PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY

"Regulating for Results"

CONTRACT AUDIT REPORT ON THE EXPANSION AND EQUIPPING OF NINE TECHNICAL INSTITUTES (LOTS 1,2,3,4,5,6 & 7) AND THE CONSTRUCTION OF THE SKILLS DEVELOPMENT HEAD QUARTER IN KYAMBOGO

ENTITY: MINISTRY OF EDUCATION AND SPORTS

JULY 2026

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ACRONYMS

BoQ	-	Bills of quantity
ESHS	-	Environmental Social Health and Safety
GCC	-	General Conditions of the Contract
GoU	-	Government of Uganda
MoES	-	Ministry of Education and Sports
IPC	-	Interim Payment certificate
PPDA	-	Public Procurement and Disposal of Public Assets Authority
UGX	-	Uganda shillings

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EXECUTIVE SUMMARY

The Government of Uganda, through the Ministry of Education and Sports (MoES) secured financing from the Islamic Development Bank (IsDB) under Financing Agreement No. UGA-1022 to implement the Business, Technical and Vocational Education and Training (BTVET) Support Project. The project is being implemented by the Ministry of Education and Sports through its relevant departments, while the Joint Projects Coordination Unit (PCU) for the IsDB, OFID and Arab-funded Projects is responsible for the day-to-day planning, coordination and management of project activities such as the expansion and equipping of technical institutes in the districts of Oyam, Moyo, Napak, Kakumiro, Masaka, Sembabule, Kabale, Mayuge and Busia and construction of the New Skills Development Headquarters Building on Plots M892 & M893 in Kyambogo.

The Public Procurement and Disposal of Public Assets Authority (PPDA or Authority) conducted contract audits of nine contracts under the BTVET project, namely Lot 1 (Minakulu Technical Institute), Lot 2 (Moyo Technical Institute), Lot 3 (Moroto Technical Institute), Lot 4 (Birembo War Memorial Technical Institute), Lot 5 (St. Kizito Technical Institute), Lot 7 - Nalwire Technical Institute & Nkoko Technical Institute), Lot 9 (Kabale Technical Institute) and the New Skills Development Headquarters Building on Plots M892 & M893, implemented by the Ministry of Education and Sports at a total contract value of UGX 137,465,110,962.

The objective of the contract audits was to assess the implementation of the contracts and determine whether the parties complied with the contractual requirements and the provisions of the PPDA Act Cap. 205, the PPDA Regulations, 2023 and the applicable PPDA Guidelines, while evaluating whether the contracts were being implemented efficiently, effectively and in a manner that delivers value for money.

The following are the key findings:

1. **Expansion and Equipping Minakulu Technical Institute (Lot 1):** The project registered satisfactory progress towards achieving its intended objectives despite external implementation challenges. However, contrary to Regulations 49(3) and 52 of the PPDA (Contracts) Regulations, 2023 and the applicable Conditions of Contract, weaknesses were identified including delayed project execution, delayed site handover, delayed processing of contractor payments, inadequate deployment of key personnel, slow mobilization of resources, gaps in Environmental, Social, Health and Safety (ESHS) compliance, unauthorized replacement of the Site Engineer and inaccurate contractor reporting. These weaknesses increased the risk of delayed completion, reduced quality assurance, ineffective contract management and delayed realization of project benefits.

2. **Expansion and Equipping Moyo Technical Institute (Lot 2):** The project generally progressed towards achieving its intended objectives. However, contrary to Regulation 52 of the PPDA (Contracts) Regulations, 2023, weaknesses were identified in contract implementation including delayed project execution, delayed contractor payments, slow mobilization of resources, partial compliance with ESHS requirements, unauthorized replacement of key personnel and weaknesses in contractor reporting. These shortcomings exposed the project to implementation delays, weakened supervision and increased contract management risks.

3. **Expansion and Equipping Moroto Technical Institute (Lot 3):** The project demonstrated commitment towards achieving the intended project outcomes. However, contrary to Sections 36(1)(d) and 66 of the PPDA Act, Cap. 205 and Regulations 51 and 52 of the PPDA (Contracts) Regulations, 2023, weaknesses were identified including delayed contract effectiveness, an inadequately constituted Contract Management Team, failure to prepare monthly contract management reports, changes in designs after contract signing, delayed contractor payments and delayed project completion. These weaknesses exposed the project to delayed service delivery, ineffective contract administration, increased financial risks and weakened contract oversight.

4. **Expansion and Equipping Birembo War Memorial Technical Institute (Lot 4):** The project maintained the approved contract price, demonstrated satisfactory quality of works and promoted local employment. However, contrary to Regulation 52 of the PPDA (Contracts) Regulations, 2023 and the applicable Conditions of Contract, weaknesses were identified including delayed project commencement, slow execution of works, delayed contractor payments, irregular deployment of key technical personnel, rework arising from non-compliance with specifications, slow mobilization of resources and partial compliance with Environmental, Social, Health and Safety (ESHS) requirements. These weaknesses increased the risk of implementation delays, cost escalation, reduced value for money and compromised quality assurance.

5. **Expansion and Equipping St. Kizito Technical Institute (Lot 5):** The project registered commendable physical progress and was likely to achieve completion within the approved extended contract period. Nevertheless, contrary to Regulation 52 of the PPDA (Contracts) Regulations, 2023 and the applicable Conditions of Contract, weaknesses were observed including delayed project commencement, delayed processing of Interim Payment Certificates and minor implementation delays requiring extension of the completion period. These weaknesses increased the risk of delayed operationalization of the facilities, contractor cash flow constraints and avoidable financial liabilities.

6. **Expansion and Equipping Kabale Technical Institute (Lot 6):** The project generally progressed satisfactorily towards achieving its intended objectives. However, contrary to the Conditions of Contract and Regulations 49 and 52 of the PPDA (Contracts) Regulations, 2023, weaknesses were identified including delayed submission of Performance Security, delayed approval of the stormwater drainage system, delayed contractor payments and weaknesses in contract administration. These shortcomings exposed the project to contractual, financial and implementation risks and increased the likelihood of delayed completion.

7. **Expansion and Equipping Nalwire Technical Institute (Lot 7):** The project made reasonable progress towards implementation of the planned works. However, contrary to Regulation 52 of the PPDA (Contracts) Regulations, 2023, weaknesses were identified including delayed completion arising from poor contractor planning and procurement arrangements, slow mobilization of key resources and delayed contractor payments. These weaknesses increased the risk of prolonged implementation, delayed realization of project benefits and reduced value for money.

8. **Expansion and Equipping Nkoko Technical Institute (Lot 7):** The project continued to progress despite several implementation constraints. However,

contrary to Regulations 49(3) and 52 of the PPDA (Contracts) Regulations, 2023, weaknesses were identified including delayed completion, slow mobilization of personnel and materials, inadequate deployment of key technical staff and delayed processing of contractor payments. These shortcomings increased the risk of further project delays, ineffective supervision, additional contract administration costs and delayed service delivery to the intended beneficiaries.

9. **Construction of the New Skills Development Headquarters Building on Plots M892 & M893, Kyambogo, Kampala:** The project made satisfactory physical progress on a complex, high-value infrastructure contract and appropriate measures were taken to address technical design challenges encountered during implementation. However, contrary to Sections 66 of the PPDA Act, Cap. 205 and Regulations 49, 51 and 52 of the PPDA (Contracts) Regulations, 2023, weaknesses were identified in contract management, including delayed contract effectiveness, an inadequately constituted Contract Management Team, failure to prepare monthly contract management reports, delays in approving contractor submissions and structural drawings, delayed procurement of construction materials arising from the Deemed VAT process, delayed processing of Government of Uganda counterpart payments and delayed project completion that resulted in a contract extension. These weaknesses reduced the effectiveness of contract administration, constrained Contractor cash flow, disrupted construction sequencing, increased the risk of cost escalation and delayed realization of the intended benefits of the Skills Development Headquarters.

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

1. The Accounting Officer should:

   i. Strengthen oversight of contract implementation by managing contracts in accordance with approved Contract Management Plans, establishing adequately constituted Contract Management Teams, and undertaking periodic management reviews to monitor project performance and promptly address implementation bottlenecks, in accordance with Sections 36 and 66 of the PPDA Act, Cap. 205 and Regulations 51 and 52 of the PPDA (Contracts) Regulations, 2023.

   ii. Process all contractual payments, including advance payments, Interim Payment Certificates and Government counterpart funding obligations, within the timelines prescribed in the Conditions of Contract and Regulation 49(3) of the PPDA (Contracts) Regulations, 2023. Where implementation depends on external approvals or financing arrangements, proactive engagement with the relevant stakeholders should be undertaken to minimize delays and safeguard timely project delivery.

   iii. Strengthen project planning and coordination by completing all prerequisite activities, including design reviews, statutory approvals, land availability, procurement of key inputs and financing arrangements, before contract commencement to minimize implementation delays, variations and contract extensions in accordance with Section 44 of the PPDA Act, Cap. 205.

   iv. Institute periodic monitoring and performance reviews of ongoing contracts to promote timely implementation, effective utilization of project resources, compliance with contractual obligations and achievement of value for money in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.

2. The Contract Managers should:

   i. Strengthen contract administration by maintaining complete, accurate and up-to-date contract records including approved Contract Management Plans, work programmes, site instructions, progress reports, site meeting minutes, quality assurance records, contractor personnel records, materials testing reports and monthly contract management reports in accordance with Regulation 52(3)(a) of the PPDA (Contracts) Regulations, 2023 and Section 44 of the PPDA Act Cap. 205.

   ii. Enhance supervision of contract implementation by ensuring timely mobilization of contractors, deployment of approved key personnel, prompt review and approval of contractor submissions, strict enforcement of Environmental, Social, Health and Safety (ESHS) requirements, regular site inspections and effective follow-up of contract instructions in accordance with Regulation 52(1)(a) of the PPDA (Contracts) Regulations, 2023.

   iii. Strengthen quality assurance and project performance monitoring by confirming that all works comply with approved designs and specifications, non-conforming works are promptly corrected, adequate materials testing and quality assurance records are maintained, and implementation progress is closely monitored to minimize delays and avoid unnecessary contract extensions in accordance with Regulation 52(1)(a) of the PPDA (Contracts) Regulations, 2023.

   iv. Improve contract monitoring and reporting by preparing and submitting timely contract management reports, identifying implementation risks early and escalating matters requiring management intervention to facilitate timely decision-making and successful contract completion in accordance with Regulation 51 of the PPDA (Contracts) Regulations, 2023.

Audit Conclusion

The Authority established that the contracts for the expansion and equipping of nine Technical Institutes under Lots 1–7 and the construction of the New Skills Development Headquarters at Kyambogo were generally implemented satisfactorily and were either completed or progressing towards successful completion. However, weaknesses were identified in contract management including delays in project implementation and payments, inadequate contract governance and documentation, weak supervision of contractor performance, deficiencies in Environmental, Social, Health and Safety (ESHS) compliance, delays in approvals and mobilization of key resources contrary to the PPDA Act Cap. 205, the PPDA (Contracts) Regulations, 2023 and the applicable Conditions of Contract.

Although these weaknesses did not materially affect the achievement of the intended contract objectives, they exposed the projects to avoidable implementation, financial and compliance risks that could delay the realization of the intended project benefits if not adequately addressed.

CHAPTER 1: INTRODUCTION

1.1 Background

The Ministry of Education and Sports (MoES) with support from the Islamic Development Bank (IsDB) is implementing the Business, Technical & Vocational Education & Training (BTVET) Support Project aligned with the National Vision of transforming Uganda from a peasantry-based society into a modern, self-sustaining, industrialized, competitive upper middle-income and prosperous country, by 2040. In so doing, the project shall contribute towards the paradigm shift in the BTVET sub-sector, aimed at making it a comprehensive system of skills development for employment, enhanced productivity and national growth, while augmenting Government's efforts to address the increasing demand for alternative further education opportunities, from outputs of Universal Primary Education (UPE), Universal Secondary Education (USE) and Universal Post O-Level Education & Training (UPOLET).

The Authority conducted contract audits into nine contracts being implemented under the BTVET project listed in Table 2 of this report in accordance with Section 7 of the PPDA Act Cap 205.

Specific Objective

The primary objective of the Business, Technical & Vocational Education & Training (BTVET) Support Project is to support key Education Sector priorities included in the National Development Plan (NDP III) and the Education Sector Strategic Plan (ESSP III), focusing on expanded and equitable access to quality BTVET.

1.1.1 Scope of Audited Projects

This section details the contract summary information for the nine projects; namely Lot 1 (Minakulu Technical Institute), Lot 2 (Moyo Technical Institute), Lot 3 (Moroto Technical Institute), Lot 4 (Birembo War Memorial Technical Institute), Lot 5 (St. Kizito Technical Institute), Lot 7 - Nalwire Technical Institute & Nkoko Technical Institute), Lot 9 (Kabale Technical Institute) and the New Skills Development Headquarters Building on Plots M892 & M893, under the Ministry of Education and Sports in collaboration with the IsDB. Table 1 below details the contract information for all five projects:

Table 1: Contract Summaries for the Audited Projects at the Ministry of Education and Sports

Lot 1 - Expansion & Equipping of Minakulu Technical Institute in Oyam District	
Procurement Ref. No.	IsDB-MOES/WRKS/22-23/00078/Lot 1
Contractor	Prisma Limited
Contract Signature Date	16th April 2024
Commencement date	4th July 2024
Contract duration	15 months
Initial Practical Completion date	3rd October 2025
Practical Completion date	2nd February 2026
Contract value UGX	9,313,758,764 (VAT Exclusive)
Overall Progress as at 17th November 2025	73%
Time progress at the time of audit	99.8%

Financial Progress as at 17th November 2025	51.3%
Amount paid as at 17th November 2025	4,783,452,030
Lot 2 – Expansion & Equipping of Moyo Technical Institute	
Procurement Ref. No.	IsDB-MOES/WRKS/22-23/00078: Lot 2
Contractor	Prisma Limited
Contract Signature Date	16th April 2024
Commencement date	4th July 2024
Contract duration	15 months
Initial Practical Completion date	3rd October 2025
Revised Completion date	3rd February 2026
Contract value UGX	8,256,053,954 (VAT Exclusive)
Overall Progress as at 1st October 2025	76%
Time progress at the time of audit	99.9%
Financial Progress as at 1st October 2025	54.2%
Amount paid as at the end of September 2025, UGX	4,501,306,322
Lot 3 - Expansion & Equipping of Moroto Technical Institute	
Procurement Ref. No.	IsDB-MOES/WRKS/22-23/00078/LOT 3/C1702
Contractor	Ambitious Construction Co. Limited
Contract Signature Date	16th April 2024
Commencement date	16th April, 2024
Contract duration	15 Months
Defects Liability Period	12 Months
Initial Practical Completion date	1st October, 2025
Revised Practical Completion date	3rd March, 2026 - (*Extension of 5 months from 1/10/2025*)
Revised contract duration	20 months
Revised final completion date	2nd March, 2027
Contract value UGX	UGX 11,907,711,798 Exclusive 18% Deemed VAT
Overall Progress as at 30th September 2025	Physical Progress 93% over Planned Work Progress of 94%
Financial Progress as at 30th September 2025	Financials Certified against Progress 84.4%; Financials Paid against Progress 78.2%; Outstanding payment - UGX 373,123,560.
Lot 4 - Construction of Birembo War Memorial Technical Institute	
Procurement Ref. No.	IsDB-MoES/Wrks/22-23/00078/C1704
Contractor	Zhongmei Engineering Group Limited
Contract Signature Date	16th April 2024
Commencement date	16th June 2024
Contract duration	15 months

Initial Practical Completion date	18th September 2025
Practical Completion date	12th December 2025
Contract value UGX	8,543,991,349 (VAT Exclusive)
Overall Progress as at 16th September 2025	70%
Time progress	87%
Financial Progress as at 16th September 2025	48.96%
Amount paid as at 16th September 2025, UGX	4,182,939,725
Lot 5 - Construction of St. Kizito Technical Institute	
Procurement Ref. No.	IsDB-MoES/Wrks/22-23/00078/C1704
Contractor	Ambitious Construction Co. Ltd
Contract Signature Date	16th April 2024
Commencement date	26th June 2024
Contract duration	15th Months
Initial Practical Completion date	24th September 2025
Practical Completion date	24th November 2025
Contract value UGX	8,016,784,046 (VAT Exclusive)
Overall Progress as at 15th October 2025	98%
Time progress	87%
Financial Progress as at 15th October 2025	86%
Amount paid as at 15th October 2025, UGX	8,102,278,302
Lot 6 – Expansion and Equipping of Kabale Technical Institute	
Procurement Ref. No.	IsBD-MOES/WRKS/22-23/00078/LOT6
Contractor	Ambitious Construction Company Limited
Contract Signature Date	16th April 2024
Commencement date	9th September 2024
Contract duration	15 months
Initial Practical Completion date	8th December 2025
Revised Practical Completion date	8th April 2026
Contract value UGX	11,287,378,195 (VAT Exclusive)
Overall Progress as at 25th September 2025	79.51%
Financial Progress as at 25th September 2025	48%
Amount paid as at 25th September 2025	5,397,472,055
Lot 7 - Expansion & Equipping of Nalwire Technical Institute and Nkoko Technical Institute	
Procurement Ref. No.	IsDB-MOES/WRKS/22-23/00076/LOT7- C1706
Contractor	CRJE (East Africa) Ltd

Contract Signature Date	16th April 2024
Commencement date	1st July 2024
Contract duration	15 months
Initial Practical Completion date	30th September 2025
Practical Completion date	2nd February 2026
Contract value UGX	18,210,279,081 (Nalwire UGX 8,902,488,040 and Nkoko UGX 9,307,791,040) (VAT Exclusive)
Overall Progress of Nalwire as at 21st October 2025	62%
Financial Progress of Nalwire as at 21st October 2025	42.1%
Amount paid for Nalwire as at 21st October 2025	4,384,136,860.61
Overall Progress of Nkoko as at 21st October 2025	69%
Financial Progress of Nkoko as at 21st October 2025	42.1%
Amount paid for Nkoko as at 21st October 2025	4,307,586,799.23
Scope of Works for the Expansion and Equipping of Nine Technical Institutes under Lots 1 – 9	• Complex Type 2 (1 level) for Administration, ICT, Library and Staff room; • Workshop – BCE Type 1; • Student dormitories Type 2 (2 levels – 2No. blocks); • Staff quarters Type 1 (1 level – 2No. blocks); • Guard house (1No. block); • External works; and • Utility infrastructure (15kVA UPS, CCTV, PV solar lighting systems, generator extension, 200kVA transformer, solar street lighting, overhead water tank, rainwater harvesting tank, solar bore hole and incinerator).
Construction of New Skills Development Headquarters Building on Plots M892 & M893	
Procurement Ref. No.	IsDB-MOES/WRKS/22-23/00001/C1667
Contractor	Sadeem AI Kuwait General Trading & Contracting Company in Joint Venture with Dott Services Limited
Contract Signature Date	6th October, 2023
Commencement date	7th March, 2024
Contract duration	18 Months
Initial Practical Completion date	7th September, 2025
Revised Practical Completion date	7th September, 2026
Contract value	UGX 73,081,121,456 Inclusive 18% Deemed VAT and UGX 61,933,153,776 Exclusive 18% Deemed VAT

Overall Progress as at 16th October 2025	59% over planned work progress of 71% • Lot 1 - the programme against actual progress of work was 44%. • Lot 2 - the programme against actual progress was 60%. • Lot 3 - the programme against actual progress of work was 41%.
Amount paid as at 16th October 2025	UGX 15.738Bn (25.4% of Contract Sum). Advance inclusive payments of UGX 23.403Bn)
Scope of Work	• Lot 1 - Office Towers (Block 1 & 2) works and associated Electricals, ICT and Mechanical Installations • Lot 2 - Parking Deck and External Works; • Lot 3 - Conference Block and Associated Electrical, ICT and Mechanical Installations

1.2 Overall Audit Objective

The overall objective of the assignment is to assess the attainment of value for money of the procurements under audit, their performance and establish the degree of compliance of the Ministry of Education and Sports procurement and disposal system and processes with the provisions of the PPDA Act, Cap 205, Regulations 2023 and PPDA Guidelines.

The specific objectives include:

i. To assess whether the MoES process of contracting and contract management was undertaken in compliance with the PPDA Act, Cap 205, Regulations 2023 and PPDA Guidelines for the projects under Contract Audit.
ii. To determine whether the Contractors for the project under assessment have complied with the terms and conditions of the contract; and
iii. To identify any instances of non-compliance, overpayment, underpayment or potential fraud.

1.3 Audit Methodology

The Authority adopted the following methodology during the contract audit:

i. Document review including review of contracts, progress reports, Interim Payment Certificates and other correspondences relating to contract management for the contracts;
ii. Physical verification of the sites;
iii. Debriefing the Entity's management on the preliminary findings from the audit;
iv. Issuing a management letter to the Entity for an official management response; and
v. Reporting on findings from the contract audit and providing recommendations.

1.4 Contract Audit Scope

The contract audit covered nine contracts for the expansion and equipping of technical institutes and construction of the New Skills Development Headquarters Building totaling UGX 137,465,110,962. The audit focused on the contract management stage of the procurement process for these contracts. The details of the nine audited contracts are shown in Table 2 below:

Table 2: The Nine Audited Contracts

No.	Project Details	Contractor	Contract Value (UGX) – VAT Exc.
1.	Lot 1 - Expansion & Equipping of Minakulu Technical Institute	Prisma Limited	9,313,758,764

No.	Project Details	Contractor	Contract Value (UGX) – VAT Exc.
2.	Lot 2 - Expansion & Equipping of Moyo Technical Institute	Prisma Limited	8,256,053,954
3.	Lot 3 - Expansion & Equipping of Moroto Technical Institute	Ambitious Construction Company Limited	11,907,711,798
4.	Lot 4 - Construction of Birembo War Memorial Technical Institute	Zhongmei Engineering Group Limited	8,543,991,349
5.	Lot 5 - Construction of St. Kizito Technical Institute	Ambitious Construction Company Limited	8,016,784,046
6.	Lot 6 - Expansion & Equipping of Kabale Technical Institute	Ambitious Construction Company Limited	11,287,378,195
7.	Lot 7 - Expansion & Equipping of Nalwire Technical Institute	CRJE (East Africa) Ltd	8,902,488,040
8.	Lot 7 - Expansion & Equipping of Nkoko Technical Institute	CRJE (East Africa) Ltd	9,303,791,040
9.	Construction of New Skills Development Headquarters Building on Plots M892 & M893	Sadeem AI Kuwait General Trading & Contracting Company in Joint Venture with Dott Services Limited	61,933,153,776
Total			**137,465,110,962**

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

The Authority noted the following findings pertaining to contract audits into the nine projects for the expansion and equipping of technical institutes and construction of the New Skills Development Headquarters Building implemented by the Ministry of Education and Sports.

2.1 Expansion & Equipping of Minakulu Technical Institute – Lot 1

The Authority observed the following exception findings during the implementation of the contract for the Expansion & Equipping of Minakulu Technical Institute (Lot 1):

2.1.1 Delay in Project Execution

The audit noted that contract implementation was continuously behind schedule. For example, from the supervising engineer's report as at end of September 2025, overall reported physical progress achieved was 73% against a plan of 93%. The project had underperformed, with the delays attributed to partial closure of Karuma Bridge during the implementation period, delay in the payment of the Government of Uganda (GoU) portion, shortage of Roofings Limited reinforcement and steel hollow sections, delayed deemed VAT approval by Uganda Revenue Authority (URA) and heavy rains which affected execution.

As of the site visit date on 17th November 2025, key works such as internal and external painting, E&M installations, glazing, tiling, ceilings, and external works have not commenced. The contractor's revised program, which projects 85% completion by end-November 2025, may be achieved if the current low level of site mobilization and manpower is addressed.

Implication

Delay in execution of the works can lead to overall failure by the contractor to complete in time. Whereas there were reasons beyond the control of the different stakeholders like closure of the Karuma Bridge and heavy rains at the beginning, the aspect of delay in payment of the government portion could have been work on.

Management Response

We note the recommendation. However, the MOFPED continues to provide delayed and inadequate releases of required funds for the GOU portion for interim payments. Whenever the funds are released, the MOES makes prompt payments to contractors.

Recommendation

The Accounting Officer and the Contract Management Team should in future ensure that contractor invoices are cleared as per contract stipulations. Whereas there were reasons beyond the control of the different stakeholders like closure of the Karuma Bridge and heavy rains at the beginning, the aspect of delay in payment of the government portion could have been work on.

2.1.2 Delay in Handing Over the Site

GCC 20.1 states that the site was to be handed over within 4 weeks of signing the contract. However, the audit noted that whereas the contract was signed on 16th April 2024, the site was handed over on 3rd July 2024 which was 11 weeks later.

Implication

Delay to hand over the site can affect mobilization activities leading to overall delay in project execution.

Management Response

We take note of the recommendations. We confirm that the main reason for delay was the need to wait for the schedule of the Sector Head to officially launch this contract of high value and importance to the National Human Capital Development Strategy (along with the other six contracts).

Recommendation

In future the Accounting Officer should always ensure that sites are handed over as per the contract terms.

2.1.3 Delay in Payments to the Contractor

The audit noted that by the end of August 2025, IPC number 2 that was submitted on 3rd March 2025 had not been cleared (GoU portion) amounting to UGX 144,647,312 which gives a delay of 180 days contrary to GCC 40.1 which stipulates 90 days upon presentation of invoice to the employer.

