PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY

"Regulating for Results"

REPORT ON CONTRACT AUDIT OF THE CONSTRUCTION OF STORM WATER MANAGEMENT, WINDOW BURGLAR PROOFING, AND THE CONSTRUCTION OF A SOLID FENCE AT KAGWARA SEED SECONDARY SCHOOL

SERERE DISTRICT LOCAL GOVERNMENT

JULY 2026

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ACRONYMS

AIDS	-	Acquired Immunodeficiency Syndrome
DCDO	-	District Community Development Officer
DEO	-	District Environmental Officer
ESHS	-	Environmental, Social, Health and Safety
ESMP	-	Environmental and Social Management Plan
GCC	-	General Conditions of the Contract
HIV	-	Human Immunodeficiency Virus
LO	-	Lands Officer
PPDA Act	-	Public Procurement and Disposal of Public Assets Act, Cap. 205
PPDA	-	Public Procurement and Disposal of Public Assets Authority
PPE	-	Personal Protective Equipment
P/S	-	Primary School
UgIFT	-	Uganda Inter-Governmental Fiscal Transfer
UGX	-	Uganda Shillings
VAT	-	Value Added Tax

EXECUTIVE SUMMARY

On 25th March 2025, Serere District Local Government signed a contract with Sajo General Stores Limited to construct stormwater management and window burglar-proofing at Kagwara Seed Secondary School, at a total cost of UGX 181,216,500, exclusive of VAT, with a three -month completion period and a six-month defects liability period.

On 31st March 2025, Serere District Local Government signed a contract with Mangron Investments Limited for the Construction of a Solid Fence at Kagwara Seed Secondary School, with a total cost of UGX 418,135,950, exclusive of VAT, a three-month completion period, and a six-month defects liability period.

In accordance with Section 8 (1) (j) (ii) of the PPDA Act, Cap. 205, the Public Procurement and Disposal of Public Assets Authority conducted contract audits of the two construction projects implemented by Serere District Local Government under UgIFT, namely: the Construction of storm water management and window burglar proofing at Kagwara Seed Secondary School and the Construction of a Solid Fence at Kagwara Seed Secondary School.

The overall objective of the contract audit was to assess the status of contract implementation, with an emphasis on verifying that all parties to the contracts had complied with the requirements and standards set forth in the contract and with the provisions of the PPDA laws and UgIFT guidelines.

The following key exceptions were noted:

A. CONSTRUCTION OF STORM WATER MANAGEMENT AND WINDOW BURGLAR PROOFING AT KAGWARA SEED SECONDARY SCHOOL

1. Absence of a Performance Security. Regulation 12 of the PPDA (Contracts) Regulations, 2023 states that "*(1) a contract shall become effective only when one or more of the specified conditions in the contract are fulfilled, including (a) the Procuring and Disposing Entity receiving the Performance Security or the Performance Securing Declaration.*" The Authority noted that the contract with Sajo General Stores Limited was signed on 25th March 2025 and that works commenced on the same day without obtaining a Performance Securing Declaration, even though the bidding document under GCC 62.1 required one. This lapse stemmed from weak enforcement of contract conditions and inadequate oversight by the Procurement and Disposal Unit during contract preparation. The Entity is at risk of failing to seek redress for non-performance.

2. Inadequate contract monitoring and supervision. Regulation 52(1) of the PPDA (Contracts) Regulations, 2023 requires the contract manager to manage the obligations and duties of the Procuring and Disposing Entity specified in the contract and to ensure that the provider performs the contract in accordance with its terms and conditions. The Authority noted gaps in contract monitoring and supervision, including poor workmanship, incomplete payment records, a lack of progress reports, and a lack of contract management records. These gaps are attributed to weak management oversight and accountability mechanisms. This may lead to poor contract performance.

3. Failure to Provide Insurance Policies. Regulation 36(1) of the PPDA (Contracts) Regulations, 2023 requires entities to ensure that all procurement requirements for works are adequately insured from the commencement of the works to the end of the defect liability period. The Authority noted that no insurance certificates or policies covering the works, third-party liability, or contractors' all-risk were submitted. This was a result of the Contract Manager's failure to enforce contract insurance obligations. This exposes the Entity to financial and legal liabilities in the event of accidents, damage to works, or third-party claims during contract implementation.

4. Non- compliance with the Environmental, Social, Health and Safety (ESHS) safeguards. Section 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires that the work be environmentally and socially responsive. The Authority noted the following: no reports on ESHS compliance; no Environmental and Social Management Plan (ESMP) in place to guide the implementation of environmental and safety measures, contrary to GCC 29 of the signed contract; no evidence of the supply of PPEs and a first-aid box, despite their allocation of UGX 1,200,000 in the bills of quantities; and no evidence of supervision, sensitisation and monitoring of ESMP issues by DCDO, LO and DEO, despite their allocation of UGX 900,000 in the bills of quantities. These lapses expose workers and the community to health and safety hazards, increase the risk of regulatory non-compliance with environmental standards, and undermine sustainability goals.

B. CONSTRUCTION OF A SOLID FENCE AT KAGWARA SEED SECONDARY SCHOOL

1. Absence of a Performance Security. Regulation 12 of the PPDA (Contracts) Regulations, 2023 states that *"(1) a contract shall become effective only when one or more of the specified conditions in the contract are fulfilled, including (a) the Procuring and Disposing Entity receiving the Performance Security or the Performance Securing Declaration."* The Authority noted that the contract with Mangron Investments Limited was signed on 31st March 2025, and works commenced on the same day without obtaining a Performance Security, even though the bidding document under GCC 62.1 required one. This lapse stemmed from weak enforcement of contract conditions and inadequate oversight by the Procurement and Disposal Unit during contract preparation. Failure to submit Performance Security as required under the contract leaves the Entity unprotected against the contractor's non-performance or failure to execute the contract.

