



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

**CONTRACT AUDIT REPORT ON THE REVIEW OF FOUR CONTRACTS FOR  
MINISTRY OF AGRICULTURE, ANIMAL INDUSTRY AND FISHERIES**

**UNDER  
AGRICULTURAL VALUE CHAIN DEVELOPMENT PROJECT  
FINANCED BY  
AFRICAN DEVELOPMENT BANK**

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

|            |                                                        |
|------------|--------------------------------------------------------|
| AfDB       | African Development Bank                               |
| AVCP       | Agricultural value Chain Development Project           |
| EOT        | Extension of Time                                      |
| ES         | Environment and Social                                 |
| ESIA       | Environment and Social Impact Assessment.              |
| ESMP       | Environment and Social Management Plan                 |
| GCC        | General Conditions of Contract                         |
| GoU        | Government of Uganda                                   |
| IPC        | Interim Payment Certificate                            |
| KPI        | Key Performance Indicators                             |
| MAAIF      | Ministry of Agriculture, Animal Industry and Fisheries |
| NAGRC & DB | National Animal Genetic Resources Centre and Databank  |
| NEMA       | National Environment Management Authority              |
| OHS        | Occupational Health and Safety                         |
| PAP        | Project Affected Persons                               |
| PDE        | Procurement and Disposal Entity                        |
| PDU        | Procurement and Disposal Unit                          |
| PPDA       | Public Procurement and Disposal of Assets Authority    |
| RAP        | Resettlement Action Plan                               |
| SCC        | Special Conditions of Contract                         |
| VfM        | Value for Money                                        |

## EXECUTIVE SUMMARY

The Authority conducted a contract audit at Ministry of Agriculture, Animal Industries & Fisheries for four contracts under Agricultural Value Chain Development Programme (AVCP) as indicated below:

1. Construction of Western Uganda Regional Animal Disease Control Centre Sanga Stock Farm, Kiruhura District
2. Works For Construction of Zonal Animal Disease Control Centres - Lot 2: Nakaseke Zonal Animal Diseases Control Centre
3. Construction of Zonal animal diseases Control Centres Lot 4: Rubona Zonal Animal Disease Control Centre
4. Construction of Zonal animal diseases Control Centres Lot 1: Soroti Zonal Animal Disease Control Centre

The overall objective of this assignment, was to establish the degree of compliance with the approved project scope in terms of cost, timelines, local content, and Environmental, Social, and Health (ESH) safeguards, as well as to assess the attainment of value for money and overall project performance. The audit further sought to determine the extent to which the Entity's procurement and contract management processes complied with the provisions of the PPDA Act Cap. 205, the PPDA Regulations, (Contracts) 2023, and the PPDA Guidelines, 2024.

### The following are the key findings:

#### 1. Western Uganda Regional Animal Disease Control Centre at Sanga Stock Farm in Kiruhura District:

- i. **Slow Progress:** As at the audit time in June 2026, certified physical progress stood at only 66% (IPC 7), despite the original contract time frame ended on 23<sup>rd</sup> February 2026. Due to performance delays, the contract completion date was extended by 5 months, moving from 23<sup>rd</sup> February 2026 to 23<sup>rd</sup> July 2026.
- ii. **Delayed payments:** The Entity did not effect payment of certified works for IPC Nos. 2, 5 and 6 within the contractual period of 45 days, resulting in delayed cash flow to the contractor. This contributed to interruptions in project implementation. The delayed payments also exposed the Entity to the risk of interest charges and cost escalation contrary to Regulation 49(3) of the PPDA (Contracts) Regulations, 2023 and GCC 23.1 of the contract.
- iii. **Unsecured Financial Guarantees:** The Entity failed to provide evidence of the contractor extending performance guarantee. The current guarantee expired on 18<sup>th</sup> July 2026, violating the requirement to maintain coverage until 28 days post-completion.
- iv. **Environmental Non-Compliance:** The project lacked a mandatory Environmental and Social Impact Assessment (ESIA) report and a National Environment Management Authority (NEMA) certificate, despite scoping approvals dating back to April 2024.
- v. **Neglected Local Content Tracking:** The Ministry failed to mandate or monitor local content implementation. There was missing documentation regarding expatriate work permits, local and sub-contractor payrolls, and staff gender distribution.
- vi. **Asset Ownership Risks:** The project was progressing without approved building plans or accessible land titles to legally verify property ownership.

#### 2. Nakaseke Zonal Animal Disease Control Centre under Lot 2

- i. The project had achieved physical completion and was currently within its Defects Liability Period ending on 4<sup>th</sup> October 2026. The project was completed ahead of time i.e., within 12 months compared to 20 months contractual time.

- ii. However, the audit revealed significant administrative and contract management lapses, including a five-month delay in issuing the performance guarantee, and a completion certificate signed by only one of four team members without a formal handover report. There was incomplete implementation of Environmental, Social, Health and Safety (ESHS) obligations as no documented evidence of routine tool-box safety inductions or HIV/AIDS awareness clinics being conducted on-site, as indicated by 'NIL' progress in Site Meeting Minutes 2. The contractor had not fully implemented the Environmental and Social Management Plan, including lack of EIA and NEMA certificate. There were defects not addressed during the DLP in respect to open wiring on the walls, uncovered floor openings in the toilets of accommodation units among others.

### **3. Rubona Zonal Animal Diseases Control Centre under Lot 4**

- i. The project was behind schedule, reaching 61% progress against 70% elapsed time with a completion deadline of 5<sup>th</sup> August 2026.
- ii. There was significant operational, financial, and compliance deficiencies, including delayed performance security by four months, and 12 additional reinforced concrete columns were introduced to the support staff block after construction had commenced, no building plans, safety lapses, and a funding gap for essential equipment that threatens to leave the facility unusable.
- iii. Delayed payments affected contract performance: The Entity did not effect payment of certified works within the contractual period of 45 days, resulting in delayed cash flow to the contractor and contributing to interruptions in project implementation. The delayed payments also exposed the Entity to the risk of interest charges and cost escalation contrary to Regulation 49(3) of the PPDA (Contracts) Regulations, 2023 and GCC 23.1 of the contract.

### **4. Soroti Zonal Animal Diseases Control Centre (Lot 1)**

- i. The project was experiencing delayed execution, standing at 61% physical progress against an elapsed contract time of approximately 70%. The audit further revealed critical deficiencies, including a performance guarantee expiring on 19<sup>th</sup> May 2026, undocumented and environmental and safety non-compliance due to environmental briefs to provide minimal safeguards not availed, unbudgeted essential equipment that threatens facility operability, and a lack of approved building plans or land titles.
- ii. **Delayed payments:** The Entity did not effect payment of certified works within the contractual period of 30 days, resulting in delayed cash flow to the contractor and contributing to interruptions in project implementation. The delayed payments also exposed the Entity to the risk of interest charges and cost escalation contrary to Regulation 49(3) of the PPDA (Contracts) Regulations, 2023 and GCC 23.1 of the contract.

#### **Audit conclusion:**

##### **1. Western Uganda Regional Animal Disease Control Centre (Sanga Stock Farm, Kiruhura)**

The project was highly exposed to legal, financial, and regulatory liabilities due to severe breakdowns in contract oversight. Operating past the original timeline with expired financial guarantees shifts all performance risk entirely onto the MAAIF. Furthermore, executing massive, constructing without land titles, approved building plans, or NEMA certification

compromises the legal status of the infrastructure. Immediate intervention is required to regularize variations, secure financial guarantees, and obtain statutory approvals for the project.

## **2. Zonal Animal Disease Control Centre (Lot 2: Nakaseke)**

While the project achieved physical completion, the contract management process was severely compromised by administrative irregularities and weak internal controls. Delayed securities left the government financially exposed during active construction. Most critically, the failure to secure unanimous Contract Management Team signatures or compile a formal handover report undermines the legitimacy of the final handover. This raises the risk of latent defects being unaddressed before the Defects Liability Period expires on 4<sup>th</sup> October 2026.

## **3. Rubona Zonal Animal Diseases Control Centre (Lot 4)**

The project suffers from an immediate risk of stagnation and ultimate failure to deliver value. It is substantially behind schedule, with extensive and undocumented scope reductions. Lapses in environmental safety create active legal and community hazards. However, the most severe risk is financial; the structural funding gap for laboratory and office equipment means that even if the building is physically completed, the facility will remain an unusable, non-functional asset.

## **4. Soroti Zonal Animal Diseases Control Centre (Lot 1)**

This project exhibits systemic project management failures, delays, and critical statutory omissions. The combination of an expiring performance guarantee and the absence of land titles or approved building plans places the government's investment in a highly vulnerable legal position. Also, the lack of a budget for essential laboratory equipment threatens to turn this construction into an empty shell, rendering the facility completely inoperable upon completion.

**In light of the above the Authority recommends as follows:**

### **A- Western Uganda Centre (Sanga Stock Farm, Kiruhura)**

1. The Accounting Officer should:
  - i. Strengthen oversight of contract close-out by confirming that all contract management documentation including extending all project guarantees to a date 28 days past the expected completion date, contract records are complete and that the Procurement and Disposal Unit verifies compliance before the contract is formally closed.
  - ii. Secure land titles: Coordinate with the district land Board and Ministry of Lands to acquire land titles and fast-track the approval of building plans with the local government.
2. The Contract Manager should closely supervise the completion of the remaining works and facilitate the timely handover of the project while regularizing any outstanding contractual matters including all the local content requirements, and Environmental, Social, Health and Safety obligations in accordance with Regulations 52(1)(b) and 52(3)(vi) of the PPDA (Contracts) Regulations, 2023.

### **B-Lot 2: Nakaseke Zonal Centre**

The Accounting Officer should task the CMT to:

- i. Conduct Joint Site Inspection of all four members to execute a comprehensive site audit and sign off on a collective, official handover report.

- ii. Closely supervise the completion of the remaining works and facilitate the timely rectification of any defects in the Defects Liability Period (ending 4<sup>th</sup> October 2026) while regularizing any outstanding contractual matters including Environmental, Social, Health and Safety obligations in accordance with Regulations 52(1)(b) and 52(3)(vi) of the PPDA (Contracts) Regulations, 2023.

**C- Lot 4: Rubona Zonal Centre**

1. The Accounting Officer should request for emergency funding allocations from the Ministry of Finance, Planning and Economic Development (MFPED) to purchase the laboratory fittings and cold rooms needed to make the facility functional; and
2. The Contract Management Team should closely supervise the completion of the remaining works while regularizing any outstanding contractual matters including Environmental, Social, Health and Safety obligations, building plan approval and land titles in accordance with Regulations 52(1)(b) and 52(3)(vi) of the PPDA (Contracts) Regulations, 2023 as indicated below:
  - i. Enforce acceleration plan: Demand a strict, resource-loaded catch-up schedule from Kenvin Company (Uganda) Limited to bridge the gap between 61% progress and 70% elapsed time.
  - ii. Mandate site infrastructure: Compel the contractor to immediately establish a functional site office and a secure material store as explicitly required in the mobilization terms.
  - iii. Remedial safety interventions: Erect visible warning tapes, signage, and barriers around open soak pit excavations, and enforce strict on-site compliance for Personal Protective Equipment (PPE).

**D: Lot 1: Soroti Zonal Centre**

1. The Accounting Officer should:
  - i. Request for emergency funding allocations from the Ministry of Finance, Planning and Economic Development (MFPED) to purchase the laboratory fittings and cold rooms needed to make the facility functional;
  - ii. Secure copies of land titles and formalize building plan approvals with the local authorities to avert future zoning or ownership disputes in accordance with the Building Control Act, 2010.
2. The Contract Management Team should closely supervise the completion of the remaining works while regularizing any outstanding contractual matters including renewal the performance guarantee and Environmental, Social, Health and Safety obligations in accordance with Regulations 52(1)(b) and 52(3)(vi) of the PPDA (Contracts) Regulations, 2023.

# **1 INTRODUCTION**

## **1.1 Background**

The Public Procurement and Disposal of Public Assets Authority (PPDA), is the Regulatory body for public procurement and disposal in Uganda. The overall objective of the PPDA is to ensure the application of fair, competitive, transparent and non-discriminatory, and value-for-money public procurement and disposal standards and practices in Uganda. PPDA is mandated under Section 8 1(j) of the PPDA Act Cap. 205 to perform the functions of bid preparatory audits, compliance audits, contract audits, and performance audits for all Procuring and Disposing Entities (PDEs).