Figure 1: Showing Payment Status as at End of September 2025

No	Description	Funder	Amount Certified (excl. VAT)	Status
LOT 1	MINAKULU TECHNICAL INSTITUTE			
1	Advance Payment	IsDB	1,499,701,436	Paid
		GOU	363,050,317	Paid
2	Interim Certificate No.1	IsDB	590,799,852	Paid
		GOU	143,021,850	Paid
3	Interim Certificate No.2	IsDB	597,514,372	Paid
		GOU	144,647,312	Not Paid
4	Interim Certificate No.3	IsDB	458,878,460	Paid
		GOU	111,086,090	Not Paid
5	Interim Certificate No.4	IsDB	526,636,011	Paid
		GOU	136,204,624	Not Paid
6	Interim Certificate No.5	IsDB	603,849,732	Paid
		GOU	146,180,988	Not Paid

Source: *ArchForum Progress Report Number 5 [July-September 2025] (Page 18)*

Implication

Delay in processing payments to the contractor greatly affects project completion since it may distort the project timelines indicated in the program of works. In addition, it may lead to cost overruns if the contractor invokes the late payment requirement.

Management Response

We note that Ministry of Education and Sports (MOES) has ensured timely payment of the IsDB portions of advance and all interim certificates. However, the Ministry of Finance, PlMOFPED continues to provide delayed and inadequate releases of required funds for the GoU portion on interim payments. MOES has continued to engage MOFPED on the required GOU counterpart financing and awaits feedback on a related request for supplementary funds.

Recommendation

The Accounting Officer should, as a matter of extreme urgency, ensure that all certified payments are processed and disbursed to the contractor within 90 days as per GCC 40.2 of the contract and in accordance with Regulation 49(3) of the PPDA (Contracts) Regulations, 2023. This action is fundamental to unlocking the current contractor's cashflow problems. Further, the Accounting Officer and the Contract Management Team should in future ensure that contractor invoices are cleared as per contract stipulations.

2.1.4 Challenges Relating to Performance Security

The supervising consultant's report for the period ending June 2025 states that a Performance security existed and was extended to 16th November 2025. At the time of conducting the site visit on 17th November 2025, the auditors were unable to confirm existence of a performance security at the time.

Further, the original security that expired on 16th May 2025 was not presented to the auditor for review. In the circumstances, the auditor could not ascertain whether it sufficiently covered the requirements stated in GCC 49.1 of the contract. See figure 2 below for details:

Figure 2: Showing Status of Securities

Lot	Site	Policy	Status	Date of Expiry
1	Minakulu	Advance Payment Guarantee	Valid	16th May 2025 (Renewed till 16th November 2025)
		Performance Security	Valid	16th May 2025 (Renewed till 16th November 2025

Source: ArchForum Progress Report Number 4, Page 19

Implications

- Failure to present key documents relating to management of the contract deters the auditor from evaluating their sufficiency and authenticity.
- Further, if the securities are allowed to lapse, the Employer loses significant financial recourse in the event of contractor default. This exposes the project to substantial financial risk and could complicate the enforcement of contractual obligations.

Management Response

We confirm that the contractor's performance guarantee was duly renewed for a further period that is now valid up to 3rd June 2026; copy provided for review.

Recommendations

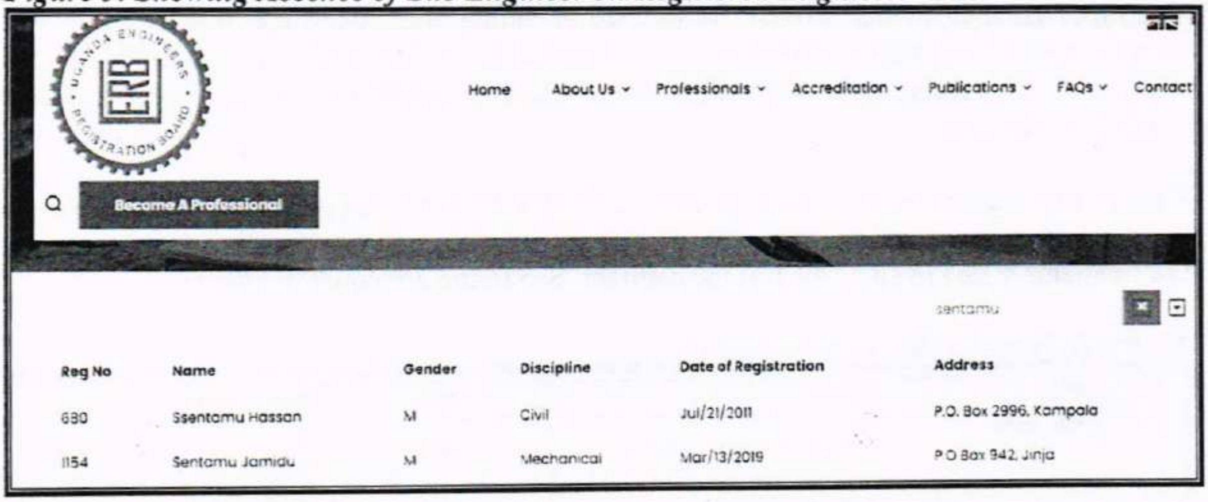
- The Contract Management Team should ensure that all documents required as per the contract are duly presented by the contractor and are readily available for review as and when required by different stakeholders. If it is a case of improper document management, then the procurement and disposal unit should ensure that proper record keeping is exercised for all key documents.
- Further, the PMU must verify, with immediate effect, that the contractor has validly extended these securities beyond the imminent expiry date. Failure to provide proof of valid securities should trigger appropriate contractual remedies.

2.1.5 Absence of Core Stakeholders (Engineers) on Current Registered Engineers' List

Section 28 of the Engineers Registration Act 1969 states that "*Every person whose name has been entered in the register shall, so long as his or her name remains in the register, be entitled to adopt and use the style and title "Registered Engineer" and to use the prefix "Eng." before his or her name, and to offer his or her services to the public for gain or reward or by way of trade as a professionally qualified engineer*".

The audit noted that the site Engineer (Sentamu Julius) who is crucial in the implementation of this contract does not appear on the current list of registered engineers in Uganda. See figure 3 below for details:

Figure 3: Showing Absence of Site Engineer on Registered Engineers' List



Reg No	Name	Gender	Discipline	Date of Registration	Address
680	Ssentamu Hassan	M	Civil	Jul/21/2011	P.O. Box 2996, Kampala
1154	Sentamu Jamidu	M	Mechanical	Mar/13/2019	P O Box 942, Jinja

Implication

Involvement of engineers in the contract management or implementation that are not registered with the Engineers Registration Board may cause litigation, use of ineligible staff and other challenges that may affect smooth execution of the contractor.

Recommendation

The Contract Management Team should ensure that all engineers that are core to the execution and management of the contract are duly registered as per the running laws of the Uganda.

2.2 Expansion & Equipping of Moyo Technical Institute - Lot 2

The Authority observed the following exception findings during the implementation of the contract for expansion & equipping of Moyo Technical Institute:

2.2.1 Delayed Project Execution

The audit noted that contract implementation was consistently behind schedule. For example, from the supervising consultant's report as at end of June 2025, actual progress was at 67% against a planned progress of 74%. One of the causes of this delay was reported to be delay in the clearance of GOU portion of payment. As indicated in picture one, the advance payment took 139 days. This was contrary to GCC 40.1 of the contract which stipulates 90 days upon presentation of invoice to the employer. See figure 4 below for details:

Figure 4: Showing Payment Status as at End of August 2025

3. **Delayed Payments of the Government of Uganda (GOU) Portion:**
The progress of the works has been negatively impacted by delays in payment processing as shown on the table, by the days over-due. The advance payment and other GOU portions have been delayed by over 200 days; these delays have continuously affected our procurement of materials for the project. We hope the payment of the overdue GoU payment can be effected as soon as possible to facilitate procurement of the final fixtures that are required to complete the works.

Item	Status of submission	Date submitted to consultant	Date of invoicing	UG SHS Amount Paid (GOU Portion)	Date of payment	Days Overdue (Days)
01.	Advance Payment	29th/05/2024	29th/05/2024	321,820,983	19/12/2024	139
02.	IPC – 01	05th/12/2024	20th/12/2024	211,018,602	09/05/2025	75

Implication

Delay in processing payments to the contractor could lead to overall delay in project completion and may distort the project timelines indicated in the program of works. In addition, it may lead to cost overruns if the contractor invokes the late payment requirement.

Management Response

We note the recommendation. However, the MOFPED continues to provide delayed and inadequate releases of required funds for the GOU portion on interim payments. Whenever the funds are released, the MOES makes prompt payments to contractors.

2.2.2 Inadequate Quality of Works

During the site visit to the Institute on 1st October 2025, a number quality issues were noted by both the auditor and the other visiting project stakeholders. Whereas most of them are minor and can be rectified as work in progress, the repetitive nature made it critical that they are pointed out as indicated in Table 3 below:

Table 3: Quality Issues noted During the Site Visit

No.	Quality Issues Observed by PPDA	Location
1.	The joints on the door frames were not properly aligned and had gaps	Administration Block
2.	Cracks on the door area	Administration Block
3.	Inadequate fabrication works. The cross members in the window frames were not well aligned and there were gaping frames	Administration Block and Gate house
4.	The terrazzo level and color were not uniform and no evidence of approval by the project Manager as per section 10.10 of the technical specifications in the contract	Staff houses and boys' accommodation
5.	Tiling in the hind rooms was not well aligned and, in some cases, they were damaged	Administration block and boys' accommodation
6.	The handles for the windows were flimsy and bend easily when force is applied	Light manufacturing area and girls' accommodation
7.	Inadequate floor works where finishing was not well protected and cracks	Administration Block and light manufacturing area
8.	Works on the incinerator blocked the floor of water from existing structure (girls' current accommodation) leading to clogging and stench. Also, an EHSE issue	Girls' accommodation
9.	Uneven edges on the shelves	Boys' accommodation

Implication

Quality gaps in the works may deny the intended beneficiaries the value they would have derived from the usage of the facilities. Whereas such issues are often identified by the project engineer and rectifications recommended, they pose a risk of delay in completion as well as possibilities of cost escalations which may affect the ability of the contractor to complete the job. For example, the remedial works on the floor in the light manufacturing areas represent major works that may take some time to complete.

Management Response

We note the observation and clarify that the listed snags were as a result of the rigorous supervision efforts of the CMT and the Project Manager. All these aspects are being rectified by the contractor and will be inspected at subsequent site meetings.

Recommendation
The Contract Management Team should proactively supervise the project in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2023.

2.2.3 Delay in Handing Over the Site
GCC 20.1 states that the site was to be handed over within 4 weeks of signing the contract. However, the audit noted that whereas the contract was signed on 16th April 2024, the site was handed over on 4th July 2024 which is 11 weeks later.

Implication
Delays to hand over the site can affect mobilization activities leading to overall delay in project execution.

Management Response
We take note of the recommendations. We confirm that the main reason for delay was the need to wait for the schedule of the Sector Head to officially launch this contract of high value and importance to the National Human Capital Development Strategy (along with the other six contracts).

Recommendation
In future the Accounting Officer should hand over project sites as per the contract terms to promote efficient execution of contracts in accordance with Section 51 of the PPDA Act Cap. 205.

2.2.4 Failure to have a Daily Attendance Register
The audit noted that the site engineer did not have duly filled attendance register on the day of the site visit. Asked to produce the day's register of attendance, the site engineer presented excuses.

Implication
Failure to record daily attendance may present challenges in tracking resource use and monitoring of the deployment plan.

Management response
We clarify that a daily register of workers is actually maintained on site (see extracts for the period 25th Sept. – 5th Oct. 2025). However, on the day of the site meeting attended by the auditor, the custodian of the register was not readily available to show it.

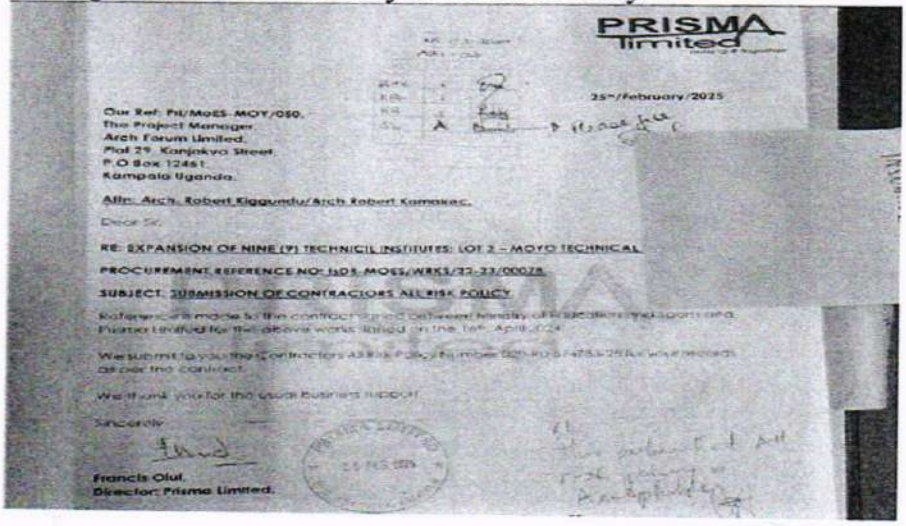
Recommendation
The site engineer should be compelled by the contract Manager to have a daily attendance register for easy monitoring of quantity and details of staff on site. The contract supervision consultant should ensure that the site engineer dedicates full time to the project as per the contractor's bid which forms part of the contract.

2.2.5 Failure to Provide Insurance Policies in Time
GCC 13.1 of the Special Conditions of the Contract required provision of insurance covers by the contractor for approval by the project manager prior to the execution. However, the audit noted the following:

i. Only the all-risks policy was submitted.
ii. This was submitted on 25th February 2025 yet commencement was 4th July 2024.
iii. This policy expired on 3rd October 2025.

See figure 5 below for details.

Figure 5: Showing the Submission Date for All Risks Policy



PRISMA Limited

25th/February/2025

Our Ref: PrL/MoES-MOY/050.
The Project Manager
Arch Forum Limited.
Plot 29, Kanjokya Street
P.O Box 12461
Kampala Uganda.

Attn: Arch. Robert Kiggundu/Arch Robert Kamasac.

Dear Sir,

RE: EXPANSION OF NINE (9) TECHNICIL INSTITUTES: LOT 2 – MOYO TECHNICAL

PROCUREMENT REFERENCE NO: IsDB-MOES/WRKS/22-23/00028.

SUBJECT: SUBMISSION OF CONTRACTORS ALL RISK POLICY

Reference is made to the contract signed between Ministry of Education and Sports and Prisma Limited for the above works signed on the 16th April 2024.

We submit to you the Contractors All Risk Policy for your records as per the contract.

We thank you for the usual business support.

Sincerely

Francis Olul.
Director: Prisma Limited.

Implication

Failure to put in place necessary insurance covers in time is risky; it exposes the entity to legal suits arising from professional negligence, injury or damage which might arise during the course of the contractor's work.

Management Response

We confirm that the Contractor's Insurance Policy was submitted later than expected under the contract, but for a period up to 3rd October 2026, including a one-year maintenance period after practical execution. We confirm that the contractor is in the process of extending the policy to cover the extended period of site execution.

Recommendation

The Contract Management Team should task Prisma Limited to submit insurance covers in line with GCC 13.1 of the Contract. The Contract Management Team should also follow up to ensure that the expiring policy is renewed to cover the period of execution and defects liability period.

2.2.6 Challenges with the office of the Clerk of Works

The contractor was required to set up an office for the Clerk of Works that is well furnished with a computer, copier and colored printer. At the time of the site visit, this office existed but with the following shortfalls;

a) There was no copier and printer.
b) It was being used as a storage for some materials.
c) It can only be accessed through another room.

See figure 6 below for details.

Figure 6: Showing State of the Office of the Clerk of Works

Implication

The state of this office may inhibit the ability of the clerk of works to carry out his duties efficiently.

Management Response

- *We note that it was agreed between the institute administration and the contractor to renovate an existing institute building (without alteration) and temporarily utilize it as a site office, including one room dedicated for the clerk of works, which is accessed through the site office boardroom.*
- *We confirm that the contractor provided equipment to the clerk of works, i.e. a laptop, camera and printer. This equipment is however kept at his home for security reasons.*
- *We confirm that at the time of the audit visit, the clerk of works office was used as a temporary store for tiles, which have since been removed and installed in the works.*

Recommendation

The Contract Management Team should task Prisma Limited to adequately equip the office of the Clerk of Works, that it is not used for storage and has independent access so that he can access it freely at all times.

2.2.7 Partial adherence to Environmental Social Health Safety (ESHS) on the project site

Whereas the audit noted that the contractor made efforts to adhere to ESHS and risk mitigation plan at the project site, there were instances where the same was lacking. On the day when a site visit was made, the following exceptions in Table 4 below were noted:

Table 4: Evidence of Partial Adherence to ESHS Aspects

No.	Quality Issues Observed by PPDA	Location
1.	There were some staff on site that did not have full protective wear especially hand gloves and masks	All blocks
2.	There were cases of missing warning signage for dangerous areas like where debris could be falling and where wielding was being done	Gate area and boys' accommodation

No.	Quality Issues Observed by PPDA	Location
3.	There were cases of improper electrical wiring with exposed live wiring	Light manufacturing facility
4.	There were cases of improper waste management including dumping of timber and other cuttings with nails and other potential risks, transporting waste materials using uncovered trucks. Some of the earlier used green hoarding nets were seen run down and covered in silt towards the incinerator area	Boys' accommodation and many other areas
5.	There was no evidence of security at the gate and within the site. As a result, people would just enter and exit without any pre-cautionary measures	Gate area and general site area
6.	Inadequate housekeeping including littered waste cement bags and debris	All over the site

Implication

Failure to adhere to ESHS protocols exposes the premises, materials and people to a risk of theft, damage, disease, accidents and a possibility of litigation by affected parties. Such risks may result into failure to mobilize consequently leading to delay in project implementation.

Management Response

We note the recommendation for more rigorous follow-up going forward.

Recommendation

The Contract Management Team should task the supervising engineer to monitor that Prisma Limited is continuously adhering to the ESHS Plan and contract in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023.

2.2.8 Unauthorized Change of Site Engineer

According to the contract, the site engineer was supposed to be Mr. Tumwine Nicholas but the minutes of the 3rd site meeting show Mr. Senfuka Godfrey as having signed as the site engineer. The minutes of the 1st meeting and those for the 2nd meeting did not capture this very important change and justification for the same. This contravenes the declaration by the contractor in their bid under the site mobilisation schedule that the supervisory staff will not be replaced during the implementation of the project without prior written approval by the contracting authority.

Implication

Failure to document such information can lead to conflict at the site, use of incompetent staff and the risk of funder withdrawal of funding for the site.

Management Response

We confirm that Mr. Senfuka who has been on site from commencement of the works, has better qualifications and experience than Mr. Tumwine who was unable to report. However, we note the observation for required streamlining of the replacement process.

Recommendation

The Contract Management Team should task the supervising consultant to ensure that all staff changes are captured and new staff are properly introduced to the different stakeholders.

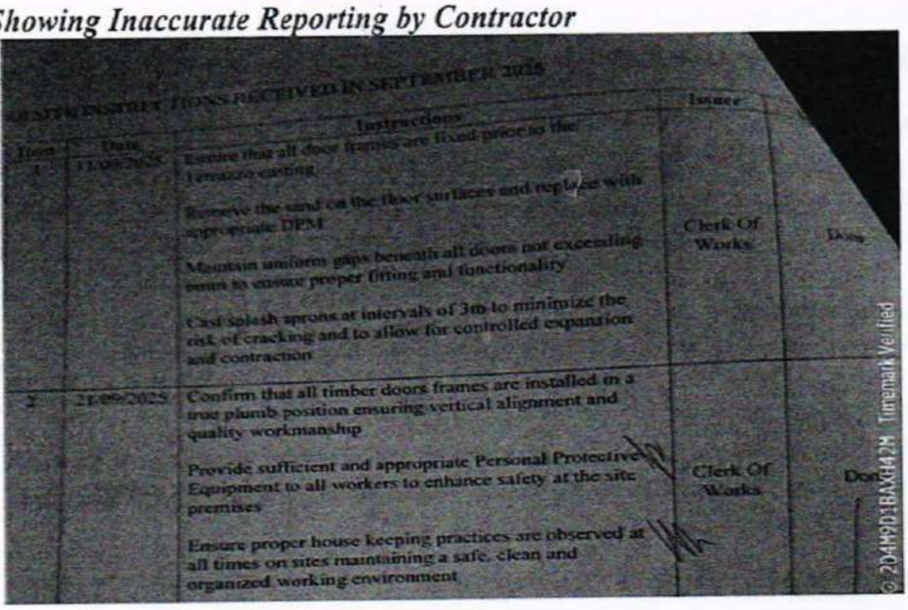
2.2.9 Gaps in Contractor Reporting

From the review of the contractor's monthly progress report for 20th August 2025 to 1st October 2025, the audit noted that some information in the contractor's report is either inaccurate or inconsistent. For example;

i. They reported overall actual physical work progress 82% yet none of the buildings has a ceiling complete. (Page 3);
ii. They reported that all workers have sufficient and appropriate personal protective equipment yet some of them never had masks and gloves (Page 22); and
iii. For information on material tests, the contractor reported on the tests that were conducted outside the period of reporting (page 23).

See figure 7 below for details:

Figure 7: Showing Inaccurate Reporting by Contractor



[illegible] INSTRUCTIONS RECEIVED IN SEPTEMBER 2025

Item	Date	Instructions	Issuer	
1	[illegible]	Ensure that all door frames are fixed prior to the terrazzo casting Remove the sand on the floor surfaces and replace with appropriate DPM Maintain uniform gaps beneath all doors not exceeding [illegible] to ensure proper fitting and functionality Cast splash aprons at intervals of 3m to minimize the risk of cracking and to allow for controlled expansion and contraction	Clerk Of Works	Done
2	21/09/2025	Confirm that all timber doors frames are installed in a true plumb position ensuring vertical alignment and quality workmanship Provide sufficient and appropriate Personal Protective Equipment to all workers to enhance safety at the site premises Ensure proper house keeping practices are observed at all times on sites maintaining a safe, clean and organized working environment	Clerk Of Works	Done

Implication

Gaps in reporting can mislead the different stakeholders involved in the contract management causing emergencies at the end of the planned delivery period, conflicts between different parties, health and safety adverse events and overall challenges to the management of the contract.

Management Response

We confirm that the contractor's reports to the site meetings are usually draft submissions for review by all stakeholders. Upon receipt of inputs / comments, the contractor corrects and submits updated reports to the project manager. It is these updated reports that are the more accurate contractual references for all stakeholders.

Recommendation

The Contract Supervisor and Contract Management Team should strengthen their oversight over the project executions so as to avoid being misled by the Contractor's reports in accordance with Regulation 52 (3) (f) of the PPDA (Contracts) Regulations, 2023.

2.3 Expansion & Equipping of Moroto Technical Institute – Lot 3

The Authority observed the following positive findings during the implementation of the contract for Expansion & Equipping of Moroto Technical Institute (Lot 3):

1. The Contract Manager (Engineer Allan Sebunya) prepared and maintained all contract management records such as the Contract Implementation Plan, monthly & quarterly progress reports, approval of materials as well as site possession orders and instructions;

2. The contract price stayed as signed at the start. The contingency covered all variations and savings from reduced quantities. The contract price of UGX 721,469,746 stayed within about 1% to 2 % of the feasibility estimate of UGX 731,212,912, which falls within the +/- 15 percent range.

3. Aswangah Construction Services Ltd (Contractor) demonstrated commitment to creating employment opportunities for Ugandans, particularly for members of neighboring communities at the project site. Further still, all construction materials utilized for civil works were sourced locally in accordance with Guideline No12 of 2024.

Despite the above positive performance, the Authority noted the following exception findings:

2.3.1 Delayed Contract Effectiveness

The Auditor noted that on 16th April 2024, the Entity signed a contract with Ambitious Construction Co. Limited for the expansion of Moroto Technical Institute for a duration of 15 months with an expected completion date of 1st October 2025.

The Auditor further noted that the effective commencement date was 2nd July 2024 *(site handover)*. The site handover minutes were submitted to the Contractor on 26th August 2024.

The Auditor noted that the contract commenced after a period of 47 calendar days from the date of contract signing contrary to GCC 20.1 of the signed contract between the parties which required contract effectiveness to be "*within four (4) weeks after contract signing*". Contract effectiveness was therefore delayed by 19 calendar days.

Implication

The delay in contract effectiveness affected timely service delivery to the intended beneficiaries.

Management Response

The Audit observations are noted. The Ministry confirms that the main reason for the delay was waiting for the schedule of the Sector Head to officially launch this contract of high value and importance to the National Human Capital Development Strategies (along with the other six).

Authority's Comment

The Auditor appreciates the Entity's response and note that it is not satisfactory since the required contract effectiveness date was stated in the bidding document as within four (4) weeks. This response signifies the lack of adequate planning by the Entity.

Recommendations

- The Procurement and Disposal Unit should clearly define in the bidding document, specific and realistic dates for contract effectiveness (site handover).
- The Contract Management Teams/Managers should ensure timely contract commencement in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations 2023.

2.3.2 Inadequate Contract Management Team

The Authority noted that the Contract Management Team (CMT) did not possess all the required skills and competences in the contract being executed since there were no skills in Electrical Engineering, Environmental, Safety, Health and Social (ESHS). The team is indicated in Table 5 below:

Table 5: Appointed Contract Management Team

No.	Name	Title
1.	Eng. Asaph Abenaitwe	Assistant Commissioner, CMU
2.	Eng. Douglas Tumwine	Civil Engineer, CMU
3.	Eng. Raymond Opio	Civil Engineer, CMU
4.	Eng. Turyatemba Eddy	Assistant Commissioner, VET
5.	Arch Norman Ajiri	Project Coordinator PCU
6.	Eng. Paul Kaliba	Project Technical Manager
7.	Engineer Samson Agamile	Project TVET Specialist

Implications

- The effect of this was witnessed during the site visit, where it was noted that the staff house was at completion stage but there were no ramps constructed to enable the disabled persons to access the building.
- The appointment of an inadequate Contract Management Team significantly increases project risk leading to inadequate performance, financial loss and disputes.