2. Delayed completion of works. Section 51 of the Public Procurement and Disposal of Public Assets Act provides that all procurement and disposal shall be conducted in a manner that promotes economy, efficiency, and value for money. The contract under review had a stipulated completion period of three (3) months, ending on 30th June 2025. However, as of 18th June 2026, 15 months later, the Authority observed that the works were in the final stages. The physical progress of stood at 95% against a time progress of 500%.

3. Inadequate contract monitoring and supervision. Regulation 52(1) of the PPDA (Contracts) Regulations, 2023 requires the contract manager to manage the obligations and duties of the Procuring and Disposing Entity specified in the contract and to ensure that the provider

performs the contract in accordance with its terms and conditions. The Authority noted gaps in contract monitoring and supervision, including poor workmanship, an abandoned site, incomplete payment records, and a lack of progress reports and contract management records. These gaps are attributed to weak management oversight and a lack of accountability mechanisms. This may result in poor contract performance

4. Non- compliance with the Environmental, Social, Health and Safety (ESHS) safeguards. Section 37(2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 stipulates that the work shall be environmentally and socially responsive. The Authority noted the absence of ESHS compliance reports, no Environmental and Social Management Plan (ESMP) in place to guide implementation of environmental and safety measures, contrary to GCC 29 of the signed contract, no evidence of the supply of PPEs and a first-aid box, and no evidence of supervision, sensitisation and monitoring of ESMP issues. These lapses expose workers and the community to health and safety hazards, increase the risk of regulatory violations and non-compliance with environmental standards, and undermine sustainability goals.

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

1. The Accounting Officer should;
   i. For future contracts, implement a contract-tracking system to alert the Entity of impending contract expirations and performance variances.
   ii. Within two weeks of receipt of this report, provide the Authority with a written explanation for the project's extension beyond the scheduled completion period, detailing the underlying causes of the delay, the corrective measures implemented by the Entity, and the contractual actions taken to address the Contractor's delayed performance.
   iii. Require contractors to always submit duly signed Performance Securing Declarations and Performance Securities, where applicable, in accordance with Regulation 12(1)(a) of the PPDA (Contracts) Regulations, 2023.
   iv. Enforce a mandatory reporting system for all Contractors and Contract Managers in accordance with Section 52(3)(g) of the PPDA (Contracts) Regulations, 2023
   v. Always require all contractors to procure, submit, and maintain valid insurance policies before mobilisation. No works should commence until insurance coverage has been verified, and the policies should remain valid throughout the contract implementation period to mitigate potential risks, in accordance with Section 36(1) of the PPDA (Contracts) Regulations, 2023.
   vi. strengthen contract management and supervision mechanisms to ensure projects are completed within the agreed contractual timelines and to enforce contract provisions relating to delays, including the timely issuance of notices, the application of appropriate remedies for non-performance, and close monitoring of contractors' progress through regular site inspections and progress reviews

2. The Contract Managers should;
   i. For all contracts, convene monthly site meetings with all key stakeholders to review project progress, address challenges, assess work quality, and identify any deviations from the plan. This will ensure that timely and appropriate actions are taken to resolve issues and keep the project on track.

ii. Always require the contractor to implement the ESHS to protect the environment; to take all reasonable precautions to maintain the health and safety of the contractor's personnel and visitors on site; and to put in place safety measures and protocols during the execution of the works in accordance with Section 66 of the PPDA Act, Cap. 205.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Government of Uganda received a loan from the World Bank to fund the Uganda Intergovernmental Fiscal Transfer (UgIFT) Program for the construction of Seed Secondary Schools in selected districts. Serere District Local Government was one of the beneficiaries

In accordance with Section 8 (1) (j) (ii) of the PPDA Act, Cap. 205, the Public Procurement and Disposal of Public Assets Authority conducted two contract audits under the UgIFT Program in Serere District Local Government. The audit covered the Construction of stormwater management and window burglar-proofing at Kagwara Seed Secondary School, and the Construction of a solid fence at Kagwara Seed Secondary School, worth UGX 599,352,450.

1.2 Laws 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 bidding documents issued to bidders;
iv. The Circular on contract management and safeguard requirements under the Uganda Inter-Governmental Fiscal Transfer (UglFT) program dated 16th March 2021;
v. The signed contract between Serere District Local Government and Sajo General Stores Limited;
vi. The signed contract between Serere District Local Government and Mangron Investments Limited

1.3 Objectives

The overall objective of the contract audit was to assess the status of contract implementation with emphasis on verification that all parties to the contracts had complied with the requirements and standards set forth in the contract and the provisions of the PPDA laws and UgIFT guidelines

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

1. Progress of the works.
2. Effectiveness of cost and quality control of works undertaken.
3. Adherence to Environmental, Social, Health and Safety (ESHS) requirements.

1.4 Audit Methodology

The Authority adopted the following methodology:
Between 27th November and 4th December 2025, one Senior Officer-Performance Monitoring and two Officers-Performance Monitoring conducted the audit exercise under the supervision of the Regional Manager.

During the exercise, the officers reviewed the signed contract, contract implementation records, and any correspondence related to the matter, and conducted a physical verification of the project site to obtain relevant and sufficient evidence to derive the audit conclusions.
Following the completion of the fieldwork, the PPDA Officers debriefed the Accounting Officer and staff on **4th December 2025**.

