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

CONTRACT AUDIT INTO THE CONSTRUCTION OF 4 IN 1 STAFF HOUSE AND COMPLETION OF SCHOOL PERIMETER FENCE AT LAROPI SEED SECONDARY SCHOOL UNDER UGIFT PROGRAM

CONTRACTOR: M/S NILE MULTIPURPOSE SERVICES LTD.

JULY 2026

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ACRONYMS

GCC:	General Conditions of Contract.
PPDA:	Public Procurement and Disposal of Public Assets.
UGX:	Uganda Shillings.
VAT:	Value Added Tax.

EXECUTIVE SUMMARY

On 13th January 2025, Moyo District Local Government entered into a contract with M/s Nile Multipurpose Services Ltd., for the construction of 4 in 1 staff house and completion of school perimeter fence at Laropi Seed Secondary School, at a cost of UGX. 284,901,000 VAT inclusive, with an intended completion date of 15th June, 2025.

The contractor commenced site works on 20th January 2025 and completed the project on 15th June 2025. The contractor achieved 100% physical progress as per the weekly report prepared by the Contract Manager of 23rd June 2025, however, on physical verification, the Authority found that the installation of the school gate was incomplete. In addition to that, there was need for construction of a fence around the staff houses/quarters as presented in Appendix 1. The contractor had, therefore, not achieved 100% physical progress at the time of the contract audit.

In view of Section 8 (1) (j) (ii) of the PPDA Act, Cap. 205, the Public Procurement and Disposal of Public Assets Authority conducted a contract audit into the construction of 4 in 1 staff house and completion of school perimeter fence at Laropi Seed Secondary School in Moyo District Local Government under UgIFT program with an overall objective of assessing the status of contract implementation.

The following key exceptions were noted by the Authority:

1. Failure by the contractor to complete the construction of the school gate and fencing within the agreed contract timelines contrary to Regulation 52 (3) (a) (i and vi) of the PPDA (Contract) Regulations, 2023. The Authority, however, noted that the contractor completed the construction of the school gate and fence without a valid contract as the contract expired on June 15, 2025. Failure to complete the construction of the school gate and fence within the agreed contractual timelines was a breach of the contract terms and condition, therefore.

2. Payment of the contractor for incomplete works contrary to Regulation 52 (3) (a) (i & iii) of the PPDA (Contract) Regulations, 2023 which requires a Contract Manager to ascertain that the provider meets all the performance or delivery obligations and the Procuring and Disposing Entity to meet all the payment and other obligations in accordance with the terms and conditions of the contract.

The Authority found that the Procuring and Disposing Entity paid the contractor a total of UGX. 23,817,000 (UGX. 4,157,000 for the fence and UGX. 19,660,000 for the gate), as per the payment details in certificate No.3, before execution of the works. Paying the contractor before completion of the works exposed the Entity to the risk of financial loss of the above sum in the event that the contractor failed to perform or delivered shoddy works. This was a breach of the payment terms for admeasured contracts under which the contract was implemented.

3. Failure by the contractor to submit a program of work contrary to SCC (GCC 27) that required the contractor to submit program of works within 5 days of delivery of the contract. The Authority found that the contractor, Nile Multipurpose Services Ltd., did not submit a work program for the works executed and the Contract Manager did not enforce it, contrary to the provisions of SCC (GCC 27) of the terms and conditions of the contract. Failure by the contractor to prepare and submit the work program to the Entity, affected the coordination of

activities during contract execution, thereby causing uncertainty of how and when the works /activities in the project were to be executed to completion.

4. Failure by the Contract Manager to prepare a contract management plan for the project contrary to Regulations 50 (1) & (3) of the PPDA (Contracts) Regulations, 2023, provides. Failure by the Contract Manager to prepare a contract management plan for the project, affected the performance tracking of the contract and the contractor. This exposed the Entity to operational failures and risks such as; missed deadlines and potential delivery of poor quality works at project implementation.

5. Contract implemented without a Performance Security contrary to Regulations 12 (1) (a) of the PPDA (Contracts) Regulations, 2023. The Authority found that the Entity failed to compel the contractor, Nile Multipurpose Services Ltd., to submit Performance Security of 5% within 28 days after the commencement of site work by the contractor as was required under GCC 52.1. Failure by the Entity to task the contractor to furnish a Performance Security of 5%, was an indicator of;

- Failure by the Contract Manager to enforce the contractual terms and conditions; and
- Inadequate financial capacity of the contractor, that exposed the Entity to the risk of ineffective performance of the contract by the contractor.

