



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

"Regulating for Results"

**REPORT ON CONTRACT AUDIT FOR THE REHABILITATION OF 17.95
KM OF COMMUNITY ACCESS ROADS IN BULUGUYI SUB-COUNTY,
BUGIRI DISRICT**

ENTITY: BUGIRI DISRICT LOCAL GOVERNMENT

SEPTEMBER 2026

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ACRONYMS

CARs	-	Community Access Roads
DLG	-	District Local Government
DLP	-	Defects Liability Period
GoU	-	Government of Uganda
IFAD	-	International Fund for Agricultural Development
MAAIF	-	Ministry of Agriculture, Animal Industry and Fisheries
MoLG	-	Ministry of Local Government
NOSP	-	National Oilseed Project
OFID	-	Opec Fund for International Development
PDU	-	Procuring and Disposing Unit
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 Agriculture, Animal Industry and Fisheries (MoAIF) together with the Ministry of Local Government (MoLG) signed a Memorandum of Understanding with the International Fund for Agriculture Development (IFAD) and the Opec Fund for International Development (OFID) to implement a 7 year (2021-2027) National Oil Seed Project (NOSP). Through the NOSP component for improvement of local-level public transport infrastructure Rehabilitation of Community Access Roads (CARs) in selected Districts and Sub-Counties including Bugiri District.

The Public Procurement and Disposal of Public Assets Authority (PPDA or Authority) conducted a contract audit into the rehabilitation of 17.95 km of community access roads in Buluguyi Sub-County, Bugiri District implemented by the Bugiri District Local Government at a total contract value of UGX 1,738,945,793 (VAT inclusive).

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. **Weak contract planning and contract management:** The audit identified weaknesses in contract administration including failure to incorporate the Solicitor General's advice to indicate the actual site possession date into the executed contract, inadequate preparation of the Contract Management Plan with missing DLP details, infrequent submission of monthly progress reports and inadequate monitoring by the Procurement and Disposal Unit. These weaknesses undermined effective contract planning, monitoring and oversight contrary to Regulations 6(f), 50(3) and 52(3)(g) of the PPDA (Contracts) Regulations, 2023.
2. **Weak management of contractual obligations and safeguards.** The audit established weaknesses in the administration of key contractual obligations including failure to obtain compliant insurance policies, inadequate maintenance of contract payment records, expiry of the performance security before the end of the Defects Liability Period (DLP) and failure to extend the DLP despite outstanding defects. These weaknesses exposed the Entity to financial, contractual and legal risks and reduced its ability to enforce the contractor's obligations in accordance with the contract, contrary to Regulations 11(5), 36, 52(1)(b), 52(3)(a)(iii) and 52(3)(a)(vii) of the PPDA (Contracts) Regulations, 2023 and GCCs 10.1 and 18 of the contract.
3. **Partial implementation of Environmental, Social, Health and Safety (ESHS) obligations.** The audit noted that, following expiry of the Defects Liability Period, residual environmental and maintenance works including replacement of withered tree seedlings, restoration of borrow pits and road maintenance were being pursued outside the contractual framework. Others included inadequate road safety measures following design changes, interference with drainage structures by surrounding communities and environmental degradation within swamp sections posed risks to the sustainability of the completed infrastructure. These observations were inconsistent with the Environmental and Social Management Plan (ESMP) and other ESHS obligations forming part of the contract.

Audit Conclusion

The contract audit established that the rehabilitation of the 17.95 km community access roads in Buluguyi Sub-County was substantially implemented with 100% physical completion at the time of physical verification on 10th April 2026. However, the audit identified weaknesses in contract planning, contract administration and monitoring including non-adherence to the Solicitor General's advice to indicate the actual site possession date, inadequate contract management planning and reporting, weak management of the Defects Liability Period, as well as partial compliance with Environmental, Social, Health and Safety (ESHS) obligations. Although the Entity reported implementation of corrective actions such as rectification of defects and environmental restoration activities done, improvements are required in contract planning, management of contractual obligations and stakeholder coordination in future contracts to strengthen accountability, safeguard public investments and maximize the long-term benefits of the completed road infrastructure.