The Management Letter was issued on 1st **April 2026**, to which the Entity responded on 28th **May 2026**. This report details the findings and recommendations arising from the audit exercise

1.5 Limitation of Scope

The contract audit was conducted by auditors who lacked professional competence in engineering and building construction. The audit team could not provide a definitive opinion on the technical quality of the works. The overall responsibility for the quality of the works undertaken lies with the Entity management and the contractor.

CHAPTER TWO: FINDINGS AND RECOMMENDATIONS

A. CONSTRUCTION OF STORM WATER MANAGEMENT AND WINDOW BURGLAR PROOFING AT KAGWARA SEED SECONDARY SCHOOL (SERE927/WRKS/24-25/00025)

2.1 ASSESSMENT OF THE PROGRESS OF WORKS

i. Contract summary

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

Table 1: Contract summary for the construction of stormwater management and window burglar proofing at Kagwara Seed Secondary School

<table>
<tr><td>Entity</td><td>Serere District Local Government</td></tr>
<tr><td>Contract Title</td><td>Construction of stormwater management and window burglar-proofing at Kagwara Seed Secondary School</td></tr>
<tr><td>Name of the Contractor</td><td>Sajo General Stores Limited</td></tr>
<tr><td>Type of Contract</td><td>Admeasurement contract</td></tr>
<tr><td>Original Contract Value exclusive of VAT</td><td>UGX 181,216,500</td></tr>
<tr><td>Contract Signature Date</td><td>25th March 2025</td></tr>
<tr><td>Commencement Date</td><td>25th March 2025</td></tr>
<tr><td>Original Contract End Date</td><td>30th June 2025 (3 months as per SCC (GCC) 22)</td></tr>
<tr><td>Defects liability period</td><td>6 months</td></tr>
<tr><td>Contract Outputs/ Deliverables</td><td><table>
<tr><th>Works Description</th><th>Amount (UGX)</th></tr>
<tr><td>Element 1(Storm water management)</td><td>171,120,000</td></tr>
<tr><td>Element 2 (Burglar proofing and Environment and social safeguard management plan)</td><td>10,096,500</td></tr>
<tr><td>TOTAL AMOUNT</td><td>181,216,500</td></tr>
</table></td></tr>
<tr><td>Status (as per Activity Supervision Report dated ----)</td><td>Time Progress – 500%
Physical progress – 100%
Financial Progress – 84%</td></tr>
<tr><td>Securities</td><td><table>
<tr><th>Security</th><th>Status</th></tr>
<tr><td>Performance security (3% of contract price)</td><td>No evidence</td></tr>
<tr><td>ES Performance Security (2% of contract price)</td><td>NA</td></tr>
<tr><td>Advance Payment Security (20% of contract price)</td><td>No evidence</td></tr>
</table></td></tr>
<tr><td>Project Management Team</td><td>Contract manager; District Education Officer
Project manager; District Engineer</td></tr>
</table>

i. Progress of works.

The Authority reviewed the contract document, contract management records and on 18th June 2026, the District Engineer provided the time, physical and financial progress of the works as shown below:

a) Time progress

Section 51 of the PPDA Act, Cap. 205 states that "All procurement and disposal shall be conducted in a manner which promotes economy, efficiency and value for money." The Authority noted that the Entity signed a contract with Sajo General Stores Limited on 25th March 2025, with a three-month completion period expiring on 30th June 2025. However, as of 18th June 2026, the contract was completed 15 months later, representing 500% of the original contract duration. Despite this significant lapse, no formal extension was processed or approved. This is attributed to weak internal oversight and the absence of an effective contract performance tracking mechanism. Table 2 below shows the project's timeline.

Table 2: Time Progress as of 18th June 2026

Contract Start Date	25th March 2025
Original Contract End Date	30th June 2025
Contract Extension No. 1	NIL
Contract Period (Months)	3 months
Time Lapse (Months)	15 months
Time Progress	500%.

Implications

- This exposes the Entity to legal and financial risks arising from the execution of works beyond the contractual period.
- Failure to achieve value for money due to inefficiency and delayed service delivery.
- Increased risk of cost escalation, disputes, and potential claims by the provider.

Recommendation

The Accounting Officer should;

i) For future contracts, implement a contract-tracking system to alert the Entity of impending contract expirations and performance variances.

ii) Within two weeks of receipt of this report, provide the Authority with a written explanation for the project's extension beyond the scheduled completion period, detailing the underlying causes of the delay, the corrective measures implemented by the Entity, and the contractual actions taken to address the Contractor's delayed performance.

Management response

As Management, we consent to these and are currently implementing corrective measures in response to your observations in the ongoing projects.

b) Financial progress

Regulation 44 of the PPDA (Contracts) Regulations, 2023 requires Entities to ensure that individual payments do not exceed the cost or value of the deliverable, period, or work to which the payment relates. The Authority noted that the Entity had paid a cumulative amount of UGX 152,211,860, representing 84% of the total contract price. A review of supporting documentation and physical verification confirmed that the payments made were commensurate with the work completed at the time of the audit. Table 3 below presents the project's financial progress, determined by analysing the cumulative payments made to the contractor vis-à-vis the total contract sum.

Table 3: Financial Progress as of 18th June 2026

<table>
<tr><td>Contract Amount</td><td>181,216,500</td></tr>
<tr><td>Payments Made</td><td><table><tr><td>EFT PAYMENT NUMBER</td><td>PAYMENT DATE</td><td>AMOUNT (UGX)</td></tr><tr><td>20292595</td><td>26th June 2025</td><td>152,221,860</td></tr><tr><td></td><td>TOTAL</td><td>152,221,860</td></tr></table></td></tr>
<tr><td>Advance Payment</td><td>No evidence of advance payment</td></tr>
<tr><td>Total Payments as at review by the Authority</td><td>UGX 152,221,860</td></tr>
<tr><td>Financial Progress</td><td>84%</td></tr>
</table>

c) Physical progress

Section 51 of the Public Procurement and Disposal of Public Assets Act provides that all procurement and disposal shall be conducted in a manner that promotes economy, efficiency, and value for money. The Authority noted that although the contract had expired on 30th June 2025, the project's physical progress was 85% as of 27th November 2025. This indicates that the works were substantially incomplete despite the lapse of the contractual completion period. However, as of 18th June 2026, the work had been completed. Table 4 below shows the project's physical progress.