<u>Management Response</u>

The Audit observations are noted. The Ministry clarifies that the PPDA Law does not specifically require a contract manager or contract management team to replicate the scope of Subject Matter Experts included under the procured consultant's team who are contractually responsible for above cited implications. The CMT is instead required to include persons with overall contract management skills. Suffice it to note that all the appointed CMT members have considerable qualifications and experience in various aspects of such infrastructure developments. Furthermore, the CMT specifically includes Eng. Dr. Eddy Turyatemba (the Assistant Commissioner Vocational Education & Training) and Mr. Samson Agamile (the TVET M&E Expert of the PCU Team) with vast knowledge and experience in electro-mechanical installations & safety.

Authority's Comment

The Auditor appreciates the Entity's response; however, the auditor maintains the finding in section 66 of the PPDA Act Cap. 205 requires entities to take into account environmental protection, social inclusion and appoint contract management teams with a comprehensive skill set for complex and high value contracts. The entity response portrays that the responsibility of the CMT was handed over to the supervising consultant.

Recommendation

The Accounting Officer should for complex and high value contracts, appoint a Contract Management Team with a comprehensive skill set including technical, legal, financial and sustainable procurement skills in accordance with Section 66 of the PPDA Act Cap. 205 and Regulation 51 of the PPDA (Contracts) Regulations 2023 to undertake contract supervision and management.

2.3.3 Inadequate Contract Management Plan

The Authority noted that the Contract Management Plan (CMP) in Form 49 prepared by the Contract Management Team lacked clear timing of key deliverables in line with the revised Work Program dated 24th July 2024 submitted by the Contractor. The plan only captured the expiry dates of securities (Advance Payment Guarantee and Performance Security), the date of contract signing, site possession and commencement. The findings indicate that although the tasks were well stated in the Work Program by the Contractor, the key deliverables for every stage and payments proposed schedule were not integrated into the prepared CMP for purposes of enhancing the effectiveness of contract supervision and monitoring.

Implications

- Inadequate Contract Management Plans create significant risks that could result in operational inefficiencies and disorganized workflows, which may result in delayed approvals and bottlenecks and legal liabilities.
- The CMT failed to track the key deadlines, milestones, and deliverables that led to overall delay in execution of the construction works, without any caution or reminder as the contractor claimed interest on delayed payments.

Management Response

The Audit observations are noted. The Ministry confirms that: (1) CMT prepared the summary contract management plan as required using Form 49; (2) the highlighted nature of detailed work plans for such a complex infrastructure project, is prepared by a works contractor with appropriate guidance/review by the consultant's team and the CMT. The approved work plans (and/or appropriate updates thereof) then formed a key reference for the supervisory and monitoring inputs of the consultant's team and the CMT, during contract implementation to support the summarized contract management plan on Form 49.

Authority's Comment

The Auditor appreciated the Entity's response and noted that the key deadlines, milestones and deliverables referred to in the approved workplan were not submitted in the Entity's management response letter. Thus, response was unsatisfactory.

Recommendation

Contract Management Teams should always prepare comprehensive Contract Management Plans detailing the key deadlines, milestones and deliverables using Form 49 in Schedule 2 to the PPDA (Contracts) Regulations 2023, and forward a copy to the Procurement and Disposal Unit for purposes of monitoring and enhancing the effectiveness of contract supervision by the Contract Management Team.

2.3.4 Failure to prepare and submit monthly Contract Management (MCM) reports

Regulation 52(3)(f)(g) of the PPDA (Contracts) Regulations 2023 charges the Contract Management Team with the responsibility of appraising the performance of the contractor and report on its performance to the Procurement and Disposal Unit and submit monthly reports on the progress of the contract to the Accounting Officer and to the Procurement and Disposal Unit.

The Authority noted that the CMT prepared only one progress report for the period July - August 2025 by the time of the audit in October 2025. The CMT neither appraised the performance of the contractor nor submitted monthly contract management reports on the progress of the contract to the Accounting Officer and Procurement and Disposal Unit.

Implication
This is a red flag for poor project management and delayed execution of the construction works.

Management Response
The Audit observations are noted. The Ministry confirms that, while the requirement is for monthly contract management reports, considering the complexity of the project, the team has, over the period of the audit, agreed to provide more effective and frequent weekly progress reports to the Accounting Officer, coupled with specific loose minutes on aspects that required higher-level input and periodic progress presentations to the Ministry Senior Management Team.

Authority's Comment
The Auditor appreciated the Entity's response and noted that copies of the monthly contract management progress reports referred to were not submitted in the Entity's management response letter. Thus, response was unsatisfactory.

Recommendation
Contract Management Teams should always appraise and report on the performance of the Contractors and prepare and submit monthly reports on the progress of the contracts to the Accounting Officer and Procurement and Disposal Unit in accordance with Regulation 52(3)(f)(g) of the PPDA (Contracts) Regulations 2023.

2.3.5 Non-Adherence to BOQs and Specifications
The Auditor noted that the Provisional sum amounted to UGX 592,289,431 based on the Contractor's progress report for the period 28th November 2025 to 3rd February 2026 issued on 3rd February 2026. The amount covers the specific work components where the scope is known, but the Bills of Quantities (BOQs) and specifications approved were not complete enough for a fixed price.

The signed contract had a total 5% contingency of UGX 567,033,895. The change in specifications and not adhering to the BOQs led to cost overruns of UGX 25,255,536. Although, the amount used was higher than the contingency, there were some savings made due to change in designs of the student dormitory and the Hospitality and Tourism Training Centre to storey buildings as evidenced in Change Order No. I signed on 17th January 2025 of UGX 224,000,000. The findings indicate that the construction project was ultimately delayed for 153 days (5 months) based on the change order No. II issued on 17th March 2025.

Some of the activities undertaken that were not included in the original BOQs are borehole drilling and installation, Environmental and Social Impact Assessment, change of roofing installations to type II for the Mineral Analysis workshop and Hospitality and Tourism training centre, procurement of rain harvesting tanks, construction of fume extraction system, storm water drainage system and Generator shade. Other changes in the specifications included modification of windows, change of aluminum works at the gate, window modifications, curtain blinds, expansion of existing dam, make revisions on air conditioning and ventilation among others.

Implication
This resulted into cost overruns and significant project completion delays.

Management Response

The Audit observations are noted. The Ministry confirms that the contract was Admeasurement, whereby the BOQs present estimated quantities as were pre-prepared against the contract architectural and engineering drawings in accordance with GCC 39. During contract execution, payments are made against the actual measured quantities of work done. The project team further applied best efforts to value engineering and cost appraisals, aimed at achieving the best possible output/outcomes for the project, including appropriate utilization of the available contract contingency sum. We confirm that there were no cost overruns

Authority's Comment

The Auditor appreciated the Entity's response and noted that there were no cost overruns as the project was completed within the signed contract value as the contract type was admeasurement, however there were significant project completion delays as the construction project was ultimately delayed for approximately 153 days (5 months). Thus, response was unsatisfactory.

Recommendation

User Departments should ensure adequate planning in accordance with Section 36 (1) (d) of the PPDA Act Cap. 205 to avoid effecting changes in specifications after contract signing thus causing construction delays.

2.3.6 Delayed payments:

The Authority noted that the second Invoice No. STI-06-24/0023 dated 4th July 2024 for the GoU Portion of 6.53% worth UGX 155,514,716 was paid on 9th May 2025, 389 days after issuance.

The Authority reviewed the Contractor's Monthly Progress Report (CMPR) for the period 28th November 2025 to 3rd February 2026 and noted that the financials certified against the progress amounted to 84.4% while the financials paid against the progress amounted to 78.2%. The outstanding payments by the time of the audit in October 2025 amounted to UGX 373,023,560 for the GOU portion as stated in the Site Meeting Minutes No. 15 dated 28th November 2025. As a result of delayed payments, the Contractor on 6th November 2025 submitted the interest calculations amounting to UGX 11,072,682, as claims for delayed payments.

The Authority further noted that GCC 40.1 was modified in the Particular Conditions of Contract (PCC) to read that "*Payments to the contractor shall be within 90 days on presentation of payment certificates and Contractors correct invoice to the Employer*". The Authority noted that all payment certificates issued by the Project Manager to the Contractor amounting to UGX 8,947,831,604 for IsDB portion were paid within 90 days. However, for all payment certificates issued to the Contractor for the GOU portion, none was paid within 90 days; the over-due days' ranged from 32 to 398 days as indicated in Table 6 below:

Table 6: The overdue payment days for GOU Portion

Invoice No.	GOU Portion (UGX)	Invoice Date	Due Date	Payment Date GOU Portion	Overdue Days
AP Certificate	155,543,708	4/6/24	5/08/24	9/5/2025	398
IPC 1	59,234,263	12/11/24	10/02/25	19/06/2025	131
IPC 2	28,477,549	19/12/24	19/03/25		313
IPC 3	37,240,763	28/02/25	30/05/25	27/06/2025	27
IPC 4	73,858,847	16/04/25	15/07/25		228

Invoice No.	GOU Portion (UGX)	Invoice Date	Due Date	Payment Date GOU Portion	Overdue Days
IPC 5	37,785,376	17/06/25	15/09/25		166
IPC 6	75,349,064	28/07/25	26/10/25		124
IPC 7	76,374,102	10/09/25	9/12/25		81
IPC 8	50,658,987	27/10/25	26/01/26		32
IPC 9	30,519,635	16/12/25	27/03/26		Nil
Total	**625,042,294**				

Implications

- Delayed payments to the Contractor stifle the speed of implementation of the contract due to insufficient funds for mobilization, equipment, plant, materials.
- Delayed payments may cause cost overrun and attract penalties as the contractor bears additional fees from the bank for extending the APG, thereby increasing project costs.
- Delayed payment led to charging of interest worth UGX 11,072,682.

Management Response

The Audit observations are noted. The Ministry clarifies that the MOFPED has continued to provide delayed and inadequate releases of required funds for the GOU portion on interim payments. However, whenever related funds are released, the MOES makes prompt payments.

Authority's Comment

The Auditor found the Entity response unsatisfactory since the request for quarterly releases to MOFPED were not submitted to the Auditor for verification of inadequate releases as part of the management responses to ascertain proof of request for payment of the contractor.

Recommendation

The Accounting Officer should ensure timely payments to contractors in accordance with Regulations 43 and 49 of the PPDA (Contracts) Regulations 2023 and the terms and conditions of the signed contracts.

2.3.7 Delayed completion of Project

The project was expected to increase the enrolment ratio from 47 (37 boys and 10 girls) to 120 students (60 Tourism and Hospitality & 60 Mineral Development) by 30th September 2026, the end of the Defects Liability Period.

During the review of the progress reports, the Authority noted that the contractor's cumulative progress of works achieved by 1st October 2025 *(the initial expected completion date)* was 89%. From the review of the latest Contractor's Monthly Progress Report (CMPR) for the period 28th November 2025 to 3rd February 2026, the findings indicated that the contractor's cumulative physical progress achieved increased to 93% against the planned progress of 94%.

The delay was attributed to a change in design made after contract signing. The student accommodation was changed from 2 non-storied to 1 single storey building of 100 capacities and the Hospitality and Tourism centre was changed from low rise to a single storey building. As a result, the Project Manager instructed the Contractor to halt the construction works to accommodate the requirements of the Entity.

Implication

The delay affected service delivery as Moroto Technical Institute could not train students in an appropriate manner using the modern training equipment and facilities as planned.

Management Response

The Audit observations are noted. The Ministry clarifies that the robust foundations designed for the poor soils at this site in the Karamoja Region were observed to be highly priced by the contractor, making non-storied buildings to be generally uneconomical. The project team therefore carried out value engineering and cost appraisal aimed at achieving the best value for the available funds and most optimal output/outcomes for the project. The Ministry confirms that the related design reviews resulted in additional space for training and operations at the hospitality & tourism centre, all within the original contract sum.

Authority's Comment

The Auditor found the Entity response unsatisfactory as the Project Appraisal Document (PAD) indicate that the initial designs were for one tourism & hospitality training centre building (including restaurant/kitchen, reception booth and prototype rooms for training purposes only). The designs were changed to 2 non-storeyed and consequently after contract signing, the re-designs were made to 1 single storey building of 100 capacities earlier proposed in the PAD.

Recommendation

User Departments should ensure adequate planning in accordance with Section 36 (1) (d) of the PPDA Act Cap. 205 to avoid effecting changes in designs after contract signing and causing construction delays.

2.4 Expansion and Equipping of Birembo War Memorial Technical Institute – Lot 4

The Authority observed the following positive findings during the implementation of the contract for construction of a medicine store at Packwach Health Centre IV in Packwach District:

1. The Contract Manager (Engineer Allan Sebunya) prepared and maintained all contract management records such as the Contract Implementation Plan, monthly & quarterly progress reports, approval of materials as well as site possession orders and instructions;

2. The contract price stayed as signed at the start. The contingency covered all variations and savings from reduced quantities. The contract price of UGX 721,469,746 stayed within about 1% to 2 % of the feasibility estimate of UGX 719,440,215, which falls within the +/- 15 percent range; and

3. Bygon Enterprises Ltd (Contractor) executed good work quality inline with the design standards in the contract and demonstrated commitment to creating employment opportunities for Ugandans, particularly for members of neighboring communities at the project site.

Despite the above positive performance, the Authority noted the following exception findings:

2.4.1 Delay in project commencement

GCC 1.1(dd) and GCC 20.1 of the Special Conditions of Contract, the stipulated start date was defined as the date of site possession, which was expected to occur within four weeks of contract signature, i.e. by 14th May 2024, given that the contract was signed on 16th April 2024.

However, audit verification of contract implementation records revealed that actual project commencement occurred approximately two months later, on 18th June 2024, a delay of 60 days due to the prolonged approval of Deemed VAT by URA contrary to the contractual provisions.

Implication

Delay in project commencement has been one of contributing factors that have led to the overall delay in project completion and this has distorted the project timelines indicated in the program of works and the signed contract.

Management Response

We take note of the recommendations. We confirm that the main reason for delay was the need to wait for the schedule of the Sector Head to officially launch this contract of high value and importance to the National Human Capital Development Strategy (along with the other six contracts).

Recommendation

The Accounting Officer and the Contract Management Team should in future ensure that projects commence within the period indicated in the contract in accordance with Section 52(1) (a) (b) of the PPDA (Contracts) Regulations, 2023.

2.4.2 Slow execution of the project

In accordance with GCC 1.1(v), the intended completion date for the works was defined as 15 months from the start date, translating to an expected completion date of 16th September 2025, given the contract signature date of 16 April 2024.

However, the audit review of site progress reports, physical verification of the site and supervision records revealed persistent delays in execution, with the construction works exhibiting minimal advancement over a 12 months period from 2nd October 2024 to 16th September 2025. Progress milestones reviewed over this duration showed no significant improvement in physical performance, despite the lapse of substantial time within the contractual implementation period.

This trend, as illustrated in the table 2 below, reflects a slow pace of construction activities, arising from multiple contributing factors. These include adverse weather conditions during the rainy season at the time of site handover on 18th June 2024, delays in advance payment by the Government of Uganda, and prolonged Deemed VAT clearance procedures by the Uganda Revenue Authority (URA) with each batch of material procurements taking over two months to obtain clearance.

In addition, the delay is also compounded by inefficiencies in project management on the part of the contractor, inadequate supervision follow-up by the Project Manager, and insufficient technical personal (casual laborer's, plumbers and roofers) resource mobilization, as the contractor is concurrently engaged on other construction sites. See Table 7 below for details:

Table 7: Record of Site Meetings, works progress (Actual vs Planned Progress)

No.	Site Meeting No.	Date	Actual Progress	Planned Progress
1.	1	30th August 2024	8%	
2.	2	2nd October 2024	10.87%	11.0%

No.	Site Meeting No.	Date	Actual Progress	Planned Progress
3.	3	8th November 2024	16.1%	23.50%
4.	4	13th December 2024	31.0%	32.0%
	Site Inspection No.			
5.	1	17th January 2025	N/A	N/A
6.	2	14th February 2025	N/A	N/A
	Site Meeting No.			
7.	5	7th March 2025	37.0%	43.0%
8.	6	4th April 2025	41.6%	48.9%
9.	7	2nd May 2025	43.0%	60.0%
10.	8	5th June 2025	52.0%	71.6%
11.	9	4th July 2025	63.0%	83.0%
12.	10	1st August 2025	69.0%	84.0%
13.	11.	16th September 2025	75.0%	100%

Audit review of the above supervision reports and physical verification of the site on 16th September 2025 established that the project has experienced prolonged slow execution attributed primarily to insufficient deployment of key qualified technical personnel during critical stages of the project implementation, notably the site foreman, plumbing technicians, roofers, electricians, site engineer, weak supervision by the clerk of works, Reworking due to failure to follow specification defined in the contract and the instruction given by the Project Manager and the Contract management team by the former Site Engineer , delayed management response to early warning signs of poor performance by the contractor and undelivered steel bars for roofing the Administration block. Progress on the building works remained limited, showing very slow physical completion levels. For example, Minutes of Site Meeting No. 7 (30th April 2025) revealed that the site foreman faced challenges in interpreting the construction drawings, which adversely affected day to day execution and supervision of the project.

Subsequently, on 16th September 2025, physical verification and records confirmed that the contractor together with the Project Manager had strengthened the technical team by approving and appointing Engineer Emmanuel Onegagua as Site Engineer and Mr. Kazaana George William as Assistant Site Engineer.

During the audit physical verification and interview with the contractor on 16th September 2025, physical progress was reported at approximately 75%. However, the contractor has not yet submitted Interim Payment Certificate (IPC) No. 4 to the Project Manager to substantiate this reported level of work completion.

The audit further noted that a Change Order No. 1 was approved, extending the completion deadline to 12th December 2025. However, considering the persistent lag in schedule adherence, there remains a high likelihood that the revised completion date of 12th December 2025 might not be achieved.

Implications

- The continued delay in contract execution has denied the intended beneficiaries' timely access to and utilization of the project facilities, thereby reducing the immediate value for money and delaying the realization of the project's intended socio-economic benefits.
- The extended implementation period might expose the GOU and the Bank to financial risks, like price adjustment claims, contract variations, and cost escalations due to prevailing increases in material and labour costs.
- The inadequate deployment of key technical and qualified personnel like plumbers, electricians and roofers continues to result in slow progress and weak quality control, increasing the likelihood of workmanship defects and non-conformities that could compromise the overall quality and durability of the works.
- Given the current rate of progress as of 16th September 2025, there remains a high risk that the contractor will not achieve completion of the project by the revised date of 12th December 2025, which may lead to further extensions of time, cost overruns, and possible disputes related to performance and payment obligations.

Management Response

- *We confirm that the Contract Management Team continues to follow up the timely performance of the contractor, including through attending and giving guidance at monthly site meetings (also attended by all stakeholders including from the district, community and institute) and relevant contract management meetings at the Ministry.*
- *However, with reference to GCC 26, we confirm that there were factors beyond the control of the contractor for which they were awarded a no-cost extension, including: (i) unforeseeable excessive earthworks, (ii) delays in URA clearances for Deemed VAT facility for procurement of various construction materials and (iii) a temporary shortage of steel materials from approved suppliers.*

Recommendations

- The Project Manager and Contract Management team should enforce the contractual requirement for continuous deployment of sufficient and competent key staff as stipulated in the contract at each implementation phase.
- Both the Project Manager and Contract Management team should closely monitor the revised schedule through bi-weekly progress reports and require the contractor to provide an updated resource program and work recovery plan to mitigate further delays.
- Any subsequent extension of time should be backed by documented justification, in line with PPDA and IsDB procurement regulations.
- The Contract Management Team should in future ensure strict adherence to the contract period in accordance with section 52(1)(b) and 52(3)(vi) of the PPDA (Contracts) Regulations, 2023 and IsDB procurement regulations.

2.4.3 Delayed Interim Certificate payment and Advance Payment Guarantee

In accordance with SCC Clause 40.1 of the signed contract, each payment certificate is required to be processed and paid within ninety (90) days from the date of certification.

However, as indicated in the Progress Report for July/August 2024, the 20% advance payment, amounting to UGX 341,759,654, requested on 6th June 2024, was paid on 9th May 2025, representing a delay of 261 days, contrary to SCC Clause 40.1, which requires processing of payments within 90 days.

Similarly, Interim Payment Certificates (IPCs) No. 1 and No. 2, as shown in Table 4, were also processed with delays of 94 days and 58 days respectively. Furthermore, IPC No. 3 remains uncleared as of 16th September 2025, despite the Ministry of Education and Sports (MoES) having approved the invoice on 15th July 2025, again in contravention of SCC Clause 40.1. See Table 8 and 9 for details:

Table 8: Delayed 20% Advance Payment

No.	Invoice Date	Approval Date (MoES)	Payment Date	Delay
1	6 June 2024	28 June 2024	9 May 2025	261 Days

Table 9: Delayed Interim Certificates Payment

IPC No.	Invoice Date	Approval Date (MoES)	Payment Date	Delayed by
1	16 December 2024	16 January 2025	9 May 2025	94 Days
2	15 January 2025	12 February 2025	9 May 2025	58 Days
3	17 June 2025	15 July 2025	Not paid	91 days

The portions financed by the Islamic Development Bank (IsDB) are processed, while the Government of Uganda (GoU) counterpart contributions continue to experience delays, affecting the contractor's cash flow and project implementation progress.

Implications

- The delays in payment by GoU have negatively impacted on the overall project performance, extended the contract implementation period, and heightened the risk of cost escalation, interest claims on delayed Interim Payment Certificates (IPCs), and additional requests for time extensions.
- The continued delay in settling the Government of Uganda (GoU) portion of the interim certificates significantly constrains the contractor's cash flow, thereby hindering effective mobilisation and continuity of works. Likewise, the slow processing of advance payment guarantees and related disbursements further also limited the contractor's capacity to procure and deploy essential materials, labour, and equipment at the agreed pace.
- These cumulative delays have undermined the overall project efficiency, reduce value for money, and pose a risk to the timely completion and intended benefits of the project.

Management Response

- *We note that MOES has ensured timely payment of the IsDB portions of advance and all interim certificates. However, the MOFPED continues to provide delayed and inadequate releases of required funds for the GOU portion on interim payments. MOES has continued to engage MOFPED on the required GOU counterpart financing and awaits feedback on a related request for supplementary funds.*
- *We confirm that the Project Manager provides an update on payment status at every site meeting, in consultation with the CMT, as an effective tracking mechanism. He also provides quarterly financial appraisals to the Ministry.*

Recommendations

- The Contract Manager should ensure that all payment certificates, including the Government of Uganda (GoU) counterpart contributions, are processed and settled within the timelines stipulated under SCC Clause 40.1 to maintain contractor cash flow and project continuity.
- The Procuring and Disposing Entity (PDE) should strengthen coordination with the Ministry of Finance, Planning and Economic Development (MoFPED) and other financing partners to expedite the release of funds for both advance and interim payments.
- The Project Manager should establish a payment tracking mechanism that regularly monitors certificate processing timelines and provides early warnings on impending delays.
- The Accounting officer should implement performance review meetings with the contractor and the Ministry of Finance, Planning and Economic Development (MoFPED) to address recurring payment bottlenecks and ensure compliance with SCC Clause 40.1 and Section 52(1)(a) of the PPDA (Contracts) Regulations, 2023.
- Where persistent delays occur, the Entity should consider contractual remedies as provided under the General Conditions of Contract to safeguard project delivery and prevent avoidable cost escalations.

2.4.4 Irregular Deployment of Key Technical Staff

In accordance with GCC Clause 9.1 of the Special Conditions of Contract, the schedule of key personnel agreed upon by the Employer forms an integral part of the contract and is intended to ensure that qualified and competent staff are continuously deployed throughout project implementation.

However, the audit review and physical verification conducted on 16th September 2025 revealed that the deployment of key technical staff was irregular and inadequate.

Specifically:

a) Plumbing works are significantly delayed due to the presence of only one plumber on site, which was insufficient for the scope and volume of ongoing activities.
b) The number of roofers, welders and fabricators was also inadequate, resulting in roofing works progressing only halfway and at a slower pace than planned.

Implication

Irregular deployment of key technical personnel continues to slow down contract implementation, resulting in delayed completion timelines, reduced work quality, and inefficient use of materials and labour. The limited staffing levels also increase the risk of construction defects, rework, and higher project costs due to poor coordination and supervision.

Management Response

We note that the audit observations are a replica of the rigorous supervisory and monitoring observations of the Project Manager and the Contract Management Team during various site meetings. Accordingly, we confirm that these matters are being addressed to ensure compliance to the contract specifications and all rework is being done at the contractor's cost.

Recommendations

- The Project Manager and Contract Management Team should ensure that the contractor deploys sufficient and qualified technical personnel in accordance with the approved staffing schedule and project requirements, as stipulated in Section 52(1)(b) of the PPDA (Contracts) Regulations, 2023.

- The Entity should also make timely payment of certified works to mitigate the contractor's cash flow challenges that may hinder effective staff mobilization, in line with Section 52(1) (a) of the same Regulations.

2.4.5 Reworking due to failure to follow Specifications and Instructions

In accordance with GCC Clause 15.1 of the General Conditions of Contract, the contractor is required to construct and install all the works strictly in accordance with the approved specifications and drawings.

However, the audit review and site inspection conducted on 16th September 2025, in the presence of the Project Manager and the Contract Management Team, reveal several instances where some of the works do not conform to the specified specifications and instructions. This non-compliance has led to reworking, resulting in unnecessary wastage of materials, additional costs incurred by the contractor, and loss of time.