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

1. The Accounting Officer should in future:
 - i. Strengthen contract planning and administration by establishing mechanisms to verify that all statutory approvals, including the Solicitor General's advice, are fully incorporated into contract documents before execution, and that adequate resources are provided for contract supervision and monitoring throughout the implementation period;
 - ii. Strengthen oversight of contract management by requiring compliance with contractual safeguards, including verification of insurance policies, performance securities, maintenance of contract records, and timely management of the Defects Liability Period in accordance with the PPDA (Contracts) Regulations, 2023; and
 - iii. Enhance sustainability of road projects by providing for adequate environmental, road safety and stakeholder management measures during project planning and implementation, including mechanisms for protecting completed infrastructure and environmental restoration works from avoidable damage.
2. The Head, Procurement and Disposal Unit should strengthen oversight of contract administration by reviewing Contract Management Plans for completeness, monitoring compliance with contract management requirements, and providing timely support to Contract Managers throughout contract implementation in accordance with Regulation 50(3) of the PPDA (Contracts) Regulations, 2023.
3. The Contract Manager should:
 - i. Improve contract administration by preparing complete Contract Management Plans, maintaining comprehensive contract management records, submitting timely monthly progress reports, and monitoring compliance with all contractual obligations throughout contract implementation in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023; and
 - ii. Strengthen management of contractual safeguards by verifying the adequacy of insurance policies, monitoring the validity of performance securities, initiating timely extension of the Defects Liability Period where necessary, and overseeing implementation of environmental, social, health and safety obligations throughout the contract lifecycle.

CHAPTER 1: INTRODUCTION

1.1 Background

The Government of Uganda (GoU), through the Ministry of Agriculture, Animal Industry and Fisheries (MoAIF) in collaboration with the Ministry of Local Government (MoLG), is implementing the seven-year National Oil Seed Project (NOSP) from 2021 to 2027. The project is financed through loans from the International Fund for Agricultural Development (IFAD) and the OPEC Fund for International Development (OFID).

Overall audit Objective

The overall objective of the NOSP project is to promote inclusive rural transformation through the sustainable development of the oilseed sector, thereby improving the livelihoods and resilience of smallholder farmers engaged in oilseed production and marketing. To achieve this objective, the project comprises two mutually reinforcing components: (i) support for oilseed value chain development; and (ii) support for market linkage infrastructure through the rehabilitation of Community Access Roads (CARs) in selected districts and sub-counties. The rehabilitation of these roads is intended to improve market access and facilitate the commercialization of the oilseed sector. Buluguyi Sub-County in Bugiri District is among the project beneficiaries with rehabilitation of community access roads.

The specific objectives were to:

- i. Assess whether the Entity process of contracting and contract management was undertaken in compliance with the PPDA Act Cap. 205, Regulations 2023 and Guidelines 2024 for the project under contract audit;
- ii. Determine whether the contractors for the project under assessment have complied with the terms and conditions of the contract; and
- iii. Identify any instances of non-compliance, overpayment, underpayment or potential fraud.

1.2 Audit Methodology

The Authority adopted the following methodology during the contract audit which commenced in September 2025 until October 2025:

- i. Audit planning and launch where resource and logistics mobilization, conducting an entry meeting and agreement of the audit timetable was performed;
- ii. Document review including review of contracts, progress reports, Interim Payment Certificates and other correspondences relating to contract management for the contracts;
- iii. Physical verification of the sites was conducted on 10th April 2026;
- iv. Debriefing the Entity's management on the preliminary findings from the audit;
- v. Issuing a management letter to the Entity for an official management response; and
- vi. Reporting on findings from the contract audit and providing recommendations.

1.3 Contract Audit Scope

The contract audit covered the rehabilitation of 17.95 km of community access roads in Buluguyi Sub-County, Bugiri District implemented by the Bugiri District Local Government at a total contract value of UGX 1,738,945,793 (VAT inclusive).