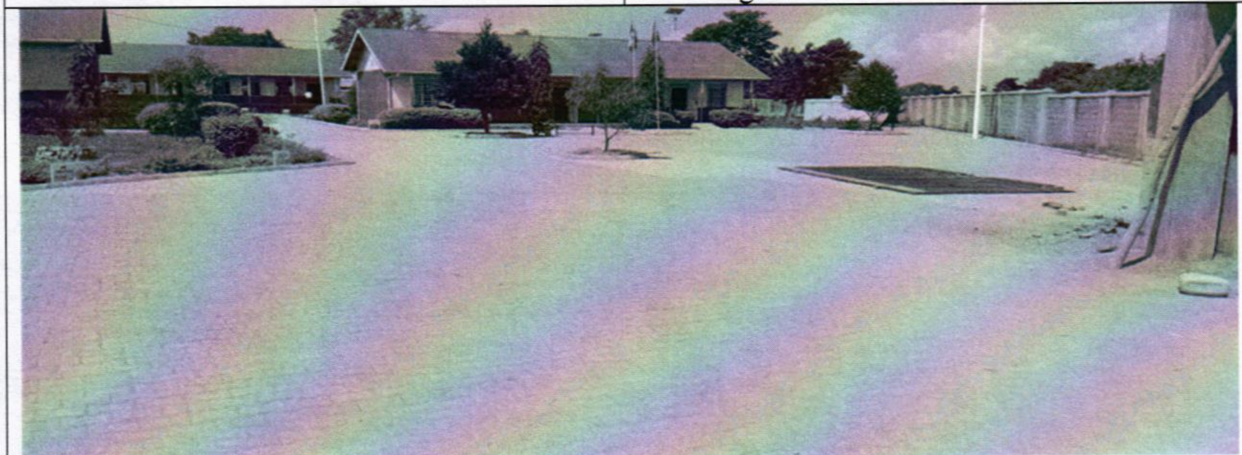
Table 4: Physical Progress as at 18th June 2026

Contract Amount	UGX 181,216,500	Management response
Measured/Valued works as at 18th June 2026, as per the Engineer's measurements.	100%	*It's true these were not seen, and this was due to our poor physical filing system during the auditing period.*
Physical Progress based on the measured/valued works as of 18th June 2026	100%	*These documents are currently available for your attention.* *As management, we have improved our filing system by using serere.works@gmail.com, where all our documents are filed digitally for easier access.* **Authority's comment** The Authority noted the entity's response and initiative to improve

		records management through digital filing and storage of documents for ease of access and retrieval. However, the documents were not provided for verification
On-site physical progress	100%	

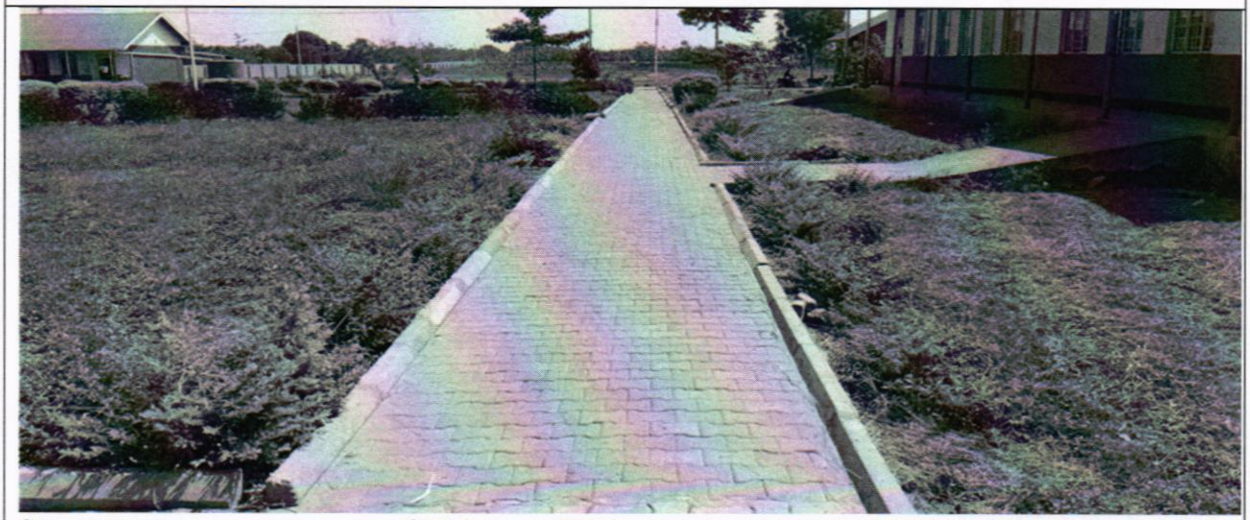
The Authority noted that during physical verification on 27th November 2025, works were incomplete; physical progress was 85%, yet the contractual period had expired. However, progress had reached 100% completion as of 18th June 2026. Table 5 below shows the pictures taken on 27th November 2025 and an update provided on the 18th of June 2026.