The objectives of the Authority are enshrined under Section 7 of the PPDA Act Cap. 205 and these are to:

- i. Ensure the application of fair, competitive, economic, transparent, non-discriminatory and value for money procurement and disposal standards and practices;
- ii. Harmonize the procurement and disposal policies, systems and practices of the Central Government, Local Governments and Statutory Bodies;
- iii. Set standards for public procurements and disposal systems in Uganda;
- iv. Monitor compliance of procuring and disposing Entities; and
- v. Build procurement and disposal capacity in Uganda.

It was against this mandate that PPDA conducted contract audits on four contracts under the Agricultural Value Chain Development Programme (AVCP) -Project 1, funded by AfDB, at Ministry of Agriculture, Animal Industries & Fisheries.

## **1.2 Laws Applicable**

The Authority conducted the audit of four contracts at MAAIF to find out if their implementation was in line with the following laws:

- i. PPDA Act Cap. 205;
- ii. PPDA (Contracts) Regulations, 2023; and
- iii. PPDA Guidelines 2024.

## **1.3 Objective of the Assignment**

The objective of the audit was to establish the degree of compliance with the approved project scope in terms of cost, timelines, local content, and Environmental, Social, Health and Safety (ESHS) safeguards, as well as to assess the attainment of value for money and overall project performance. The audit further sought to determine the extent to which the Entity's procurement and contract management processes complied with the provisions of the PPDA Act Cap. 205, the PPDA Regulations, (Contracts) 2023, and the PPDA Guidelines, 2024.

## **1.4 Scope of Audit**

The Authority assessed the implementation of contracts under the four contracts to ensure compliance with contractual, regulatory, and value-for-money standards. It checked whether conditions necessary for contract effectiveness—such as resettlement of Project Affected Persons (PAPs), provision of performance securities, and advance payment guarantees had been properly met. The review also evaluated the sufficiency of contract management systems, including the appointment of Contract Managers, maintaining complete records, managing payments, and justifying variations, extensions, and change orders.

Additionally, the audit evaluated the performance of both the Entity and contractors in meeting contractual obligations, including adherence to environmental, social, health, and safety provisions. It verified the delivery and quality of works, assessed financial accuracy and completeness of payments, and reviewed the efficiency of contract management and closure processes. Physical inspections were conducted to confirm implementation status, and recommendations were provided to enhance contract administration and future project delivery.

This assignment involved the conduct of four contract audits at MAAIF, as detailed in Table 1 below:

**Table 1: Contracts Reviewed**

| Sn. | Project                                                                                                                         | Contractor                                                           | Original Contract Amount (UGX) |
|-----|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------|
| 1.  | Construction of Western Uganda Regional Animal Disease Control Centre Sanga Stock Farm, Kiruhura District                       | China National Aero Technology International Engineering Corporation | UGX. 27,533,812,967            |
| 2.  | Construction of Zonal Animal Disease Control Centres Under AVCP-1 Project- Lot 2: Nakaseke Zonal Animal Diseases Control Centre | Clayeford Construction Services Limited                              | UGX. 2,955,337,868             |
| 3.  | Construction of Zonal animal diseases Control Centres under AVCP-1 Project Lot 4: Rubona Zonal Animal Disease Control Centre    | Kenvin Company (Uganda) Limited                                      | UGX. 2,930,837,178             |
| 4.  | Construction of Zonal animal diseases Control Centres under AVCP-1 Project Lot 1: Soroti Zonal Animal Disease Control Centre    | Greystone Investments Ltd                                            | UGX. 2,732,535,530             |

### 1.5 Approach and Methodology

The assignment was largely consultative, with a documentary review approach guiding the Authority's audit team. The team thoroughly examined contract management records to determine if they complied with the PPDA Act Cap. 205, PPDA Regulations (Contracts) 2023, and the Guidelines 2024. In addition, meetings and discussions were held with contract managers and key technical officers at the project sites.

From 18<sup>th</sup> March to 14<sup>th</sup> April 2026, the audit team reviewed contract documents and assessed the overall contract management environment within the Entity. The team conducted a physical verification exercise to evaluate the effectiveness of the delivery of the works contracts, and related services.

## **2. AUDIT FINDINGS**

### **2.1 Construction of Western Uganda Regional Animal Disease Control Centre- Sanga Stock Farm, Kiruhura District**

#### **Background**

The Ministry of Agriculture, Animal Industry and Fisheries through the Agricultural Value Chain Development Programme (AVCP) -Project 1, funded by AfDB, signed a contract on 19<sup>th</sup> July 2024 contracting China National Aero-Technology International Engineering Corporation Ltd to undertake the construction of Regional Animal Diseases Control Centre under AVCP-1 Project – at a contract price of UGX. 27,533,812,967 (Twenty seven billion, five hundred thirty-three million, eight hundred twelve thousand, nine hundred sixty-seven only) VAT Exclusive. AfDB cleared the contract 4<sup>th</sup> June 2024 as per letter Ref.: AfDB/RDGE/LTR/2024/05/006.

The scope of works under the contract was as follows:

- (a) Administration Block (2 levels incl. administrative offices and meeting rooms;
- (b) Conference cafeteria block (1 level split – 3 conference rooms with combined total of 300 pax, canteen and kitchenette;
- (c) Laboratory block (1 level split into Serology, Epidemiology; Virology, Parasitology, Histology labs, sample reception and storage, offices, water treatment (distillation), waste management and gas manifold;
- (d) Veterinary Store (1 level – cold stores, walk in freezer, dry storage, expired store & waste management plus store manager's office;
- (e) Animal Clinic (1 level with vet dispensary, isolation pens and holding area;
- (f) Feed Store (1 level with 6No. feed store units)
- (g) Senior Vet House (1 No. 2 storeyed block);
- (h) Junior Vet staff house (1No. 2 storeyed blocks with 4 units);
- (i) Accommodation Type 1 (3No. blocks 8 rooms each with total 24No. rooms);
- (j) Accommodation Type 2 (4No. blocks 8 rooms each with total 32No. rooms);
- (k) Checkpoint (1 block – shed/canopy, office, parking area;
- (l) Foot/Tyre wash (decontamination);
- (m) Spray race (2No. with acaricides, tank, treatment and spray area);
- (n) Gate houses (2No. security booths)
- (o) External works including the following:
  - Containment area
  - Feedlot and quarantine paddocks
  - Fencing and gates (chain-link on concrete posts)
  - Walkways (open and covered)
  - Driveways and parking
  - Stormwater management
  - Landscaping
  - Sports fields
  - Animal feeding and drinking shades (16No.)
  - Resting shades (32No.)
  - Valley tanks;
- (p) Electrical Reticulation including:
  - 500kVA Transformer
  - 250kVA Generator
  - 650kVA stabilizer and 60kVA UPS System

- 200kW Solar PV plant
- Street lighting
- Satellite TV

### **Detailed audit findings**

## **2.2. Value for Money Assessment**

### **2.2.1 Efficiency**

The contract was still ongoing. The extension of the contract completion period by 5 months from 23<sup>rd</sup> February 2026 to 23<sup>rd</sup> July 2026 indicates delays in contract performance. The works were progressing slowly. The value of works certified stood at 66% based on the latest IPC No.7, while the original contract time had been exhausted. The performance levels as at IPC No. 7 dates were as follows:

- 78% of contract time elapsed.
- Only 66% progress achieved.
- Efficiency index =  $66/78 = 0.85$ .

This demonstrates underperformance that is likely to delay the expected project benefits of enhanced animal disease surveillance and control.

### **2.2.2 Economy**

The contract was still in progress. The assessed/estimated price for the Centre was UGX 33,168,163,179. The original contract price was UGX 27,533,812,967 as per the signed contract. The Authority noted that the Contractor presented a claim for additional costs that was still under review of UGX 182,961,041.

### **2.2.3 Effectiveness**

The audit sought to establish whether the outputs were being used as originally intended with measurable benefits/objectives being realized/met. The civil works were ongoing at the time of the review. The electro-mechanical inputs had been imported and were onsite. The audit assessment was that the revised completion date of 23<sup>rd</sup> July 2026 may not be feasible for project completion based on the observed activity history. The Authority observed that the laboratory equipment namely kits, reagents, glassware and chemicals had been advertised for procurement under AfDB project for Sanga Regional Centre. The advert indicated a bid notice date of 3<sup>rd</sup> March 2026 and expected contract date of 8<sup>th</sup> May 2026.

The audit confirmed that quality control measures were in place and included approval of materials based on laboratory tests. The contract arrangements on site suggest that the Project will be fit for the intended purpose of disease surveillance and control when completed,

There were no approved building plans yet the Physical Planning Act 2010, S 33(1) states "*A person shall not carry out a development within a planning area without obtaining development permission from a physical planning committee*". This requirement is clearly highlighted in the scoping report Section 3.2.9 but was ignored. The Building Control Act 2013 S34(1) states that: '*A person shall not carry out a building operation unless he or she has a valid building permit issued by a Building Committee*'.

### **Implication**

The Physical Planning Act provides sanctions that include restoration and demolition among others. There are delays in accessing benefits from the contract such as disease surveillance and control due to delayed completion.

### **Management Response**

*The district team was involved in the oversight monitoring of this contract.*

### **Authority Comments**

The Authority noted the Entity's response stating that *"the district team was involved in the oversight monitoring of this contract"* does not satisfy statutory development control requirements or cure the legal invalidity of unpermitted construction:

- **Physical Planning Act, 2010:** Section 33(1) explicitly mandates that no person shall execute development within a planning area without formal development permission from the relevant Physical Planning Committee. Routine participation of district officials in informal monitoring visits does not substitute for statutory written planning approval.
- **Building Control Act, 2013:** Section 34(1) strictly prohibits carrying out any building operations without a valid building permit issued by the municipal or district Building Committee. Executing works without a building permit invalidates structural safety compliance.
- **NEMA Scoping Approval Conditions & National Environment Act, 2019:** The NEMA approved scoping terms of reference required authentic land ownership or lease documentation to be appended to the ESIA report. Proceeding without verified land titles and statutory development approvals invalidates both physical planning compliance and environmental clearance prerequisites.

### **Recommendation**

The Accounting Officer should obtain Building permissions in accordance with the Physical Planning Act 2010 and Buildings Control Act, 2013. 2.3 Contract management System

#### **2.3.1 Record keeping**

Section 44(1) of the PPDA Act, Cap. 205 provides that a Procuring and Disposing Entity shall maintain records on its procurement and disposal proceedings for a period of seven years from the date of a decision to terminate the procurement or disposal action, or the date of the contract completion, whichever comes later, except where a contract is on going or is challenged, in which case, the records shall be kept for an additional year.

The Authority noted that minutes of three site meetings i.e., meeting No.3 dated 25<sup>th</sup> October 2024; meeting No. 4 dated 29<sup>th</sup> November 2024 and meeting No. 18 dated 30<sup>th</sup> April 2026 were shared while others were not availed contrary to Regulation 52(3)(vii) of the PPDA (Contract) Regulations, 2023.

### **Implication**

Incomplete records impair management oversight, hinder verification of contractual decisions, and limit the ability of auditors to obtain sufficient evidence regarding project performance and compliance.

### **Management Response**

*All minutes of progress meetings are available at Project Management Unit (PMU).*

### **Authority Comment**

The Authority noted the Entity's response that records were available at PMU, however they were not availed to the audit team for review. Pursuant to Regulation 52 of the PPDA (Contracts) Regulations 2023, minutes of site meetings are binding operational documents that record variation instructions, quality defects, time extension requests, and risk logs.

### **Recommendation**

The Accounting Officer should direct the Contract Manager to reconstruct the missing project records and ensure all future reports and site meeting minutes are filed.

### **2.4 Format, delivery and validity of Performance and Advance Payment Guarantees**

The contract clause 54.1 required expiry of securities 28 days from the date of issue of a completion certificate. The initial ES performance guarantee was issued on 12<sup>th</sup> August 2024 valid up to 18<sup>th</sup> January 2026. The ES guarantee extension issued by Standard Chartered Bank for UGX 275,338,130 was done on 8<sup>th</sup> January 2026 valid up to 18<sup>th</sup> July 2026. The above dates were not aligned with the expected completion date of 23<sup>rd</sup> July 2026.