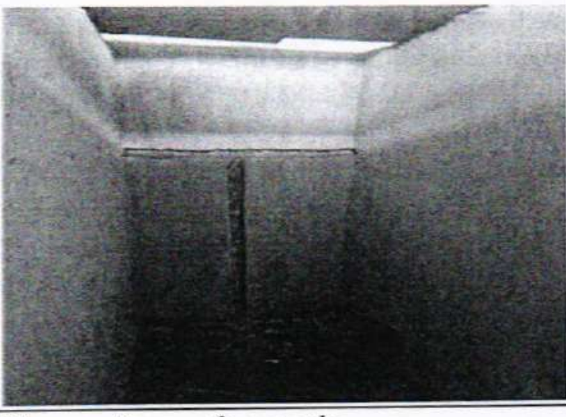
Specifically, the following issues were noted:

a) Some plumbing materials were missing on site, reportedly due to procurement and supply errors, where incorrect items such as 160mm pipes instead of the required 110mm pipes were delivered, contrary to the approved design specifications. This nonconformance has also delayed installation works and disrupted the planned sequence of construction activities.
b) Some roofing materials, like steel and iron bars, are currently unavailable on site due to a nationwide shortage of supply. Although the contractor had already placed orders and made payments, the materials have not yet been delivered, resulting in the stalling of roofing works on the Administration Block and consequently delaying overall construction progress.
c) Some Plastering works particularly at the Administration block were poorly executed and required reworking to meet the required finish standards.
d) Incorrect window types were installed at the Bursar's Office, in deviation from the approved architectural specifications, necessitating their removal and reinstallation in line with the design requirements.
e) Although the water pumping section has been fully constructed and solar panels installed, the water pump itself has not yet been fitted. As a result, the audit team could not verify whether water flows into the storage tanks or determine the presence of any defective connections or improper gradient within the system.
f) Some Door openings were constructed below the required height, necessitating adjustments.
g) Backfilling works were delayed because inappropriate murram had to be removed and replaced to achieve proper compaction levels.

See figure 8 below for photographs of defects at the project site.

Figure 8:Pictures showing some of the above defects as of 16th September 2025

Toilet facility remains incomplete pending installation of the correct water pipes

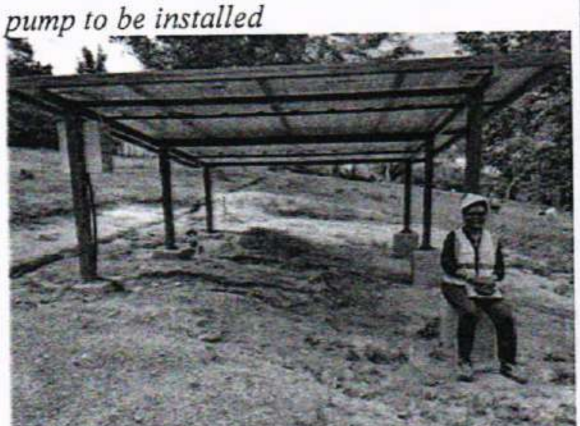


Poor plastering instructed for rework

The pending roofing works

The poorly installed window in the bursar's office

The installed solar panels waiting for the pump to be installed



A poorly installed door

One of the floors in the workshop instructed for reworking

Marram for back filling

Implication
Failure to follow approved specifications and site instructions leads to material wastage, reworks, time loss, and additional costs to the contractor and the Entity. Continued noncompliance can also compromise the quality, durability, and safety of the works, undermining value for money and the project's intended service life.

Management Response
We note that the audit observations are a replica of the rigorous supervisory and monitoring observations of the Project Manager and the Contract Management Team during various site meetings. Accordingly, we confirm that these matters are being addressed to ensure compliance to the contract specifications and all rework is being done at the contractor's cost.

Recommendations
- The Project Manager and Contract Management Team should ensure that the contractor strictly adheres to the approved specifications and drawings as required under GCC Clause 15.1 and Section 52(1)(b) of the PPDA (Contracts) Regulations, 2023.
- The Project Manager through the clerk of works should strengthen onsite quality control, verify and approve materials before installation, and issue nonconformance reports for all deviations.
- All reworks should be rectified at the contractor's cost, with progress closely monitored to avoid recurrence of specification breaches.

2.4.6 Slow mobilization of key resources
The audit established that the contractor exhibited significant delays in mobilizing adequate resources to the project site particularly personnel, equipment, and construction materials during the early stages of contract execution. This slow mobilization substantially contributed to the overall delay in achieving the planned completion timelines.

Further analysis revealed multiple contributing factors, including:

a) Escalation in scope: The volume of earthworks nearly tripled compared to initial estimates, exerting additional pressure on both manpower and equipment capacity.
b) Adverse weather conditions: Persistent rainfall between June and August 2024 impeded site access and disrupted work sequencing especially during the foundation stage, further slowing implementation progress.
c) Financial constraints: The contractor experienced liquidity challenges arising from delayed disbursement of funds under Interim Payment Certificates (IPC) Nos. 1 and 3.

d) Labour limitations: Availability of casual labour within Birembo was constrained due to low community participation in manual work, necessitating recruitment from distant districts such as Lira and Mbale (Eastern Uganda), which increased both time and logistical costs.

Hence the delayed mobilization of key resources was primarily attributed to the contractor's weak financial position, compounded by external constraints such as weather and local labour unavailability. These factors collectively undermined the project's implementation efficiency and timely completion.

Implication

Delayed mobilization of essential resources required for contract implementation adversely affected project progress and contributed to the overall delay in contract completion.

Management response

We confirm that the Project Manager and the Contract Management Team have consistently raised the issue of key resource mobilization with the contractor. The increased earth works were as a result of this relatively steep institute site.

Recommendation

The project Manager and Contract Management Team should task the contractor to deploy sufficient resources at the project site to enable expedited completion of the project in accordance with Section 52(1)(b) of the PPDA (Contracts) Regulations 2023. Similarly, the Entity should pay the contractor in time to mitigate the contractor's cash flow challenges in accordance with Section 52(1)(a) of the PPDA (Contracts) Regulations 2023.

2.4.7 Partial adherence to Environmental, Social, Health and Safety (ESHS) requirements on the project site

Whereas the audit noted that the contractor largely adhered to the ESHS at the project site, there were instances where the same was lacking. For example, there are safety gears on site but some staff opted not to wear them while others did. This reflects weak enforcement and oversight of Environmental, Social, Health and Safety (ESHS) requirements for all staff. See figure 9 below for details.

Figure 9: Picture showing some staff without safety gears

Implication
Failure to adhere to health and safety requirements may result in serious injuries or fatalities at the construction site. A work-related injury can not only put an employee out of work for a while and impact on their quality of life, it may potentially damage the reputation of both the contractor and the entity.

Management response
We note the recommendation on PPE for more rigorous enforcement of compliance.

Recommendation
The project Manager and Contract Management Team should ensure that the health and safety measures are strictly adhered to at the construction sites, through provision of the safety gears and ensuring strict implementation of the safety measures.

2.5 Expansion and Equipping St Kizito Technical Institute – Lot 5
The Authority observed the following exception findings during the implementation of the contract for expansion and equipping St Kizito Technical Institute – Lot 5:

2.5.1 Delay in project commencement
GCC 1.1(dd) and GCC 20.1 of the Special Conditions of Contract, the stipulated start date was defined as the date of site possession, which was expected to occur within four weeks of contract signature, i.e. by 14th May 2024, given that the contract was signed on 16th April 2024.

However, audit verification of contract implementation records revealed that actual project commencement occurred approximately one and half months later, on 25th June 2024, a delay of 45 days contrary to the contractual provisions.

Implication
Delay in project commencement has been one of contributing factors that have led to the overall delay in project completion and this has distorted the project timelines indicated in the program of works and the signed contract.

Management Response
We take note of the recommendations. We confirm that the main reason for delay was the need to wait for the schedule of the Sector Head to officially launch this contract of high value and importance to the National Human Capital Development Strategy (along with the other six contracts).

Recommendation
The Accounting Officer and the Contract Management Team should in future ensure that projects commence within the period indicated in the contract in accordance with Section 52(1)(a)(b) of the PPDA (Contracts) Regulations, 2023.

2.5.2 Slow execution of the project
In accordance with GCC 1.1(v), the intended completion date for the works was defined as 15 months from the start date, translating to an expected completion date of 24th September 2025, given the contract signature date of 16th April 2024.

However, the audit noted a minor deviation in the planned completion time versus the planned time by 2 months which were approved in the change order no 1 issued on the 5th September 2025 to 30th November 2025. Progress milestones reviewed over this duration showed significant improvement in physical performance, despite the lapse of substantial time within the contractual implementation period.

This trend, as illustrated in the table 10 below, reflects a few slow paces of construction activities, arising from multiple contributing factors. These include adverse weather conditions during the rainy season at the time of site handover on 25th June 2024, delays in advance payment by the Government of Uganda, and prolonged Deemed VAT clearance procedures by the Uganda Revenue Authority (URA) with each batch of material procurements taking over two months to obtain clearance.

Table 10: Record of Site Meetings, works progress (Actual vs Planned Progress)

Site Meeting	Date	Actual Progress	Planned Progress
1	24th August 2024	10%	14.6%
2	30th September 2024	20%	21.9%
3	6th November 2024	28%	29.2%
4	4th December 2024	34%	36.5%
5	5th February 2025	48%	51%
6	5th March 2025	53%	57.8%
7	3th April 2025	59%	62%
8	30th April 2025	65%	67%
9	12th June 2025	75%	78%
10	2nd July 2025	80%	84%
11	30th July 2025	86%	89.6%
12	30th August 2025	93%	95%
13	15th October 2025	98%	100%

The observed moderate progress above in contract execution is attributable, among other factors, to minor lapses in adherence to approved completion schedules and limited attention to technical details. Consequently, due to delayed completion, the Employer approved Change Order No. 1, providing a two months extension period from 24th September 2025 to 24th November 2025, thereby adjusting the original contract completion date from 24th September 2025 to 24 November 2025.

During the audit physical verification and an interview held with the contractor on 15th October 2025, the physical progress of works was reported at approximately 98%. In the subsequent site meeting held on the same day, the Project Manager and the Contract Management Team confirmed this level of completion and agreed that a follow up meeting would be convened on 11th November 2025 to verify that all outstanding snags have been rectified. Upon satisfactory confirmation, the facilities would then be handed over to St. Kizito Technical Institutes, Kitovu Management, marking the commencement of the Defects Liability Period. Therefore, considering the persistent schedule adherence, there is a high likelihood that the revised completion date of 24th November 2025 will be achieved.

Implication

The reported 98% level of completion and the structured plan for snag rectification indicate commendable progress and adherence to the revised implementation schedule. However, any delays in addressing the remaining snags or in convening the planned handover meeting could affect the timely commencement of the Defects Liability Period and delay operational readiness of the facilities.

Management Response

We confirm that the noted outstanding snags were successfully rectified and work was practically completed within the approved extended period. Copies of the practical completion certificate & final snag list to be worked on during the defects liability period are herewith attached.

Recommendation

The Contract Management Team, in collaboration with the Project Manager, should ensure that all outstanding snags are rectified and verified before the scheduled meeting of 11 November 2025. The handover process should be conducted promptly thereafter to facilitate the timely commencement of the Defects Liability Period. Regular follow-up and documentation of corrective actions should be maintained to confirm compliance with the revised completion date of 24th November 2025.

2.5.3 Delayed Interim Certificate payment and Advance Payment Guarantee

In accordance with SCC Clause 40.1 of the signed contract, each payment certificate is required to be processed and settled within ninety (90) days from the date of certification.

However, as evidenced in the Progress Report for July/August 2025 and confirmed during the audit physical verification, several Government of Uganda (GoU) funded Interim Payment Certificates (IPCs) have experienced significant delays in payment. Specifically, IPC No. 2 has been delayed by 273 days, IPC No. 3 by 229 days, IPC No. 4 by 168 days, and IPC No. 5 by 107 days, amounting to UGX 599,381,548 yet to be paid. As detailed in Table 11 below.

These delays are in contravention of SCC Clause 40.1, which mandates timely processing and disbursement of certified payments.

The audit also noted that the contractor on 4th September 2025 had issued Notice of outstanding payments and interest on delayed payment amounting to UGX.1,859,744,893 in the following break down:

- Net Outstanding (GoU Portion) = UGX 1,859,744,893
- Interest on delayed Payment (IPC.01, 02, 03, and 04) = UGX 47,623,647.

Table 11: Delayed Interim Certificates Payment

No.	Description	Invoice Date	Amount Payable		Remarks	Delayed by
			IsDB	GoU		
1.	Advance Payment	05-06-2024	1,392,665,141	337,138,785	Fully paid	0
2.	IPC No.1	01-11-2024	322,507,990	78,073,292	Fully paid	0
3.	IPC No.2	20-12-2024	877,831,108	212,506,872	Gou Portion not yet paid	273 days
4.	IPC No.3	25-02-2025	235,794,859	57,125,202	Gou Portion not yet paid	229 days

No.	Description	Invoice Date	Amount Payable		Remarks	Delayed by
			IsDB	GoU		
5.	IPC No.4	15-04-2025	780,639,959	188,978,671	Gou Portion not yet paid	168 days
6.	IPC No.5	30-06-2025	581,501,149	140,770,803	Gou Portion not yet paid	107 days

Implications

- Delays in the processing and payment of Interim Payment Certificates (IPCs) undermine the contractor's cash flow and overall project momentum.
- Non adherence to the payment timelines prescribed under SCC Clause 40.1 reflects weaknesses in financial management and coordination between the contract management team and the Government of Uganda, potentially affecting the project's credibility and implementation efficiency.
- The cumulative effect of delayed payments has led to an accrued interest obligation amounting to UGX 47,623,647, representing opportunity costs to the Employer, as these funds could have been utilized to advance other developmental objectives.

Management Response

- *We note that MOES has ensured timely payment of the IsDB portions of advance and all interim certificates. However, the MOFPED continues to provide delayed and inadequate releases of required funds for the GOU portion on interim payments. MOES has continued to engage MOFPED on the required GOU counterpart financing and awaits feedback on a related request for supplementary funds.*
- *We confirm that the Project Manager provides an update on payment status at every site meeting, in consultation with the CMT, as an effective tracking mechanism. He also provides quarterly financial appraisals to the Ministry.*

Recommendations

- The Accounting Officer should strengthen coordination mechanisms to ensure timely certification, processing, and settlement of all future payment certificates in accordance with SCC Clause 40.1.
- The Project Manager and Contract Management Team should maintain an updated payment tracking register and promptly escalate any delays to the Accounting Officer for immediate resolution. Additionally, both the Bank and GoU should harmonize disbursement schedules to minimize funding gaps and sustain steady implementation progress.

2.6 Expansion and Equipping Kabale Technical Institute – Lot 6

The Authority observed the following exception findings during the implementation of the contract for expansion and equipping Kabale Technical Institute – Lot 6:

2.6.1 Failure to submit the Performance Security within 28 days from the date of the Letter of Acceptance

Clause 49.1 of the Conditions of Contract stipulates that performance security should be provided to the Employer no later than the date specified in the Letter of Acceptance. The performance security was to be provided within 28 days from the date of the letter of acceptance. However, the Authority noted that the contractor provided performance security within 28 days after contract signature.

Implication
This poses a serious risk to the integrity of the agreement in the event of disputes raised before the Dispute Resolution Board.

Management Response
Although the contract provided for submission of a performance guarantee by the contractor within 28 days after receipt of letter of acceptance, it was confirmed at implementation that contractors were required to present signed contracts to their bankers in order to obtain performance guarantees. With the letter of acceptance issued on 27th February 2024, the 28 days would lapse on 27th March 2024. However, the contract was only signed on 16th April 2024 and the guarantee was promptly submitted on 6th May 2024 (i.e. within 21 days of contract signature).

Authority's Comment
There is no evidence attached that shows in the Contract, the Performance Security shall be submitted within 21 days after Contract signature.

Recommendation
The Contract Manager should ensure strict adherence to the terms and conditions of the signed contract in accordance with Regulation 52(1)(b) of the PPDA (Contracts) Regulations 2023.

2.6.2 Inadequate Insurance Cover

The contractor's insurance coverage did not meet the requirement of covering the full 110% of the value as stipulated in Clause GCC 18.1 (g) of the Particular Conditions of the Contract. The amount covered was determined to be 100% of the contract value.

Furthermore, the insurance policy was not issued in the joint names of both the Employer and the Contractor, contrary to the requirements outlined in Clause 18.1 of the General Conditions of Contract.

The insurance coverage commenced on 13th May 2025, which did not align with the contractual provisions that mandated insurance to begin on the start date of the works, i.e. 28th March 2025. Additionally, no receipt was provided to verify that the Contractor paid the full premium amount.

Implication
The Entity faces substantial exposure to insurance coverage vulnerabilities, especially concerning the risk of violating the contract related to the invalidation of the workman's insurance policy. Such a breach could result in an estimated financial liability of UGX 11,287,378,195, plus an extra 10%. Additional costs would also include possible regulatory penalties.

Management Response
We confirm that the works in Kabale are practically complete and hence note the recommendation for closer attention on future projects.

Authority's Comment
The Contractor must maintain Insurance Coverage from the start date until the end of the Defects Liability Period, as required by Clause 18.1 of the Contract. Currently, the Contractor is in breach, as the Defects Liability Period is still active.

Recommendations
- The Accounting Officer should caution the Contract Manager for failure to ensure that the contractor complied with the requirements of the insurance cover.
- The Accounting Officer should direct the Contract Manager to instruct the contractor to amend the insurance policy to comply with Clause GCC 18.1(g) of the Particular Conditions of the Contract.

2.6.3 Delayed Renewal of the Advance Payment Guarantee
Clause 48.1 of the General Conditions of Contract states that the Advance Payment Guarantee shall remain valid until the advance payment is fully repaid. The guarantee expired on 1st September 2025 and was renewed on 8th September 2025. A one-week delay in the renewal period left the Employer unprotected in case the advance payment had to be collected. The Contractor was in breach of the contract under clause 56.2 (f) of the Conditions of Contract.

Implication
The balance of the advance was an unsecured payment that exposed the Entity for the period and could result in a loss of funds when recovery from the contractor is necessary if an event occurs that requires the advance to be recovered.

Management Response
We regret the inadvertent anomaly. We, however, confirm that the Ministry was in touch with the contractor and their bankers before the expiry of the guarantee, regarding its extension process. We note that this contractor, who has successfully executed works at three other project sites, was within a week able to extend the validity of their guarantee up to 28th February 2026 and works at this site are now practically complete.

Authority's Comment
There is no evidence attached to show that the Entity was in touch with the Contractor and their bank.

Recommendation
The Accounting Officer should caution the Contract Manager for failure to ensure that the contractor complied with the requirements of the renewal of the advance payment guarantee.

2.6.4 Failure to submit the Program of Works within the Stipulated Time
The Conditions of Contract referenced in Clause GCC 25.1 of the contractor's agreement stipulate that the Program of Works should be submitted to the Employer within seven (14) days from the date of the Letter of Acceptance, (27th February 2024). The Authority noted that there was no documentation confirming that the contractor submitted the Program of Works to the Entity as mandated by the Conditions of Contract.

The Authority noted that the contractor submitted a Work Program on 9th September 2024. However, it was noted that the program lacked the general methods of construction essential for effective scheduling. Furthermore, the program should have been adequately resourced in accordance with industry best practices.

Implication
This undermines the Entity's ability to effectively plan for the monitoring and supervision of the contractor, as well as to gain prior knowledge of the construction methods before the contractor commences any activity.

Management Response
We clarify that this smallest site (about 3 acres only) was handed over to the contractor on 9th September 2024 after all the existing buildings were demolished by the Engineering Department of Kabale Municipal Council. It is on this same date that the contractor promptly submitted their operational work program.

Authority's Comment
There is no evidence that the Contract Manager instructed the Contractor to provide the Works program as stipulated in the Contract.

Recommendation
The Accounting Officer should caution the Contract Manager for failure to ensure the timely submission of the work program by the contractor in compliance with the terms and conditions of the contract, contrary to Regulation 52 (1) (a) and (b) of the PPDA (Contracts) Regulations 2023.

2.6.5 Inadequate Approved Key Contractor's Personnel on Site
Pursuant to Clause 9.1 of the General Conditions of the Contract, the Contractor presented 12 key personnel of the Contractor's staff as per the signed Contract. These are:

i. Mr. Patrick Kato – Contractor's Representative
ii. Eng. Bhavesh K. Pindoria – Site Engineer
iii. Mr. Dennis Katumba - General Foreman
iv. Mr. Kibiranago Innocent - Quantity Surveyor
v. Mr. Kannyana Stephen - Electrical Works Foreman
vi. Mr. Kavuma John - ICT Works Foreman
vii. Mr. Nabbala Fredrick - Mechanical Foreman
viii. Ms. Mariam Kemigisha - Environmental Officer
ix. Mr. Musisnguzi Henry Bekunda - Health and Safety Officer
x. Mr. Tonny Miiro - Draughtsman

Of the total 10 personnel, only Mr Innocent Kibirango, the Quantity Surveyor, was found on site at the time of undertaking the audit.

Implication
The absence of the approved key personnel may subject the Entity to the risk of substandard workmanship and delays in the completion of the project.

Management Response
We note the recommendation and confirm that the work is now practically complete.

Authority's Comment
There is no evidence attached that the Key Personnel were involved in the project to the practical completion.

Recommendation
The Contract Manager should ensure that the approved contractor's staff are always mobilized and on site in accordance with Regulation 52 (1) (a) and (b) of the PPDA (Contracts) Regulations, 2023.

2.6.6 Failure to Submit Cashflow Estimates
The Conditions of Contract referenced in Clause GCC 38.1 of the contractor's agreement stipulate that the cashflow estimates should be submitted to the Project Manager, including program updates. The Authority noted that there was no documentation confirming that the contractor had submitted the cashflow estimates.

Implication
This results into ineffective budget planning for the contractor's payments, which may hinder the timely delivery of services to the intended beneficiaries.

Management Response
We confirm that the works are practically complete and note the recommendation.
Authority's Comment
There is no evidence attached that the works are practically complete.

Recommendation
The Contract Manager should ensure that the contractor adheres to all contractual obligations in accordance with Regulation 52 (1) (a) and (b) of the PPDA (Contracts) Regulations 2023.

2.6.7 Failure to hand over all the Land for Construction Works
In accordance with Clause 20.1 of the Conditions of Contract, it is the responsibility of the Entity to grant the contractor access to all areas of the site. The Authority reviewed the contractor's progress reports for August 2025 and noted that the Contractor indicated that there had been a delay in the construction of the Medium Voltage (MV) line due to the refusal of the adjacent Anglican Church to permit the installation of power line poles on its property. Consequently, this section of the site was not made accessible to the Contractor.

Implication
Failure to provide all the necessary components of the site to the contractor within the stipulated timeframe could potentially lead to the contractor submitting claims for time extensions along with the associated costs.

Management Response
We note the recommendation for the relevant application in future projects

Recommendation
The Accounting Officer should ensure that all the land is handed over to the contractor expeditiously.

2.6.8 Delays in Approval of the Stormwater Drainage System
In accordance with Clause 41.1 (c) of the Conditions of the Contract, the Authority reviewed the contractor's progress report for August 2025 and noted that the contractor indicated that delays in the approval of the stormwater drainage system had adversely affected the progress of the construction works. The Authority engaged in discussions with the Project Manager, who noted that the approval process contributed to delays due to under-resourcing within the Project Implementing Unit (PMU).

Implication/Risk/Impact on the Project
The contractor could request an Extension of Time with additional costs, potentially causing delays in project completion.

Management Response
We clarify that the stormwater drainage design for this Institute required a channel to cross through two neighboring plots. The required negotiations by the Project Manager took a while. As soon as the neighbor's approvals/consent were received, works began.

Authority's Comment
There is no evidence that the Contract Manager had the drainage designs generated and on time, and there were timely discussions with the owners of the neighboring plots for approval of the designs.

Recommendation
The Contract Manager should ensure timely approvals of the contractor's requests to avoid unnecessary delays in accordance with Regulation 52 3 (a) (iii) of the PPDA (Contracts) Regulations, 2023.

2.6.9 Delayed Payments
In accordance with Clause GCC 40.1 of the Particulars of Conditions of the Contract, the Contractor's Payments shall be within 90 days. The Authority has determined that some of the Contractor's invoices are outstanding and have been overdue for payment for more than 90 days. This is illustrated in Table 4.

Implication
Delayed payment affects the contractor's cash flow and slows down construction activities. It increases the risk of missed project milestones, reduces contractor productivity, and can lead to suspension of works. The procuring entity is also in breach of contract, which may result in claims or disputes.

Management Response
We note that MOES has ensured the timely payment of the IsDB portions of the advance and all interim certificates. However, the MOFPED continues to provide delayed and inadequate releases of required funds for the GOU portion on interim payments. MOES has continued to engage MOFPED on the required GOU counterpart financing and awaits feedback on a related request for supplementary funds.

Authority's Comment
There is no evidence attached to show that the Entity has engaged MOFPED.

Recommendation
The Accounting Officer should ensure prompt payment to contractors to support cash flow in accordance with Regulation 49(3) of the PPDA (Contracts) Regulations, 2023.

2.7 Expansion and Equipping of Nalwire technical Institutes – Lot 7
The Authority observed the following exception findings during the implementation of the contract for expansion and equipping of Nalwire technical Institutes – Lot 7:

2.7.1 Timeliness of Delivery
Whereas GCC 1.1 of the Particular Cconditions of the contract indicated the intended completion date as 14th August 2025 (15 months from state date), the Authority noted that all

works of the project had not yet been completed as at the time of the audit on 21st October 2025. Physical progress was at 62% as at 21st October 2025 vis a vis 44.50% financial progress and 103.52%-time progress. This is attributed to poor planning and procurement procedures on the side of the contractor. The time of completion was extended by four months to 2nd February 2026. The Authority doubts the feasibility of this new completion date, judging from the amount of work remaining of 38% of physical works.

Implication

Delay in contract completion denies the intended beneficiaries the value they would have derived from the usage of the facilities within the building. It might also attract un planned for costs.

Management Response

- *We confirm that the Contract Management Team continues to follow up timely performance of the contractor, including through attending and giving guidance at monthly site meetings (also attended by all stakeholders including from the district, community and institute) and relevant contract management meetings at the Ministry.*
- *However, with reference to GCC 26, we confirm that there were factors beyond the control of the contractor for which they were awarded a 4-months no-cost extension, including: (i) delayed relocation of HV power line by UEDCL (ii) delays in URA clearances for Deemed VAT facility for procurement of various construction materials.*

Recommendations

- The Contract Management Team should in future ensure strict adherence to the contract period in accordance with Regulations 52(1)(b) and 52(3)(vi) of the PPDA (Contracts) Regulations, 2023.
- The Supervising Consultant should be more vigilant in his supervisory roles, making sure that the Contractor deploys all required technical personnel and equipment on site.
- The Contract Management Team are advised to expedite timely payment of to the contractor and continuous engagement of stakeholders at all stages of the project.