Table 5: Physical verification pictures

	 Flooding area as of 27th November 2025
 Paved compound at Kagwara Seed Secondary School as of 18th June 2026	


Some windows were not fully painted as of 27th November 2025

Burglar proof windows as of 18th June 2026



Storm water management as of 18th June 2026

2.2 EFFECTIVENESS OF THE QUALITY, TIME AND COST CONTROLS

2.2.1 Absence of a Performance Security

Regulation 12 of the PPDA (Contracts) Regulations, 2023 states that "(1) *a contract shall become effective only when one or more of the specified conditions in the contract are fulfilled, including (a) the Procuring and Disposing Entity receiving the Performance Security or the Performance Securing Declaration.*" The Authority noted that the contract with Sajo General Stores Limited was signed on 25th March 2025, and that works commenced on the same day without obtaining a Performance Securing Declaration, even though the bidding document under GCC 62.1 required one. This lapse stemmed from weak enforcement of contract conditions and inadequate oversight by the Procurement and Disposal Unit during contract preparation.

Implication

The Entity is at risk of failing to seek redress for non-performance.

Management response

This is true. The Contractor did not submit a duly signed Performance Securing Declaration. Currently, Contractors are required to submit a Performance Securing Declaration.

Recommendation

The Accounting Officer should require contractors to always submit duly signed Performance Securing Declarations and Performance Securities, where applicable, in accordance with Regulation 12(1)(a) of the PPDA (Contracts) Regulations, 2023.

2.2.2 Inadequate contract monitoring and supervision

Regulation 52(1) of the PPDA (Contracts) Regulations, 2023 requires the contract manager to manage the obligations and duties of the Procuring and Disposing Entity specified in the contract and to ensure that the provider performs the contract in accordance with its terms and conditions. The Authority noted gaps in contract monitoring and supervision, including poor workmanship, incomplete payment records, a lack of progress reports, and a lack of contract management records. These gaps are attributed to weak management oversight and accountability mechanisms.

Implication

This may lead to poor contract performance

Management response

As Management, we consent to these measures and are currently implementing corrective actions in response to your observations regarding the ongoing projects.

Recommendations

- The Contract Manager should convene monthly site meetings with all key stakeholders to review project progress, address challenges, assess work quality, and identify any deviations from the plan. This will ensure that timely and appropriate actions are taken to resolve issues and keep the project on track.
- The Accounting Officer should enforce a mandatory reporting system for both the Contractor and the Contract Manager in accordance with Section 52(3)(g) of the PPDA (Contracts) Regulations, 2023

2.2.3 Failure to Provide Insurance Policies

Regulation 36(1) of the PPDA (Contracts) Regulations, 2023 requires entities to ensure that all procurement requirements for works are adequately insured from the commencement of the works to the end of the defect liability period. The Authority noted that no insurance certificates or policies covering the work, third-party liability, or contractors' all-risk were submitted. This was a result of the Contract Manager's failure to enforce contract insurance obligations.

Implication

This exposes the Entity to financial and legal liabilities in the event of accidents, damage to works, or third-party claims during contract implementation.

Management response

We consent that this was not submitted, though it's currently a requirement during the bidding process.

Recommendation

The Accounting Officer should always require all contractors to procure, submit, and maintain valid insurance policies before mobilisation. No works should commence until insurance coverage has been verified, and the policies should remain valid throughout the contract implementation period to mitigate potential risks, in accordance with Section 36(1) of the PPDA (Contracts) Regulations, 2023.

2.3 ADHERENCE TO ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY (ESHS) REQUIREMENTS.

2.3.1 Non- compliance with the Environmental, Social, Health and Safety (ESHS) safeguards

Section 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires that the work be environmentally and socially responsive. The Authority noted the following: no reports on ESHS compliance; no Environmental and Social Management Plan (ESMP) in place to guide the implementation of environmental and safety measures, contrary to GCC 29 of the signed contract; no evidence of the supply of PPEs and a first-aid box, despite their allocation of UGX 1,200,000 in the bills of quantities; and no evidence of supervision, sensitisation and monitoring of ESMP issues by DCDO, LO and DEO, despite their allocation of UGX 900,000 in the bills of quantities.

Implications

These lapses expose workers and the community to health and safety hazards, increase the risk of regulatory non-compliance with environmental standards, and undermine sustainability goals.

Management response

The workers were wearing PPE at work, and it was strictly adhered to within the project sites, as shown in the pictures below.

Authority's comment

The Authority noted the entity's response and the photographs of workers wearing Personal Protective Equipment (PPE). However, key Environmental, Social, Health and Safety (ESHS) requirements, including the provision of a first-aid box, the preparation and implementation of an Environmental and Social Management Plan (ESMP), and HIV/AIDS sensitisation activities, were not met during project implementation.

Recommendation

The Contract Manager should always require the contractor to implement the ESMP to protect the environment; to take all reasonable precautions to maintain the health and safety of the contractor's personnel and visitors on site; and to put in place safety measures and protocols during the execution of the works in accordance with Section 66 of the PPDA Act, Cap. 205.