The Authority noted that the contract extension dated 18<sup>th</sup> February 2026 required the contractor to ensure extension of all the guarantees to a date 28 days after expected completion date. This had not been done at the time of review as copies were not shared.

### **Implication**

There was a risk exposure due to the mismatch between the expected completion date and the validity date of the security. If a performance guarantee expires before contract completion, the employer loses financial security against contractor default, exposing the project to risks such as incomplete delivery, poor-quality work, or unrectified defects.

### **Management Response**

*The contractor was notified on the above-mentioned issue and the securities have since been extended.*

### **Authority Response**

The Authority was not availed with securities for review.

### **Recommendation**

The CMT should always ensure alignment between guarantee validity and project implementation dates and should obtain and verify an extension of the performance guarantee to cover the revised completion date plus the additional 28-day contractual period and maintain evidence on the contract file.

### **2.5 Adherence to Gender, Environmental, Health and Safety Requirements**

Section 18.3 of the GCC of the contract provides for protection of the environment. The NEMA approval of the scoping report and Terms of Reference for the ESIA dated 7<sup>th</sup> November 2024 required an ESIA report as a basis for the issue of a NEMA Certificate. There was no ESIA report and NEMA certificate. The scoping report contains prediction on possible adverse environmental impacts listed below:

- Improper waste management
- Stormwater discharges
- Noise and vibration nuisance

- Risk of fire
- Air pollution
- Soil Erosion and deposition in lower areas
- Risks of working / living under a high voltage power line

These would be evaluated in detail during the ESIA but there was no evidence that this was done.

The Authority noted that the use of PPE had some level of laxity as several workers lacked hard hats and one person was seen welding without any protective gloves or protective eye goggles during a field inspection on 9<sup>th</sup> April 2026. The site had several excavations that were unattended to including a valley tank with some collected water. These did not have any warning notices/ Signage's or tapes. Tree cutting affected cover of the area as 44 trees were cut. The replacement had not started at the time of the visit and the NEMA certificate was not obtained.

### **Implications**

The laxity on the use of PPE could lead to site accidents that affect reputation of Government. Non-compliance with the NEMA Act could lead to sanctions that include restoration of the environment.

### **Management Response**

ESIA studies were done and submission made to NEMA for approval.

### **Authority Comment**

The Authority noted that the Entity's response that "ESIA studies were done and submission made to NEMA for approval" confirms that physical execution commenced without prior statutory environmental clearance or an issued NEMA Certificate. This position violates statutory frameworks as indicated below:

- **National Environment Act, 2019 (Sections 68, 157, & 158):** Section 68 mandates that a developer shall not implement a project for which an Environmental and Social Impact Assessment (ESIA) was required without obtaining an official Certificate of Approval from NEMA. Submitting draft scoping or ESIA reports does not grant legal authorization to commence physical works. Executing ground works prior to NEMA approval constitutes a statutory offence under Section 157, exposing the Ministry, Accounting Officer, and Contractor to criminal prosecution, mandatory Environmental Restoration Orders under Section 158, and administrative fines.
- **Occupational Safety and Health Act, 2006 (Sections 13, 19, & 95):** Section 13 places an absolute legal duty on employers and project owners to provide a safe working environment, proper instructions, and supervisory oversight. Section 13(2)(g) and Section 19 mandate the provision of Personal Protective Equipment (PPE) at no cost to workers. Operating without PPE (hard hats, welding eye protection, gloves) and leaving open excavations without perimeter safety hazard tape or warning signs directly breaches safety standards and creates severe injury liability.
- **General Conditions of Contract (GCC Section 18.3) & NEMA Scoping Approval (7<sup>th</sup> Nov 2024):** Section 18.3 explicitly obligates the Contractor to take all reasonable steps to protect the environment on and off site. Furthermore, NEMA's scoping approval dated 7<sup>th</sup> November 2024 established the ESIA certificate as a legal prerequisite prior to physical site possession and ground disturbance.

## **Recommendations**

- The Ministry should obtain the ESIA report and NEMA certificate and ensure compliance with ESMP fully.
- The Consultant should enforce adherence to site safety requirements by the Contractor on a continuous basis.
- Management should immediately suspend commencement of any additional activities requiring environmental approval until the ESIA is completed and a NEMA certificate is obtained.
- The Contract Manager should submit evidence of compliance to the Accounting Officer within 30 days.

## **2.6 Timeliness of Delivery**

The contract was still under implementation by the audit time in June 2026. The consultant's report for the month ending February 2026 indicated physical progress at 66% of works certified up to IPC 7. The extension of the contract completion period by 5 months from 23<sup>rd</sup> February 2026 to 23<sup>rd</sup> July 2026 indicates delays in contract performance. An updated Work Program that was being followed was submitted in February 2026 by the contractor, reviewed by the Project Consultant and approved.

## **Implication**

The public will not access service delivery as originally planned.

## **Management Response**

*The contractor had received all the required materials on site and was expected to complete the work in the extended time period.*

## **Recommendation**

The CMT should ensure timely completion of the Project.

## **2.7 Adherence to Local Content Requirements**

The contractor was secured through open international bidding and was incorporated in China. The Entity did not put measures in place to track local content input. The contract did not make any reference to the requirement. The lack of expenditure reports by expense category limits a proper assessment of local content values. The progress reports show 4 Chinese workers (site supervisors) deployed on the site but does not indicate other foreign staff. The payments relating to sub-contractors and local staff were also not provided. The gender distribution and staff category levels were missing.

## **Implication**

Failure to monitor local content prevents the Entity from demonstrating compliance with Government objectives of promoting local capacity and may result in missed opportunities for local employment, skills transfer and participation of domestic firms.

## **Management Response**

*All on-site staff are Ugandan nationals (except the Project Manager) and all building materials are sourced locally (except for unmanufactured specialized or electromechanical items).*

## **Recommendation**

The Authority notes the Entity's response but recommends that the Contract Management Team should task the contractor to provide information on local content by indicating payments done to

local staff and sub-contractors as empowered under contract clause 22.2 which requires contractors and sub-contractors to keep accurate accounts and records.

## 2.8 Equity (Are vulnerable groups' interests catered for?)

The reports did not disaggregate data into demographics such as female, youths etc. There was also no indication of composition in terms of foreign, or local workers, category (Management, technical, casual etc).

There was no deliberate effort to address vulnerable groups' interests. The report for February 2026 did not indicate disaggregated data for workers employed nor local/foreign status. There was no employee data by gender and nationality.

### Implication

Lack of measurement criteria on the above demographics affects the Entity's efforts to ensure affirmative action.

### Recommendation

The CMT should task the contractor to provide statistics for employees indicating:

- Local workers employed.
- Female participation.
- Local suppliers engaged

## 2.9 Timeliness of payments

Whereas payments were due within 60 days under GCC 45.1, some delays were noted as indicated in the table 2 below:

Table 2: Payment schedule- Sanga

| Contractor's Payments | Date of Receipt of Certificate | MAAIF request to Accountant General | Date of AfDB Payment | Days | Gross value of Works  | 10% Retention        | Advance Recovery     | Net payable to contractor |
|-----------------------|--------------------------------|-------------------------------------|----------------------|------|-----------------------|----------------------|----------------------|---------------------------|
| Advance (20%)         | 16-Aug-24                      | 27-Oct-24                           | 14-Oct-24            | 59   | 0.0                   |                      |                      | 5,506,762,593             |
| IPC No. 1             | 13-Jan-25                      | 07-Feb-25                           | 28-Feb-25            | 46   | 2,904,272,863         | 290,427,286          | 580,854,573          | 2,032,991,004             |
| IPC No. 2             | 02-Apr-25                      | 27-May-25                           | 17-Jun-25            | 76   | 2,070,738,610         | 207,073,861          | 414,147,722          | 1,449,517,027             |
| IPC No. 3             | 16-Jun-25                      | 20-Jun-25                           | 08-Jul-25            | 22   | 3,102,922,097         | 310,292,210          | 620,584,419          | 2,172,045,468             |
| IPC No.4              | 22-Sep-25                      | 14-Oct-25                           | 30-Oct-25            | 38   | 2,799,453,093         | 279,945,309          | 559,890,619          | 1,959,617,165             |
| IPC No. 5             | 28-Oct-25                      | 10-Dec-25                           | 14-Jan-26            | 78   | 1,889,425,981         | 188,942,598          | 377,885,196          | 1,322,598,187             |
| IPC No. 6             | 23-Dec-25                      | 06-Feb-26                           | 03-Mar-26            | 70   | 2,083,537,066         | 208,353,707          | 416,707,413          | 1,458,475,946             |
| IPC No. 7             | 18-Feb-26                      | N/A                                 | N/A                  | N/A  | N/A                   | N/A                  | N/A                  | 1,791,986,207             |
| <b>Totals</b>         |                                |                                     |                      |      | <b>14,850,349,710</b> | <b>1,485,034,971</b> | <b>2,970,069,942</b> | <b>17,693,993,597</b>     |
| Contract Sum          |                                |                                     |                      |      | <b>27,533,812,967</b> |                      |                      | <b>27,533,812,967</b>     |
| Progress              |                                |                                     |                      |      | <b>54%</b>            |                      |                      | <b>64%</b>                |

Note: IPC No.7 not availed as it was still under verification. Information obtained from progress report

Whereas payments were due within 60 days under GCC 45.1, some delays were noted. The payment under IPC Nos. 2, 5 and 6 were paid after 76, 78 and 70 days respectively, beyond the contractual time frame of 60 days.

### Implication

The payment delays could lead to delays in project delivery and affect provision of project benefits of disease surveillance and control.

### **Management Response**

*MAAIF has engaged the various MDAs involved in the contract payment process to improve payment timelines, as the current multi-stage approval system requiring clearances from MAAIF, the Accountant General, and the AfDB takes considerably longer than the conventional Government of Uganda payment system.*

### **Recommendation**

The Accounting Officer should always make payments within 60 days contractual timeframe.

## **3.0 Construction of Zonal Animal Disease Control Centres Under AVCP-1 Project- Lot 2: Nakaseke Zonal Animal Diseases Control Centre**

### **3.1 Background**

The Ministry of Agriculture, Animal Industry and Fisheries signed a contract on 1<sup>st</sup> November 2024 with Clayeford Construction Services Limited to undertake the construction of Zonal Animal Diseases Control Centres – Lot 2: Nakaseke Zonal Animal Diseases Control Centre at a contract price of UGX 2,955,337,868 (Two billion nine hundred fifty-five million three hundred thirty-seven thousand, eight hundred sixty-eight only) VAT Exclusive.

The scope of works under the contract was as follows:

- 1) Preliminaries and general items
- 2) Administration Office
- 3) Accommodation
- 4) Support staff accommodation
- 5) Tyre and foot wash (TFW)
- 6) Spray race
- 7) Cattle crush
- 8) Loading and offloading ramp
- 9) VIP latrines (3)
- 10) Livestock infrastructure
- 11) Drawn wire
- 12) Barbed wire
- 13) Chain link
- 14) Walkways and access roads
- 15) Water supply

### **3.2 Value for Money Assessment**

#### **3.2.1 Economy**

The contract was completed within the original price. The assessed estimated price for four Zonal Centres was UGX 3,100,000,000 per individual Zone Centre at the procurement initiation. The contract sum of UGX 2,955,337,868 was within the cost estimates.

#### **3.2.2 Efficiency**

The contract was completed ahead of time on 6<sup>th</sup> January 2026 against the planned completion date of 5<sup>th</sup> August 2026. The completion time was 12 months against the contract period of 20 months.

### 3.2.3 Effectiveness

The audit sought to establish whether the outputs were being used as originally intended with measurable benefits/objectives being realized/met.

The audit observed that the laboratory equipment & fittings, cold room fittings, office furnishings, fittings and equipment are not covered by the AfDB project. MAAIF was currently seeking a budget from MFPED or hoping for savings that can cover some of the costs. The key costs include fittings for the laboratory and cold room. The Contract Management Team assigned a Clerk of Works to the project to enhance checks on quality.

There were no approved building plans under the Physical Planning Act 2010. S 33(1) states that *"A person shall not carry out a development within a planning area without obtaining development permission from a physical planning committee"*. The Building Control Act 2013 S34(1) states that *'A person shall not carry out a building operation unless he or she has a valid building permit issued by a Building Committee'*.