2.7.2 Slow mobilization of key resources

The Authority noted that the contractor delayed to deploy sufficient resources at the project site, particularly staff and materials, especially at the beginning of contract implementation. At one time, the key staff were withdrawn from the site. This formed part of the reasons for the delay in completion of the contract. The audit attributed this to financial constraints faced by the contractor or possibly a deliberate swapping of staff after signing the contract.

Implication/Risk/Impact on the Project

Slow mobilization of key resources to support contract implementation results into delayed contract completion.

Management Response

- *We confirm that the CMT has been vigilant in following up the contractor's deployment of resources on site, at site meetings. The PM has also written letters of caution and at one time suspended work to ensure compliance to required staff deployment.*
- *We note that MOES has ensured timely payment of the IsDB portions of all interim certificates. We note the recommendation on the GOU portions of payments.*
- *MOES confirmed availability of key staff and equipment before contract signing as is evidenced in the record of the pre-contract discussions.*

Recommendations

- The Contract Management Team should ensure that the contractor deploys sufficient resources at the project site to enable expedited completion of the project in accordance with Regulation 52(1)(b) of the PPDA (Contracts) Regulations, 2023. Similarly, the Entity should pay the Contractor in time to mitigate the contractor's cash flow challenges in accordance with Regulation 52(1)(a) of the PPDA (Contracts) Regulations, 2023.
- The Head Procurement and Disposal Unit should conduct due diligence to ensure that the contractor's key staff and equipment are available before contract signing to avoid eventual swapping of staff.

2.7.3 Site organization and arrangement

The Authority noted that there were no clearly demarcated passages to separate the students from site workers especially at the boys' dormitories.

Implication

The security of the students is compromised without clear demarcations of the site.

Management Response

Site organization and management to ensure strict separation of workers and students was rather difficult for this relatively small institute site. For example, some resources like the water point (borehole) were located in a position within the contractor's operational area, yet students had to access the same point. This situation was later mitigated when a motorized pump was installed in the borehole and a separate receiving water tank placed at the students' dormitory. This is augmented with good administrative monitoring from both the institute leadership and the contractor's site leadership team, to limit direct interactions between students and workers.

Recommendation

The contractor should fast track demarcating of passages to separate students from workers, especially at the boys' dormitories.

2.7.4 Partial adherence to Environmental, Social, Health and Safety (ESHS) requirements

Under health and safety, the contractor was required to take all reasonable precautions to maintain the health and safety of the personnel. The following exceptions were noted regarding the same:

2.7.4.1 Borrow pit and quarry approvals not verified

Section 5 (d) of the NEMA Act 2019, requires that construction and expansion of Education and Research Institutions should have mandatory ESIA conducted. Section 5 (g) requires support facilities to the construction in 5 (d), for example murram borrow pits, sand borrow sites, stone quarries and dump sites, also to have approved ESIAs. However, approval documents for borrow pits and quarries were not presented.

Implication

Possible illegal sourcing of construction materials, environmental damage and legal penalties as well as lack of traceability and compliance assurance.

Management Response

We confirm that an ESIA was conducted and the NEMA Certificate was obtained; Copy attached. We note the recommendations going forward.

Authority's Comment

The Authority notes the response however the issue has been sustained as the documents relating to approval of the borrow pits and quarries were not provided for review.

Recommendations

- The contractor should obtain and file valid NEMA certificates from all material suppliers and only use approved sourcing sites moving forward.
- The Contract Manager should enforce regular supervision by Arch Forum Ltd (Supervising Consultant).

2.7.4.2 Substandard sanitation facilities

Public Health Act, Cap 281 mandates the Local Authority to safeguard and promote public health. Part II, Section 5 of the same Act requires all dwellings to have functional sanitation facilities that meet minimum standards. The Occupational Health and Safety Amendment Act 2025, Section 49 require a Contractor to put in place gender segregated well maintained sanitation facilities that meet minimum standards. The Authority noted that the sanitation facilities required structural improvement and improvement in the general hygiene management. For example, there were no hand-washing facilities, and there was dumping of construction debris near male facilities.

Implication

There is a risk disease spread and health risks for workers, increased safety hazards and non-compliance with public health regulations.

Management Response

We note the recommendation and confirm that all sanitary facilities have been improved (see pictures attached) and site hygiene is to be enforced more vigorously going forward.

Authority's Comment

The Authority notes the management comment, however, pictures to confirm that hygiene at the sanitary facilities was improved after the Authority's site visit were not provided for review, therefore the issue has been sustained.

Recommendation

The Contract Manager should task CRJE (East Africa) Ltd to improve the sanitary facilities structures, provide hand washing stations with soap and clean water and establish a regular cleaning and waste disposal routine.

2.7.4.3 Unsafe stockpiling of materials

The Occupational Health and Safety Amendment Act, 2025 Section 56 (a) provides for the maintenance of safe access and exit routes. In addition to this, GCC 8.2 of the General Conditions of the contract requires the contractor to take all necessary steps to protect the environment and to limit damage and nuisance to people and property resulting from pollution, noise and other results of his operations. It was observed that some materials were stored on bare ground without containment and too close to access routes during the site visit.

Implication

The unsafe storage of materials may lead to safety risks due to slips and falls, soil erosion and pollution, poor material quality and wastage

Management Response

We note the recommendation for prompt implementation.

Recommendation
The Contract Manager should prevail over CRJE (East Africa) Ltd to designate a proper material storage zone and install containment barriers, maintain clear access paths and separate materials to avoid contamination

2.7.4.4 Poor Hygiene at Drinking Water Point

According to Section 50 of the Occupational Safety and Health Amendment Act, 2025 the contractor is obligated to provide safe drinking water to the workers. The contractor, therefore, designated a drinking water point at Nalwire Technical College construction site. However, these gaps were noted:

- There were indications of poor maintenance of the water container and the surrounding area.
- There was no evidence that the water was taken under safe and hygienic conditions, such as possession of individual water bottles or disposable cups.

Implication
There is risk of Contamination and disease transmission compromising the workers' welfare conditions.

Management Response
We confirm that the environment and facilities at the drinking water point were appropriately improved; see attached pictures.

Authority's Comment
Authority notes the management comment. The issue has been sustained as pictures to prove that the hygiene at the drinking water point was improved after the Authority's site visit were not provided for review.

Recommendations
The Contract Manager should prevail over CRJE (East Africa) Ltd to provide individual drinking options such as personal bottles and ensure regular cleaning and protective shielding for the water container and surrounding area.

2.7.4.5 Inadequate safety signage

The Occupational Health and Safety Amendment Act, 2025, Section 25 require the Contractor to put up safety signage around the site. This signage was observed; however, it is of a small size, which limits its visibility. Additionally, the safety signage is too generic and not hazard-specific.

Implication
This reduced awareness of risks by workers and visitors to the site, resulted in higher chances of preventable accidents and indicated weak compliance with safety communication standards.

Management Response
We note the recommendation and confirm that improvements are being made.

Recommendation
Arch Forum Ltd (Supervising Consultant) should prevail over the contractor to install hazard-specific and directional safety signs in all active zones ensuring clear visibility and routine inspection of signage.

2.7.4.6 Inadequate emergency response procedures in place

Sections 13, 57,58 and 60 of Occupational, Health and Safety Amendment Act, 2025, requires the contractor to have emergency response procedures in place. The Authority noted that the contractor hadn't adequately prepared for emergency response. Although there was an assembly point and an emergency response plan, there was no evidence of conducting emergency fire and medical drills for both workers and students on site.

Implications

- This lack of preparedness increases the risk of confusion, delayed action, and greater harm in the event of an actual emergency, underscoring the need for immediate improvement in the site's emergency management system.
- Non-compliance with the set site safety standards may lead to low fire preparedness and failure to respond in case of fire related emergencies.

Management Response

We note that while the contractor has demonstrated some effort in conducting emergency fire & medical drills (see attached health & safety reports), we note the observation for more rigorous follow up.

Recommendation

The Contractor should establish a functional emergency management system by conducting regular fire and medical drills, training workers and students on emergency procedures, and ensuring all necessary equipment is available and accessible. This will strengthen readiness and support a coordinated response during any emergency.

2.7.4.7 Unsafe manual handling of concrete

Section 89 of the Occupational Safety and Health (Amendment) Act, 2025 provides for proper and safe handling of materials on site, including proper manual handling techniques. The Authority noted that concrete was transported to upper levels manually, passing from one worker to another instead of using proper hoisting equipment. This practice constitutes unsafe manual handling of materials and non-compliance with standard construction safety procedures for material lifting and handling.

Implications

- Increased risk of injury from slips, strains, or falling materials.
- Reduces the quality control of the concrete due to spillage or contamination.
- Demonstrates inadequate provision of lifting and handling equipment by the Contractor.

Management Response

We note the recommendation; however, all first-floor concreting works are now complete.

Recommendation

CRJE (East Africa) Ltd should immediately provide suitable hoisting or lifting equipment for vertical material transport and train workers on safe handling techniques to prevent accidents and ensure compliance with occupational safety standards.

2.7.5 Site Handover

Regulation 52(1) of the PPDA (Contracts) Regulations, 2023 requires that works, services, or supplies commence within the timelines stipulated in the signed contract to ensure the timely implementation and achievement of project objectives.

Whereas GCC 20.1 of the General Conditions of the Contract indicated the start date as 15th May 2024 (Within four (4) weeks of contract signing date of14th April 2024), the Authority noted that contract implementation commenced 1.5 months later on 1st July 2024. The reasons given include; delayed approval of deemed VAT by GOU which affected purchases, relocation of powerlines and key staff replacements.

Implication
Delay in project commencement poses a risk to overall delay in project completion and may distort the project timelines indicated in the program of works.

Management Response
We take note of the recommendations. We confirm that the main reason for delay was the need to wait for the schedule of the Sector Head to officially launch this contract of high value and importance to the National Human Capital Development Strategy (along with the other six contracts).

Recommendations
- The Accounting Officer and the Contract Management Team should in future ensure that projects commence within the period indicated in the contract in accordance with Regulation 52(1)(a)(b) of the PPDA (Contracts) Regulations, 2023.
- CRJE (East Africa) Ltd should have binding contracts with the key staff at time of contract signing to detail eventual swapping.

2.7.6 Delayed advance payment
The Authority observed that whereas GCC 48.1 of the Particular Cconditions of the contract prescribed payment of the advance payment of 20% of the contract price (UGX 1,780,497,608) within 60 days of approval of the invoice by the project Manager. The Project Manager approved the payment on the 28th June 2024 but as per minutes 6.8 of the site meeting held on 27th January 2025 the GOU portion was reported as pending. The Authority noted that the GOU portion of the Advance Payment of UGX 347,018,984 was not paid within the contractual period.

Implication
Delayed advance payment delays mobilisation and commencement of works and may be considered a compensation event as per GCC 41.1(i).

Management Response
We note the recommendation. However, the MOFPED delayed to release the required funds for the 20% GOU portion. When the funds were released, the MOES made promptly payment to the contractor.

Recommendation
The Accounting Officer should ensure that contactors are promptly paid within the contractual timelines, except where this is varied in the Special Conditions of Contract in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

2.7.7 Delayed Certificate payment
Whereas GCC 40.1 of the Particular Conditions of Contract required payment of certificates within 90 days, at the time of audit October 2025, GOU portion of certificates Nos 2 to 6 totaling UGX 366,6276,003 had not been paid. This represents 8.46% of UGX 4,328,294,212, the total due to the contractor, that is, certificates 1 to 6 and advance payments. The Authority

noted that the GOU portion of IPCs 1 to 6 was not paid with the contractual time lines of 90 days.

Implication

Delayed certificate payment delays progress of works and may attract damages as per GCC 40.1.

Management Response

- *We note the recommendation. However, the MOFPED continues to provide delayed and inadequate releases of required funds for the GOU portion on interim payments. Whenever the funds are released, the MOES makes prompt payments to contractors.*
- *We note the recommendation regarding contract payment terms for GOU portions for relevant application in future projects.*

Recommendations

- The Accounting Officer should ensure that contractors are promptly paid within 30 days from certification of invoices, except where this is varied in the Special Conditions of Contract in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations, 2023.
- Payments terms stipulated in the contracts should be feasible in consideration of the GOU payment policies and procedures.

2.8 Expansion and Equipping of Nkoko technical Institutes – Lot 7

The Authority observed the following exception findings during the implementation of the contract for expansion and equipping of Nkoko technical Institutes – Lot 7:

2.8.1 Timeliness of Delivery

Whereas GCC 1.1 of the Particular Cconditions of the contract indicated the intended completion date as 14th August 2025 (15 months from state date), the Authority noted that all works of the project had not yet been completed as at the time of the audit on 21st October 2025. Physical progress was at 69% as at 21st October 2025 vis a vis 44.50% financial progress and 103.52%-time progress. This is attributed to the contractor's persistent failure to mobilize the key technical personnel and materials on site. The time of completion was extended by four months to 2nd February 2026. The Authority doubts the feasibility of this new completion date, judging from the amount of work remaining of 31% of physical works.

Implication

Delay in contract completion denies the intended beneficiaries the value they would have derived from the usage of the project facilities. It might also attract unnecessary costs in terms of supervision and monitoring.

Management Response

- *We confirm that the Contract Management Team continues to follow up timely performance of the contractor, including through attending and giving guidance at monthly site meetings (also attended by all stakeholders including from the district, community and institute) and relevant contract management meetings at the Ministry.*
- *However, with reference to GCC 26, we confirm that there were factors beyond the control of the contractor for which they were awarded a 4-months no-cost extension, including: (i) delayed relocation of HV power line by UEDCL (ii) delays in URA clearances for Deemed VAT facility for procurement of various construction materials.*

Recommendations

- The Contract Management Team should in future ensure strict adherence to the contract period in accordance with Regulations 52(1)(b) and 52(3)(vi) of the PPDA (Contracts) Regulations, 2023.
- The Supervising Consultant should be more vigilant in his supervisory roles.
- The contract management team and contractor are advised to:
  - Expediate payment of to the contractor.
  - Contractor must deploy all required technical personnel and all required equipment on site.
  - Continuously engage stake holders at all stages of the project.

2.8.2 Slow mobilization of key resources

The Authority noted that the contractor delayed to deploy sufficient resources at the project site, particularly staff and materials, especially at the beginning of contract implementation. This formed part of the reasons for the delay in completion of the contract. The Authority attributed this to financial constraints faced by the contractor or possibly a deliberate swapping of staff after signing the contract.

Implication

Slow mobilization of key resources to support contract implementation results into delayed contract completion.

Management Response

- *We confirm that the CMT has been vigilant in following up the contractor's deployment of resources on site at site meetings. The PM has also written letters of caution and at one time suspended work to ensure compliance to required staff deployment.*
- *We note that MOES has ensured timely payment of the IsDB portions of all interim certificates and note the recommendation regarding the GOU portions*
- *MOES confirmed availability of key staff and equipment before contract signing as is evidenced in the record of the pre-contract discussions.*

Recommendations

- The Contract Management Team should ensure that the contractor deploys sufficient resources at the project site to enable expedited completion of the project in accordance with Regulation 52(1)(b) of the PPDA (Contracts) Regulations, 2023. Similarly, the Entity should pay the contractor in time to mitigate the contractor's cash flow challenges in accordance with Regulation 52(1)(a) of the PPDA (Contracts) Regulations 2023.
- The Entity should conduct due diligence to ensure that the contractor's key staff and equipment are available before contract signing to avoid eventual swapping of staff.

2.8.3 Partial adherence to Environmental, Social, Health and Safety (ESHS) requirements

Under health and safety, the contractor was required to take all reasonable precautions to maintain the health and safety of the personnel. The following exceptions were noted regarding the same:

2.8.3.1 Sanitation facilities require design and maintenance improvements

According to Section 49 of the Occupational Health and Safety Amendment Act 2025, the contractor is supposed to provide and maintain clean, well-maintained sanitation facilities;

however, the sanitary facilities available did not meet the required standards in terms of structure and maintenance.

Implication

- Increased risk of safety incidents.
- Workers and visitors to the site may avoid use of the sanitation facilities, which may lead to poor hygiene, with the related health issues.
- Contractor may face penalties for breaching the welfare standards as per the OSH Act of 2025.

Management Response

We note the recommendation and confirm that all sanitary facilities have been improved (see pictures attached) and site hygiene is to be enforced more vigorously going forward.

Authority's Comment

The Authority takes note of the management comment, however, pictures to confirm that the hygiene at the sanitary facilities was improved after the Authority's site visit were not provided for review, therefore, there issue has been sustained.

Recommendations

- The Contractor should improve the structure and maintenance of the sanitation facilities.
- The Supervising Consultant should make sure that the sanitation facilities meet the required standards with regular inspection.

2.8.3.2 Inconsistent use of Personal Protective Equipment (PPE)

Section 35 of the Occupational Health and Safety Amendment Act, 2025 requires the contractor to provide Personal Protective Equipment to the workers, such as helmets, reflective vests, and safety boots, which was done. However, the same act under the duties of a worker, emphasizes that the worker should use the PPE provided, it was noted that some workers are not using the PPE provided. This indicates an enforcement gap on the contractor's and supervising consultant's side.

Implications

- Some workers remain exposed to avoidable injuries due to incomplete PPE use, which results in work delays and unplanned costs.
- Inconsistent use of the required PPE may indicate weak tracking and supervision systems that hinder sustained compliance negatively affecting the overall safety culture.

Management Response

We note the recommendation for relevant implementation.

Recommendations

- The contractor should continue maintaining PPE issuance records for accountability and tracking.
- The supervising consultant should Strengthen the enforcement of PPE usage by ensure regular supervision and training of workers regarding the use of complete PPE while on site and for relevant tasks.

2.8.3.3 Provision of clean drinking water

According to Section 50 of the OSH Amendment Act 2025, the contractor is required to provide safe drinking water to the workers. This water is available on site. However, the current setup presents several health and safety concerns. There was no evidence that the water was taken under safe and hygienic conditions, such as the possession of individual water bottles/cups or disposable cups. The workers also indicated that drinking water was not consistently provided.

Implications

- Potential for dehydration, heat stress and heat stroke among workers leading to a decline in productivity.
- Risk of violating welfare requirements under the Occupational Safety and Health Act 2025.

Management response

We confirm that the environment and facilities at the drinking water points have been improved; see attached pictures.

Authority's Comment

The Authority takes note of the management comment, however, pictures to confirm that the hygiene at the drinking water point was improved after the Authority's site visit were not provided for review, therefore, there issue has been sustained.

Recommendation

The contractor should ensure a continuous supply of clean and safe drinking water; by providing workers with individual water bottles, the container in which drinking water is put should be regularly and properly cleaned and well-maintained, the area around the drinking water point should be well-maintained.

2.8.3.4 Inadequate safety signage

According to Section 50 of the Occupational Health and Safety Amendment Act, 2025 the contractor is required to put in place warning and directional signage on site. While the contractor tried to put up some signage, they were not sufficient across all the work areas.

Implications

- Low hazard awareness for workers and visitors.
- Increased likelihood of accidents in restricted or danger zones.
- Poor emergency direction in case of fire or evacuation.

Management response

We note the recommendation for relevant implementation going forward.

Recommendation

Install adequate warning and directional signs to guide both workers and visitors. Signs should cover work at height zones, restricted areas, fire equipment, speed limits, and emergency assembly points.

2.8.3.5 Inadequate emergency response procedures in place

Sections 13,57,58 and 60 of the Occupational Health and Safety Amendment Act, 2025 require the contractor to have emergency response procedures in place. During the site visit, it was observed that the contractor hadn't adequately prepared for emergency response. Although there was an assembly point and an emergency response plan, there was no evidence of conducting emergency fire and medical drills and trainings to students and workers.

Implication

This lack of preparedness increases the risk of confusion, delayed action, and greater harm in the event of an actual emergency, underscoring the need for immediate improvement in the site's emergency management system.

Management response

We confirm that while the contractor has demonstrated some effort towards emergency fire & medical drills (see attached health & safety reports), we note the observation for more rigorous follow up.

Recommendation

The contractor should establish a functional emergency management system by conducting regular fire and medical drills, training workers on emergency procedures, and ensuring all necessary equipment is available and accessible. This will strengthen readiness and support a coordinated response during any incident.

2.8.3.6 Failure to have workers sign the code of conduct

The Employment Act 2006 provides for discipline and termination procedures that implicitly support the workers' code of conduct. However, it was noted that workers did not have a signed Code of Conduct, and some workers indicated lack of clarity of the written contracts.

Implications

- Undermines accountability among workers and weakens the project's social risk management framework.
- Increases the likelihood of workplace misconduct, including harassment, discrimination, and unsafe behavior.
- Exposes the contractor and client to reputational damage and legal risks in case of grievances or social conflicts.
- Reduces overall compliance with Environmental and Social safeguard requirements and labor management procedures.
- Unclear employment terms may lead to disputes over compensation and rights.
- Non-compliance with labour standards can trigger administrative penalties.
- Weak transparency in workforce management.

Management Response

We note the recommendation for relevant implementation on future projects.

Recommendations

- The Contract Manager should task the Contractor to fully ensure labour compliance, workers should have written employment agreements clearly stating their rights, roles, and remuneration. Signed copies should be available for verification.
- The contractor should immediately circulate and enforce the signing of Code of Conduct by all workers and supervisors. Copies should be displayed at the site notice board for awareness and the signed copies filled for reference.

2.8.3.7 Borrow pit and quarry approvals not verified

Schedule 5, Section 5 (d) of the NEMA Act requires that construction and expansion of Education and Research Institutions should have mandatory ESIAs conducted. Sec 5 (g) requires support facilities to the construction in 5 (d), for example murram borrow pits, sand borrow sites, stone quarries and dump sites, also to have approved ESIAs. However, approval documents for borrow pits and quarries were not presented.

Implications

- Possible illegal sourcing of construction materials.
- Environmental damage and legal penalties.
- Lack of traceability and compliance assurance.

Management Response

We confirm that an ESIA was conducted and the NEMA Certificate was obtained; copy attached, and note the recommendations going forward.

Authority's Comment

The Authority takes note of the management comment, however, the documents relating to approval of the borrow pits and quarries were not on file, therefore, the issue has been sustained.

Recommendation

The Contractor should present valid NEMA certificates from all material suppliers, only use approved sourcing sites moving forward and enforce regular supervision by the supervising consultant.

2.8.4 Site Handover

Regulation 52(1) of the PPDA (Contracts) Regulations, 2023 requires that works, services, or supplies commence within the timelines stipulated in the signed contract to ensure the timely implementation and achievement of project objectives.

Whereas GCC 20.1 of the General Conditions of the Contract indicated the start date as 15th May 2024 (Within four (4) weeks of contract signing date of14th April 2024), the Authority noted that contract implementation commenced 1.5 months later on 1st July 2024. The reasons given include; delayed approval of deemed VAT by GOU which affected purchases, relocation of powerlines and key staff replacements.

Implication

Delay in project commencement poses a risk to overall delay in project completion and may distort the project timelines indicated in the program of works.

Management Response

We take note of the recommendations. We confirm that the main reason for delay was the need to wait for the schedule of the Sector Head to officially launch this contract of high value and importance to the National Human Capital Development Strategy (along with the other six contracts).

Recommendations

- The Accounting Officer and the Contract Management Team should in future ensure that projects commence within the period indicated in the contract in accordance with Regulation 52(1)(a)(b) of the PPDA (Contracts) Regulations, 2023.
- The contractors should have binding contracts with the key staff at time of contract signing to detail eventual swapping.

2.8.5 Delayed advance payment

The Authority observed that whereas GCC 48.1 of the Particular Cconditions of the contract prescribed payment of the advance payment of 20% of the contract price (UGX 1,861,558,208) within 60 days of approval of the invoice by the project Manager. The Project Manager approved the payment on the 28th June 2024 but as per minutes 6.8 of the site meeting held on

27th January 2025 the GOU portion was reported as pending. The Authority noted that the GOU portion of the Advance Payment of UGX 347,018,984 was not paid within the contractual period.

Implication
Delayed advance payment delays mobilisation and commencement of works and may be treated as a compensation event as per GCC 41.1 (i).

Management Response
We note the recommendation. However, the MOFPED delayed to release the required funds for the 20% GOU portion. When the funds were released, the MOES made promptly payment to the contractor.

Recommendation
The Accounting Officer should ensure that contractors are promptly paid within the contractual time lines, except where this is varied in the Special Conditions of Contract in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

2.8.6 Delayed Certificate payment
Whereas GCC 40.1 of the Particular Conditions of Contract required payment of certificates within 90 days, at the time of audit October 2025, GOU portion of certificates Nos 2 to 6 totaling UGX 403,559,612.57 had not been paid. This represents 9.34% of UGX 4,322,424,629, the total due to the contractor, that is, advance payment and certificates 1 to 6. The Authority noted that the GOU portion of IPCs 1 to 6 was not paid with the contractual time lines of 90 days.

Implication
Delayed certificate payment delays progress of works and may attract damages as per GCC 40.1.

Management Response
- *We note the recommendation. However, the MOFPED continues to provide delayed and inadequate releases of required funds for the GOU portion on interim payments. Whenever the funds are released, the MOES makes prompt payments to contractors.*
- *We note the recommendation regarding contract payment terms for GOU portions for relevant application in future projects.*

Recommendations
- The Accounting Officer should ensure that contractors are promptly paid within contractual timelines, except where this is varied in the Special Conditions of Contract in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.
- The Accounting Officer should ascertain that payment terms stipulated in the contracts should be feasible in consideration of the GOU payment policies and procedures.