This section details the contract summary information for the rehabilitation of 17.95 km of community access roads in Buluguyi Sub-County, Bugiri District. See Table 1 below for details:

Table 1: Contract Summary for Rehabilitation of 17.95 km of community access roads in Buluguyi Sub-County

Executing Agency	Ministry of Local Government
Implementing Entity	Butaleja District Local Government
Contractor	Texa Solutions Limited
Proc. Reference No.	MoLG-NOSP/BUGIRI/WORKS/2023-24/00032-LOT 32
Contract Signature Date	20 th December 2024
Commencement date	3 rd January 2025
Contract duration	8 months
Actual Completion date	4 th September 2025
Contract value UGX	1,738,945,793 (VAT Inclusive)
Supervisor	Eng Isooba Alex
Defects Liability Period End Date	18 th January 2026 (<i>it was not revised after expiry</i>)
Overall Progress as at 30th November 2025	100%
Time progress as at 30th November 2025	100%
Financial Progress as at 30th November 2025	89% - UGX 1,550,947,848
Scope of Works	1. Site Preparation 2. Setting out and site clearing works 3. Earth works 4. Drainage works 5. Gravelling and completion works 6. Tree and grass planting 7. Borrow pit restoration 8. Preliminary and general items 9. Rainwater harvesting structures

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

The Authority noted the following exceptions pertaining to contract audit into rehabilitation of 17.95 km of community access roads in Buluguyi Sub-County, Bugiri District Local Government.

3.1 Non-adherence to the Solicitor General's Advice

Regulation 6 (f) of the PPDA (Contracts) Regulation 2023 provides for the Attorney General to make necessary approval of the contract before signature.

The contract under audit was above the threshold of UGX 200,000,000 that requires the approval of the Attorney General. In the Solicitor General's advice dated 10th December 2024, the Accounting Officer was advised to make adjustment to the Special Condition of Contract (SCC) No. 12.1 to reflect site possession date as "actual date" and not as stated in the draft contract as "After Contract Signature". The advice was not incorporated in the contract document.

Implication

The non-adherence to the Solicitor General's advice renders the safeguard inherent in seeking the advice impotent and may result in litigation between the parties to the contract in case of disagreement in interpretations.

Management Response

The Entity regrets the omission and in future commits to adherence to the Solicitor General's advice as provided in the law.

Recommendation

The Entity's response was noted and recommends that the Accounting Officer should establish a review mechanism to verify that all comments, conditions and amendments contained in the Solicitor General's advice are fully incorporated into the final contract document before execution. Any departures from the advice should be justified in writing and, where necessary, referred back to the Solicitor General for further guidance.

3.2 Inadequate preparation of the Contract Management Plan

Regulation 50 (3) of the PPDA (Contracts) Regulations 2023 provides that upon receipt of the contract, the Contract Manager shall prepare a Contract Management Plan (CMP) using Form 49 and forward a copy of the plan to the Procurement and Disposal Unit (PDU) for purposes of monitoring.

The contract was signed on 20th December 2024 while the Contract Management Plan was prepared on 3rd January 2025. However, the CMP was prepared in an inadequate manner. For instance, instead of date of release of the bid security, the Contract Manager filled in a figure UGX 173,894,579 and details regarding DLP were missing. In addition, there was no evidence of monitoring by the PDU.

Implication

The inadequate preparation of the plan with some timelines missing renders the plan ineffective in guiding the contract manager and the PDU during execution of the contract. This may result in missed targets and overall project delivery.

Management Response

The Entity regrets the omission and in future commits to ensuring that the Contract Management Plan is prepared on contract signing and before commencement of works.

Recommendation

The Entity's response was noted and recommend that the Head, Procurement and Disposal Unit should task appointed Contractor Managers, in future contracts, to prepare and share the Contract Management Plan with due seriousness and to enlist the PDU during contract monitoring.