A copy of land title was not available for confirmation of ownership. However, the Authority confirmed that Nakaseke District Local Government made an allocation of eight acres on 25<sup>th</sup> October 2023 vide Min.02/DEC/10/2023-2024.

The scope of works may have been limited by the available budget. The appointment/ assignment letter and job descriptions for the Clerk of Works were not availed during the review.

#### Implication

Value for money may not be achieved due to the limited scope of works as it does not render the facility usable for the intended purpose of disease surveillance and control.

#### Recommendation

The Ministry should as matter of urgency liaise with the Ministry of Finance Planning and Economic Development to ensure that all additional works and equipment/tooling are funded. The assignment of a clerk of Works should always be done in writing to ensure that clear Terms of Reference exist in future.

### 3.3 Management of Defects Correction Period

The Contract Management Team issued a notification of six snags on 6<sup>th</sup> January 2026. These had not been attended to at the time of the site visit on 27<sup>th</sup> February 2026. The deadline for remedial action was on 4<sup>th</sup> April 2026. The delay was attributed to delay in payment of IPC 2. The Defects Liability Period runs up to 4<sup>th</sup> October 2026.

The inspection identified additional snags as listed in Table 3 below:

**Table 3: ZONE 1: BUILDINGS & ARCHITECTURAL FINISHES (Admin, Lab, Quarters)**

| Specific Structural Item | Auditor Observation / Defect Noted | Urgent Remedial Action Required |
|--------------------------|------------------------------------|---------------------------------|
| Walls                    | Opening wiring left unattended to  | Cover all conduit openings      |

|                               |                                                                 |                                                                                                 |
|-------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Floor Tiling / Jointing       | Floor openings left uncovered in toilets of accommodation units | Cover all openings                                                                              |
| Lab fixtures and fittings     | Corroded wash basin in accommodation unit                       | Replacement of corroded hand wash basin in the junior accommodation units                       |
| Joinery (Doors, Windows)      | Faulty strike plates on doors of administration block           | Make good all faulty strike plates of the doors of administration block                         |
|                               | Door stoppers placed in unsuitable positions                    | Relocation of door stoppers to suitable position behind the doors                               |
| Paintwork (Undercoats / Runs) | Blistering observed in some walls of senior accommodation unit. | Scrape off the blistered paint, sand the surface, prime and repaint with suitable porous paint. |

**Table 4: ZONE 2: EXTERNAL WORKS & DE-MOBILIZATION (Access, Fencing, Drains)**

| Specific Engineering Item | Auditor Observation / Defect Noted                  | Urgent Remedial Action Required                                                                               |
|---------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Boundary Fencing / Chains | Rusty steel poles observed along drawn wire fencing | Remove suitable method of rust removal, clean the surface, apply metal primer and paint the exterior surface. |
| Walkways (Open & Covered) | Cracks in the concrete paving stones                | Replaced all affected areas                                                                                   |

**Table 5: ZONE 3: WATER, PLUMBING & AGRICULTURAL RETICULATION**

| Specific Engineering Item | Auditor Observation / Defect Noted | Urgent Remedial Action Required                           |
|---------------------------|------------------------------------|-----------------------------------------------------------|
| Pump House & Boreholes    | Wall openings left unattended to   | Cover up all openings made in the walls of the pump house |

### **Implication**

Minor building, external, and plumbing defects indicate incomplete finishes that undermine value-for-money, though they remain contractually covered under the ongoing defects liability period.

### **Recommendation**

The CMT should formally issue a comprehensive snags list instructing the contractor to seal wall and floor openings, replace corroded junior staff fixtures, relocate door stoppers, rectify faulty strike plates, repaint blistered walls, prime rusty fence poles, and replace cracked paving stones before the defects liability period expires.

### **3.4 Handover of Outputs**

Clause 65 of the contract states that “The PDE shall take over the site and works within seven days of the Project Manager’s issuing of certificate of completion.

The certificate of completion was issued on 7<sup>th</sup> January 2026. It was issued by one of the 4 contract Managers. There were no site minutes to indicate concurrence of the full CMT membership.

The Authority noted that the certificate of completion was signed by one member instead of the 4 Contract Management Team members. There was no final completion report issued by the contractor, or minutes supporting the handover. S64.1 of the contract requires that the Contractor shall request the Project Manager to issue a certificate of completion of works.

#### **Implication**

The lack of final completion report issued means that there is no clear inventory and condition of what is taken over. The handover is deemed to have already taken effect based on the contract after lapse of the 7 days.

#### **Recommendation**

The Entire CMT should sign the Completion Certificate. Future completion certificates should always be issued against a completion report prepared by the contractor.

### **3.5 Warranty, Maintenance and Support arrangements**

The Ministry did not share a facilities maintenance plan or budget. Clause 67.1 of the contract requires the contractor to prepare 'as built' drawings and/or operating and maintenance manuals within 2 months after completion and lapse of the Defects Liability Period.

The audit observed a contradiction as the Defects' Liability Period is 9 months under GCC 44.1. the definitions 1.1(f) "completion" is the date of works completion as certified by the Contract Manager. The Authority noted that the requirement for the 'as built' drawings may not be enforceable after the Defects Liability Period as the contractor will have been fully discharged.

#### **Implication**

The current contractual timeframe of 2 months presents a risk for MAAIF. The Entity will rely on its goodwill to convince the contractor.

#### **Recommendation**

The Entity should request the contractor to prepare the drawings and maintenance plan before final settlement within the Defects Liability Period. It should include a maintenance budget in the MAAIF annual budgets.

### **3.6 Performance Security**

Regulation 12(1) of the PPDA (Contract) Regulations 2023, a) states that "*A contract shall become effective upon the procuring and disposing entity receiving the Performance Security or the Performance Securing Declaration*". Effectiveness was triggered upon the provision of a Performance Bond valued at 8% of the contract sum (UGX 236,427,029), issued by Stanbic Bank Uganda Limited.

There was excessive delay in the issuance of the performance guarantee of about five months from commencement date. Whereas GCC S61.1 categorically stated that the contractor shall within 21 days of signing the contract provide a performance security if so, stated within the SCC; the SCC 61.1 simply stated that the performance security shall be required. Regulation 12(2) of the PPDA (Contracts) Regulations, 2023 emphasizes the need for a timely performance guarantee, conditions for contract effectiveness. The remedies for non-compliance under Regulation 12(2) states "A

*procuring and disposing entity shall terminate a contract where a provider fails to provide the required performance security within the specified time''.*

#### **Implication**

MAAIF had a risk exposure of UGX 236,427,029 during the period without a performance security, in case of the contractor defaulting on its obligations.

#### **Management Response**

*Despite delays caused by the contractor, the CMT successfully ensured they fulfilled their obligation to submit the required performance security to the employer.*

#### **Recommendation**

The Authority noted the Entity response but recommends that the Accounting Officers should always task CMT to comply with all conditions for contract effectiveness as required, in future contracts.

### **3.7 Contract management reports**

Regulation 52(3)(g) of the PPDA (Contracts) Regulations 2023 which require Contract Managers to provide monthly progress reports. The Authority noted that the Contract Management Team did not issue monthly reports to the Accounting Officer and other stakeholders. During audit, no report from the Contract Managers was obtained although they were explicitly indicated in the appointment letter. The available reports were from the Contractor and lacked clarity on some aspects such as physical progress. The CMT relied on site meeting minutes (Meetings 1 through 5) rather than standalone progress reports to capture valuation. The CMT substituted independent measurement evaluations with the contractor's self-appraisals.

The audit was availed with a project completion report which did not indicate the authors. It was further observed that Certificate No.2 was supported by a completion certificate signed by one member of the CMT.

The CMT did not issue monthly progress reports as required. Minutes of site meetings were shared but lacked signatures of the contractor/representative.

#### **Implications**

- i. Lack of monthly reports denies the Accounting Officer and the Entity key information on the project progress. Key contract documents should be owned by the entire CMT through actual signature. The absence of independent monthly progress reports denies the Accounting Officer and key stakeholders vital, objective data required to monitor project progress, tracking delays, and funding inefficiency.
- ii. Site meeting minutes capture site issues but fail to verify value-for-money against quantitative engineering milestones. Allowing a contractor to self-report progress creates a conflict of interest. By substituting independent assessments with the contractors self-appraisals, the CMT created a fundamental conflict of interest.
- iii. Minutes that lack signature of the contractor's representative may not bind the contractor.

#### **Management Response**

*These contracts were supervised in-house where the Chairperson was a CMT member and the secretary was the Clerk of Works who was a MAAIF staff (i.e., both signatories were MAAIF*

staff). The resulting minutes were shared with all concerned parties to facilitate their assigned tasks. In future we shall include a slot for the contractor.

The Authority noted the Entity's response but doesn't address fundamental statutory non-compliance as per Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023 that require the Contract Manager/CMT to prepare and submit independent monthly progress reports directly to the Accounting Officer and relevant stakeholders.

### **Recommendation**

The Accounting Officer should in future task the Contract Management Team to prepare and submit monthly progress reports in accordance with Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023.

### **3.8 Adherence to Gender, Environmental, Health and Safety Requirements**

Section 29.1 of the GCC of the contract provides for protection of the environment. The Bid includes an ESMP that covers environmental control, Works Health and safety, HIV & AIDS awareness. There was no EIA and NEMA certificate. MAAIF indicated that the size of the Project did not require an EIA. They indicate that they used environmental briefs to provide minimal safeguards. However, copies of the briefs were not availed. The facilities include a laboratory and the waste from the laboratory was channelled to a soak pit. It was not clear as to whether the waste requires any special treatment.

The site physical verification (corroborated by Min 03/12/2025 of the 5<sup>th</sup> Site Meeting Minutes) confirmed that massive heaps of loose excavation soil and broken masonry were abandoned at the main entrance gate.

The Authority noted a failure to remove construction debris which prevents natural stormwater runoff and obstructs final landscaping. Under standard environmental guidelines, practical completion should not be certified until the site was fully demobilized and restored.

Review of site meeting minutes (specifically meetings 4) revealed concerns by the Environment Officer on poor waste management.

There was no documented evidence of routine tool-box safety inductions or HIV/AIDS awareness clinics being conducted on-site, as indicated by 'NIL' progress in Site Meeting Minutes 2.

The field visit indicated that the spray race involves use of acaricides that are harmful to the environment. These have to be drained and disposed of once their effectiveness against ticks reduces. There are no arrangements for the waste disposal.

### **Implications**

- i. Operating a Livestock Disease Control Centre without verified NEMA compliance or local physical planning clearances constitutes a direct statutory violation that exposes the Ministry to severe legal liabilities, environmental lawsuits, and administrative demolition orders.
- ii. Discharging untreated laboratory chemicals and toxic acaricides directly into standard soak pits poses an immediate risk of soil and groundwater contamination, threatening local public health and exposing the entity to environmental restoration penalties.
- iii. Certifying practical completion while construction debris blocks stormwater runoff and disrupts landscaping violates standard engineering guidelines and masks contractor non-

performance. Failure to execute tool-box safety inductions or health awareness programs breaches the contract; ESMP commitments, exposing the Ministry to severe reputational damage, financial claims, and audit sanctions in the event of an avoidable on-site injury or health mishap.

***Management Response***

*We take note of this and pledge to improve on issues of safety and environment.*

**Authority comment**

The Authority notes the Entity's response and pledge to enhance environmental, safety, and health safeguards on future engagements was appreciated, formal contract management protocols require concrete remedial actions to align current site operations with statutory frameworks as regards the Environmental Clearance & Effluent Containment. The National Environment Act (2019), facilities handling of specialized effluent—such as laboratory wastewater and spent chemical acaricides from the spray race require formal environmental screening (Project Briefs or NEMA certification). Establishing a verified containment mechanism or engaging a NEMA-certified hazardous waste handler will ensure full regulatory alignment and prevent groundwater contamination risks.

**Recommendation**

The Ministry should procure a NEMA-certified hazardous waste firm to dispose of laboratory and acaricide effluents when the project becomes operational. Additionally, the Contract Manager should instruct the contractor to immediately cart away all abandoned excavation soil and masonry debris from the main gate.