6. Failure to provide for the ES Performance Security in the contract contrary to Section 66 of the PPDA Act, Cap. 205 and Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023. This exposed site workers and other stakeholders to work-related risks like; injuries due to accidents and environmental pollution through poor waste disposal. It also showed inadequate supervision of the project in the Entity.

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

1. The Accounting Officer should subsequently task the Contract Managers to closely monitor project implementation, accurate reporting on the actual progress achieved and desist from implementing expired contracts in accordance with Regulation 52 (3) (a) of the PPDA (Contract) Regulations, 2023.

2. The Project Managers should always:
   i. Closely supervise the contractors contracted and require submission of works program as specified in the SCC (GCC 27) within the agreed timeline of the contracts. This should be implemented in order to achieve the requirements of Regulation 52 (3) (a) (iv) of the PPDA (Contract) Regulations, 2023.
   ii. Prepare contract management plans for individual projects under implementation and submit a copy to the Procurement and Disposal Unit in compliance with Regulations 50 (3) of the PPDA (Contracts) Regulations, 2023.
   iii. Task the contractors to submit Performance Securities in accordance with the Entity's requirements in the Special Condition of Contract and Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023, so as to protect the Entity against defective works which would lead to achievement of good performance of the project.

3. The Contract Manager and the Environmental Officer should enforce provider compliance of the ESHS requirements during project implementation and submit to the Accounting Officer ESHS reports for all the projects implemented by the Entity in accordance with Regulation 37 (2) (i) of the PPDA (Rule and Methods for Procurement of Supplies, works and Non-Consultancy Services) Regulations, 2023.

CHAPTER 1: 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 construction of Seed Secondary Schools and expansion of existing ones in selected Sub-Counties in Uganda. Moyo District Local Government was one of the beneficiaries in the FY2024/2025.

In line with Section 8 (1) (j) (ii) of the PPDA Act, Cap. 205, the Public Procurement and Disposal of Public Assets Authority conducted a contract audit into the construction of 4 in 1 staff house and completion of school perimeter fence at Laropi Seed Secondary School in Moyo District Local Government under UgIFT program with an overall objective of assessing the status of contract implementation, with emphasis on verification that all parties to the contract complied with the requirements and standards set forth in the contract and the provisions of the PPDA Law and UgIFT Guidelines.

On 13th January 2025, Moyo District Local Government entered into a contract with Nile Multipurpose Services Ltd., for the construction of 4 in 1 staff house and completion of school perimeter fence at Laropi Seed Secondary School, at a cost of UGX. 284,901,000 VAT inclusive, with an intended completion date of 15th June, 2025. The contractor commenced site works on 20th January 2025 and completed the project on 15th June 2025, as per the weekly report prepared by the Contract Manager of 23rd June 2025. However, on physical verification, the Authority found that the installation of the school gate was incomplete as in Appendix 1. In addition, there was need for construction of a fence around the staff houses/quarters. The contractor had, therefore, not achieved 100% physical progress at the time the audit was conducted.

Table 1 below shows the summary of the contract signed on 13th January 2025 between Moyo District Local Government and Nile Multipurpose Services Ltd., for the Construction of 4 in 1 staff house and completion of school perimeter fence at Laropi Seed Secondary School.

Table 1: Contract summary

Contract name	Construction of 4 in 1 staff house and completion of school perimeter fence at Laropi Seed Secondary School.
Works Location	Laropi Seed Secondary School
Project Funding	UgIFT
Contract No.	Moyo/WRKS/2024-25/00013
Contract Type	Admeasurement
Contractor	Nile Multipurpose Services Ltd.
Date of Contract Signature	13th January 2025
Contract Amount	UGX. 284,901,000
Payment Currency	100% Uganda Shillings
Retention	10%
Original Contract Period	5 Months
Time Elapsed	147 days – 100%
Start Date	20th January, 2025
Completion Date	15th June, 2025
Defects Liability Period	186 days

IPCs as at the date of audit on 11th December, 2025	IPC No. 1: 81,799,740 IPC No. 2: 80,299,970 IPC No. 3: 105,707,230 Total: UGX. 267,806,940
Project implementation Progress	**Progress achieved as at date of audit 11th December, 2025.**
i.	Physical progress – 100%
ii.	Financial progress (267,806,940) – 94%
iii.	Time lapse (147 days) - 100%

1.2 Objective of the audit

The primary objective of the contract audit exercise was to assess the status and effectiveness of implementation of the contract.

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 the Environmental, Social, Health and Safety, (ESHS) safeguard requirements.