3.3 Infrequent provision of monthly reports by the Contract Manager

Regulation 52 (3) (g) of the PPDA (Contracts) Regulations 2023 requires Contract Managers to prepare monthly progress reports. The Authority noted that the Contract Manager had prepared only three progress reports as follows; report dated 30th January, 2025 showing work progress at 21%, report dated 5th March, 2025 showing work progress at 73% and a completion report dated 17th February, 2026. The Contract Manager explained that due to lack of funds he could not prepare hard copies of all the reports.

Implication

Infrequent reporting on project progress denies the Accounting Officer and the Entity key information on the project execution.

Management Response

The Ministry of Local Government which is the executing agency did not provide facilitation to enable conducting of supervision and preparation of timely and regular monthly. Engagement with the executing agency will be ensured in future to avail funds for purpose of progress reporting

Recommendation

The Authority noted the Entity's response and recommend that the Accounting Officer should in future, make adequate budgetary provision for contract supervision and monitoring and require Contract Managers to prepare and submit monthly progress reports throughout the contract implementation period in accordance with Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023.

3.4 Failure to provide appropriate Insurance Policies

GCC 10.1 of the contract and Regulation 36 of the PPDA (Contracts) Regulations 2023 state that the contractor shall provide, in the joint names of the employer and the contractor, insurance covers by the contractor from the commencement of the works to the end of the Defects Liability Period, the amounts stated in the SCC, for loss and damage to works, equipment, materials in connection with the contract and personal injury or death plus third party, the audit noted that the contractor furnished an Insurance Policy No. P/089/2024/0365 dated 23rd December, 2024 from Alliance Africa General Insurance Limited. The policy cover was addressed to the contractor only, expiring on 22nd December 2025 and covering only Plant and Equipment.

Implication

Failure to submit appropriate insurance covers exposes the Entity to legal suits arising from professional negligence, injury or damage which might arise during the course of the execution of the work.

Management Response

The Entity regrets the omission and in future commits to ensuring that appropriate insurance covers are furnished in accordance with GCC 10.1 and Regulation 36 of the PPDA (Contracts) Regulations, 2023

Recommendation

The Entity's response was noted and recommend that the Accounting Officer should for future contracts, task the Contract Manager to verify that all insurance policies stipulated in the contract are furnished in the joint names of the Employer and the Contractor, are valid for the prescribed period, and provide the required scope of cover before issuing the commencement order or permitting execution of the works.

3.5 Failure to adhere to payment obligations and maintain records

Whereas the Regulation 52(3) (iii) of the PPDA (Contracts) Regulations 2023 requires the Contracts Manager to ascertain that the Entity meets all the payment and other obligations in accordance with the terms and conditions of the contract, and whereas sub-regulation 52 (3) (vii) of the same regulations require the Contract Manager to keep contracts management records, the Entity did not have record of when the payments were effected in respect of Certificate No.1, No.2 and No.3.

The last certificate that was certified on 20th April 2026 had not yet been paid 10 days after physical verification of the works. In addition, there was no record to confirm payment contrary to Regulation 52(3)(a)(vii) of the PPDA (Contracts) Regulations, 2023. The details are summarized in Table 2 below:

Table 2: Status of Payments

IPC No	Date of IPC	IPC Amount Claim (UGX)	Certified Amount (UGX)	Certification Date	Date of Payment
001	25-02-2025	1,292,287,277	934,953,472	6-03-2025	No record
002	15-05-2025	519,409,461	409,484,872	9-05-2025	No record
003	11-06-2025	310,560,154	209,509,504	22-09-2025	No record
004	20-02-2026	181,767,539	Certified	20-04-2026	Not paid
Contract Amount				UGX 1,738,945,793	
Payment to April 2026				UGX 1,550,947,848	
Percentage Payment				89%	
Percentage unpaid				11%	

Implication

Non-adherence to the payment obligations and failure to keep payment records contravenes the Entity's and executing agency's contractual obligations in accordance with Regulation 52 (3) of the PPDA (Contracts) Regulations 2023 and may lead mistaken double initiation of payments.