**3.9 Adherence to Local Content Requirements**

The Authority noted that there was no foreign staff on the project and the lack of expenditure reports by expense category limits a proper assessment of local content values.

While local labour was absorbed, the contractor failed to submit standardized, disaggregated attendance registers detailing gender and youth participation in the Monthly Progress Reports.

**Implications**

The contractor's failure to submit itemized expenditure breakdowns and disaggregated labour registers prevents any objective audit of local content utilization, rendering the Ministry incapable of verifying compliance with statutory buy-local requirements and marginalized groups requirements.

***Management Response***

*We take note and going forward we shall disaggregate the data.*

**Recommendation**

The Authority noted the Entity response but recommends that the Contract Management Team (CMT) should instruct the contractor to submit, itemized local expenditure reports and fully disaggregated payroll or attendance logs before closing the project file.

**3.10 Timeliness of payments**

Regulation 52(1) of the PPDA (Contracts) Regulations, 2023 provided the procuring and disposing entity shall pay the contractor the amounts certified by the Project Manager within 30 days of the

date of each certificate. Whereas payments were due within 30 days, some delays were noted. The payment under IPC 2 worth UGX 1.886 billion took 79 days, well beyond the contractual time frame of 30 days.

#### **Implication**

Delaying certified payments by 49 days severely undermines the contractor's cash flow and directly compromises their capacity to mobilize equipment, retain personnel, and address critical engineering snags during the Defects Liability Period. It exposes the Entity to substantial financial liabilities through interest claims for delayed payments and potential legal disputes.

#### **Management Response**

*MAAIF has engaged the various MDAs involved in the contract payment process to improve payment timelines, as the current multi-stage approval system requiring clearances from MAAIF, the Accountant General, and the AfDB takes considerably longer than the conventional Government of Uganda payment system.*

#### **Authority comment**

While Management's efforts to engage multi-agency stakeholders (MAAIF, the Accountant General, and AfDB) to address procedural delays are noted, public financial management standards require strict adherence to contractual payment timelines; the PPDA (Contracts) Regulations, 2023 & Special/General Conditions of Contract (GCC Clause 52.1): Mandated that certified interim payments be settled within 30 calendar days of certificate issuance. Systemic administrative processing delays bypass contractual rights and expose the Entity to financial claims.

#### **Recommendation**

The Accounting Officer should establish a direct administrative clearance link with the African Development Bank (AfDB) and the Ministry of Finance Planning and Economic Development to fast-track voucher processing and ensure that all outstanding or future certified invoices are settled within the strict 30-day contractual window.

#### **3.11 Equity (Are vulnerable groups' interests catered for?)**

The reports did not disaggregate data into demographics such as female, youths etc. The Authority noted that there was no deliberate effort to address vulnerable groups' interests

#### **Implication**

Lack of measurement criteria to ensure affirmative action.

#### **Management Response**

*This was noted and pledge to improve.*

#### **Authority comment**

The Authority noted the Entity's response. Institutionalizing equity across public investments requires strict compliance with national legal, policy, and planning frameworks which mandates that public sector programs and sector budgets must demonstrate explicit responsiveness to gender and equity requirements prior to budget certification and execution.

#### **Recommendation**

The CMT should task the contractor to provide statistics for employees indicating Local workers employed, female participation and local suppliers engaged.

#### **4.0 Works for Construction of Zonal animal diseases Control Centres under AVCP-1 Project Lot 4: Rubona Zonal Animal Disease Control Centre**

##### **4.1 Background**

The Ministry of Agriculture, Animal Industry and Fisheries through Agricultural Value Chain Development Programme (AVCP) -Project 1, funded by AfDB, signed a contract on 1<sup>st</sup> November, 2024 contracting Kenvin Company Ltd to undertake the Construction of Zonal Animal Diseases Control Centres under AVCP-1 Project – Lot 4: Rubona Zonal Animal Diseases Control Centre at a contract price of UGX 2,930,837,178 (Two billion, nine hundred thirty million, eight hundred thirty-seven thousand, one hundred seventy-eight only) VAT Exclusive.

The scope of works under the contract was as follows:

- 1) Preliminaries and general items
- 2) Administration Office
- 3) Accommodation
- 4) Support staff accommodation
- 5) Tyre and foot wash (TFW)
- 6) Spray race
- 7) Cattle crush
- 8) Loading and offloading ramp
- 9) VIP latrines (3)
- 10) Livestock infrastructure
- 11) Drawn wire
- 12) Barbed wire
- 13) Chain link
- 14) Walkways and access roads
- 15) Water supply

##### **4.2 Value for Money Assessment**

###### **4.2.1 Economy**

The assessed estimated price for 4 Zonal Centres was UGX 3,100,000,000 per individual Zone Centre at the procurement initiation. The contract sum of UGX 2,930,837,178 was within the cost estimates.

###### **4.2.2 Efficiency**

The contract was still ongoing at the time of the audit in June 2026 with the planned completion date of 5<sup>th</sup> August 2026. The physical progress was 61% while the contractual elapsed time was 14 months (70%) with remaining time of six months (30%). The associated efficiency index of 0.87 (61/70) suggests that works are behind schedule.

###### **4.2.3 Effectiveness**

The audit observed that the laboratory equipment & fittings, cold room fittings, office furnishings, fittings and equipment are not covered by the AfDB project. The Authority was informed that

MAAIF was currently seeking a budget from MFPED or hoping for savings that can cover some of the costs. The key costs include fittings for the laboratory and cold room. The Contract Management Team assigned a Clerk of Works to the project to enhance checks on quality. There were no approved building plans contrary to the Physical Planning Act, 2010. S 33(1) states that *'A person shall not carry out a development within a planning area without obtaining development permission from a Physical Planning Committee'*. The Building Control Act, 2013 under S34(1) states that *'A person shall not carry out a building operation unless he or she has a valid building permit issued by a Building Committee'*. The copies of land title were not available for confirmation of ownership.

The Authority noted that the scope of works may have been limited by the available budget. The structures financed under AfDB cannot function until GOU provides a budget for the required tooling and fittings. The appointment/ assignment letter and job descriptions for the Clerk of Works were not availed during the review.

#### **Implication**

Constructing a facility without approved building permits or land titles violates the Physical Planning Act 2010 and risks demolition sanctions. Furthermore, because the laboratory tooling, cold room fittings, and furnishings are unfunded by the AfDB project, the structures cannot function at handover, meaning value-for-money cannot be achieved.

#### **Management Response**

*The land housing the facility was officially handed over to MAAIF by the Nakaseke District Local Government and documentation from the district is available at PMU.*

#### **Recommendation**

- i. The Authority noted the Entity's response and recommends that the Accounting Officer should liaise with MFPED to ensure that all additional works and equipment/tooling are funded.
- ii. The Contract Management Team should closely supervise the completion of the remaining works while regularizing any outstanding contractual matters including Environmental, Social, Health and Safety obligations, building plan approval and land titles in accordance with Regulations 52(1)(b) and 52(3)(vi) of the PPDA (Contracts) Regulations, 2023.

### **4.3 Obligation of the Provider(s)**

#### **4.3.1 Contract Effectiveness**

The effectiveness of the contract for the Rubona Zonal Animal Diseases Control Centre was substantially compromised during the initial phase of implementation due to the contractor's non-compliance with the Special Conditions of Contract (SCC) regarding statutory mobilization.

The effectiveness was triggered upon the provision of a Performance Bond valued at 8% of the contract sum of UGX 234,466,974, issued by Centenary Bank Uganda Limited on 30<sup>th</sup> April 2025. Performance guarantee latest date of submission of 10<sup>th</sup> December 2024 was not observed.

#### **Implication**

The failure to meet the 10<sup>th</sup> December 2024 submission deadline and delaying the bank guarantee until 30<sup>th</sup> April 2025 created a multi-month period of extreme financial exposure during critical structural phases. Furthermore, the guarantee's expiration on 29<sup>th</sup> April 2026 violates Clause 61.4 by failing to extend 28 days beyond the 5<sup>th</sup> August 2026 completion date, leaving the project unprotected.

#### **Recommendation**

The CMT should compel the contractor to extend the Centenary Bank performance security validity to encompass the remaining timeline plus 28 days, while the PDU must strictly enforce guarantee submissions as an absolute condition precedent to site handover in all future contracts.

#### **4.3.2 Format, delivery and validity of Performance and Advance Payment Guarantees**

The contract clause 61.1 requires a performance guarantee to be issued within 21 days of contract signature. The Performance security was issued by Centenary Bank on 30<sup>th</sup> April 2025 for UGX 234,466,974 valid to 29<sup>th</sup> April 2026. The Authority noted that the performance security validity was shorter than the expected completion date. The contract clause 61.4 requires that the validity should be up to 28 days from intended completion. The performance security was issued past the latest expected date of 10<sup>th</sup> December 2024.

#### **Implication**

There was a risk exposure due to the delay in issuance of the security. Any contract failure during the period would occasion a loss to the PDE to a tune of UGX 234 million

#### **Management Response**

*Despite delays caused by the contractor, the CMT successfully ensured they fulfilled their obligation to submit the required performance security to the employer. The contractor was notified to extend the security in line with the provisions of the contract as per attached communication.*

#### **Authority comment**

The Authority noted that:

- i. Simply notifying the contractor to extend the security after issuance does not cure the initial non-compliance.
- ii. PPDA requires proactive contract management: monitoring guarantee timelines, enforcing submission before commencement, and rejecting delayed securities.
- iii. The response lacks evidence of sanctions or enforcement measures against the contractor for late submission, which PPDA Regulations permit.

#### **Recommendation**

The Accounting Officer should task the CMT to always ensure alignment between guarantee validity and project implementation dates.

### **4.4 Contract Management System**

#### **4.4.1 Contract management reports**

Contrary to Regulation 52(3)(g) of the PPDA (Contracts) Regulations 2023 which requires Contract Managers to provide monthly progress reports, the Authority noted that the Contract Management Team did not issue monthly reports to the Accounting Officer and other stakeholders. During audit, no report from the Contract Managers was obtained although they were explicitly indicated in the appointment letter. The available reports were from the Contractor and lacked clarity on some aspects such as physical progress. The minutes of the 2<sup>nd</sup> meeting suggest that the employer could not accept the level of physical progress due to unclear assessment method.

The Authority noted that the CMT did not issue monthly progress reports as required. Minutes of site meetings were shared but lacked signatures of the contractor/representative. There was a

documented oversight failure in the initial 60 days of the contract. The Contract Manager failed to ensure that Kenvin Company (Uganda) Limited met statutory mobilization requirements, specifically the establishment of a functional site office and a secure material store.

#### **Implication**

The total absence of independent monthly reports violates Regulation 52(3)(g), denies the Accounting Officer visibility, and forced reliance on unsigned site minutes and contractor self-appraisals. This supervision void led to uncoordinated progress tracking and a failure to enforce initial 60-day mobilization milestones, stalling early progress at just 1%.

#### **Management Response**

*All the monthly progress reports were prepared and are available at PMU.*

#### **Recommendation**

The Authority noted the Entity's response but the Accounting Officer should always task the Contract Management Team to prepare and submit monthly progress reports in accordance with Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023.

#### **4.5 Adherence to Gender, Environmental, Health and Safety Requirements**

Section 29.1 of the GCC of the contract provides for protection of the environment. The Bid submitted by the provider included an ESMP that covers environmental control, Works Health and safety, HIV & AIDS awareness.

The facilities include a laboratory and was noted that the waste from the laboratory was channelled to a soak pit. It was not clear as to whether the waste requires any special treatment.

Review of site meeting minutes including minutes of second meeting on 23<sup>rd</sup> April 2025; third meeting on 14<sup>th</sup> July 2025; revealed systemic lapses in the enforcement of Personal Protective Equipment (PPE).

The field visit indicated that the spray race involves use of acaricides that are harmful to the environment. These have to be drained and disposed of once their effectiveness against ticks reduces. There are no arrangements for the waste disposal. There were open excavations for soak pits that had no warning/notices or tapes.

#### **Implications**

Channelling laboratory and toxic acaricide waste into unlined soak pits builds a severe long-term groundwater pollution liability and failure to enforce PPE compliance violates the ESMP, exposing the Ministry to sanctions and reputational damage.