2.9 Construction of New Skills Development Headquarters Building on Plots M892 & M893 in Kyambogo Kampala
The Authority observed the following exception findings during the implementation of the contract for Construction of New Skills Development Headquarters Building on Plots M892 & M893 in Kyambogo Kampala:

2.9.1 Delayed Contract Effectiveness

The Auditor noted that on 6th October 2023, the Entity signed a contract with Sadeem Al Kuwait General Trading & Contracting Company in JV with Dott Services Limited for the construction of New Skills Development Headquarters Building on Plots M892 & M893 in Kyambogo for a duration of 18 months, with an expected completion date of 7th September 2025.

The Auditor further noted that the effective commencement date was 7th March 2024, and commenced after a period of 5 months (150 calendar days) from the date of contract signing.

On reviewing the signed contract, the Auditor noted that the commencement time was not stated under GCC 2.1 in the Particular Conditions of Contract (PCC). What was stated was "*No later than the commencement date*". The clause under GCC 2.1 in Contract Data stated "after receiving the Letter of Acceptance, the Contractor shall be given right of access to all or part of the Site within: ________ days".

Implication

The delay in contract effectiveness affected timely service delivery to the intended beneficiaries.

Management Response

- *The Audit observations are noted; however, the Ministry wishes to clarify that Commencement was consistent with the signed Contract.*
- *Sub-clause 8.1 of Part B of the Particular Conditions of Contract highlighted the FIDIC conditions to be ascertained by the consultant before issuing the contractor with a formal notice for the contractual Commencement Date. Key among the conditions was for the consultant to confirm that the contractor had received the advance payment in line with sub-clause 14.2. Suffice it to confirm that, following the Ministry's verification of the contractor's submitted bank guarantees worth 20% of the contract sum, totaling to UGX 12.39B (IsDB portion of UGX 8.36B and GOU portion of 4.03B), the consultant issued the Advance Payment Certificate on 15th November 2023. The contractor accordingly submitted their invoices to the Ministry on 20th November 2023. However, due to exchange rate variations between the USD and the UGX, an IsDB portion amount of only UGX 8.18B was paid by 16th January 2024 leaving a balance of UGX 0.18B which was paid on 5th March 2024. On the other hand, the entire GOU portion of UGX 4.03B was paid on 23rd February 2024. The consultant hence issued a formal notice for a Commencement Date of 7th March 2024 after full payment of the advance. The commencement date was therefore in line with the provisions of the signed contract.*

Authority's Comment

The Auditor appreciates the Entity's response and notes that it is not satisfactory since the required contracts commencement date was not stated in the bidding document in accordance with GCC 2.1 in the Particular Conditions of Contract (PCC) as required. This response signifies the lack of adequate planning by the Entity.

Recommendations

- The Procurement and Disposal Unit should clearly define in the bidding document, specific dates for contract effectiveness (site handover).

- The Contract Management Teams/Contract Managers should ensure timely contract commencement in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations 2023.

2.9.2 Inadequate Contract Management Team

The Auditor noted that the Contract Management Team (CMT) did not possess all the required skills and competences in the contract being executed since there were no skills in Electrical Engineering, Environmental, Safety, Health and Social (ESHS). The team is indicated in Table 12 below:

Table 12: Appointed Contract Management Team

No.	Name	Title
1.	Eng. Asaph Abenaitwe	Assistant Commissioner (AC), CMU
2.	Eng. Patrick Muida	Asst. Commissioner/CIM
3.	Mr. David Gusongoire	SAS/F&A
4.	Eng. Douglas Tumwine	Civil Engineer/CMU
5.	Arch Norman Ajiri	Project Coordinator PCU
6.	Eng. Paul Kaliba	Project Technical Manager/PCU
7.	Arch. Miriam Lawino	Project Technical Manager/PCU

Implications

- This caused a delay in reviewing and recommending approvals to the Accounting Officer. For example, the submission of the sub-contractor profiles and confirmation of shipment items for review and the approval took 7 months *(submitted on 4th September 2024 and approved on 5th March 2025)*. Others include delayed reviews for substitution of contractor representatives and site Engineer; delayed approval of quotations for Geo-technical investigations; substitution of contractor's key personnel and submissions of sub-contractor's profiles and pre-shipment items.
- The appointment of an inadequate Contract Management Team significantly increases project risk leading to inadequate performance, financial loss and disputes.

Management Response

- *The Audit observations are noted.*
- *The Ministry notes that the PPDA Law does not specifically require a contract manager or contract management team to replicate the scope of subject matter expert skills included under the procured consultant's team who are contractually responsible for above cited implications. The CMT is instead required to include persons with good overall contract management skills, in this case for the subject complex infrastructure development. Suffice it to note that all the appointed CMT members have considerable qualifications and experience in various aspects of building infrastructure development projects. Furthermore, the CMT specifically includes Dr. Patrick Muinda (the Ministry's current Commissioner for Library, E-Learning and Information Technology) who has a vast background in similar electro-mechanical and ICT installations*

Authority's Comment

The Auditor appreciates the Entity's response; however the auditor maintains the finding in section 66 of the PPDA Act Cap. 205 requires entities to take into account environmental protection, social inclusion and appoint contract management teams with a comprehensive skill set for complex and high value contracts. The entity response portrays that the responsibility of the CMT was handed over to the supervising consultant.

Recommendation
The Accounting Officer should for complex and high value contracts, appoint a Contract Management Team with a comprehensive skill set including technical, legal, financial and sustainable procurement skills in accordance with Section 66 of the PPDA Act Cap. 205 and Regulation 51 of the PPDA (Contracts) Regulations 2023 to undertake contract supervision and management.

2.9.3 Inadequate Contract Management Plan

The Auditor noted that the Contract Management Plan (CMP) in Form 49 prepared by the Contract Management Team lacked clear timing of key deliverables. The plan only captured the expiry dates of securities (Advance Payment Guarantee and Performance Security), the date of contract signing, site possession and commencement. The findings indicate that although the tasks were well stated in the Work Program by the Contractor, the key deliverables for every stage and payments proposed schedule were not integrated into the prepared CMP for purposes of enhancing the effectiveness of contract supervision and monitoring.

Implications
- Inadequate Contract Management Plans create significant risks that could result in operational inefficiencies and disorganized workflows, which may result in delayed approvals and bottlenecks and legal liabilities.
- The CMT failed to track the key deadlines, milestones, and deliverables that led to overall delay in execution of the construction works. A number of delayed approvals by the Project Manager of technical specifications, data sheets, samples and test results were noted without any caution or reminder by the CMT.

<u>Management Response</u>
- *The Audit observations are noted.*
- *The Ministry confirms that: (1) CMT prepared the summary contract management plan as required using Form 49; (2) the highlighted nature of detailed work plans for such a complex infrastructure project, is prepared by a works contractor with appropriate guidance/review by the consultant's team and the CMT. The approved work plans (and/or appropriate updates thereof) then formed a key reference for the supervisory and monitoring inputs of the consultant's team and the CMT, during contract implementation to support the summarized contract management plan on Form 49.*

Authority's Comment
The Auditor appreciated the Entity's response and noted that the key deadlines, milestones and deliverables referred to in the approved workplan were not submitted in the Entity's management response letter. Thus, the response was unsatisfactory.

Recommendation
Contract Management Teams should always prepare comprehensive Contract Management Plans detailing the key deadlines, milestones and deliverables using Form 49 in Schedule 2 to the PPDA (Contracts) Regulations 2023, and forward a copy to the Procurement and Disposal Unit for purposes of monitoring and enhancing the effectiveness of contract supervision by the Contract Management Team.

2.9.4 Failure to prepare and submit Monthly Contract management reports

Regulation 52(3)(f)(g) of the PPDA (Contracts) Regulations 2023 charges the Contract Management Team with the responsibility of appraising the performance of the contractor and report on its performance to the Procurement and Disposal Unit and submit monthly reports on the progress of the contract to the Accounting Officer and to the Procurement and Disposal Unit.

The Auditor noted however, that the CMT did not prepare any progress reports by the time of the audit in October 2025. The CMT neither appraised the performance of the contractor nor submitted monthly contract management reports on the progress of the contract to the Accounting Officer and Procurement and Disposal Unit.

Implication

This is a red flag for poor project management and delayed execution of the construction works.

Management Response

- *The Audit observations are noted.*
- *The Ministry confirms that, while the requirement is for monthly contract management reports, considering the complexity of the project, the team has over the period of audit, agreed to provide more effective and frequent weekly progress reports to the Accounting Officer, coupled with specific loose minutes on aspects that required higher-level input and periodic progress presentations to the Ministry Senior Management Team*

Authority's Comment

The Auditor appreciated the Entity's response and noted that copies of the monthly contract management progress reports referred to were not submitted in the Entity's management response letter. Thus the response was unsatisfactory.

Recommendation

The Contract Management Team should always appraise and report on the performance of the Contractors and prepare and submit monthly reports on the progress of the contracts to the Accounting Officer and Procurement and Disposal Unit in accordance with Regulation 52(3)(f)(g) of the PPDA (Contracts) Regulations 2023.

2.9.5 Non-Adherence to BOQs and Specifications

The Auditor noted construction related flaws which led to non-aligned columns, the collapse of the slab at the conference hall, the soil collapses/failures which required more time for corrections and re-works. The Contractor deployed insufficient manpower and failed to meet the committed three (3) construction teams to have a workforce of over 200 workers leading to significant project delays.

In addition, the Contractor supplied critical construction equipment which was old that included water pumps, vibrators, tower crane and concrete pump and batching plant which often broke down and resulted to delayed concrete and general works. These several delays in construction works were attributed to the Contractor's inadequate performance, lack of equipment and not adhering to the Bills of Quantities (BOQs) and or specifications stated in the bidding document.

For example, there were changes in specifications of the 31mm Thick TDS Raised Flooring TS and PDS, change in design and location of access staircase and change of external 10mm stopsol float glass with 10mm Stopsol Toughened Glass for Double Glazed Curtain walling and Aluminium Windows cladding.

The change in specifications and not adhering to the BOQs led to cost overruns. The total project contingencies were UGX 3,104,418,735, out of this, a Provisional sum worth UGX 2,380,437,010 was utilized to cover cost overruns based on the Financial Appraisal No. 2

prepared by the Supervising Engineer (Project Manager) dated 22nd September 2025. The cost overruns were due to changes in designs/specifications and additional works leaving a balance of UGX 723,981,725 exclusive of 18% deemed VAT.

Implication
This resulted into cost overruns and significant project completion delays.

Management Response

- *The Audit observations are noted.*
- *The Ministry confirms that the contract was Admeasurement, whereby the BOQs present estimated quantities as were pre-prepared against the contract architectural and engineering drawings. During contract execution, payments are made against the actual measured quantities of work done. The project team further applied best efforts to value engineering and cost appraisals, aimed at achieving the best possible output/outcomes for the project, including appropriate utilization of the available contract contingency sum. We confirm that there were no cost overruns. The Ministry further confirms that quality management is a core purpose of all site engagement meetings, including monitoring of the contractor's remedial actions of any noted flaws.*

Authority's Comment
The Auditor appreciated the Entity's response and noted that there were no cost overruns as the project was completed within the signed contract value and the contract type was admeasurement. However, there were significant project completion delays as the construction project was ultimately delayed due to the contractor employed less workers than the planned during execution. Thus, the response was unsatisfactory.

Recommendations

- The CMT should conduct frequent site inspections to verify that the executed work aligns with the BOQs and technical specifications to avoid cost overruns.
- User Departments should ensure adequate planning in accordance with Section 36 (1) (d) of the PPDA Act Cap. 205 to avoid effecting changes in specifications after contract signing thus causing construction delays.

2.9.6 Non-Adherence to EH&S requirements

According to FIDIC Conditions of Contract "*Conditions of contract for construction for construction of building and engineers works designed by the Employer (Red Book) Second Edition 2017*", GCC 14.8 - Protection of the Environment - the Contractor shall take all necessary measures to protect the environment both off and onsite; GCC 4.8 - Health and Safety obligations - the Contractor shall comply with applicable Laws and Regulations in the country and GCC 6.7 - Health and Safety of Personnel - the Contractor shall take all necessary precautions to maintain the health and safety of contractor's personnel.

The Auditor noted during the review of the Quarterly Progress Report (QPR) No. 6 and QPR No. 5 that the Building Inspector for KCCA, Naika R. B. issued the following instructions regarding health and safety at the work place. Instruction No. 53 dated 5th March, 2025 at pre-works stage; No. 61 and 62 dated 30th April 2025 at Parking deck and 4th Floor Slab respectively, No. 66 dated 5th June 2025 at Office block, No. 69 dated 19th July 2025 at the Parking Deck and No. 77 dated 6th August 2025 at Office Block 2 - all requiring the Contractor to ensure safety of works for all workers at site with Personal Protective Equipment (PPEs) and public on traffic movement.

Implication
The contractor was not in total compliance with the terms and conditions of the signed contract.

Management Response

- *The Audit observations are noted.*
- *The Ministry confirms that Environmental, Safety, Health and Social Impact (ESHS) is a core area that is assessed at the site engagement meetings. All related site walkthrough observations are captured in the respective meeting minutes and/or follow-up notes, for appropriate compliance actions by the contractor and for regular monitoring by the project team. At site meetings, the contractor is particularly required to present a specific report on site health and safety. The Ministry takes the opportunity to acknowledge the additional site compliance monitoring inputs of the KCCA inspectors, in line with their mandate. As a collective result (i.e. project team & KCCA inputs) minimal health and safety incidents have been reported at the site since commencement of the works.*

Authority's Comment
The Auditor appreciates the Entity's response; however, the auditor maintains the entity should take into account environmental protection, social inclusion and appoint contract management teams with a comprehensive skill set for complex and high value contracts in accordance with section 66 of the PPDA Act Cap. 205 to conduct regular inspections and scheduling site walkthroughs to identify hazards and compliance gaps. The entity response portrays that the responsibility of the CMT was handed over to the supervising consultant.

Recommendation
The Contract Management Team should conduct regular inspections by scheduling site walkthroughs to identify hazards and compliance gaps before they lead to incidents.

2.9.7 Site Handover before obtaining approvals

The Auditor noted that on 24th April 2024, the Building Inspector of Kampala Capital City Authority (KCCA) issued a site instruction to suspend works until statutory requirements are fulfilled. The Auditor further noted that the statutory approval process commenced on 17th April 2023 upon submission of architectural drawings, structural drawings and Mechanical, Electrical, and Plumbing (MEP) drawings to KCCA by the Entity. The Physical Planning Committee of KCCA notified the Entity of the interim approval on 21st June 2023 and consequently, the Entity paid the building approval fees on 10th August 2023.

The Auditor also noted that KCCA approved the structural and architectural drawings and issued the building permit on 30th April 2024, after the effective commencement date of 7th March 2024.

Implications

- Under the Building Control Act 2013, it is illegal to commence construction without a valid building permit.
- Handing over a construction site before obtaining approvals from KCCA have significant legal, financial and safety implications for developers. It could lead to penalties, including prosecution in Courts of Law and potential demolition of structures.

Management Response

- *The Audit observations are noted; however, the Ministry clarifies that the required KCCA approval was issued well before the contractual Commencement Date of 7th March 2024.*
- *The Ministry acknowledges that KCCA began processing the application for approval of building plans on 17th April 2023, after receiving the registration fee payment of UGX*

177,000. Upon receipt of the notification of interim approval of development permission from the KCCA Physical Planning Committee on 21st June 2023, the Ministry paid the full ascertained building approval fees of UGX 51,238,720 on 10th August 2023. After a comprehensive review, the KCCA Building Committee confirmed full approval of the architectural, structural and electro-mechanical drawings and Symbion's core professional staff on 25th September 2023 (see copy attached), which led to contract signing on 6th October 2023, site possession on 17th October 2023 and Ground Breaking by the FL/MES on 26th October 2023. Suffice it to note that Section 36 of the Building Control Act 2013, provides a maximum of 60 days from application for KCCA to issue a Building Permit decision (ours took 160 days).

Authority's Comment

The Auditor appreciated the Entity's response and notes that KCCA issued a site instruction on 24th April, 2024 to suspend works until statutory requirements are fulfilled well after the Commencement Date of 7th March 2024. The entity states that it took 160 days to be issued with a Building Permit as opposed to the 60 days regulated. Thus the response was unsatisfactory.

Recommendation

The Accounting Officer should hand-over sites to Contractors after obtaining all the necessary approvals to avoid unnecessary delays.

2.9.8 Conducting geo-technical investigations after Site handover

The Auditor noted that the Entity conducted geo-technical investigations after site hand-over to the contractor. On 21st March 2024, the Structural Engineer observed the soil conditions on site and instructed to have more specific geo-technical tests to be carried out by Ministry of Works and Transport, Central Materials Laboratory. On 26th March 2024, the Contractor submitted the quotation for undertaking geo-technical investigations. On 9th April 2024, the Project Manager issued a letter to the Accounting Officer recommending approval of the quotation, this was approved on 15th April 2024. Based on the geo-technical investigations results and report, the foundations were re-designed for the poorer soils and related details were issued on 5th June 2024. Accordingly, in accordance with GCC 4.12, the Contractor was grated Extension of Time (EOT) for an additional 58 calendar days.

Implications

- Handing over a project site before conducting geo-technical investigations delayed the execution of the construction project.
- Late soil investigations are a source of construction disputes, frequently leading to increased costs due to unexpected, unsuitable, or weak ground conditions encountered after construction has already commenced.

Management Response

The Audit observations are noted; however, the Ministry confirms that comprehensive geo-technical site investigations were actually done during the design phase of the project before site handover; based on the accepted expedient engineering practice of sample trial pits at the predetermined intervals across the entire site to inform the structural designs. However, during the substructure works for the Conference Hall wing, the Structural Engineer noted that the ground soil conditions for a particular location was of inconsistent and inadequate load bearing capacity, hence requiring additional localized geo-technical tests coupled with related redesign of the foundations. This was therefore an unforeseen occurrence requiring an appropriate response.

Authority's Comment
The Auditor appreciated the Entity's response and noted that geotechnical investigations were conducted after contract signing; and no evidence was submitted in the Entity's management response letter for the comprehensive geo-technical site investigations conducted before contract signing. Thus, the finding is maintained.

Recommendation
The Accounting Officer should conduct comprehensive geo-technical investigations on project sites prior to site handover to the Contractors to avoid unnecessary construction delays.

2.9.9 Delayed approval of Technical Specifications

(i) Ceramic Tiles
The Auditor noted that on 22nd October 2024, the Contractor submitted to the Project Manager, a request for approval of ceramic floor and wall tiles Technical Data Sheet (TDS). On 27th November 2024, the Contractor submitted additional ceramic floor and wall tile TDS. Due to delay in provision of the necessary approvals as per clause GCC 1.9, the Contractor submitted the impact of the delay as per sub-clause GCC 20.1 & 8.4.

On 11th March 2025, the Contractor issued a notification of likely delay in completion of the works due to delayed approval of TDS for ceramic tiles. The delay in obtaining the approvals for ceramic floor and wall tiles TDS was over 104 Calendar days.

(ii) Electrical Supplies

a) Lighting Fittings and wiring accessories
The Auditor noted that on 14th November 2024, the Contractor submitted to the Project Manager, schedules and technical specifications for lighting fittings and wiring accessories for the following items:

- **Item 16:** Lighting Fittings: 600x600mm 41W recessed LED luminaire, 1200mm, IP65 dust and moisture resistant LED, 15.5W Round Bulkhead LED luminaire, 12.3W Recessed LED downlight, Emergency Thorn 92900765CHAL among others.
- **Item 17: Wiring Accessories:** Switches, Sockets, DP Switches, 2 Module quadplexer, Dual Ceiling mounted occupancy sensor, Grid Switches, and three compartment boxes.

On 20th November 2024, the Contractor re-submitted the updated technical specifications and sample for lighting fittings and wiring accessories. However, at the time of the audit on 16th October 2025, there was no evidence of approval of the technical specifications and sample on the contract management file. However, the letter dated 24th July, 2025 indicated that the electrical lighting fittings samples were displayed in the site sample room for inspection by the PM. Samples were displayed after a period of **244 calendar days** in the inspection room.

b) Lightening Protection System
The Auditor noted that on 6th June 2024, the Contractor submitted to the Project Manager, the Technical Data Sheet for the lightening protection system for the following items for approval:

- **Item 19:** Lighting rod, adapter head mast, mast telescope, anchoring plate, T-Connection, Braided copper cable, insulator clapping bracket, Galvanized steel tube, lighting counter, earthing manhole cover, test joint in access box, C-Connection, Electrode ground rod connections, copper plated steel grounding rods and copper U camps.

However, at the time of the audit on 16th October 2025, there was no evidence of approval of the technical specifications on the contract management file.

c) Fire Detection and Alarm system

The Auditor noted that on 28th October 2024, the Contractor submitted to the Project Manager the Technical Data Sheet for the fire detection and alarm system following items for approval.

- **Item 20: Fire Detection and Alarm system** - assorted items.

However, at the time of the audit on 16th October 2025, there was no evidence of approval of the technical specifications on the contract management file.

(iii)ICT works

The Auditor noted that on 1st September 2025, the Contractor submitted to the Project Manager, technical specifications, shop drawings, guarantees and operations and maintenance manual for approval. The documents were reviewed by Project Manager and recommended for client approval on 3rd October 2025, after approximately 33 calendar days.

(iv)Partitions, Doors and Windows

The Auditor noted that on 10th February 2025, the Contractor submitted to the Project Manager aluminum materials and technical specifications for approval. However, at the time of the audit on 16th October 2025, there was no evidence of approval of the technical specifications on the contract management file.

Implication

Delayed approvals of technical specifications and samples delay project implementation.

Management Response

- *The Audit observations are noted.*
- *The Ministry notes that the back and forth between the contractor and the consultant was because some of the samples presented by the contractor did not fully meet the expected quality standards, hence requiring adjustments or alternative samples to be sought and resubmitted for consideration.*

Authority's Comment

The Auditor appreciated the Entity's response and noted that entity response is in agreement with the finding, albeit with explanations. Thus, the finding is maintained.

Recommendation

The Project Manager and Contract Management Team should ensure efficiency in issuing various approvals to avoid unnecessary delays.

2.9.10 Delayed approval of drawings and issuance of instructions

The Auditor noted that on 16th April 2024, the Contractor submitted a letter to the Project Manager requesting for missing aluminum details in architectural drawings. On 2nd October 2024, the Contractor issued a reminder to the Project Manager to submit the missing architectural drawings. The delay in approval of this submission was over 168 calendar days. In addition, on 20th March 2024, the Contractor submitted shop drawings for the lift to the Project Manager for approval, these were approved on 16th July 2024. The delay in approval of this submission was 117 calendar days.

Implication

Delay in the approval of shop drawings and issuance of instructions by the Project Manager acted as a significant "chain reaction" trigger, resulting in project schedule slippage by extending completion time, and may lead to increased costs due to claims and legal disputes, if not well managed.

Management Response

- *The Audit observations are noted.*
- *The Ministry clarifies that the key factor that determine the duration of approvals of shop drawings for this complex infrastructure project is the contractor's adherence to the required quality standards. The Ministry further clarifies that it is the contractor's responsibility to proactively prepare quality shop drawings, to demonstrate their proposed construction/ installation methodologies, with due reference to the published technical specifications of their various material suppliers (e.g. the lifts obtained from KONE (U) Ltd). The Ministry notes that the consultant needs reasonable time to carefully review the contractor's submissions, before issuing approval or instructions for re-submissions by the contractor, in keeping with the project quality management requirements.*

Authority's Comment

The Auditor appreciated the Entity's response and noted that entity response is in agreement with the finding as the consultant needs reasonable time to carefully review the contractor's submissions but follows short of the recommend duration. Thus the finding is maintained.

Recommendation

The Project Manager and Contract Management Team should ensure efficiency in issuing various approvals to avoid unnecessary delays.

2.9.11 Delayed revision of structural drawings

The Authority noted that on 24th April 2025, the Contractor issued a request for Structural AUTO-CAD files for ground slab design, boundary wall, gate house and associated works. On 11th February 2026, the Contractor issued a reminder to the Project Manager due to delay in availing the structural drawings. The Authority noted that by the time of the audit in October 2025, the delay in submitting the required structural drawings to the contractor was over 200 calendar days; the 9th Floor, slab was delayed by 13 calendar days, and structural details of windows delayed by 25 calendar days.

Implication

Delayed submission of structural drawings directly impacts Engineering-Procurement-Construction (EPC) activities and cause a shift in the overall project completion dates.

Management Response

- *The Audit observations are noted.*
- *The Ministry confirms that the cited works in this finding (i.e. the boundary wall all around the 6-acre site & the main gate house) required stakeholder negotiations along key boundary lines (notably with Kyambogo University, the National Council for Higher Education and the Inter University Council for East Africa). Additionally, these works have been the subject of many structural iterations, due to the varying slopes and ground conditions (with some segments requiring ordinary mass concrete footings, while others have needed deep reinforced concrete retaining walls), as well as. The Ministry notes that structural integrity is core to building operational safety, hence requiring the consultant's Subject Matter Expert (SME) to carefully analyze the required engineering details, before issuing the related drawings and instructions.*

Authority's Comment

The Auditor appreciated the Entity's response and noted that entity response is in agreement with the finding of delayed approval of structural drawings as there was a shift in the overall project completion dates. Thus, the finding is maintained.

Recommendation

The Project Manager and Contract Management Team should ensure efficiency in issuing various approvals to avoid unnecessary delays.

2.9.12 Delayed procurement of construction materials due to Deemed VAT

The Auditor noted that on 22nd November 2023, the Contractor submitted to Uganda Revenue Authority (URA) the contract for the Development Partner - IsDB for deemed VAT registration. URA delayed to complete the registration process. Upon registration, URA undertakes detailed reviews of the material quantities before clearing them for deemed VAT. This affected the Contractors' timeliness of procurement of materials and the related sequencing of works. The Project Manager approved compensation of delay of 50 calendar days.