Management Response

As far as payment to the contractor is concerned, this is entirely at the discretion of Ministry of Local Government, the executing agency, after District submitting the Certificate of payment. However, we have attached the three payment vouchers that we received for your ease of reference.

Recommendation

- The Accounting Officer should in future ensure that the Entity meets its contractual obligations in accordance with Regulation 52 (3) of the PPDA (Contracts) Regulations, 2023.
- The Contract Manager should maintain records in line with Regulation 52(3)(a)(vii) of the PPDA (Contracts) Regulations, 2023.

3.6 Expired performance security before Defects Liability Period

Regulation 11 (5) of the PPDA (Contracts) Regulations 2023 provides that a performance security shall not be released by an Entity until all obligations of the provider are fulfilled.

On 20th March 2025 the contractor furnished a performance security from Centenary Bank worth UGX 173,894,579 representing 10% of the contract value in accordance with SCC 37.1. The security was valid until 9th September 2025. According to GCC 38 of the contract, the performance security shall be valid until a date 28 days from the date of issue of the defects liability certificate. With the expiry of the DLP on the 18th January 2026, the performance security ought to have been extended up to 15th February 2026.

Implication

Failure to extend the performance security exposed the Entity and executing agency, the Ministry of Local Government (MoLG) to the risk of non-performance by the contractor during the DLP.

Management Response

On the issue of expired performance security before DLP, the contractor was notified to extend the performance security but was reluctant citing the fact that works stood at 90% completion rate and therefore, could not default. In future the Entity will ensure that performance securities are valid up to 28days after end DLP.

Recommendation

The Entity's response was noted and recommend that the Contract Managers should in future contracts task contractors to extend the performance security in accordance with Regulations 11 (5) and 52 (1) (b) of the PPDA (Contracts) Regulations, 2023 to guard against non-performance during execution of the contract.

3.7 Failure to extend the Defects Liability Period

Regulation 52 (1) (b) of the PPDA (Contracts) Regulations 2023 provides for the Contract Manager to ascertain that the provider performs the contract in accordance with the terms and conditions specified in the contract. Furthermore, General Conditions of Contract (GCC) 18 provided that the Project Manager shall notify the contractor of any defects before the end of the Defects Liability Period (DLP) and DLP shall be extended for as long as defects remain to be corrected. The certificate of substantial completion was issued on 21st July 2025 and the DLP was anticipated to expire on 18th January 2026. However, the physical verification conducted on the

10th April 2026 showed that the contractor had not carried out rectification and replanting the tree seedlings that withered.

Implication

Failure to extend the DLP and ensure the presence of the contractor on site to meet the contractual obligations may negate achievement of ultimate utility value to the project beneficiaries.

Management Response

The snag list was availed to the contractor at the time of practical completion of the project, during the time of this audit the contractor was on site rectifying the defects and as I report now all defects have been worked on. I have attached the snag list for your reference.

Authority's Comment

The Entity has reported the rectification of defects following the audit findings. However, the Entity should in future ensure the DLP is extended as provided in the contract to avoid depending on the good will of the contractor.

Recommendation

The Accounting Officer should for future contracts require the Contract Manager to monitor the Defects Liability Period and, where defects remain unrectified before its expiry, initiate timely extension of the DLP in accordance with the contract conditions to secure the contractor's obligation to rectify the defects before final completion.

3.8 Partial adherence to ESHS on the project site

The adherence to the Code included submission of the Environmental and Social Management Plan (ESMP) that provides for Traffic Management Plan, Water Resource Protection Management Plan, obtaining permits for opening quarries or borrow pits, and the waste management plan. Other requirements included sensitization on gender-based violence and sexual exploitation abuse and prevention and occupational health and safety on the site. The following exceptions requiring attention by the Entity and executing agency were noted regarding the execution of the contract:

The DLP had expired and the Entity was engaging the contractor, who was absent on site, to carry out residual works of re-planting the weathering tree seedlings and maintenance. This was being done without extension of the DLP. The audit could not establish adherence by the contractor to ESMP requirements as the contract had expired and the contractor was not on site (*refer to Annex 1 for the physical verification photographs*). However, the Contract Manager stated that there was adherence to ESHS Code as provided in the contract. The following exceptions were noted:

3.8.1 Un-anticipated Hard Pans

Along Bufunda-Kalungu-Kayago-Madengo Road, the project works encountered two hard pans (hard under rock) and therefore, instead of culvert channels, a drift i.e., a ground depression became the viable alternate. The drifts that require more resources were constructed to allow for storm water flow - the resulting depression on the road surface could be a danger to speeding motor traffic. Being a fixed contract, no warning sign posts were installed creating danger to the traffic.

3.8.2 Irresponsible Sugar Farming Activities

Along Bugayi-Namalowe-Butundula Road at Butundula Swamp, Bugiri Sugar Company Limited, a sugar miller in the area, had uncontrolled and irresponsible interference with the newly constructed culverts and side channels. The company illegally created own access that blocked the channels and dumped after-harvest sugar trash along the road side blocking channels and culverts at the swamp. The company and out-growers also removed tree seedlings planted by the contractor along the road side to create access for sugar plantations. Rice farmers added to the problem of silting by blocking water flow.

3.8.3 Borrow Pits Restoration

Borrow Pits at Gawunire-Madengo village along Bufunda-Kalungu-Kayago-Madengo Road and another one at Bugayi Village along Sepiriya-Bulesi-Bugayi were undergoing restoration by establishing Soya Gardens in the pits. There was need to engage with the contractor and the adjacent local communities to allow more open storm rain water channels into the pits to create silting that could support plant life in the pits.

3.8.4 Tree Seedlings replanting

Various sections of the project needed tree replacement as some had withered.

Implication

The interference by the communities along the drainage channel will reduce the intended life span of the roads, while the changes in construction design from culverts to drifts without accompanying warning sign posts to the road users creates risks of accidents that could result into claims for compensation to the Entity and executing agency. Furthermore, interference with water flow in the swamps goes against the environmental safeguards that were built into the contract.

Management Response

The Entity acknowledges the shortfalls occasioned by the fixed contract which does not provide for admeasurement rates resulting into inability to provide adequate sign posts and access to homes. The district authority has invited all stakeholders involved in sugarcane growing, fishing, brick making oxen plough in sub-county for a sensitization meeting to address the issues of irresponsible activities along the roads. The District Environmental Officer in collaboration the contractor is ensuring replanting of trees which have weathered and the full restoration of the borrow pits.

Recommendation

The Entity's response was noted and recommend that the Accounting Officer should for future contracts strengthen project planning and contract management by:

- i. Undertaking adequate site investigations to identify conditions that may require design modifications or additional road safety measures;
- ii. Providing for appropriate environmental, road safety and restoration measures in the contract or through timely contract variations where justified; and
- iii. Establishing a stakeholder engagement mechanism with local authorities, communities and other affected parties to protect completed infrastructure and environmental mitigation measures from avoidable damage.

