PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY
"Regulating for Results"

CONTRACT AUDIT REPORT INTO THE CONSTRUCTION OF RENGEN SEED SECONDARY SCHOOL IN KOTIDO DISTRICT UNDER UGIFT PROGRAM

CONTRACTOR: MANGRON INVESTMENT LIMITED

PROCUREMENT REF: MOES/WRKS/21-22/00003/Lot 23

JULY 2026

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ACRONYMS

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

EXECUTIVE SUMMARY

The Government of Uganda appropriated funds worth UGX 2,809,571,266 to undertake the construction of Rengen Seed Secondary School in Kotido District. The funds were obtained from the World Bank through the Uganda Intergovernmental Fiscal Transfer Program (UGIFT). The implementing ministry was the Ministry of Education and Sports.

On 7th October 2022, Kotido District Local Government entered into a contract with M/s Mangron Investment Limited for the construction of Rengen Seed Secondary School at a cost of UGX 2,809,571,266, with an intended completion date of 24th April 2024 and a defects liability period of 12 months.

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

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

The following key exceptions were noted;

1. Regulation 9 (1) (a) of the PPDA (Contracts) Regulations, 2023 states that *"a contract shall clearly identify the obligations of each party"*. However, the Authority noted contradictory requirements in the contract. For example, GCC 17.1 of the special conditions of contract provided for a contract completion period of 24 calendar months, while the first page of the contract provided for 18 months from the date of issuance of the commencement order. The Authority attributed this to inadequate checks and reviews of solicitation and contract documents prior to issuance to bidders and contract signing. This could lead to confusion and disputes during contract execution and make the enforceability of those clauses in the contract difficult;

2. The PPDA Circular No. 3 of 2019 on the implementation of procurements under the Uganda Intergovernmental Fiscal Transfers Program for Results requires the Chief Administrative Officer to appoint a Contract Management Team that shall be responsible for managing the obligations and duties of the Entity under the contract and ascertaining that the contractor performs the contract in accordance with the terms and conditions specified in the contract. However, the Authority noted that, whereas the Accounting Officer appointed a Contract Management Team, this was done late on 27th April 2025, yet the contract commenced on 24th October 2024, a delay of six months. This is an indicator of laxity on the part of the Accounting Officer to appoint the contract management team and may have resulted in inadequate monitoring of the contractor's performance during the first six months of contract implementation, increasing the risk of undetected defects, non-compliance with contract requirements, delayed identification of performance issues, and failure to safeguard the Entity's interests;

3. Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023 requires a contract manager to confirm that all contract obligations are completed before contract expiry. The Authority conducted physical verification of the project on 8th January 2026 and established that the football pitch had not yet been cleared and levelled, while the staff houses, classroom blocks, and the Administration block were at the finishing stage pending floor finishes, painting and fitting of glasses yet the completion date was 24th April 2024. Subsequently, the progress report dated 26th May 2026 submitted by the Entity on 19th July 2026 which consisted of recent photographs and the current state of each component of the project indicated that the status had not changed. The Authority, further noted that the contract had been extended up to 30th September 2026. Delay in contract completion denies the intended beneficiaries the value they would have derived from the usage of the facility. It also attracts unnecessary costs from the contractor pertaining to price adjustments due to changes in product prices;

4. Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations, 2023, requires a contract manager to maintain and archive all contract management records. However, the Authority observed that the Entity did not maintain several key contract management records on file including payment records, the bid submitted by the Best Evaluated Bidder, Bills of Quantities (BOQs) and progress reports. The Authority could not therefore determine the financial status of the project. The absence of progress reports and payment records weakens accountability and transparency in the management of public resources and increases the risk of irregular expenditure going undetected; and

5. Section 66 of the PPDA Act, Cap 205, requires a Procuring and Disposing Entity to take into account environmental protection, social inclusion, and the stimulation of innovation. However, based on the progress status update provided by the Entity on 6th July 2026, the contractor had not implemented any environmental mitigation measures, such as tree planting. Failure to implement environmental and social mitigation measures puts the communities where the project is located at risk of the harmful effects of environmental degradation, such as climate change, ecosystem destruction, air pollution, and depletion of natural resources.