Implication

Delays in importing or clearing materials led to a shortage of essential materials on the construction site and caused the slowdown of work, pushing the project past its intended completion date. This partly led to delaying payments to sub-contractors and suppliers.

Management Response

- *The Audit observations are noted.*
- *The Ministry confirms that the Deemed-VAT protocols of URA for all construction materials used in the works, are an external project compliance risk. As captured in the finding, the Ministry endeavored to support the contractor, including through issuing the contract documents to URA well in advance of the contractual commencement date (i.e. 22nd November 2023 vis-à-vis 7th March 2024). In addition, the CMT had occasional direct interactions and e-mail exchanges, with assigned staff of the URA Domestic Taxes Department. The Ministry takes the opportunity to request PPDA to also raise this general operational matter directly with URA (at inter-Government authority level) with the view of finding a more efficient solution for smoother implementation of various Loan-financed works contracts in Uganda. The Ministry further clarifies that the primary responsibility for ensuring the contractor's sub-contractors are VAT-registered rests with the contractor.*

Authority's Comment

The Auditor appreciated the Entity's response and noted that the entity response is in agreement with the finding of delayed procurement of construction materials due to deemed VAT. Thus, the finding is maintained.

Recommendations

- The Project Manager should ensure that all documentation, specifically the BOQs, detailed procurement plans and stamped contracts are submitted to Uganda Revenue Authority for approval by the Contractor well in advance of the anticipated procurement dates.
- The Project Manager should ensure that all sub-contractors submitted for approval are VAT registered and are compliant with VAT returns, as non-compliant sub-contractors can delay the entire approval chain.
- The Accounting Officer should contact Uganda Revenue Authority's Domestic Taxes Department specifically assigned to handle aid-funded projects to facilitate quick clearance of pending applications from the Contractor.

2.9.13 Delayed payments

The Auditor noted that Advance Payment Guarantee (APG) certificate was submitted in the right amount of US$ 1,743,438.65 in the proportion of IsDB (67.49%) and GOU portion of (32.51%) UGX 4,281,060,088.80. The APG was prepared in the correct format as outlined in the approved bidding document issued by the Entity expiring on 7th September 2025; this was extended to 7th March, 2026 and subsequently to 31st July 2026 by ABSA Bank. The Contractor issued Invoice No. 00 dated 20th November 2023 worth UGX 12,386,630,755.2 and was paid on 18th February 2024, 95 calendar days after issuance of the invoice. GCC 14.7(a) in the bidding document stipulated a payment period of 60 days on presentation of the Engineer's Certificate and Contractor's related invoice to the Employer. The payment was delayed by 35 calendar days.

The Auditor further noted that as at 30th January 2026, the value of executed works amounted to UGX 15.158Bn accounting for 25.4% of the contract sum (UGX 73,081,121,456). Advance payment worth UGX 7.432Bn was also paid. The bidding document required the Entity to make payments within 90 days upon presentation of the Engineer's Certificate and Contractor's related correct invoice. Contrary to the above provision, the audit noted that as at 30th January 2026, UGX 1,526,545,197 was the outstanding Government of Uganda payment to the Contractor, being payment for IPCs No. 5 & 7. IPC No. 5 worth UGX 921,754,470.63 was submitted to the Entity on 17th July 2025. The details are indicated in Table 13 below:

Table 13: Payments status as at 30th January 2026

Name of Payment Certificate	IsDB Portion (60%) UGX	IsDB Portion (60%) USD	IsDB Portion (7.495%) UGX	GOU Portion (32.51%) (UGX)	Remarks
IPC - 01	7,431,978,453	2,017,755.45	928,353,189	4,026,299,112	Paid
IPC 1	1,118,300,104	303,614.46	139,690,591	605,842,811	Paid
IPC 2	1,125,640,085	305,607.24	140,607,453	609,819,270	Paid
IPC 3	1,292,418,929	350,887.10	161,440,354	700,172,265	Paid
IPC 4	1,372,398,174	372,601.17	171,430,828	743,501,287	Paid
IPC 5	1,701,428,327	461,931.68	212,531,080	921,754,470	GOU Not Paid
IPC 6 & 7	1,116,358,105	303,087.21	139,448,010	604,790,726	GOU Not Paid
TOTAL	**15,158,522,179.92**	**4,115,484.30**	**1,893,501,508**	**8,212,179,944**	
			Outstanding	**1,526,545,197**	

Implications

- Delayed payments to the Contractor stifle the speed of implementation of the contract due to insufficient funds for mobilization, equipment, plant, materials.
- Delayed payments may cause cost overrun and attract penalties as the contractor bears additional fees from the bank for extending the APG, thereby increasing project costs.

Management Response

- *The Audit observations are noted.*
- *The Ministry confirms (with cross-reference to the management response at Finding No. 1) that 66% of the advance payment total worth UGX 8.180B (i.e. 97.8% of the IsDB portion) was paid within the 60 days' threshold and the balance of UGX 0.18B (i.e. only 2.2% of the IsDB portion) was paid in 106 days (i.e. 46 days late). On the interim certificates, all IsDB portions were duly processed and paid within the 90 days threshold*

(usually within 45 days, giving the contractor a cash flow edge). The Ministry confirms that the key delays have been with the GOU portions. 32.5% of the advance payment worth UGX 4.026B (i.e. the full GOU portion) was paid in 95 days (i.e. 35 days late) and by January 2026, a number of GOU portions of interim certificates had not been paid. The Ministry has actively engaged the Ministry of Finance, Planning and Economic Development (MOFPED) on this matter, during annual budgeting cycles, IsDB portfolio review meetings and in requests for supplementary financing. These engagements have however not yielded the required additional GOU financing. Instead, MOFPED has intimated that considerable GOU financing provisions will now be included in the upcoming Annual Budget for FY 2026/27. The Ministry requests PPDA to also bring this key external contract management risk up with MOFPED, with the view of finding an appropriate solution for smoother implementation of such Loan-financed financed works contracts.

Authority's Comment

The Auditor found the Entity response unsatisfactory since the request for quarterly releases to MOFPED were not submitted to the Auditor for verification of engagements during budgeting, meetings and requests as part of the management responses to ascertain proof of request for payments by the Entity.

Recommendation

The Accounting Officer should ensure timely payments to contractors in accordance with Regulations 43 and 49 of the PPDA (Contracts) Regulations 2023 and the terms and conditions of the signed contracts.

2.9.14 Delayed completion of the skills development Headquarters

During the review of the contract, the progress reports revealed that the Contractor's cumulative actual physical progress of works achieved was 52% against the planned progress 54% as at 30th September 2025 (*Progress report No. 20*) and actual physical progress increased to 58% against the planned progress of 65% as at 30th December 2025 (*Progress report No. 23*). The review of the latest Contractor's Monthly Progress Report (CMPR) No. 24 as at 31st January 2026 revealed that the Contractor's cumulative physical progress achieved increased to actual physical progress of 59% against the planned progress of 71%. Arising from the delays, the contract was extended for an additional 326 calendar days (10.5 months). This was mainly attributed to conducting geo-technical investigations on the site soil and obtaining approval of the building permit and structural drawings from Kampala Capital City Authority (KCCA) after site handover.

The Auditor further noted that the delays were due to adverse weather. In a letter dated 27th February 2025, the Contractor submitted claim No. 1 sighting adverse weather conditions and requested extension of time due to its impact on the progress of works. The approved extension of time in regard to adverse weather conditions was approved on 8th September 2025. i.e. *approximately 6 months from the time of submission of the claim*. Based on the analysis, the Project Manager's compensation awarded was 47 calendar days.

Implication

This has prevented the Entity from accessing the improved facilities, increased costs to Government by paying additional rent for the premises rented at Legacy Towers and therefore affected service delivery.

Management Response

- *The Audit observations are noted.*
- *The Ministry clarifies that the 326-day aggregated extension of time granted to the contractor, from 7th September 2025 to 30th July 2026 under Change Order No. 1, was based on the consultant's detailed assessment of August 2025. This assessment was premised on the applicable conditions of the signed FIDIC contract for the subject complex infrastructure development, particularly those that define the circumstances under which contractual additional time can be awarded. The full list of specific grounds, which were beyond the contractor's control, included (1) the stoppage of works by the KCCA Inspector, (2) the suspension of Conference Hall works due to the required specific geotechnical investigations, (3) delayed issue of various drawings and instructions, (4) instructions for various variation works (5) delayed material procurements due to the URA Deemed VAT protocols and (6) delayed works due to adverse weather conditions. Clarity on the first two recommendations of this audit finding is provided in the management responses under findings No. 2 and 3.*

Authority's Comment

The Auditor appreciated the Entity's response and noted that the entity response is in agreement with the finding of delayed completion of the skills development headquarters as the contract was extended for an additional 326 calendar days (10.5 months). Thus, the finding is maintained.

Recommendations

- The Accounting Officer should ensure that geo-technical investigations are conducted on project sites before contracting and generate a report giving specific design recommendations, conduct design reviews and obtain approvals before handover of the project sites to the Contractors to avoid construction delays.
- The Accounting Officer should ensure that building permits and structural drawings are approved by KCCA before commencement of construction works to avoid unnecessary delays.
- The Project Manager should ensure that the Contractor relocates resources by working overtime, adding shifts, or increasing manpower to bring the project back on track.

2.10 Overall Audit Conclusion

From the contract audit, the Authority established that the contracts for the expansion and equipping of Technical Institutes under Lots 1–7 and the construction of the New Skills Development Headquarters at Kyambogo were generally implemented satisfactorily and were either completed or progressing towards successful completion. Across the nine projects, the contracts generally demonstrated satisfactory physical progress, acceptable quality of works, compliance with the approved contract prices and positive socio-economic outcomes including employment of local labour and utilization of local materials. The projects are expected to significantly enhance skills development infrastructure and improve access to quality technical and vocational education and training upon completion.

However, recurring weaknesses were identified in contract planning, administration and implementation, particularly in contract governance, timely mobilization of contractors, contract documentation and reporting, supervision of contractor personnel, processing of contractual payments, ESHS compliance, quality assurance, procurement of critical inputs, approval of contractor submissions and overall project implementation. These weaknesses were largely attributable to inadequate contract management practices, delayed decision-making and funding constraints, contrary to the PPDA Act, Cap. 205, the PPDA (Contracts) Regulations, 2023 and the applicable Conditions of Contract. Table 14 below summarizes the key weaknesses observed across the audited projects

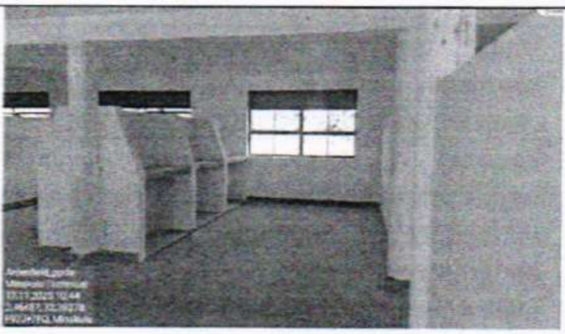
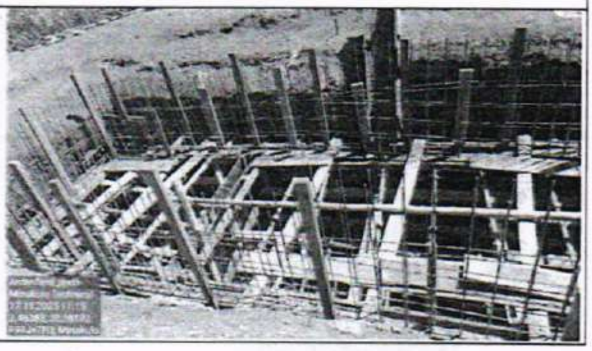
Table 14: Key weaknesses observed in the audit of the Expansion and Equipping of Nine Technical Institutes (Lots 1,2,3,4,5,6 &7) and the New Skills Development Head Quarter

No.	Project Details	Overall Assessment	Key Weaknesses
1.	Lot 1 – Minakulu Technical Institute	Satisfactory progress	Delayed implementation, payment delays, inadequate deployment of key personnel, ESHS gaps and weak contractor reporting.
2.	Lot 2 – Moyo Technical Institute	Satisfactory progress	Delayed commencement and implementation, payment delays, inadequate supervision, ESHS gaps and weak contract documentation
3.	Lot 3 – Bukedea Technical Institute	Satisfactory progress	Weak contract governance, delayed payments, design changes, inadequate reporting and delayed implementation.
4.	Lot 4 – Birembo War Memorial Technical Institute	Satisfactory progress	Delayed commencement, slow mobilisation, payment delays, deployment of unapproved personnel and ESHS non-compliance.
5.	Lot 5 – St. Kizito Technical Institute	On course	Delayed commencement, payment delays and implementation delays requiring contract extension.
6.	Lot 6 – Kabale Technical Institute	Satisfactory progress	Delayed submission of Performance Security, payment delays and weaknesses in contract administration.
7.	Lot 7 – Nalwire and Nkoko Technical Institutes	Satisfactory progress	Slow mobilisation, implementation delays, payment delays and weak project planning.
8.	New Skills Development Headquarters, Kyambogo	Satisfactory progress	Weak contract governance, delayed approvals, delayed counterpart funding, delayed procurement of materials and contract extension.

Although these weaknesses did not materially affect the achievement of the intended contract objectives, they exposed the projects to avoidable implementation and compliance risks.

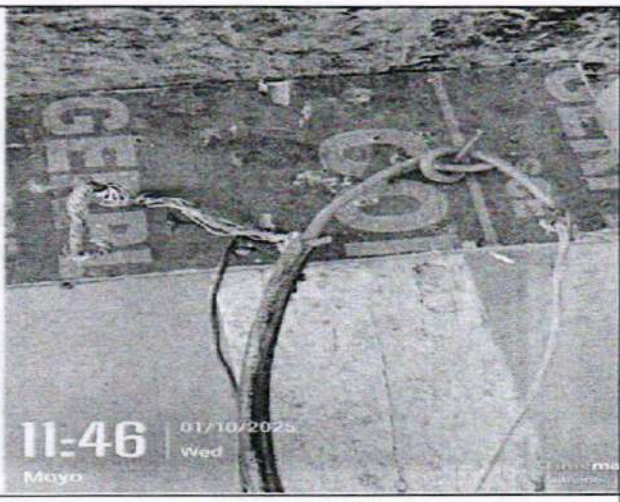
ANNEXES

Annex 1: Physical verification photographs of Lot 1 – Expansion & Equipping of Minakulu Technical Institute taken on 17th November 2025

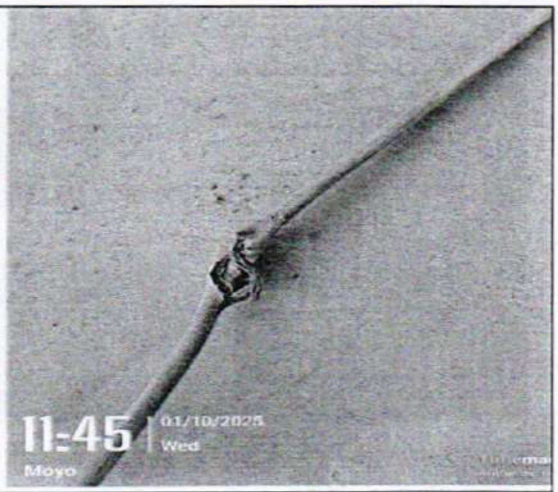
Main entrance – gate house	*Dormitory under construction*
	
	

Annex 2: Physical verification photographs of Lot 2 – Expansion & Equipping of Moyo Technical Institute taken on 1st October 2025

Staff operating with no Gloves and Masks, Improper Disposal and Debris Management	*No evidence of warning signs for falling debris and green hoarding net*
	
Improper wiring with no evidence of warning signage	



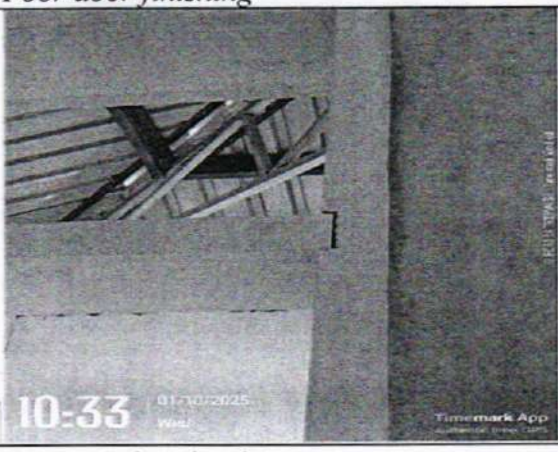
Unmanned gate area with debris



Improper House Keeping

Poor door finishing

Member not aligned and has a gap

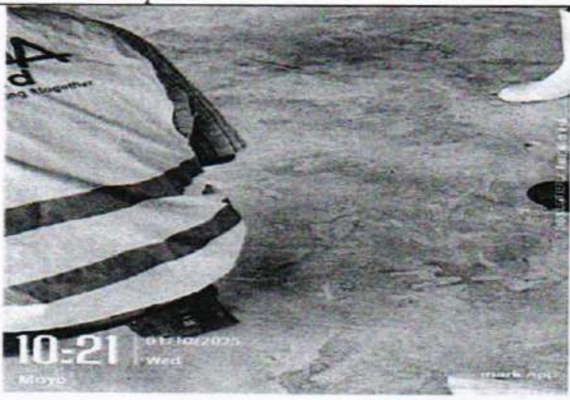


Poor window finishing

Uneven Cross Member

Floor with patches

Major cracks on the floor

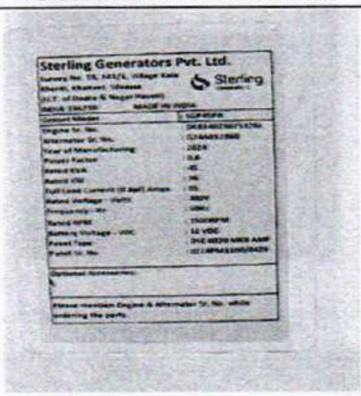


Blocked drainage due to on-going works on incinerator

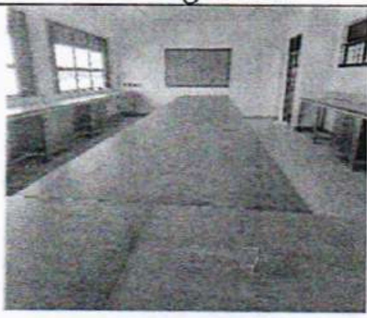
Uneven edges on the shelves

Annex 3: Physical verification photographs of Lot 3 – Expansion & Equipping of Moroto Technical Institute taken on 30th September 2025

Tourism Centre - Front View	Tourism Centre - Side View	Hide View
		

Main Gate Entrance	Gate - Inside View	Side View
		
Admin. Block - Library	Parking - Front View	Reception Area
		
Generator Particulars	Generator Installed	Domitory Washroom
		
Water Tank	Domitory - Side View	Domitory - Front View
		
Staff House - Kitchen	Staff House - Front View	Mineral Analysis Lab

Meeting Room



Labaratory Hall

Labaratory - Fininishing

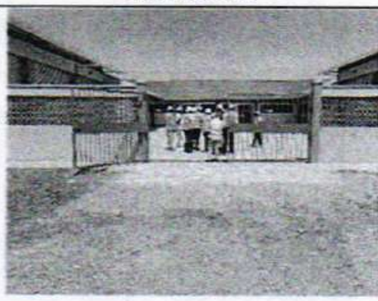
Inverters

Urinals

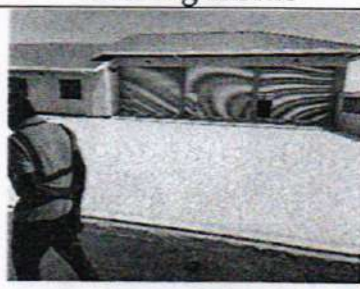
Toilet

Hall

Entrance



Parking Inside



Parking

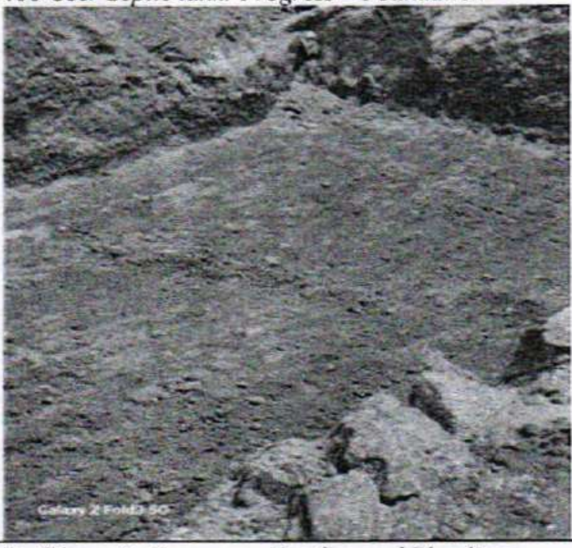
Land Scaping

Mineral Analysis - Hind View

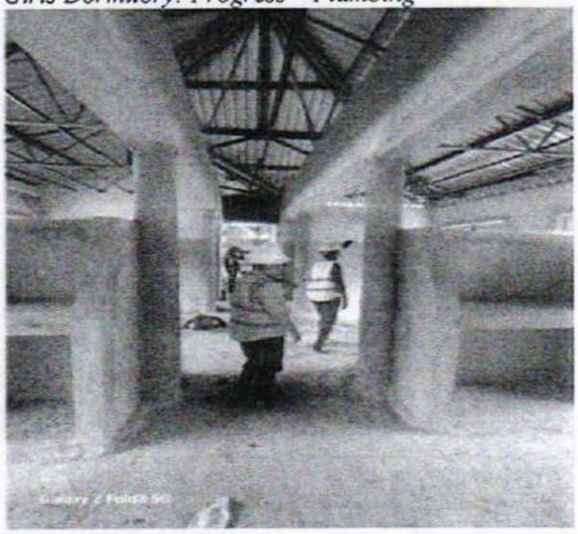
Annex 4: Physical verification photographs of Lot 4 – Construction of Birembo War Memorial Technical Institute taken on 16th September 2025

Administration Complex: Progress – Roofing

400 User Septic tank: Progress – Foundation



Girls Dormitory: Progress – Plumbing

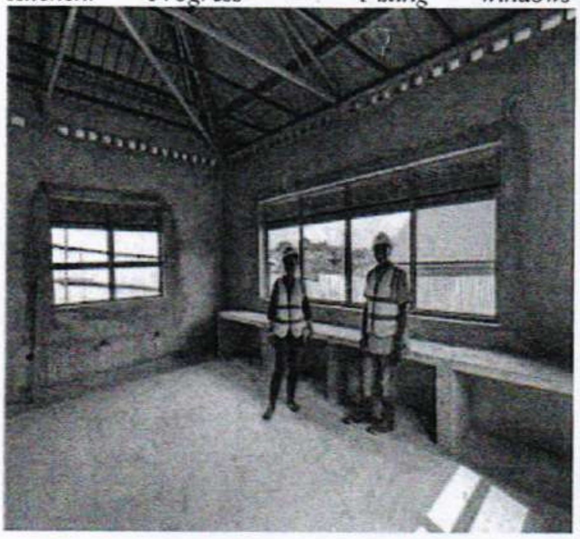


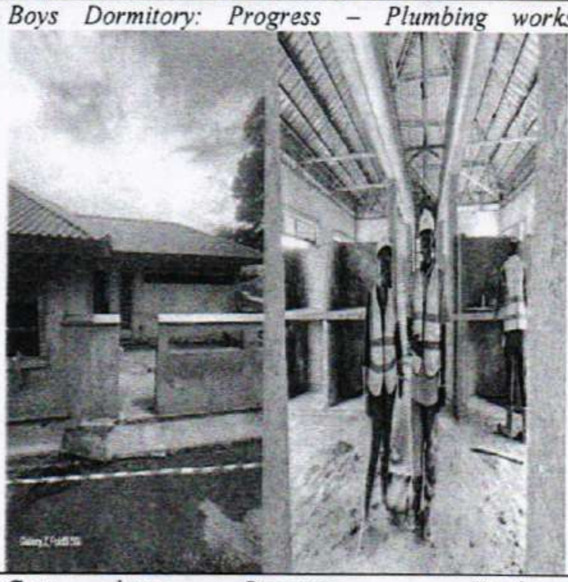
Staff house2: Progress – Roofing and Plumbing

Workshop: Progress – Roofing

Kitchen: Progress – Fixing windows

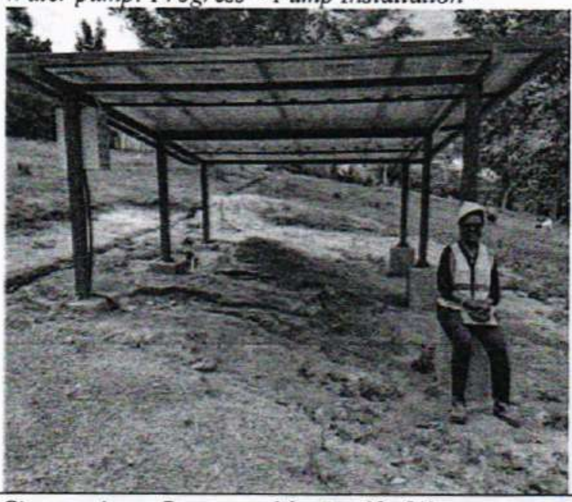
Boys Dormitory: Progress – Plumbing works.



