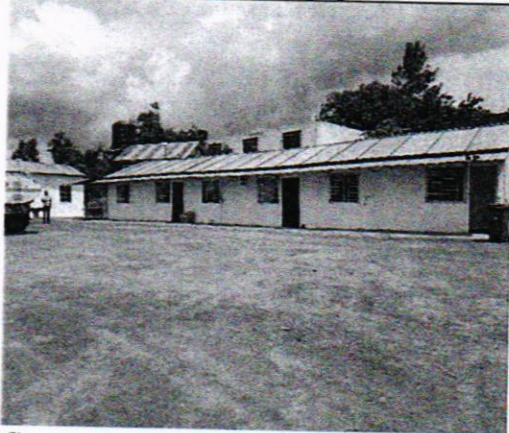
Figure 1: The China Railway Seventh Group Co. Ltd Campsite as at 17<sup>th</sup> June 2025



*Few road signs had been made*



*Campsite with no road equipment and numerous structures such as laboratory not in place*



*Contractor's Administrative offices*



*Minor road works*

### **Implication**

Delay in commencement of works increases the risk of failure to complete the works within the contractual period leading to increased project costs in terms of resource allocations such as time, human resource and funds.

### **Management response**

*Management noted the Authority's observation and submitted that with works commencing on 2<sup>nd</sup> May 2025, the current physical progress of works was at 12.9% against the projected 9.1%, implying that the contractor was ahead of schedule.*

**Authority comment:** Noted that in the Project brief of August 2025, the estimated physical progress was 12.9% was for the month of July 2025 as reported in the project brief August 2025 by the Supervising Consultant, with time lapse of 21.8% (120 of 550 days) and a financial progress of 30% (advance paid) which was contrary to the Management response.

### **Recommendations**

The Authority recommends that the Supervising Consultant should ensure timely supervision of the contractor to fast track the contractor performance to the contract terms and conditions in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2023.

#### **b) Failure to prepare a contract management plan**

The Authority found that, whereas the Contract Management Team had been appointed, there was no proof that a contract management plan had been prepared to guide the team on timelines and milestones, contrary to Regulation 50 (3) of the PPDA (Contracts) Regulation, 2023 which provides that upon receipt of the contract, the contract manager shall prepare a contract management plan using Form 49 in Schedule 2 of the Regulations, and forward a copy of the contract management plan to the to the Procurement and Disposal Unit for purposes of monitoring.

#### **Implication**

This exposes the Entity to the risks of contractual disputes, schedule slippage, strained relationships and non-compliance to contractual requirements

### **Management response**

*Management noted the Authority's observation and explained that the contract management plan was prepared.*

### **Recommendation**

The Authority noted the Entity's response; however, no copy of the contract management plan was provided for verification and therefore recommends that:

The Contract Management Team/ Team Leader should prepare a contract management plan using Form 49 under Schedule 2 of the PPDA (Contracts) Regulations, 2023 and forward a copy to the Procurement and Disposal Unit for purposes of monitoring timelines and deliverables in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023.

#### **2.2.1.2 Cost Control**

##### **a. Failure to effect full remittance of the 30% advance payment to the contractor**

The Authority found that the contractor, China Railway Seventh Group Co. Ltd had an advance payment certificate worth UGX 7,053,094,484 (20% advance payment) instead of UGX 10,579,641,725 (30%) as advance payment after submission of an advance payment security worth UGX 10,579,641,725 issued by Stanbic Bank. This was contrary to the GCC 60.1 of the Special Condition of Contract signed on 25<sup>th</sup> February, 2025 which provided for the advance payment will be equivalent to 30% of the accepted contract price.

### **Implication**

Partial payment leads to delay in resource mobilization by the contractor and subsequent delaying works execution.

### **Management Response**

*Management acknowledged the Authority's observation and explained that the Ministry of Kampala Capital City and Metropolitan Affairs remitted 20% advance payment. However, the remaining balance of 10% has been paid to the contractor.*

**Authority's comment:** Noted the Entity's response and confirmed that balance of UGX 3,526,547,242 was made as indicated on Purchase order No. 5374 dated 19<sup>th</sup> June 2025 and Voucher/EFT No. 20205589.

### **Recommendation**

The Authority commends the Entity; however, the Accounting Officer should ensure that the contractor is fully paid on time and that through formal arrangements advised on the percentage of guarantee to be obtained in order to enable them manage their costs where the Entity is unable to make full advance payment in accordance in line with the contract provisions and in accordance with Regulation 12 (1) (c) of the PPDA (Contracts) Regulation, 2023.