#### **Management Response**

*The nature of the project did not comprise of a waste treatment facility based on the size and the projected activities. However, its planned that all the waste material would be disposed of by a qualified hazardous waste handler.*

#### **Recommendation**

The CMT should instruct the contractor to cordon off all open excavations. Prior to operational start-up, management must secure a service contract with a certified hazardous waste handling firm to manage lab and acaricide effluents.

#### **4.6 Timeliness of payments**

The contract clause 52(1) of the contract states that the procuring and disposing entity shall pay the contractor the amounts certified by the Project manager within 30 days of the date of each certificate. Whereas payments were due within 30 days, some delays were noted. The payment under IPC 2 worth UGX 581 million was outstanding for 63 days, well beyond the contractual time frame of 30 days.

##### **Implication**

Leaving IPC No. 2 outstanding for 63 days directly breaches the mandatory 30-day payment window under Clause 52(1), choking contractor cash flow and severely delaying works that are already behind schedule. It could also trigger claims for interest for late payments.

##### **Management Response**

*MAAIF has engaged the various MDAs involved in the contract payment process to improve payment timelines, as the current multi-stage approval system requiring clearances from MAAIF, the Accountant General, and the AfDB takes considerably longer than the conventional Government of Uganda payment system.*

##### **Authority comment**

Management's response is partially adequate but does not cure the breach. Under PPDA law, the PDE must Ensure all certified IPCs are paid within 30 days and document proactive engagement with MFPED and AfDB to fast-track releases and establish monitoring mechanisms to prevent recurrence.

##### **Recommendation**

The Accounting Officer should engage MFPED and the African Development Bank (AfDB) to fast-track fund releases and ensure that all certified interim certificates are cleared within the contractually required 30 days.

#### **4.7 Warranty, Maintenance and Support arrangements**

MAAIF did not share a facilities maintenance plan or budget. Clause 67.1 of contract requires the contractor to prepare 'as built' drawings and/or operating and maintenance manuals within 2 months after completion and lapse of the Defects Liability Period.

The audit observed a contradiction as the defects' liability period was nine months under GCC 44.1. the definitions 1.1(f) "completion" is the date of works completion as certified by the contract Manager. The Authority noted that the requirement for the 'as built' drawings may not be enforceable after defects liability period as the contractor will have been fully discharged.

##### **Implication**

The lack of a maintenance plan, coupled with a contractual contradiction that demands "as-built" drawings after the contractor's legal discharge, violates best practices and may leave the Ministry without technical support.

##### **Management Response**

*The works are still ongoing and the contractor will be notified as provided for in the contract.*

##### **Authority Comment**

The Authority requires a formal enforcement of Clause 67.1 obligations before final settlement and documented delivery of as built drawings and O&M manuals within the defects liability period.

#### **Recommendation**

The CMT must secure all "as-built" engineering drawings and operation manuals before final account settlement within the defects liability period, and integrate an explicit maintenance line into MAAIF's annual budget.

#### **4.8 Equity (Are vulnerable groups' interests catered for?)**

The reports did not disaggregate data into demographics such as female, youths etc. The Authority noted that There was no deliberate effort to address vulnerable groups' interests

#### **Implication**

Failing to disaggregate demographic labour data also violates project equity goals.

#### **Management Response**

*This was noted and pledge to improve.*

#### **Recommendation**

The Entity's response was noted but CMT should:

- Give formal instructions to contractors to provide disaggregated labour data.
- Documented monitoring mechanisms to ensure equity objectives are met.
- Audit trail evidence showing compliance with inclusivity and accountability principles.

#### **5.0 Construction of Zonal Animal Diseases Control Centres - Lot 1: Soroti Zonal Animal Disease Control Centre**

##### **5.1 Background**

The Ministry of Agriculture, Animal Industry and Fisheries signed a contract on 1<sup>st</sup> November 2024 contracting Greystone Investments Ltd to undertake the Construction of Zonal Animal Diseases Control Centres – Lot 1: Soroti Zonal Animal Diseases Control Centre at a contract price of UGX 2,732,535,530 (Two billion, seven hundred thirty-two million, five hundred thirty-five thousand, five hundred thirty only) VAT Exclusive.

The scope of works under the contract was as follows:

1. Preliminaries and general items
2. Administration Office
3. Accommodation
4. Support staff accommodation
5. Tyre and Foot Wash (TFW)
6. Spray race
7. Cattle crush
8. Loading and offloading ramp
9. VIP latrines (3)
10. Livestock infrastructure
11. Drawn wire
12. Barbed wire

- 13. Chain link
- 14. Walkways and access roads
- 15. Water supply

## **Audit Findings**

### **5.2 Value for Money Assessment**

#### **5.2.1 Economy**

The contract was within the original price of UGX 2,732,535,530. The assessed estimated price for four Zonal Centres was UGX 3,100,000,000 per individual Zones at the procurement initiation. The contract sum was within the cost estimates.

#### **5.2.2 Efficiency**

The contractors progress report for February 2026 indicated that progress stood at 61% with planned completion of 5<sup>th</sup> August 2026. This was considered to be behind schedule as elapsed time was at 70%, only 61% progress achieved and efficiency index =  $61/70 = 0.87$ . This demonstrated under-performance.

#### **5.2.3 Effectiveness**

The audit sought to establish whether the outputs were being used as originally intended with measurable benefits/objectives being realized/met.

The audit observed that the laboratory equipment & fittings, cold room fittings, office furnishings, fittings and equipment are not covered by the AfDB project.

MAAIF was currently seeking a budget from MFPED or hoping for savings that can cover some of the costs. The key costs include fittings for the laboratory and cold room. The audit confirmed that quality control measures were in place and included approval of materials based on laboratory tests as demonstrated by the following:

- a) Test Results for Concrete slabs
- b) Test Results for Borehole water quality

The contract Management Team assigned a Clerk of Works to the project to enhance checks on quality. We Documented "sagging ceilings" which had been removed for remedial action in the Office Block Boardroom. There were Multiple "crooked door frames" identified in the office block, indicating a failure in supervision during installation.

There were no approved building plans contrary to the Physical Planning Act 2010 under S 33(1) states that *"A person shall not carry out a development within a planning area without obtaining development permission from a physical planning committee"*.

The copies of land title were not available for confirmation of ownership. However, the Authority confirmed allocation of 3 acres to the project by Soroti District local Government as per letter dated 21<sup>st</sup> November 2023.

The Authority noted that the scope of works may have been limited by the available budget. The structures financed under AfDB cannot function until GOU provides a budget for the required tooling and fittings.

## **Implication**

Value for money may not be achieved due to the limited scope of works as the AfDB funded facilities cannot be functional without additional funding for laboratory equipment, fixtures, and fittings.

**Management Response**

The district team was involved in the oversight monitoring of this contract.

**Recommendation**

The Accounting Officer should engage with MFPED to ensure that all additional works and equipment/tooling are funded as a matter of priority. Relatedly, should satisfy statutory development control requirements from the local authority.

**5.3 Contract Management System**

**5.3.1 Contract management reports**

Regulation 52(3)(g) of the PPDA (Contracts) Regulations 2023 which requires Contract Managers to provide monthly progress reports, the Authority noted that the Contract Management Team did not issue monthly reports to the Accounting Officer and other stakeholders. During the audit, no report from the Contract Managers was obtained although they were explicitly indicated in the appointment letter. The available reports were from the Contractor and lacked clarity on some aspects such as physical progress. For instance, contradictions second site meeting indicated progress at 40%, third meeting put progress at 35% while fourth meeting reported 40%. The CMT did not issue monthly progress reports as required. Minutes of site meetings were shared but lacked signatures of the contractor/representative.

**Implication**

Lack of monthly reports denies the Accounting Officer and the Entity key information on the project progress.

**Management Response**

*All the progress reports are available at PMU. These contracts were supervised in-house where the Chairperson was a CMT member and the secretary was the Clerk of Works who is a MAAIF staff (i.e., both signatories were MAAIF staff). The resulting minutes were shared with all concerned parties to facilitate their assigned tasks. In future we shall include a slot for the contractor.*

**Authority comment**

The Entity's explanation regarding in-house supervision and availability of files at the PMU was noted. However, the audit position remains as Contractor-generated progress reports and internal site minutes cannot substitute for statutory CMT monthly reports submitted directly to the Accounting Officer as mandated by Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023.

**Recommendation**

The Accounting Officer should task the Contract Management Team to prepare and submit monthly progress reports in accordance with Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023.

## **5.4 Obligation of the Provider(s)**

### **5.4.1 Format, delivery and validity of Performance and Advance Payment Guarantees**

The Performance guarantee was issued by Exim Bank dated 19<sup>th</sup> December 2024 for UGX 218,602.842 and validity extended on 10<sup>th</sup> December 2025 to 19<sup>th</sup> May 2026 in the required format. The performance security validity was shorter than the expected completion date of 5<sup>th</sup> August 2026.

#### **Implication**

While the performance security issued by Exim Bank avoided advance mobilization risk, its extended validity to 19<sup>th</sup> May 2026 is shorter than the expected 5<sup>th</sup> August 2026 completion date. This direct non-compliance with Clause 54.1 leaves the Ministry completely exposed during the final months of execution.

#### **Management Response**

*Despite delays caused by the contractor, the CMT successfully ensured they fulfilled their obligation to submit the required performance security to the employer. The contractor was notified to extend the security in line with the provisions of the contract as per attached communication.*

#### **Authority Comment**

Management's effort to issue a notification letter requesting guarantee extension was noted, however, no evidence was availed for review.

#### **Recommendation**

The CMT should task the provider secure performance security extension from Exim Bank and place a copy on the procurement file.

### **5.4.2 Adherence to Gender, Environmental, Health and Safety Requirements**

Section 29.1 of the GCC of the contract provides for protection of the environment. The Bid submitted by the provider included an ESMP that covers environmental control, Health and safety, HIV & AIDS awareness. There was no EIA and NEMA certificate. MAAIF indicated that the size of the Project did not require an EIA. They indicate that they used environmental briefs to provide minimal safeguards. However, copies of the briefs were not availed. Management reported that the land was provided by the district and was vacant. Therefore issues of PAPs did not arise. A site view did not indicate any signs of evictions.

The facilities include a laboratory. It was noted that the waste from the laboratory was channelled to a soak pit. It was not clear as to whether the waste requires any special treatment.

Review of site meeting minutes revealed systemic lapses in the enforcement of Personal Protective Equipment (PPE).

There was no documented evidence of routine tool-box safety inductions or HIV/AIDS awareness clinics being conducted on-site, as indicated by 'NIL' progress in Site Meeting Minutes 2.

The field visit indicated that the spray race involves use of acaricides that are harmful to the environment. These have to be drained and disposed of once their effectiveness against ticks reduces. There are no arrangements for the waste disposal.

#### **Implication**

Initiating civil works without, while failing to provide the cited environmental briefs prevents verification of basic safeguards. Just like the other lots, directing untreated laboratory effluents into a standard soak pit introduces an unmitigated environmental hazard prior to commissioning.

#### **Management Response**

*The contractor carried out an environmental brief which was approved by the district Environmental Officer.*

*Risk was covered by the corresponding insurance policies available at PMU. Other mishaps MAAIF pledges to improve.*

#### **Authority Comment**

Management's response was noted, but fails to address core environmental and biosafety vulnerabilities:

- i. Unverified Brief Approvals: While management asserts that an Environmental Brief was approved by the District Environmental Officer, no documentary proof or clearance certificate was submitted for verification.
- ii. Inadequacy of Insurance for Environmental Damage: Contractor's All-Risk Insurance policies compensate for financial liabilities but do not substitute for environmental safeguards or prevent chemical contamination.
- iii. Unaddressed Hazardous Chemical Disposal: Management provided no strategy or contract for disposing of toxic acaricides and laboratory effluent, leaving severe environmental hazards unmitigated.

Management must submit the approved environmental brief, present an executed contract with a NEMA-certified chemical waste handler for acaricide disposal, and enforce mandatory daily PPE/safety induction logs.

#### **Recommendation**

The CMT should fully enforce the safety and health issues in all future contracts. Management should make arrangements with a certified company to handle disposal of acaricides waste.

#### **5.4.3 Adherence to Local Content Requirements**

The Authority noted that there was no foreign staff and limited foreign content. The lack of expenditure reports by expense category limits a proper assessment of local content values. While local labour was absorbed, the contractor failed to submit standardized, disaggregated attendance registers detailing gender and youth participation in the Monthly Progress Reports.