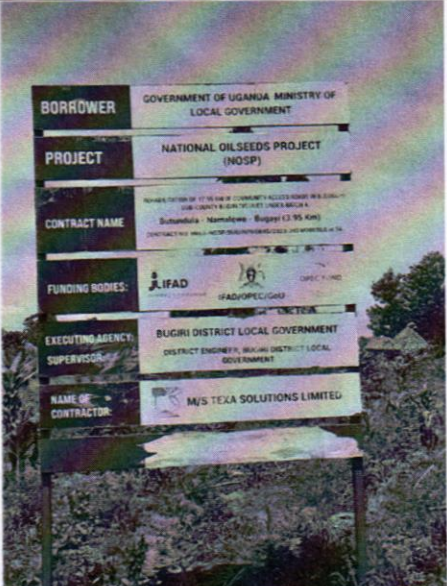
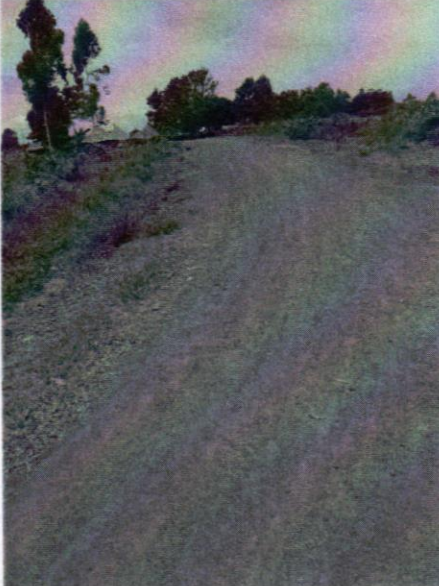
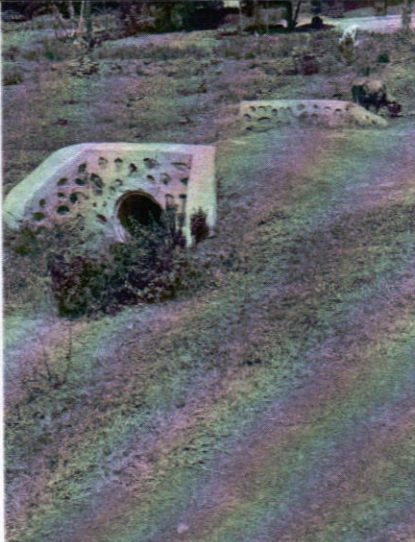
3.9 Overall Audit Conclusion

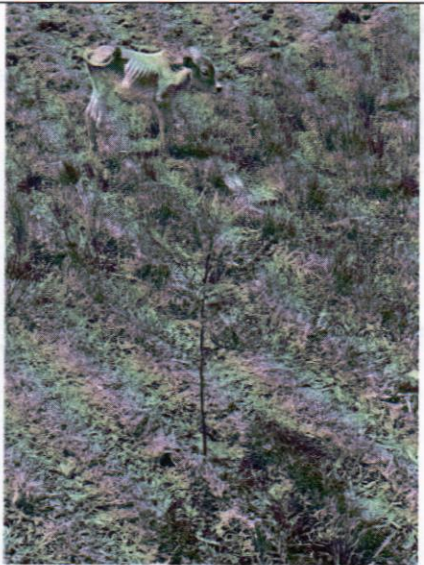
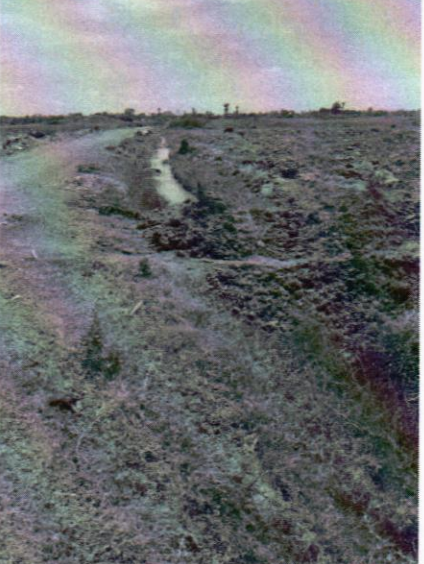
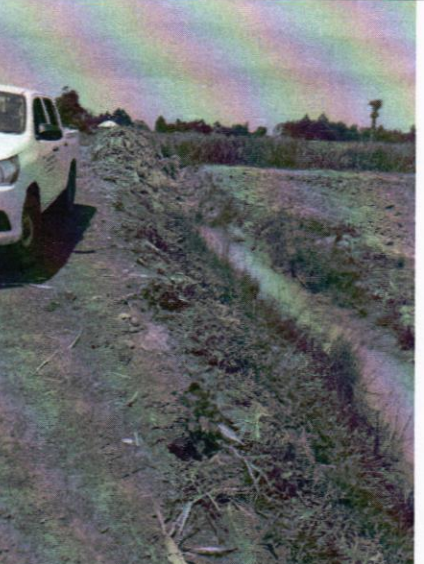
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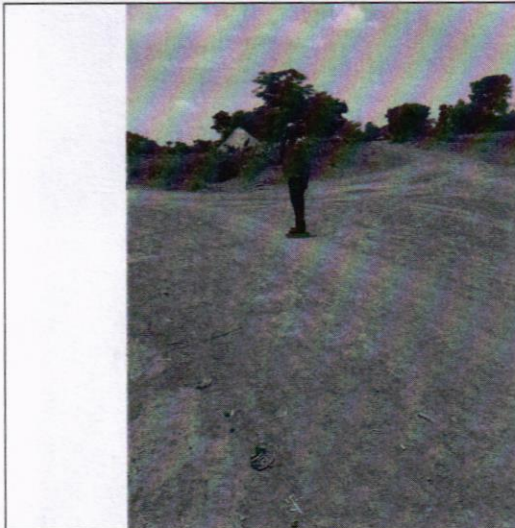
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ANNEX