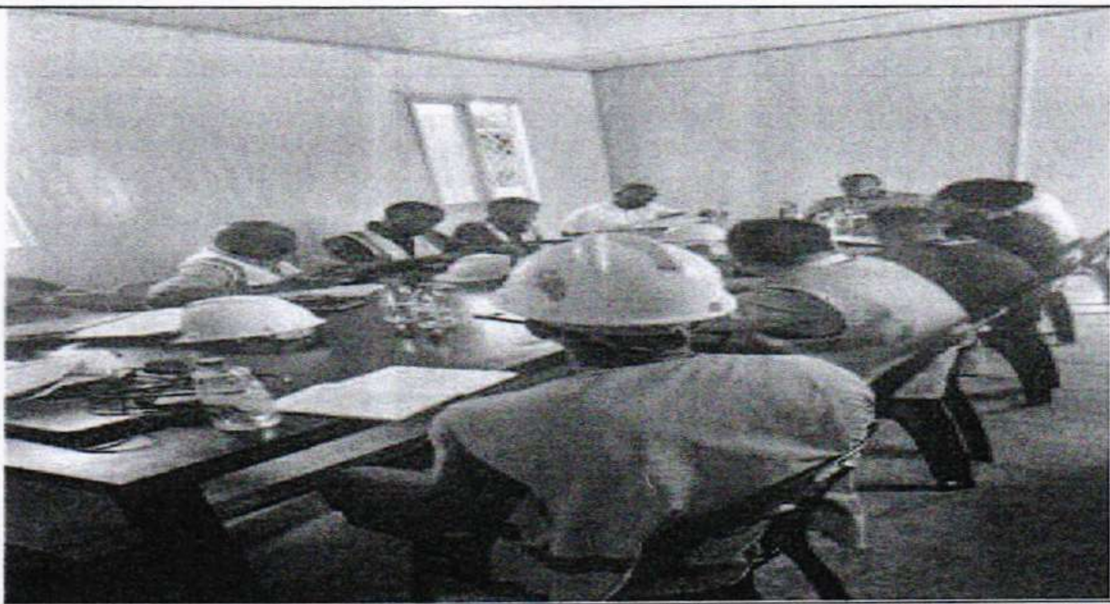


Water pump: Progress – Pump Installation–

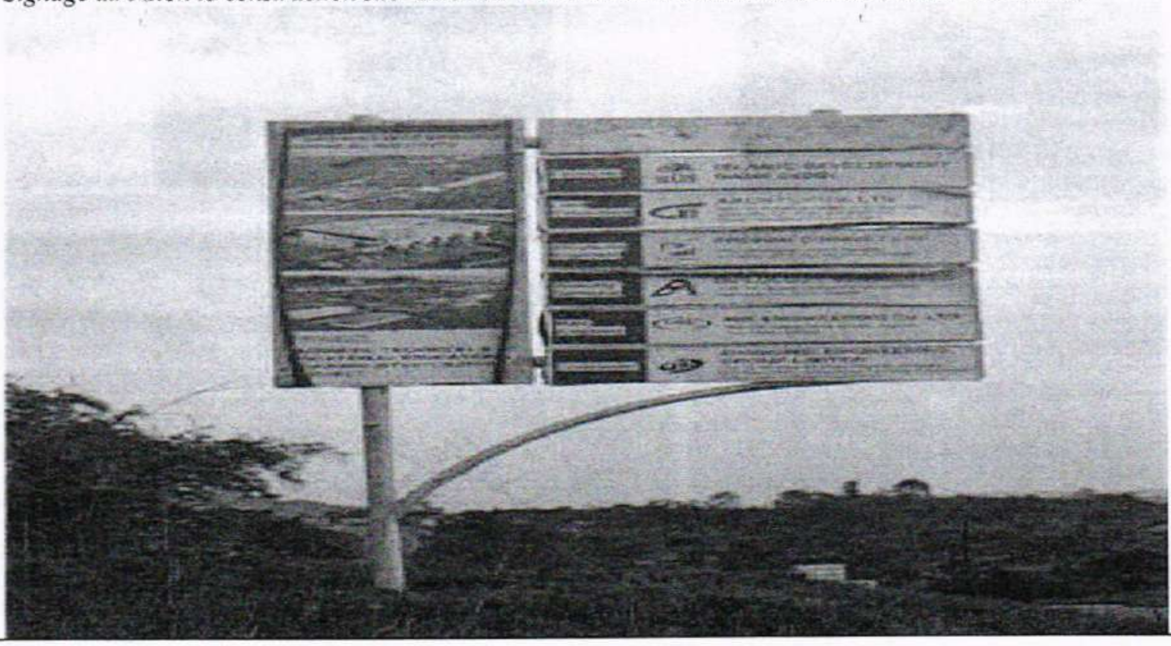
Gate house: Progress – Ringbeem



Site meeting – Progress- Meeting No.9/1

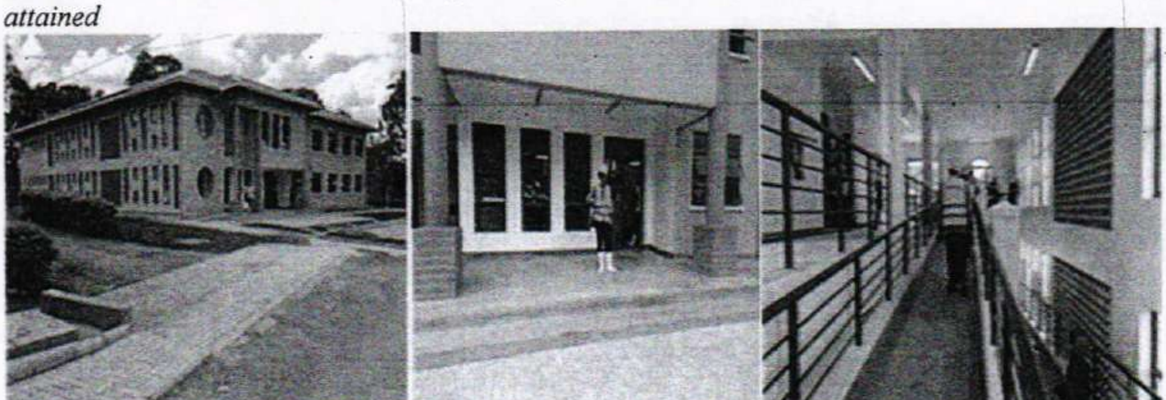


Signage direction to construction site- Birembo War Memorial Technical Institute (Kakumiro District)

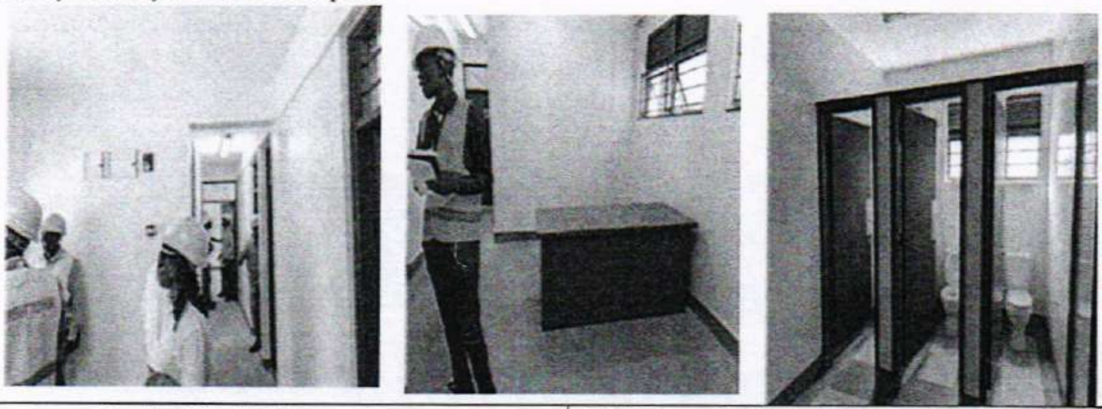


Annex 5: Physical verification photographs of Lot 5 Construction of St. Kizito Technical Institute taken on 15th October 2025

Double-stored Administration, Sickbay, Library & ICT Complex -99% overall physical progress attained



Sickbay Library and ICT Complex

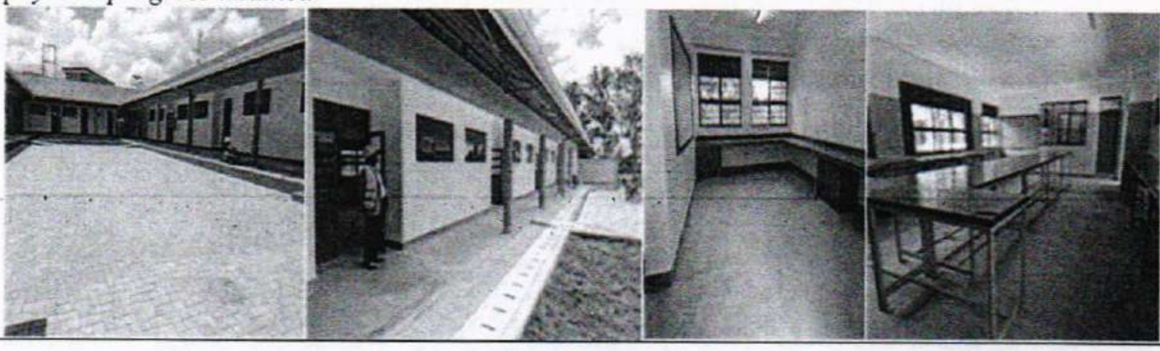


Restroom for the Disabled

ICT Control Room

Library

Training Workshops & Laboratories for Electronics and Telecommunications – 99% overall physical progress attained

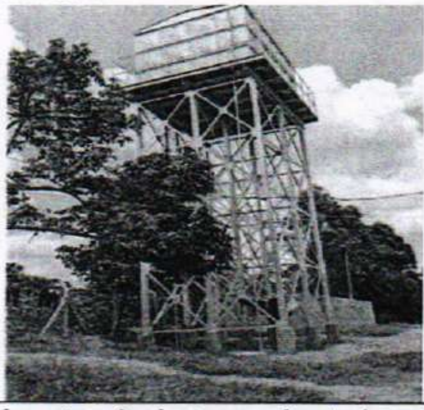


Double-stored 100 capacity boys' dormitory- 99% overall physical progress attained

Double-stored 100 capacity girls' dormitory- 99% overall physical progress attained

Block of Four 2-bedroom staff accommodation housing units - 99% overall physical progress attained

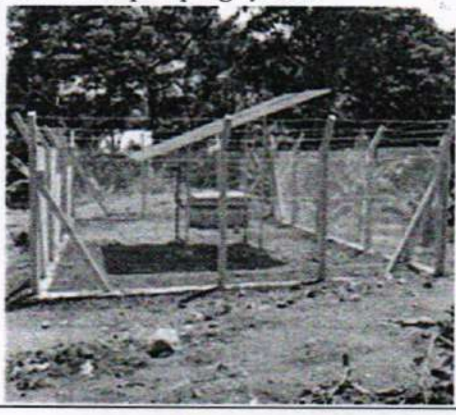
Water Tank



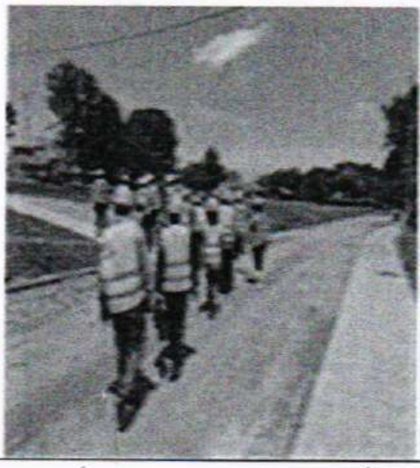
External works (fencing & gates, access roads, landscaping & electro mechanical works - 99% overall physical progress attained

Gate house

Solar water pumping system



Worked access roads



Annex 6: Physical verification photographs of Lot 6 – Expansion and Equipping of Kabale Technical Institute taken on 25th September 2025

Complex Type - 3 Building 3-storey administration / Library / ICT Laboratory / Classrooms / Sickbay Complex *- Building structure, including roofing works completed. Internal finishes completed – Internal Painting – Polishing of Terrazzo at 90%, M&E at 2nd Fix. Overall physical progress was 75%*	***BCE Complex - Double-storey training workshops & laboratories for building trades****, i.e. BCP, Plumbing, Carpentry, Electricals & Welding - Building structure, including roofing works completed; windows at finished – Internal painting – M &E at 2nd fix - Courtyard works were in progress - Overall physical progress was at 74%*

Boys' Dormitory* - *Double-storey building with a capacity of 100 boys;* *internal painting was about 80% complete, electrical works were awaiting fittings, and mechanical fittings had been installed. Overall physical progress was at 90%

Girls' Dormitory - Double-stored 100 capacity girls' dormitory *– comments as above for the Boys' dormitory*

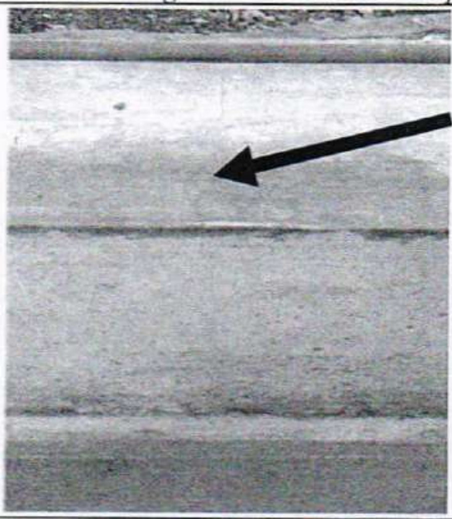
Multipurpose Hall and Kitchen *– Started on internal painting - M&E 1st fix was done – ceiling Works were in progress – Overall Progress was at 50%*

Guard House *– Internal plaster was completed – Roof was completed – Overall progress was 30%*

Raised tank and Ground Tank

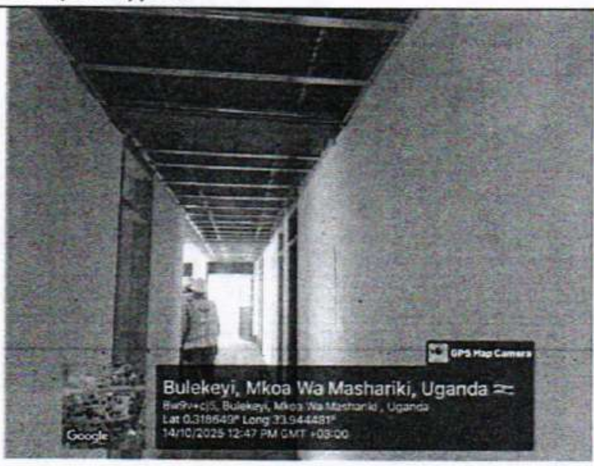
External Works *- Driveway - Masonry Retaining Wall – External Works - Access - Road kerb works in progress, gravelling for the access*

Cracks on the parapet wall of the Walkway Bridge to the BCE wall need to be investigated and repaired. Retaining wall with minimal weep holes. Solid waste management is to be cleared up.

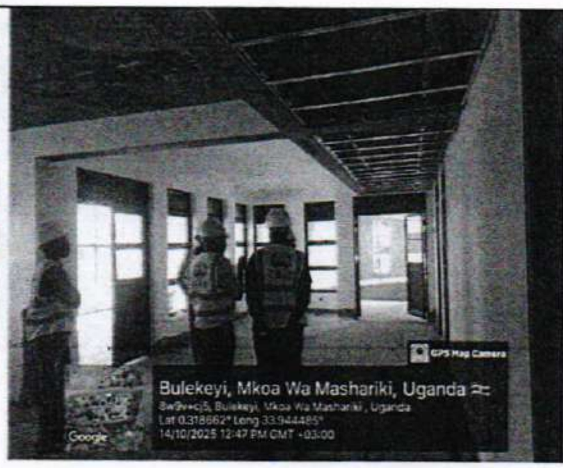


Annex 7: Physical verification photographs of Lot 6 – Expansion and Equipping of Nalwire Technical Institute taken on 14th October 2025

Complex type 1



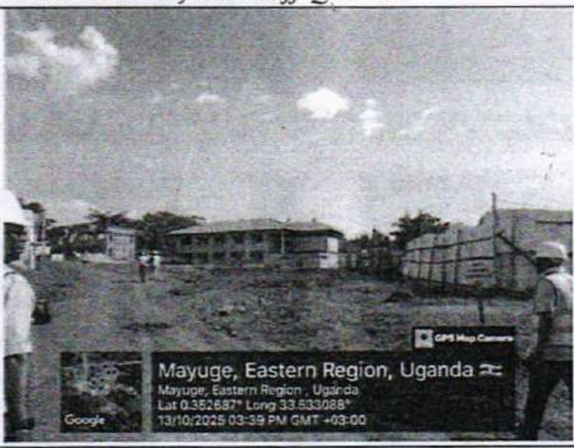
Complex Type 1- Roofing structure

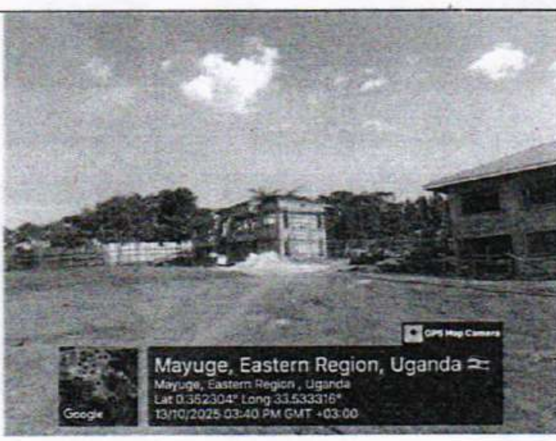


Chain Link Fence

Annex 8: Physical verification photographs of Lot 6 – Expansion and Equipping of Nkoko Technical Institute taken on 13th October 2025

Girls Dormitory and staff Quarter

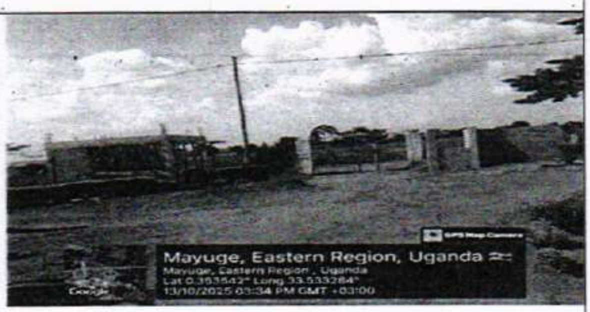




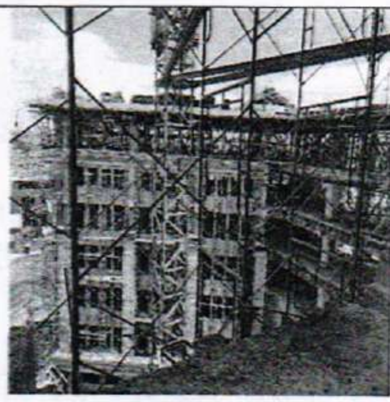
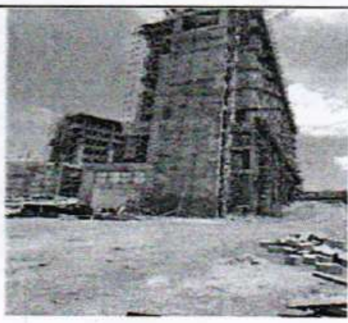
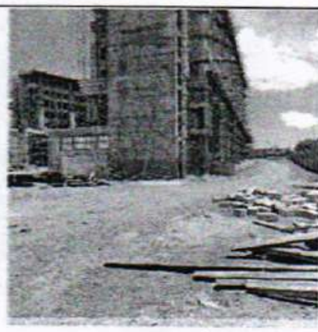
Complex Type 1 (Administration and Office Block

Hoarded Area -restriction of work place from other space

Guard House



Annex 9: Physical verification photographs of Construction of New Skills Development Headquarters Building on Plots M892 & M893 in Kyambogo Kampala taken on 16th October 2025 and 19th March 2026

Block 1 Side View 16.10.2025	*Block 1 Side View 16.10.2025*	*Block 1 Side View 16.10.2025*
		
Block 1 Hind View 16.10.2025	*Conference Side View 16.10.2025*	*Block 1 Side View 16.10.2025*
		
Block 2 Hind View 16.10.2025	*Block 2 Hind View 16.10.2025*	*Block 2 Side View 16.10.2025*
		
Block 2 - 4th Floor 16.10.2025	*Block 1 - 1st Floor 16.10.2025*	*Block 1 Front View 16.10.2025*

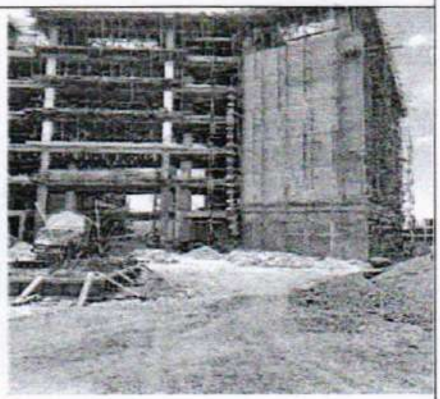
Block 2 Front View 16.10.2025

Conference - Side 16.10.2025

Block 1 Front View 16.10.2025

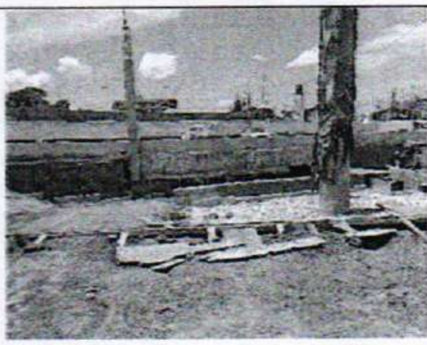
Packing Deck - 16.10.2025

Conference - Side 16.10.2025



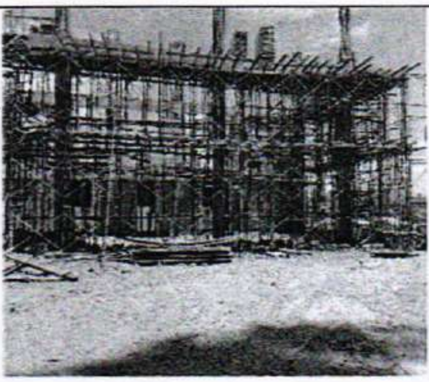
Block 1 Front View 16.10.2025

Gate Inside View - 16.10.2025



Batching Plant - 16.10.2025

Conference Hall - 16.10.2025



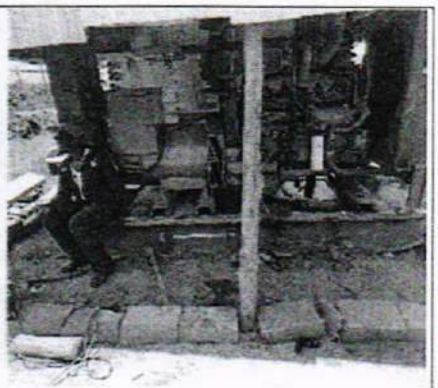
External Works - 16.10.2025

Conference Hall - 16.10.2025

Generator House - 16.10.2025

Gate House - 16.10.2025

Gate House - 16.10.2025



Gate House - 16.10.2025

Gate House and External Works

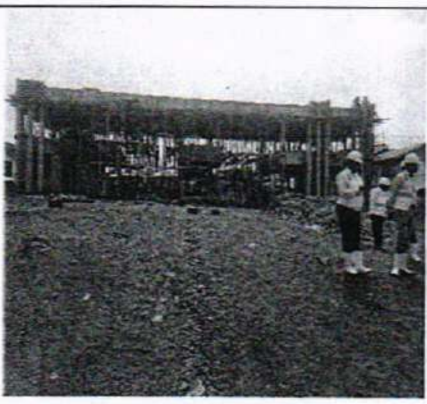
Gate - Inside View 19.03.2026

External Works - 19.03.2026

Gate House - 19.03.2026

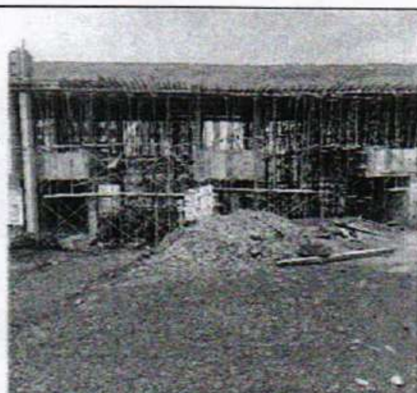
Gate House - 19.03.2026

Gate House - 19.03.2026



Parking - Basement 19.03.2026

Parking - Basement 19.03.2026



Parking Deck - Ground 19.03.2026

Parking - Basement 19.03.2026

External Works - 19.03.2026

Parking Deck - Ground 19.03.2026

Parking - Basement 19.03.2026

External Works - 19.03.2026

External Works - 19.03.2026

Block 2 - Front View 19.03.2026

Block 2 - Side View 19.03.2026

Block 2 - Side View 19.03.2026

Block 1 & 2 - Front 19.03.2026

Block 2- Hind View 19.03.2026

Block 2 - Hind View 19.03.2026

Block 1 - Side View 19.03.2026

Block 1- Side View 19.03.2026

Block 1 - Side View 19.03.2026

HVAC - Block 2 19.03.2026

Partitioning - Block 1 19.03.2026

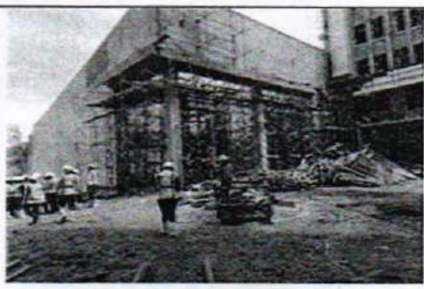
Partitioning - Block 1 19.03.2026

External Works - 19.03.2026

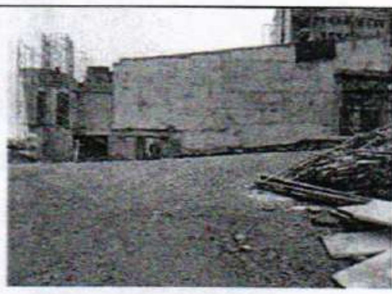
Conference Block - 19.03.2026

Conference Block Side 19.03.2026

Conference Block - 19.03.2026



Conference Block/Side - 19.03.2026



Conference - Side - 19.03.2026

Conference Block - 19.03.2026

Conference Block/Side - 19.03.2026

Conference Block/Side 19.03.2026