#### **Implication**

Lack of measurement criteria to ensure affirmative action.

#### **Recommendation**

The CMT should task the contractor to provide statistics for employees indicating:

- Local workers employed.
- Female participation.
- Local suppliers engaged

#### 5.4.4 Timeliness of payments

The advance payment was effected within 28 days which was within the 30 days contractual timeframe.

Whereas payments were due within 30 days, some delays were noted as indicated in the Table 6 below:

**Table 6: Payments Schedule- Soroti**

| IPC No         | IPC Date | MAAIF request to Accountant General | Payment date by AfDB | Days | Gross value of Works | 10% Retention      | Advance Recovery   | Net payable          |
|----------------|----------|-------------------------------------|----------------------|------|----------------------|--------------------|--------------------|----------------------|
| Advance        | 31/01/25 | 07/02/25                            | 28/02/25             | 28   | 0                    | 0                  | 0                  | 819,760,659.00       |
| IPC - 1        | 13/06/25 | 25/06/25                            | 21/07/25             | 38   | 669,077,720          | 66,907,772         | 200,723,316        | 401,446,632          |
| IPC - 2        | 19/01/26 | 24/02/26                            | 27/03/26             | 67   | 647,629,218          | 64,762,922         | 194,288,765        | 388,577,531          |
| IPC - 3        |          |                                     |                      |      |                      |                    |                    |                      |
| <b>Totals</b>  |          |                                     |                      |      | <b>1,316,706,938</b> | <b>131,670,694</b> | <b>395,012,081</b> | <b>1,609,784,822</b> |
| Contract price |          |                                     |                      |      | 2,732,535,530        |                    | 2,732,535,530      |                      |
| % Financial    |          |                                     |                      |      | 48.19%               |                    | 14.46%             |                      |

The Authority noted that the payment under IPC 2 was outstanding for 67 days, well beyond the contractual time frame of 30 days.

#### Implication

The contractor's capacity to address delays could be affected by cashflow constraints due to late payment. They could also claim penalties for late payment.

#### Recommendation

The Accounting Officer should make a engage with MFPED and up AfDB to have payments done within the stipulated timeframes.

#### Management Response

*MAAIF has engaged the various MDAs involved in the contract payment process to improve payment timelines, as the current multi-stage approval system requiring clearances from MAAIF, the Accountant General, and the AfDB takes considerably longer than the conventional Government of Uganda payment system.*

#### Authority Comment

Management's explanation regarding multi-agency bureaucratic hurdles was noted. However, institutional delays do not negate contractual obligations:

• **Institutional Service Level Agreement Tracking:** MAAIF should establish an Agreement with the Accountant General and AfDB to process IPC clearances within designated time windows.

• **Early Certificate Processing:** The Project Management Unit (PMU) should initiate payment documentation processing immediately upon draft certification to absorb approval lead times.

#### **5.4.5 Warranty, Maintenance and Support arrangements**

Clause 67.1 requires the contractor to prepare 'as built' drawings and/or operating and maintenance manuals within two months after completion and lapse of the defects liability period. The audit observed a contradiction as the defects' liability period was 9 months under GCC 44.1. the definitions 1.1(f) "completion" was the date of works completion as certified by the contract Manager. The requirement for the 'as built' drawings may not be enforceable after defects liability period as the contractor will have been fully discharged. MAAIF did not share a facilities maintenance plan or budget.

#### **Implication**

The lack of a maintenance plan, coupled with a contractual contradiction that demands "as-built" drawings after the contractor's legal discharge, violates best practices and may leave the Ministry without technical support.

#### **Management Response**

*The works are still ongoing and the contractor will be notified as provided for in the contract.*

#### **Authority Comment**

Management's response was noted, but contains procedural deficiencies regarding contract risk mitigation. Simply notifying the contractor under Clause 67.1 will be ineffective post-DLP.

#### **Recommendation**

The CMT must secure all "as-built" engineering drawings and operation manuals before final account settlement within the defects liability period, and integrate an explicit maintenance line into MAAIF's annual budget.

#### **5.4.6 Equity (Are vulnerable groups' interests catered for?)**

The reports did not disaggregate data into demographics such as female, youths etc. There was no deliberate effort to address vulnerable groups' interests.

#### **Implication**

Failing to disaggregate demographic labour data also violates project equity goals.

#### **Recommendation**

The CMT should request contractor to provide information on the following:

- Numbers of female employees on the project
- Numbers of youth employed
- Local sub-contractors and value engaged.

#### **Overall conclusion**

Overall, the audit established that while the Nakaseke Zonal Centre is complete and work on the other three Zonal Animal Disease Control Centres was progressing well. However, significant weaknesses were identified in contract administration, environmental compliance, records management, and monitoring of local content. These weaknesses expose the Entity to compliance, financial, operational, and reputational risks that require immediate management attention.

**Appendix -Field Visits for Construction of Zonal Animal Disease Control Centres**

**1. Construction of Zonal Animal Disease Control Centre – Lot 1: Soroti**

During the site visit held on 1<sup>st</sup> April 2026, the team discovered a few changes away from the original scope which were as follows:

- Change of the number of VIP latrines from three to two.
- Use of more reinforcement members in the ceiling of the administration block

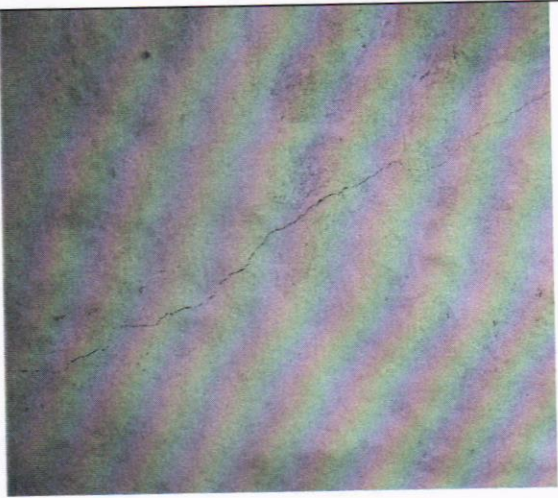
**General site overview photos**

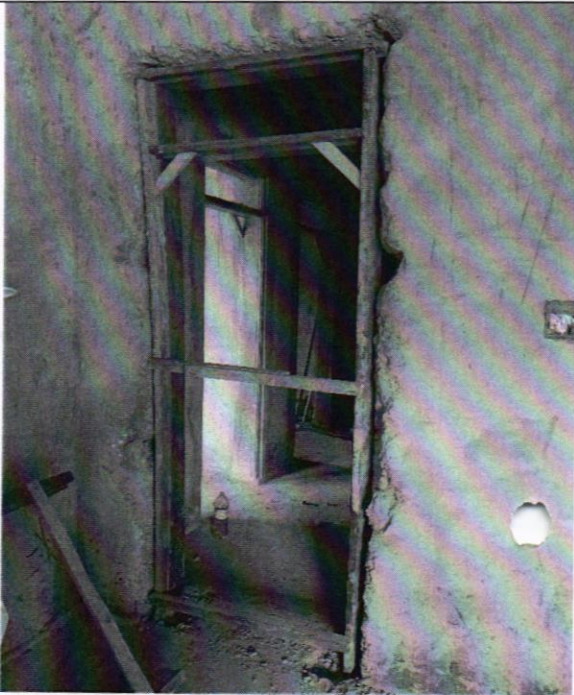
|                                                                                                          |                          |
|----------------------------------------------------------------------------------------------------------|--------------------------|
|  <p>01 April 2026</p>  | Front View main building |
|  <p>01 April 2026</p> | Paddocks boundaries      |
|                                                                                                          |                          |
|                                                                                                          |                          |
|                                                                                                          |                          |

**Snags Identified**

The tables below contain some of the snags which were discovered during the site visit at the Soroti Zonal Animal Disease Control Centre

**ZONE 1: BUILDINGS & ARCHITECTURAL FINISHES (Admin, Lab, Quarters)**

| Specific Structural Item       | Auditor Observation / Defect Noted                                                  | Urgent Remedial Action Required                                                         | Photo ID No.                                                                          |
|--------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 1. Walls                       | Cracks developing in plaster                                                        | Make good finishes                                                                      |    |
| 2. Floor Tiling / Jointing     |                                                                                     |                                                                                         |                                                                                       |
| 3. Ceilings (Board vs. Cement) | Timber structures in the ceiling aren't strong enough to withhold loading from roof | Additional timber members needed.<br><br>Also recommended to use cement boards instead. |  |

|                                  |                                                                             |                                                                                 |                                                                                      |
|----------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| 4. Lab fixtures and fittings     | None                                                                        | None                                                                            |                                                                                      |
| 5. Joinery (Doors, Windows)      | <ul style="list-style-type: none"> <li>Poor workmanship observed</li> </ul> | <ul style="list-style-type: none"> <li>Fix all joinery appropriately</li> </ul> |  |
| 6. Paintwork (Undercoats / Runs) | Not yet done                                                                | N/A                                                                             |                                                                                      |

#### **ZONE 2: EXTERNAL WORKS & DE-MOBILIZATION (Access, Fencing, Drains)**

| <b>Specific Engineering Item</b> | <b>Auditor Observation / Defect Noted</b> | <b>Urgent Remedial Action Required</b> | <b>Photo ID No.</b> |
|----------------------------------|-------------------------------------------|----------------------------------------|---------------------|
| 1. Site Grading & Spoil Dumping  | None                                      | None                                   |                     |
| 2. Loose Soil Heaps (Main Gate)  | None                                      | None                                   |                     |
| 3. Boundary                      | none                                      | None                                   |                     |

|                                         |               |      |  |
|-----------------------------------------|---------------|------|--|
| <b>Fencing / Chains</b>                 |               |      |  |
| <b>4. Stormwater Open Drains</b>        | None          | None |  |
| <b>5. Walkways (Open &amp; Covered)</b> | Works ongoing | None |  |

### **ZONE 3: WATER, PLUMBING & AGRICULTURAL RETICULATION**

| <b>Specific Engineering Item</b>          | <b>Auditor Observation / Defect Noted</b> | <b>Urgent Remedial Action Required</b> | <b>Photo ID No.</b> |
|-------------------------------------------|-------------------------------------------|----------------------------------------|---------------------|
| <b>1. Spray Race Nozzles &amp; Slopes</b> | None                                      | None                                   |                     |
| <b>2. Acaricide Dip Tank / Plinth</b>     | None                                      | None                                   |                     |
| <b>3. External Plumbing Joints</b>        | None                                      | None                                   |                     |
| <b>4. Water Troughs / Float Valves</b>    | None                                      | None                                   |                     |
| <b>5. Pump House &amp; Boreholes</b>      | Works ongoing                             | None                                   |                     |

### **ZONE 4: OCCUPATIONAL HEALTH, SAFETY & SOCIAL SAFEGUARDS**

| <b>Observation Parameter</b>                 | <b>Auditor Observation / Defect Noted</b> | <b>Urgent Remedial Action Required</b> | <b>Photo ID No.</b> |
|----------------------------------------------|-------------------------------------------|----------------------------------------|---------------------|
| <b>1. Scaffolding Stability &amp; Safety</b> | None                                      | None                                   |                     |
| <b>2. Fall-Arrest and Guardrails</b>         | None                                      | None                                   |                     |

|                                    |                                                                 |                                             |                                                                                    |
|------------------------------------|-----------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------------------------------|
| 3. Site Housekeeping / Rubbish     | Poor house-keeping noticed in front of the administration block |                                             |  |
| 4. First Aid / Sanitary Facilities | No first Aid box sighted                                        | Provide first Aid box in all the facilities |                                                                                    |