### **b. Failure to Maintain Contract Management Records**

The Authority found that contract management reports such as progress reports for the months of March, April and May 2025 were not on file. The minimum insurance covers as required under GCC 18.1 of the Special Conditions of Contract were also not on file. This was contrary to Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations, 2023 provides that a contract manager/ contract management team shall ascertain that all contract management records are kept and archived as required.

### **Implication**

Lack of contract management records exposes the Entity to risks of contractual disputes, schedule slippage, strained relationships and non-compliance with contractual requirements.

### **Management Response**

*Management noted the Authority's observation and explained that the insurance covers and other records were on file.*

**Authority's comment:** Noted the Entity's response and made the following observations:

- The Insurance cover provided was Workman's compensation for a period of 12 months ending 11<sup>th</sup> June 2025 under Jubilee Allianz General Insurance Company Limited. There was no evidence of insurance covers of works, plant and materials; insurance of equipment and insurance of property as required under GCC 18.1 of the Special Conditions of Contract; and
- Reviewed the file and found that there were no progress reports for the months of March, April and May 2025 for the road works.

### **Recommendations**

The Contract Management Team should:

1. Follow up with the contractor to ensure that all the insurance covers as required in the contract are submitted for custody in accordance with Regulation 52 (3) (a) (ii) of the PPDA (Contracts) Regulations, 2023.

2. Follow up with the Supervising Consultant on submission of monthly progress reports for the months of March 2025 to date and should also prepare and submit monthly reports to the Accounting Officer and Procurement and Disposal Unit as required in the appointment letter.

**c. Unbalanced contractor's costings in the bills of quantities**

The Authority noted that in the bills of quantities of the signed contract with China First Highway Engineering Co. Ltd, 49.7% of the cost of construction works was on preliminaries and drainage which was high compared to the 29.7% for the Earthworks & pavement layers and Bituminous layer & seals which is the core works. (Both percentages are calculated inclusive of the contingency amounts).

**Implication**

Unbalanced costings under admeasurement leads to payments higher than the actual value of works not commensurate to putting the project at a risk of abandonment

**Recommendation**

The Project Manager should task the contractor to produce detailed price analyses for any or all items in the Bill of Quantities and establish the internal consistency of those prices with the construction methods before interim payments are made.

### CHAPTER 3: AUDIT CONCLUSION

In the implementation of contract for Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 1: Upgrading of Bukasa-Sentema-Kakiri Road (12.17km) to Paved Standard worth UGX 56,128,103,233 by Chongqing International Construction Corporation (CICO), the Authority noted the following:

1. Slow progress of works after seven weeks (8% of project time) with minor road works executed, a few roads equipment on ground, laboratory at campsite not fully established, few workers mobilised and pending relocation of utilities. This may impact on contractual completion period and increase in project costs in terms of resource allocations such as time, human resource and money
2. The Consultant for Environmental and Social Safeguards, Global Amet Allies (CAA) Limited in association with Infrastructure Development and Management Limited highlighted key issues in their monthly reports and recommended the contractor to implement as follows: finalising the Environment Impact Assessment and submit the matrix for approval, engaging a licensed waste handler and maintain records, providing necessary resources to support ESHS personnel and finally finalise the workers' employment contracts and establish a functional grievance redress mechanism. The Accounting Officer, through the Contract Management Team should follow-up on implementation of these recommendations and maintain progress reports.

In the implementation of contract for Construction of selected roads in Wakiso and Mpigi Districts and Nansana Municipality Lot 2: Upgrading of Kisozi to Kitemu Road (4.5km) and Naggalabi Spur (2km) to paved standards under Wakiso District Local Government worth UGX 35,264,422,417 by China Railway Seventh Group Co. Ltd, the Authority noted the following:

1. Slow progress of works after seven weeks (8% of project time) with minor road works executed, ongoing establishment of campsite with laboratory, low mobilisation of workers, and the contractor was still in the process of securing clearance from relevant Authorities for the relocation of utilities. This may subsequently impact on contractual completion period and increase in project costs in terms of resource allocations such as time, human resource and money
2. Contract management records were lacking including documents on minimum insurance covers from the contractor and progress reports for the months of March, April and May 2025. The Entity should follow up to have these availed by contractor and the Supervising Consultant to minimise future risks terms of contractually disputes and no-compliance with contractual requirements
3. The contractor submitted the bills of quantity with 32.9% of the cost of construction works on drainage, which was high in comparison with the 25.7% costing for the Earthworks & pavement layers and Bituminous layer & seals which are the core works. This puts the Entity at risk of being abandoned by the contractor at a later after prior payments that are above the actual works.

The Accounting Officer should implement the Authority's recommendations and always ensure timely and full advance payment to the contractors.