B. CONSTRUCTION OF A SOLID FENCE AT KAGWARA SEED SECONDARY SCHOOL

2.1 ASSESSMENT OF PROGRESS OF WORKS

i. Contract summary

The key information about the contract is summarised in Table 6 below: -

Table 6: Contract summary for Construction of a Solid Fence at Kagwara Seed Secondary School

<table>
<tr><td>Entity</td><td>Serere District Local Government</td></tr>
<tr><td>Contract Title</td><td>Construction of a Solid Fence at Kagwara Seed Secondary School</td></tr>
<tr><td>Name of the Contractor</td><td>Mangron Investments Limited</td></tr>
<tr><td>Type of Contract</td><td>Admeasurement contract</td></tr>
<tr><td>Original Contract Value exclusive of VAT</td><td>UGX 418,135,950</td></tr>
<tr><td>Contract Signature Date</td><td>31st March 2025</td></tr>
<tr><td>Commencement Date</td><td>31st March 2025</td></tr>
<tr><td>Original Contract End Date</td><td>30th June 2025 (3 months as per SCC (GCC) 22)</td></tr>
<tr><td>Defects liability period</td><td>6 months</td></tr>
<tr><td>Contract Outputs/ Deliverables</td><td><table>
<tr><th>Works Description</th><th>Amount (UGX)</th></tr>
<tr><td>Preliminaries and Substructure</td><td>165,019,450</td></tr>
<tr><td>Fence Super Structure</td><td>180,450,000</td></tr>
<tr><td>Gate Construction</td><td>40,825,000</td></tr>
<tr><td>Gateman's House Construction</td><td>31,846,500</td></tr>
<tr><td>Construction of a solid fence</td><td>418,135,500</td></tr>
</table></td></tr>
<tr><td>Status (as per Activity Supervision Report dated)</td><td>Time Progress – 500%
Physical progress – 95%
Financial Progress – 90%</td></tr>
<tr><td>Securities</td><td><table>
<tr><th>Security</th><th>Status</th></tr>
<tr><td>Performance Security (3% of contract price)</td><td>No evidence</td></tr>
<tr><td>ES Performance Security (2% of contract price)</td><td>NA</td></tr>
<tr><td>Advance Payment Security (20% of contract price)</td><td>No evidence</td></tr>
</table></td></tr>
<tr><td>Project Management Team</td><td>Contract manager; District Education Officer
Project manager; District Engineer</td></tr>
</table>

i. Progress of works.

The Authority reviewed the contract document and contract management records and, on 27th November 2025, conducted a physical verification of the project to ascertain the time, physical and financial progress of the works. An updated progress was provided by the District Engineer as of 18th June 2026, as shown below:

a) Time progress

Section 51 of the PPDA Act, Cap. 205, provides that all procurement and disposal shall be conducted in a manner that promotes economy, efficiency and value for money. The Authority noted that the Entity signed a contract with Mangron Investments Limited on 31st March 2025, with a three-month completion period that expired on 30th June 2025. However, as of 18th June 2026, 15 months had elapsed since signing, representing 500% of the original contract duration. Despite this significant lapse, the contract had expired without a formal extension being processed or approved, and the works were in the finishing stages. This was attributed to weak internal oversight and the absence of an effective contract performance-tracking mechanism. Table 7 below sets out the project's timeline.

Table 7: Time Progress as at 18th June 2026

Contract Start Date	31st March 2025
Original Contract End Date	30th June 2025
Contract Extension No. 1	NIL
Contract Period (Months)	3 months
Time Lapse (Months)	15 months
Time Progress	500%.

Implications

- This exposes the Entity to legal and financial risks arising from the execution of works beyond the contractual period.
- Failure to achieve value for money due to inefficiency and delayed service delivery.
- Increased risk of cost escalation, disputes, and potential claims by the provider.

Management response

As Management, we consent to these and are currently implementing corrective measures in response to your observations in the ongoing projects.

Recommendation

The Accounting Officer should;

i) For future contracts, implement a contract-tracking system to alert the Entity of impending contract expirations and performance variances.
ii) Within two weeks of receipt of this report, provide the Authority with a written explanation for the project's extension beyond the scheduled completion period, detailing the underlying causes of the delay, the corrective measures implemented by the Entity, and the contractual actions taken to address the Contractor's delayed performance.

b) Financial progress

Regulation 44 of the PPDA (Contracts) Regulations, 2023 requires Entities to ensure that individual payments do not exceed the cost or value of the deliverable, period, or work to which the payment relates. The Authority noted that the Entity had paid a cumulative amount of UGX 376,322,353, representing 90% of the total contract price. Table 8 below shows the project's financial progress, calculated by comparing the cumulative amount paid to the contractor with the contract amount.

Table 8: Financial Progress as at 18th June 2026

Contract Amount	181,216,500		
Payments Made	**EFT PAYMENT NUMBER**	**PAYMENT DATE**	**AMOUNT (UGX)**
	20292595	26th June 2025	376,322,353
		TOTAL	376,322,353
Advance Payment	No evidence of payment of an advance		
Total Payments as at review by the Authority	376,322,353		
Financial Progress	90%		