1.3 Scope of the audit exercise

The audit covered the contract implementation and management for the Construction of 4 in 1 staff house and completion of school perimeter fence at Laropi Seed Secondary School in Moyo District.

1.4 Audit methodology

Between 9th December 2025 and 11th December 2025, two Senior Officers-Performance Monitoring conducted the audit exercise under the supervision of the Regional Manager – Gulu Regional Office, Northern Region. During the exercise, the Officers reviewed the signed contract, contract implementation records and any correspondences related to the matter and conducted a physical verification of the project site to obtain relevant and sufficient evidence to derive the audit conclusions.

On completion of the file review and physical verification of the project, the audit team met with the staff from the Procurement and Disposal Unit, Contracts Committee, Internal Audit and User Departments where necessary, to obtain crucial qualitative information about the internal control system and processes in place.

Following completion of the field work, the PPDA Officers debriefed the Accounting Officer on 11th December 2025. The Management Letter was issued on 21st April 2026, to which the Entity responded on 29th May 2026. This report details the findings and recommendations arising from the audit exercise.

1.5 Limitation of scope

The contract audit was undertaken by Auditors who did not have professional competence in engineering and building construction hence could not give an opinion on the technical quality of the works undertaken. However, the overall responsibility of the quality of works lies with Moyo District Local Government's management and the Contractor, Nile Multipurpose Services Ltd.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

2.1 THE PROGRESS OF WORKS WITH REGARD TO EFFECTIVENESS OF TIME, QUALITY AND COST CONTROLS OF WORKS UNDERTAKEN

2.1.1 Physical progress of the project

During the Contract Audit exercise, the Authority reviewed the Contract Manager's weekly progress report prepared on 23rd June 2025 and established that the construction works for the construction of a 4 in 1 staff house and completion of school perimeter fence at Laropi Seed Secondary School commenced on 20th January 2025 and was completed on 15th June 2025. The project implementation achieved; 147 days (100%) - time implementation at a physical progress of 100%. The Authority, however, found that the installation of the school gate was incomplete. In addition, there was also need for construction of a fence around the staff houses/quarters as presented in Appendix 1, which implied that the contractor had not achieved 100% physical progress. The total payment made to the contractor was UGX. 274,806,940 out of the contract price of UGX. 284,901,000, giving 94% financial payment to the contractor, Nile Multipurpose Services Ltd.

2.1.2 Time control

Effective time management in a project implementation is a precursor to the achievement of project objectives that involves; planning, coordination, and execution of tasks within a predetermined timeline. In the project for the construction of 4 in 1 staff house and completion of school perimeter fence at Laropi Seed Secondary School, the contract was completed within the planned time frame as presented in Table 1 above. The project works commenced on 20th January 2025 and were completed by 15th June 2025.

2.1.3 Cost Control

Failure by the contractor to complete the construction of the school gate and fencing within the agreed contract timelines

Regulation 52 (3)(a) (i) & (vi) of the PPDA (Contract) Regulations, 2023 requires a Contract Manager to ascertain that the provider meets all the performance or delivery obligations in accordance with the terms and conditions of the contract. The contractor is required to implement all the contract obligations to completion before the expiry of the contract. The Bill of Quantities of the contractor costed UGX. 19,660,000 for the construction of the school gate and fencing works, however, the Authority noted that the contractor completed the construction of the school gate and fence without a valid contract since the contract expired on 15th June 2025 as per the contract timelines.

Implication

Failure to complete the construction of the school gate and fence within the agreed contractual timelines was a breach of the contract terms and condition, therefore, the contractor completed its contractual obligations with an invalid contract.

Management response

Management appreciates and notes that there had been implementation delays at the time of Inspection. However, the works have fully been completed and the facility is in full use.

Authority's comment
The Authority has taken note of the response, however, the response shows that the contractor did not complete the project within the project period of 15th June 2025 as per the weekly Contract Manager's report dated 23rd June 2025. As such, the project was completed on an expired contract without time extension which was an indicator of weak project supervision by the Contract Manager.

Recommendation
The Accounting Officer should subsequently task the Contract Managers to supervise and monitor project implementation, accurate reporting on the actual progress achieved and desist from implementing expired contracts in accordance with Regulation 52 (1) (b) of the PPDA (Contract) Regulations, 2023.

2.2 Financial progress
The financial management for the construction of the 4 in 1 staff house and completion of school perimeter fence at Laropi Seed Secondary School was executed as below.