Audit Conclusion

In conclusion, the Authority found that the implementation and management of the contract for the construction of Rengen Seed Secondary School was characterised by significant weaknesses in contract administration and oversight. The contractor had not completed the works within the contractual timeframe, resulting in substantial delays and denying the intended beneficiaries timely access to the facility. The Entity also failed to maintain complete contract management records, delayed the appointment of the Contract Management Team, and did not effectively enforce Environmental, Social, Health and Safety (ESHS) requirements. In addition, conflicting provisions in the contract created ambiguity regarding the contractor's obligations. Consequently, the project remained incomplete more than 43 months after the contractual completion date, with several key components of the school infrastructure still unfinished based on the progress report dated 26th May 2026 provided by the Entity on 19th July 2026.

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

1. The Accounting Officer should: -
   i. In the future, appoint the contract management team before works on the contract commence to facilitate effective supervision and monitoring of the contract in accordance with PPDA Circular No. 3 of 2019 on the implementation of procurements under the Uganda Intergovernmental Fiscal Transfers Program for Results;

   ii. Task the project manager to show cause as to why disciplinary measures should not be instituted against them for failing to provide required documentation to the Authority contrary to Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations, 2023 and notify the Authority of the action taken within three months of receipt of this report;

   iii. Task the Contract Manager to closely monitor the implementation of the extended contract by conducting regular site inspections and progress review meetings, documenting contract performance, and taking timely corrective action where progress falls behind schedule, so that all outstanding works are completed by the revised completion date of 30th September 2026 in accordance with Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023; and

   iv. Task Contract Managers to proactively monitor, adequately document and effectively enforce Environmental, Social, Health and Safety (ESHS) requirements throughout contract implementation, with appropriate and timely contractual remedies applied for any instances of non-compliance, in accordance with Section 66 of the PPDA Act, Cap. 205.

2. The Contracts Committee should always scrutinise and confirm that the special conditions of the contract proposed in respect of a contract are appropriate in line with Regulation 10 (d) of the PPDA (Contracts) Regulations, 2023.

CHAPTER 1: INTRODUCTION

1.1 Contract summary

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

Table 1: Contract summary for the construction of Rengen Seed Secondary School

Contract Title	Construction of Rengen Seed Secondary School
Reference Number	MOES/WRKS/21-22/00003/Lot 23
Contract Sum	2,809,571,266
Contract Scope	No BOQs were provided
Contract Signing date	7th October 2022
Site handover date	24th Oct 2022
Original contract completion date	24th April 2024
Defects Liability period	12 months
Contract Extensions	None
Name of Contractor	Mangron Investment Limited
Method of procurement	Open Domestic Bidding
Type of Contract	Lumpsum

1.2 Laws applicable

The applicable laws and legal framework were:

1. The Public Procurement and Disposal of Public Assets Act, Cap. 205;
2. The PPDA Regulations 2023;
3. The bidding document issued to bidders;
4. The signed contract between Kotido DLG and M/s Mangron Investment Limited; and
5. The circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer (UGIFT) program dated 16th March 2021.

1.3 Objectives

The overall objective of the contract audit was to assess the effectiveness of the contracting process and the status of contract implementation in regard to the obligations of Kotido District Local Government (the Entity) and Mangron Investment Limited (the Contractor).

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

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

1.4 Scope of the Audit

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

1.5 Audit Methodology

The Authority adopted the following methodology:

i. Review of documentation in the procurement action file;

ii. Physical verification of the site;
iii. Debriefing the Entity management on the preliminary findings;
iv. Issuing a management letter to the Entity for official management response; and
v. Reporting on findings of the audit and providing recommendations where applicable.