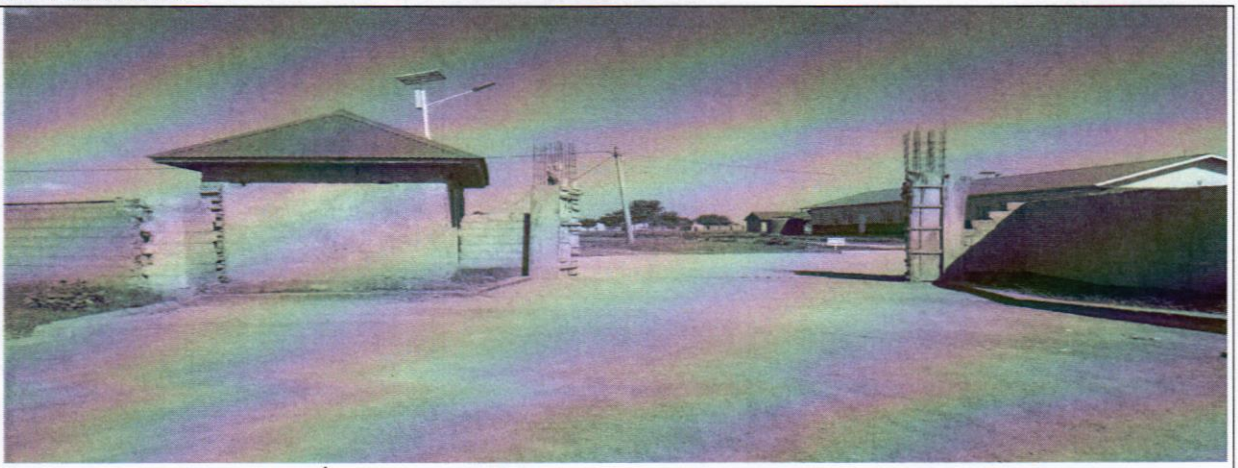
c) Physical progress

Section 51 of the Public Procurement and Disposal of Public Assets Act provides that all procurement and disposal shall be conducted in a manner that promotes economy, efficiency, and value for money. The Authority noted that although the contract had expired on 30th June 2025 and no extension was approved, the project's physical progress stood at 95% as of 18th June 2026. This indicates that the works were incomplete despite the lapse of the contractual completion period. Table 9 below shows the project's physical progress at 95% as of 18th June 2026.

Table 9: Physical Progress as at 18th June 2026

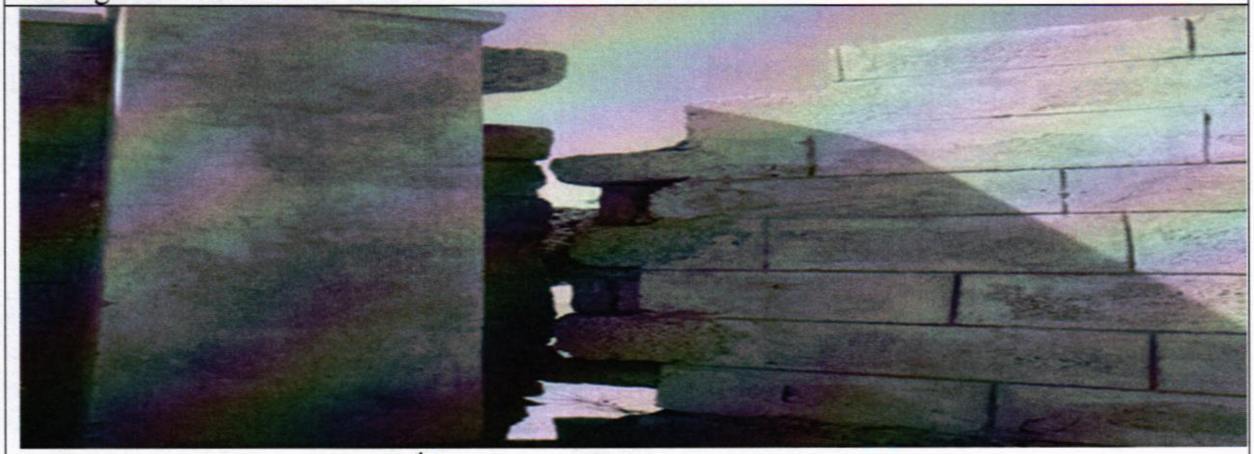
Contract Amount	UGX 418,135,900	**Management response**
Measured/Valued works as at 18th June 2026, as per the Engineer's measurements.	95%	*It's true these were not seen, and this was due to our poor physical filing system during the Auditing Period.* *These documents are available for your attention.* *As management, we have improved our filing system by using serere.works@gmail.com to store all our documents digitally for easier access.* **Authority's comment** The Authority noted the entity's response and initiative to improve records management by implementing digital filing and storage of documents to facilitate access and retrieval. However, the documents were not provided for verification
Physical Progress based on the measured/valued works as of 27th November 2025	95%	
On-site physical progress	95%	

Table 10: Physical verification pictures as of 27th November 2025 and updated status as of 18th June 2026



Incomplete gate as of 27th November 2025

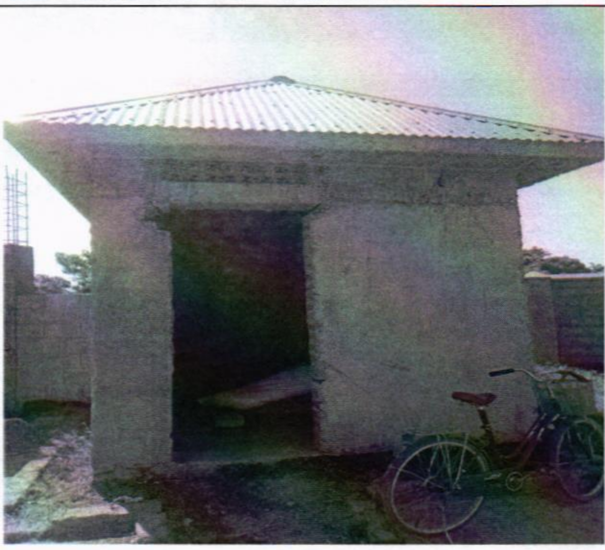
Main gate as of 18th June 2026



Incomplete wall fence as of 27th November 2025

Small gate as of 18th June 2026

Wall fence as of 18th June 2026



Security guard's house as of 27th November 2025


Security guard's house as of 18th June 2026

2.2 EFFECTIVENESS OF THE QUALITY, TIME AND COST CONTROLS

2.2.1 Absence of a Performance Security

Regulation 12 of the PPDA (Contracts) Regulations, 2023 states that *"(1) a contract shall become effective only when one or more of the specified conditions in the contract are fulfilled, including (a) the Procuring and Disposing Entity receiving the Performance Security or the Performance Securing Declaration.*" The Authority noted that the contract with Mangron Investments Limited was signed on 31st March 2025, and works commenced on the same day without obtaining a Performance Security, even though the bidding document under GCC 62.1 required one. This lapse stemmed from weak enforcement of contract conditions and inadequate oversight by the Procurement and Disposal Unit during contract preparation.