The Authority established that the paid-up cost for the construction of Laropi Seed Secondary School as at the date of audit of 11th December 2025 was UGX. 267,806,940 out of the contract price of UGX. 284,901,000 giving a financial progress of 94%. Payment details below show unpaid balances due to the contractor of UGX. 17,094,060.

Table 2: Payments certified for the works.

Payment certified	Amount (UGX.)	Date certified	Status
IPC 1	81,799,740	18th March, 2025	Paid
IPC 2	80,299,970	8th May, 2025	Paid
IPC 3	105,707,230	12th June, 2025	Paid
Total payment certified (a) – 94%	**267,806,940**		
Contract price (b)	284,901,000		
Variance (b-a)	**17,094,060**		

The following gaps in the project implementation cost control were however established by the Authority.

2.2.1 Payment of the contractor for incomplete works
Regulation 52 (3) (a) (i & iii) of the PPDA (Contract) Regulations, 2023 requires a Contract Manager to ascertain that the provider meets all the performance or delivery obligations and the Procuring and Disposing Entity meets all the payment and other obligations in accordance with the terms and conditions of the contract. The Authority found that the Procuring and Disposing Entity paid the contractor a total of UGX. 23,817,000 (UGX. 4,157,000 for the fence and UGX. 19,660,000 for the gate) as per the payment details in certificate No.3 before execution of the works.

Implication
Paying the contractor before completion of the works exposed the Entity to the risk of financial loss in the event that the contractor failed to preform or delivered shoddy works. This was a breach of the payment terms for admeasured contracts under which the contract was implemented.

Management response
Management appreciates and notes the challenges associated with delays at the time of Inspection. However, the works have fully been completed and the facility is in full use.

Authority's comment
The Authority has taken note of the response, however, the response shows that the contractor did not complete the project within the project period of 15th June 2025 as reported in the weekly progress report of the Contract Manager dated 23rd June 2025. The project was therefore completed on an expired contract without time extension, hence, an indicator of weak project supervision by the Contract Manager.

Recommendation
The Accounting Officer should desist from implementing expired contracts and strictly adhere to the project timelines, strengthen project supervision and enforce submission of contract management plans and regular progress reports to the Accounting Officer by the Contract Managers in compliance with Regulation 53 of the PPDA (Contract) Regulations, 2023.

2.3 Time control

2.3.1 No program of work submitted by the contractor.
SCC (GCC 27) required the contractor to submit program of works within 5 days of delivery of the contract. The Authority found that the contractor, Nile Multipurpose Services Ltd., had no work program for the works executed and the Contract Manager did not enforce it, contrary to the provisions of SCC (GCC 27) of the terms and conditions of the contract.

Implication
Failure by the contractor to prepare and submit the work program to the Entity, affected the coordination of activities during contract execution, thereby causing uncertainty of how and when the works/activities in the project were to be executed to completion.

Management response
Management regretted the challenges of weak compliance enforcement by the District Engineer. Hence, management pledges to enforce the same in the subsequent contracts as per the SCC (GCC 27) and within the agreed timeline for the projects implemented in the Entity.

Recommendation
The Contract Managers should always require the contractors contracted by the Entity to submit works program in accordance with the SCC (GCC 27) and within the agreed timeline of the contracts in compliance with Regulation 52 (3)(a)(iv) of the PPDA (Contract) Regulations, 2023.

2.4 Quality control

2.4.1 Failure to prepare a contract management plan for the project
Regulations 50 (1) & (3) of the PPDA (Contracts) Regulations, 2023, provides that; "*The Accounting Officer shall appoint a person from the User Department to be the Contract Manager. Upon receipt of the contract, the Contract Manager shall prepare a contract management plan using Form 49 in Schedule 2 to these Regulations and forward a copy of the contract management plan to the Procurement and Disposal Unit for purposes of monitoring*".
The Authority found that the Contract Manager for the construction of the 4 in 1 staff house

and completion of school perimeter fence did not prepare a contract management plan for the project which may have negatively affected the project monitoring, since the parameters for monitoring and respective timelines lacked a guiding tool for monitoring progress of work.

Implication

Failure by the Contract Manager to prepare a contract management plan for the project, affected the performance tracking of the contract and the contractor. This exposed the Entity to operational failures and risks such as; missed deadlines and potential delivery of poor quality works at project implementation.

Management response

Management regretted the challenges of weak compliance enforcement by the Manager. Hence, management pledges to enforce the same in the subsequent contracts as per the GCC 52.1 and Regulations 50 (3) of the PPDA (Contracts) Regulations, 2023.