1.6 Limitations of Scope

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

The Authority's assessment of the project was constrained by the Entity's failure to avail key contract management records, including measurement sheets, progress reports, interim payment certificates, payment vouchers and other supporting documentation. Consequently, the Authority was unable to independently verify the percentage of physical completion achieved, reconcile the works executed with the payments made, or establish the actual financial progress of the project. As a result, the conclusions reached regarding project implementation were based primarily on observations made during physical verification and the limited records available.

1.7 Audit Process Timeline

On **8th December 2025**, the Entity was notified about the contract audit and the launch meeting was held on **5th January 2026**. Physical verification of the site was conducted on **8th January 2026** after which, a debrief meeting to discuss preliminary findings was held with the Entity's management and staff on **9th January 2026**. The Authority prepared the management letter, which was sent to the Entity on **26th May 2026**, requesting a management response by **29th May 2026**. The response was submitted on **15th June 2026**.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

2.1 ASSESSMENT OF THE PROGRESS OF WORKS

This section presents the time, financial, and physical progress of the works based on the progress report by the Entity dated 26th May 2026 provided to the Authority on 19th July 2026.

2.1.1 Time Progress

As at 26th May 2026, a total of 43 months had elapsed against the planned contract duration of 18 months, representing 239% of the scheduled implementation period. Details are presented in Table 2 below:

Table 2: Time Progress as at 26th May 2026

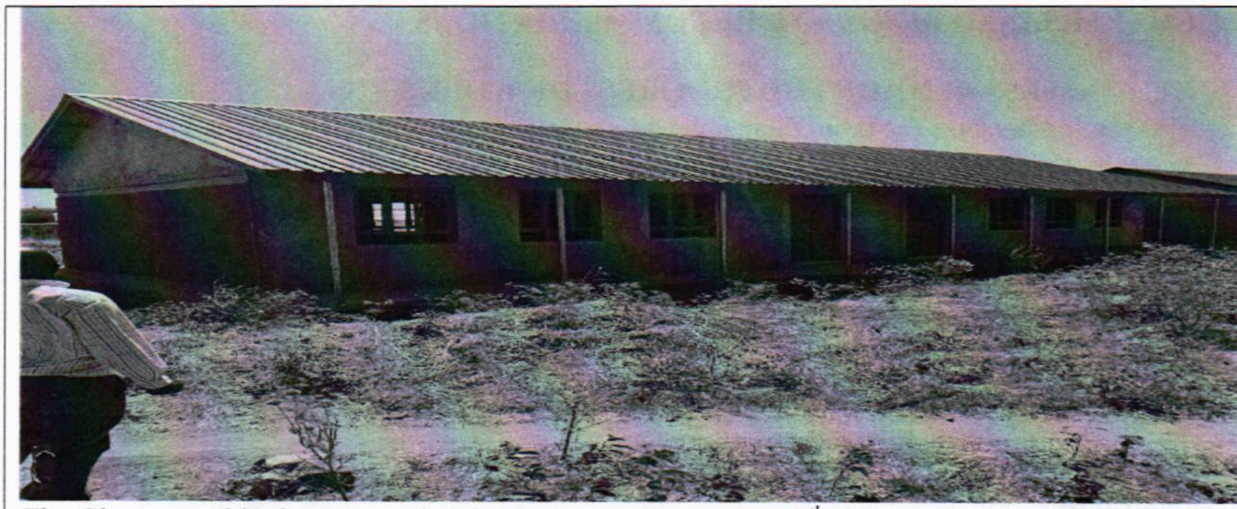
Start Date	24th Oct 2022
End Date	24th April 2024
Measurement Date	26th May 2026
Contract Period (Months)	18 months
Time Lapse (Months)	43 months
Time Progress	239%

i. Delayed completion of works

Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023 requires a contract manager to confirm that all contract obligations are completed before contract expiry. The Authority conducted physical verification of the project on 8th January 2026 and established that the football pitch had not yet been cleared and levelled, while the staff houses, classroom blocks, and the Administration block were at the finishing stage pending floor finishes, painting and fitting of glasses yet the completion date was 24th April 2024. Subsequently, the progress report dated 26th May 2026 submitted by the Entity on 19th July 2026 which consisted of recent photographs and the current state of each component of the project indicated that the status had not changed. The Authority, further noted that the contract had been extended up to 30th September 2026. Details are provided in Table 3 below:

Table 3: Status of works as at 8th January 2026 and remained the same status as of 19th July 2026

The Administration block was at finishes stage as observed on 8th January 2026, which remained the same status as of 19th July 2026, when the Authority received an updated status



The Classroom blocks were at finishes stage as observed on 8th January 2026, which remained the same status as of 19th July 2026, when the Authority received an updated status

Pictured above is the status of the computer laboratory and library as at 8th January 2026, which remained the same status as of 19th July 2026, when the Authority received an updated status

Implication

Delay in contract completion denies the intended beneficiaries the value they would have derived from the usage of the facility. It also attracts unnecessary costs from the contractor pertaining to price adjustments due to changes in product prices.

Management response

The delayed completion of works arose from the delayed release of funds from the centre, which made the contractor abandon the site severally, and more so, the contractor has done works over and above the funds paid. It is recent that the centre released funds, which made the contractor resume work.

Authority's comment

The Authority noted Management's explanation that delayed release of funds affected the progress of the works and established that the contract has since been extended to 30th September 2026. However, notwithstanding the reasons for the delay, the Contract Manager remains responsible for ensuring effective contract administration throughout the extended contract period.

Recommendation

The Accounting Officer should task the Contract Manager to closely monitor the implementation of the extended contract by conducting regular site inspections and progress review meetings, documenting contract performance, and taking timely corrective action where progress falls behind schedule, so that all outstanding works are completed by the revised completion date of 30th September 2026 in accordance with Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023.

2.1.2 Failure to maintain complete contract management records

Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations, 2023, requires a contract manager to maintain and archive all contract management records. However, the Authority observed that the Entity did not maintain several key contract management records on file including payment records, the bid submitted by the Best Evaluated Bidder, Bills of Quantities (BOQs) and progress reports. The Authority could not therefore determine the financial status of the project.

Implication

The absence of progress reports and payment records weakens accountability and transparency in the management of public resources and increases the risk of irregular expenditure going undetected.

Management Response

Management has noted the missing documents and will ensure that the necessary documentation is made available and that the Contract Manager has the file fully complete as required.

Authority's comment

The Authority noted the Entity's response; however, no documentary evidence was provided.

Recommendation

The Accounting Officer should task the project manager to show cause as to why disciplinary measures should not be instituted against them for failing to provide required documentation to the Authority contrary to Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations, 2023 and notify the Authority of the action taken within three months of receipt of this report.

2.2 EFFECTIVENESS OF THE QUALITY, TIME AND COST CONTROLS

2.2.1 Conflicting provisions in the Contract

Regulation 9 (1) (a) of the PPDA (Contracts) Regulations, 2023 states that; *"a contract shall clearly identify the obligations of each party"*. However, the Authority noted contradictory requirements in the contract. For example: GCC 17.1 of the special conditions of contract provided for a contract completion period of 24 calendar months, while, the first page of the contract provided for 18 months from the date of issuance of the commencement order. The Authority attributed this to poor checks and reviews of solicitation and contract documents before issuance to bidders and contract signing.

Implication

This could lead to confusion and disputes during contract execution and makes enforceability of those clauses in the contract difficult.

Management Response

The anomaly has been noted arising from conflicting provisions in the contract which was attributed to mishap and management will take the necessary steps to correct the error through the District Contracts Committee.

Recommendation

The Contracts Committee should always scrutinize and confirm that the special conditions of the contract proposed in respect of a contract are appropriate in line with Regulation 10 (d) of the PPDA (Contracts) Regulations, 2023.