Annex 1: Physical verification photographs for the rehabilitation of 17.95 km of community access roads in Buluguyi Sub-County, Bugiri District taken on 10th April 2026

<i>Project signage for Butundula – Bugayi Road 3.95km</i>	<i>Butundula – Bugayi good quality murram</i>
	
<i>Butundula – Bugayi section require maintenance</i>	<i>Institutional access to worship place</i>
	
<i>Head wall along Butundula – Bugayi is Cracking</i>	<i>Tree seedling along Butundula – Bugayi road</i>

	
<i>Bugiri Sugar Co. Creating illegal access blocking side water channel</i>	<i>Sugar trash blocking a section along a swamp</i>
	
<i>Sharp corner Bugayi - Madengo Rd with no sign warning</i>	



Bugayi – Madengo Road 5.5km



Good quality murram on Bigayi - Madengo



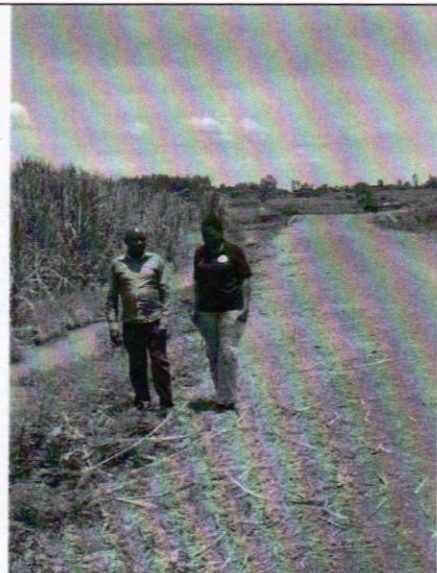
Poorly maintained drainage culvert at Nsango P.S



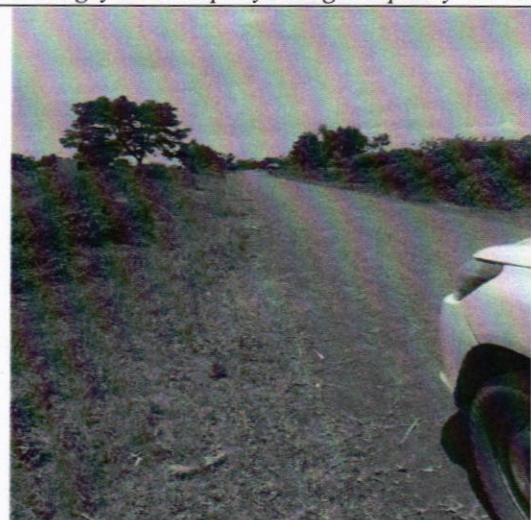
Long stretch for swamp around Nsango – Nakamuli Rd. Drainage maintenance needed



Bugayi TC – Seperiya Road 5.1km



Bugayi TC – Seperiya Rd good quality murram



Tree seedling need better care