Recommendation

The Contract Managers should always prepare contract management plans for projects under supervision and submit a copy to the Procurement and Disposal Unit in compliance with Regulations 50 (3) of the PPDA (Contracts) Regulations, 2023.

2.4.2 Contract implemented without Performance Security

Regulations 12 (1) (a) of the PPDA (Contracts) Regulations, 2023 provides that; "*A contract shall become effective as specified in the contract, where one or more of the conditions specified in the contract including the following are fulfilled — the Procuring and Disposing Entity receiving the Performance Security or the Performance Securing Declaration".* The Authority found that the Entity failed to compel the contractor, Nile Multipurpose Services Ltd., to submit a Performance Security of 5% within 28 days after the commencement of site work by the contractor as was required under GCC 52.1.

Implications

Failure by the Entity to task the contractor to furnish a Performance Security of 5%, was an indicator of;

- Failure by the Contract Manager to enforce the contractual terms and conditions; and
- Inadequate financial capacity of the contractor, that exposed the Entity to the risk of ineffective performance of the contract by the contractor.

Management response

Management regretted the challenges of weak compliance enforcement by the Manager. Hence, management pledge to enforce the same in the subsequent contracts as per the GCC.

Recommendation

The Contract Managers should always task the contractors to submit Performance Securities in accordance with the provisions of the Special Condition of Contract and Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023, so as to protect the Entity against defective works which would lead to achievement of good performance of the project.

2.5 ADHERENCE TO ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY (ESHS) SAFEGUARD REQUIREMENTS

2.5.1 Failure to provide ES Performance Security and prepare ESHS reports

Section 66 of the PPDA Act, Cap. 205 provides that *"A procuring and disposing entity shall for each procurement take into account environmental protection, social inclusion and stimulating innovation, as may be prescribed by regulations made under this Act"*. Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023 provides that; *"A Procuring and Disposing Entity shall include in the statement of requirements for works - that the works shall be environmentally and socially responsive"*. The Authority found that the Entity did not provide for the ESHS requirements for the implementation of the contract but only provided for the Performance Security of 5% under GCC 52.1. As such no ESHS compliance report(s) was prepared.

Implication

Failure to include ESHS requirements in the bidding document under SCC (GCC 52.1) and prepare ESHS report for the project, showed that the Entity lacked commitment to the environmental and social safeguard requirements. This exposed site workers and other stakeholders to work-related risks like; injuries due to accidents and environmental pollution through poor waste disposal. It also showed inadequate supervision of the project in the Entity.

Management response

a) *Management appreciates and noted that at the time of Inspection, there could have been poor records mangement. However, Head Procurement and Disposal Unit included the requirements for Environmental, Social, Health and Safety (ESHS) safeguard requirements and submission of the Environmental plan by bidders in the bidding documents, accordingly.*
b) *Management regretted the challenges of weak compliance enforcement by the Contract Manager and the Environmental Officer. Hence, management shall caution the concerned Officers and shall enforce the requirements accordingly in the subsequent financial year(s).*

Recommendations

The Contract Manager and the Environmental Officer should enforce provider compliance of the ESHS requirements during project implementation and submit to the Accounting Officer ESHS reports for all the projects implemented by the Entity in accordance with Regulation 37 (2) (i) of the PPDA (Rule and Methods for Procurement of Supplies, works and Non-Consultancy Services) Regulations, 2023.

CHAPTER 3: AUDIT CONCLUSION

On 13th January 2025, Moyo District Local Government entered into a contract with Nile Multipurpose Services Ltd., for the construction of 4 in 1 staff house and completion of school perimeter fence at Laropi Seed Secondary School at a cost of UGX. 284,901,000 VAT inclusive with an intended completion date of 15th June, 2025. The contractor commenced site works on 20th January 2025 and completed the project on 15th June 2025, as per the weekly progress report of the Contract Manager dated 23rd June 2025.

During the physical verification, the Authority, however, found that the installation of the school gate was incomplete. In addition, there was need for construction of a fence around the staff houses/quarters. The contractor had, therefore, not achieved 100% of the physical progress at the time of the audit. The contractor was however paid UGX. 19,660,000 before full execution of the complete works of the gate and fencing of the staff houses/quarters. The works were notable completed on 11th December 2025 after the expiry of the contract which was never extended.

The Accounting Officer should always take charge of the contract implementation by tasking the Contract Managers to submit project/contract implementation reports to tract contractor performance in accordance with the terms and conditions of the contract to be able to achieve performance/completion of the contract within the timelines and avoid implementation of invalid/expired contracts.