2.2.2 Delayed appointment of a Contract Management Team

The PPDA Circular No. 3 of 2019 on the implementation of procurements under the Uganda Intergovernmental Fiscal Transfers Program for Results requires the Chief Administrative Officer to appoint a Contract Management Team, that shall be responsible for managing the obligations and duties of the Entity under the contract and ascertaining that the contractor performs the contract in accordance with the terms and conditions specified in the contract. However, the Authority noted that whereas, the Accounting Officer appointed a Contract Management Team, this was done late on 27th April 2025 yet the contract commenced on 24th October 2024, a delay of six months. This is an indicator of laxity on the part of the Accounting Officer to appoint the contract management team.

Implication

The delayed appointment of the Contract Management Team may have resulted in inadequate monitoring of the contractor's performance during the first six months of contract implementation, increasing the risk of undetected defects, non-compliance with contract requirements, delayed identification of performance issues, and failure to safeguard the Entity's interests.

Management Response

Management has noted the anomaly and will constitute the Contract Management Team prior to the commencement of works for future projects.

Recommendation

In the future, appoint the contract management team before works on the contract commence to facilitate effective supervision and monitoring of the contract in accordance with PPDA Circular No. 3 of 2019 on the implementation of procurements under the Uganda Intergovernmental Fiscal Transfers Program for Results;

2.3 ADHERENCE TO THE ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY SAFEGUARD REQUIREMENTS

2.3.1 Failure to implement Environmental Social Health and Safety Issues

Section 66 of the PPDA Act, Cap 205, requires a Procuring and Disposing Entity to take into account environmental protection, social inclusion, and the stimulation of innovation. However, based on the progress status update provided by the Entity on 6th July 2026, the contractor had not implemented any environmental mitigation measures, such as tree planting.

Implication

Failure to put in place environment and social mitigation measures puts the communities where the projects are located at risk of harmful effects of environmental degradation such as climate change, destruction of eco systems, air pollution and depletion of natural resources.

Management Response

The Environmental, Social, Health and Safety Safeguard issues were implemented like planting of trees and most especially, all payments made to the contractor have the ESHS involvement by the different subject matter specialists like the District Environmental Officer, District Community Development Officer and the District Labor Officer as seen from the interim payment certificates.

Authority's comment

The Authority noted Management's response. However, the progress status update submitted by the Entity on 6th July 2026 did not indicate that the environmental mitigation measures cited, including the planting of trees, had been implemented. Furthermore, Management did not provide documentary evidence demonstrating that the specified Environmental, Social, Health and Safety (ESHS) mitigation measures had been fully implemented in accordance with the contract requirements. The finding is therefore maintained.

Recommendation

The Accounting Officer should task Contract Managers to proactively monitor, adequately document and effectively enforce Environmental, Social, Health and Safety (ESHS) requirements throughout contract implementation, with appropriate and timely contractual remedies applied for any instances of non-compliance, in accordance with Section 66 of the PPDA Act, Cap. 205.

CHAPTER 3: CONTRACT CLOSURE AND AUDIT CONCLUSION

3.1 Contract Closure and Handover

As at 19th July 2026, the works were incomplete against a time progress of 239%, the football pitch had not been cleared and levelled, the staff houses, classroom blocks and Administration Block were still at finishing stage pending floor finishes, painting and fitting of glasses.

3.2 Audit conclusion

In conclusion, the Authority found that the implementation and management of the contract for the construction of Rengen Seed Secondary School was characterised by significant weaknesses in contract administration and oversight. The contractor had not completed the works within the contractual timeframe, resulting in substantial delays and denying the intended beneficiaries timely access to the facility. The Entity also failed to maintain complete contract management records, delayed the appointment of the Contract Management Team, and did not effectively enforce Environmental, Social, Health and Safety (ESHS) requirements. In addition, conflicting provisions in the contract created ambiguity regarding the contractor's obligations. Consequently, the project remained incomplete more than 43 months after the contractual completion date, with several key components of the school infrastructure still unfinished based on the progress report dated 26th May 2026 provided by the Entity on 19th July 2026.