Implication

Failure to submit Performance Security as required under the contract leaves the Entity unprotected against the contractor's non-performance or failure to execute the contract.

Management response

This is true. The Contractor did not submit a duly signed Performance Securing Declaration. Currently, Contractors are required to submit a bid securing declaration.

Recommendations

The Accounting Officer should require contractors to always submit duly signed Performance Securing Declarations and Performance Securities, where applicable, in accordance with Regulation 12(1)(a) of the PPDA (Contracts) Regulations, 2023.

2.2.2 Delayed completion of works

Section 51 of the Public Procurement and Disposal of Public Assets Act provides that all procurement and disposal shall be conducted in a manner that promotes economy, efficiency, and value for money. The contract under review had a stipulated completion period of three (3) months, ending on 30th June 2025. However, as of 18th June 2026, 15 months later, the Authority observed that the works were in the final stages. The physical progress stood at 95% against a time progress of 500%

Implication

This results in delayed service delivery to the intended beneficiaries.

Management Response

It is true that there was a delay in the delivery of this project. The entity continued to engage the contractor, demanding that they fulfil their obligations. It has taken the contractor quite a while to complete the works. However, we are happy to report that the implementation is now complete

Authority's comment

The Authority noted the entity's response. Although there was more progress on the work than when the team carried out physical verification on 27th November 2025, the project was still incomplete as of 18th June 2026.

Recommendation

The Accounting Officer should strengthen contract management and supervision mechanisms to ensure projects are completed within the agreed contractual timelines and to enforce contract provisions relating to delays, including the timely issuance of notices, the application of appropriate remedies for non-performance, and close monitoring of contractors' progress through regular site inspections and progress reviews.

2.2.3 Inadequate contract monitoring and supervision

Regulation 52(1) of the PPDA (Contracts) Regulations, 2023 requires the contract manager to manage the obligations and duties of the Procuring and Disposing Entity specified in the contract and to ensure that the provider performs the contract in accordance with its terms and conditions. The Authority noted gaps in contract monitoring and supervision, including poor workmanship, an abandoned site, incomplete payment records, and a lack of progress reports and contract management records. These gaps are attributed to weak management oversight and a lack of accountability mechanisms.

Implication

This may result in poor contract performance

Management Response

As Management, we consent to these and are currently implementing corrective measures in response to what you observed in the ongoing projects

Recommendations

1. The Contract Manager should for future contracts convene monthly site meetings with all key stakeholders to review project progress, address challenges, assess work quality, and identify any deviations from the plan. This will ensure that timely and appropriate actions are taken to resolve issues and keep the project on track.

2. The Accounting Officer should enforce a mandatory reporting system for all Contractors and Contract Managers in accordance with Section 52(3)(g) of the PPDA (Contracts) Regulations, 2023.

2.3 ADHERENCE TO ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY (ESHS) REQUIREMENTS.

2.3.1 Non- compliance with the Environmental, Social, Health and Safety (ESHS) safeguards

Section 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 stipulates that the work shall be environmentally and socially responsive. The Authority noted the absence of ESHS compliance reports, no Environmental and Social Management Plan (ESMP) in place to guide implementation of environmental and safety measures, contrary to GCC 29 of the signed contract, no evidence of the supply of PPEs and a first-aid box, and no evidence of supervision, sensitisation and monitoring of ESMP issues.

Implication

These lapses expose workers and the community to health and safety hazards, increase the risk of regulatory violations and non-compliance with environmental standards, and undermine sustainability goals.

Management response

It is true that the above was not adequately addressed. However, we take the observations in good faith and are already implementing them in ongoing projects.

Recommendation

The Contract Manager should always require the contractor to implement the ESMP to protect the environment; to take all reasonable precautions to maintain the health and safety of the contractor's personnel and visitors on site; and to put in place safety measures and protocols during the execution of the works in accordance with Section 66 of the PPDA Act, Cap. 205.

CHAPTER 3: CONTRACT CLOSURE AND AUDIT CONCLUSION

3.1 Audit opinion/ conclusion

3.1.1 Construction of stormwater management and window burglar-proofing at Kagwara Seed Secondary School

In conclusion, the review of the project's implementation revealed notable weaknesses in contract management and timely execution of works. Although the Entity had achieved financial progress of 84% and physical progress of approximately 100% as of 18th June 2026, the project had exceeded its initial contractual period by 400%. Furthermore, the contract had expired without evidence of a formally approved extension of time. The delayed completion of works, and the absence of proper contract administration measures the achievement of value for money and the timely delivery of services to the intended beneficiaries.

3.1.2 Construction of a solid fence at Kagwara Seed Secondary School

In summary, the Authority noted significant weaknesses in the management and execution of the contract awarded to M/s Mangron Investments Limited. Although the contract was scheduled for completion within three months, from 31st March 2025 to 30th June 2025, the project remained incomplete after 15 months, representing 500% of the scheduled time, with no formally approved extension. Despite the delay, the work was at its final stages as of 18th June 2026. The project exceeded its initial contractual period by 400%, which reflects weak contract management, inadequate supervision, and a failure to enforce contractual obligations, thereby exposing the entity to a failure to achieve value for money and compromised service delivery to the intended beneficiaries.

In light of the above, the Accounting Officer should implement the Authority's recommendations herein to achieve the future projects' objectives