## 2. Construction of Zonal Animal Disease Control Centre – Lot 2: Nakaseke

### General site overview photos

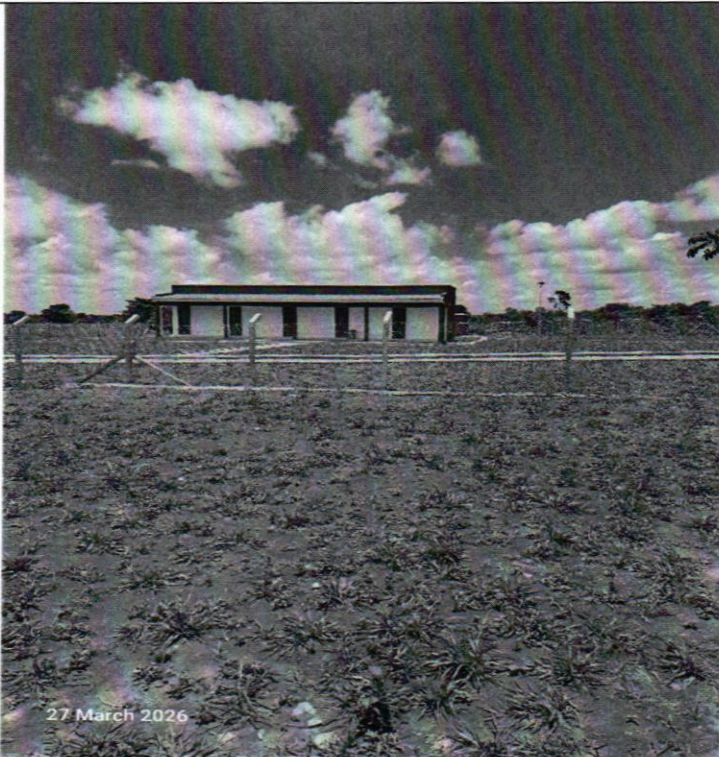
|                                                                                     |               |
|-------------------------------------------------------------------------------------|---------------|
|  | Main building |
|-------------------------------------------------------------------------------------|---------------|



VIP Latrine



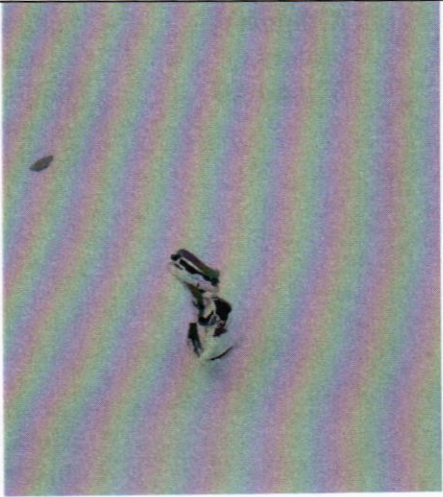
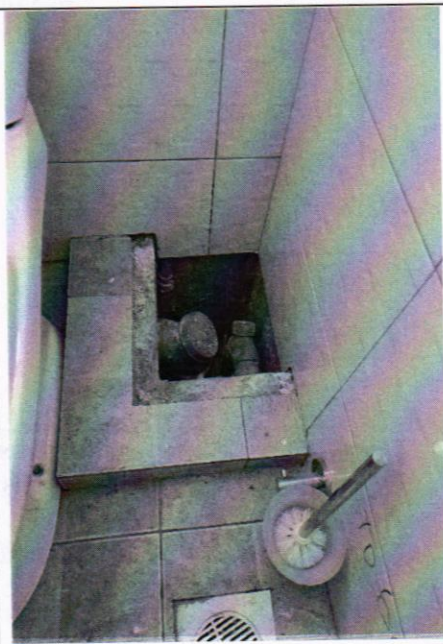
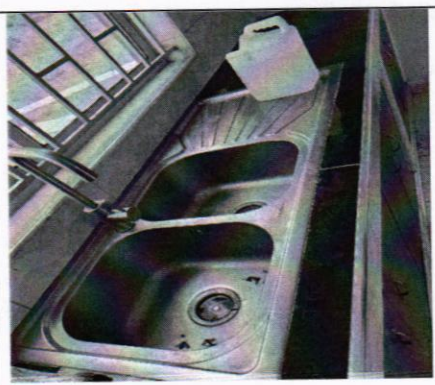
Senior Staff quarters

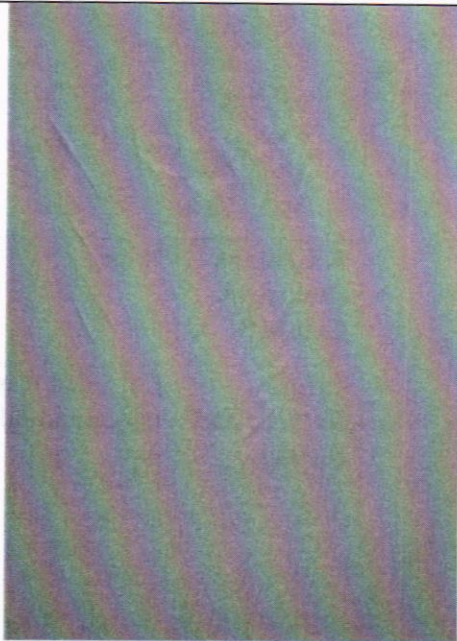
|                                                                                    |                              |
|------------------------------------------------------------------------------------|------------------------------|
|   | <p>Junior staff quarters</p> |
|  | <p>Water tank</p>            |

The tables below contain some of the snags which were discovered during the site visit at the Nakaseke Zonal Animal Disease Control Centre

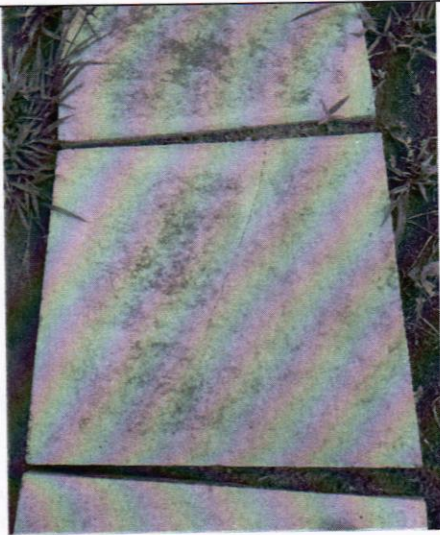
**ZONE 1: BUILDINGS & ARCHITECTURAL FINISHES (Admin, Lab, Quarters)**

| Specific Structural Item | Auditor Observation / Defect Noted | Urgent Remedial Action Required | Photo ID No. |
|--------------------------|------------------------------------|---------------------------------|--------------|
|--------------------------|------------------------------------|---------------------------------|--------------|

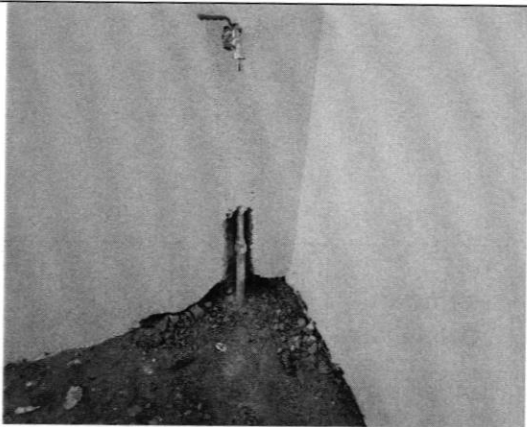
|                                       |                                                                 |                                                                           |                                                                                       |
|---------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <b>1. Walls</b>                       | Opening wiring left unattended to                               | Cover all conduit openings                                                |     |
| <b>2. Floor Tiling / Jointing</b>     | Floor openings left uncovered in toilets of accommodation units | Cover all openings                                                        |    |
| <b>3. Ceilings (Board vs. Cement)</b> | None                                                            | None                                                                      |                                                                                       |
| <b>4. Lab fixtures and fittings</b>   | Corroded wash basin in accommodation unit                       | Replacement of corroded hand wash basin in the junior accommodation units |  |

|                                                 |                                                                                                         |                                                                                                                           |                                                                                       |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <b>5. Joinery<br/>(Doors,<br/>Windows)</b>      | <ul style="list-style-type: none"> <li>Faulty strike plates on doors of administration block</li> </ul> | <ul style="list-style-type: none"> <li>Make good all faulty strike plates of the doors of administration block</li> </ul> |    |
|                                                 | <ul style="list-style-type: none"> <li>Door stoppers placed in unsuitable positions</li> </ul>          | <ul style="list-style-type: none"> <li>Relocation of door stoppers to suitable position behind the doors</li> </ul>       |   |
| <b>6. Paintwork<br/>(Undercoats<br/>/ Runs)</b> | Blistering observed in some walls of senior accommodation unit                                          | Scrape off the blistered paint, sand the surface, prime and repaint with suitable porous paint                            |  |

## ZONE 2: EXTERNAL WORKS & DE-MOBILIZATION (Access, Fencing, Drains)

| Specific Engineering Item       | Auditor Observation / Defect Noted                  | Urgent Remedial Action Required                                                                               | Photo ID No.                                                                          |
|---------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 1. Site Grading & Spoil Dumping | None                                                | None                                                                                                          |                                                                                       |
| 2. Loose Soil Heaps (Main Gate) | None                                                | None                                                                                                          |                                                                                       |
| 3. Boundary Fencing / Chains    | Rusty steel poles observed along drawn wire fencing | Remove suitable method of rust removal, clean the surface, apply metal primer and paint the exterior surface. |   |
| 4. Stormwater Open Drains       | None                                                | None                                                                                                          |                                                                                       |
| 5. Walkways (Open & Covered)    | Cracks in the concrete paving stones                | Replaced all affected areas                                                                                   |  |

### ZONE 3: WATER, PLUMBING & AGRICULTURAL RETICULATION

| Specific Engineering Item       | Auditor Observation / Defect Noted | Urgent Remedial Action Required                           | Photo ID No.                                                                        |
|---------------------------------|------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1. Spray Race Nozzles & Slopes  | None                               | None                                                      |                                                                                     |
| 2. Acaricide Dip Tank / Plinth  | None                               | None                                                      |                                                                                     |
| 3. External Plumbing Joints     | None                               | None                                                      |                                                                                     |
| 4. Water Troughs / Float Valves | None                               | None                                                      |                                                                                     |
| 5. Pump House & Boreholes       | Wall openings left unattended to   | Cover up all openings made in the walls of the pump house |  |

### ZONE 4: OCCUPATIONAL HEALTH, SAFETY & SOCIAL SAFEGUARDS

| Observation Parameter             | Auditor Observation / Defect Noted                              | Urgent Remedial Action Required |
|-----------------------------------|-----------------------------------------------------------------|---------------------------------|
| 1. Scaffolding Stability & Safety | None                                                            | None                            |
| 2. Fall-Arrest and Guardrails     | None                                                            | None                            |
| 3. Site Housekeeping / Rubbish    | Poor house-keeping noticed in front of the administration block |                                 |

|                                    |                          |                                             |
|------------------------------------|--------------------------|---------------------------------------------|
| 4. First Aid / Sanitary Facilities | No first Aid box sighted | Provide first Aid box in all the facilities |
|------------------------------------|--------------------------|---------------------------------------------|

**3. Construction of Western Uganda Regional Disease Control Centre, Sanga Stock Farm, Kiruhura District**

|                                                                                    |                        |
|------------------------------------------------------------------------------------|------------------------|
|   | <p>Junior quarters</p> |
|  |                        |



During the site visit, it was noted that a number of design reviews were made from the original works described from the Bills of Quantities and these were as follows:

- **Changing of the fencing from a chain-link fence to a boundary.** This was attributed due to the recorded vandalism in the area during the construction period and the requisite bio-safety requirements of the quarantine area, the contractor found it critical that the fencing material be changed from chain-link to block boundary wall around the quarantine Zone and the administrative area of the project.
- **Addition of a second Tyre wash near the check point.** It was discovered that The Project Manager acknowledged that the additional Tyre wash and change in scope/specification from chain-link to block boundary wall required additional manpower deployment and additional works such as clearance, excavation and substructure works which ordinarily would not occur with the chain-link fencing.
- **Change of Floor Finishes.** It was discovered that during a site meeting held on 31<sup>st</sup> July 2025 agreed that the floor finish be changed from polished concrete and terrazzo to tiles
- **Change of valley tank details.** It was discovered that according to letter reference Ref. No.: AD/2023-1004-036 Dated 13<sup>th</sup> October 2025, there was instruction issued to proceed with water valley dam construction per the sub-contractor's fabrication drawings.

The tables below contain some of the snags which were discovered during the site visit at the Sanga Stock farm Regional Animal Disease Control Centre

#### ZONE 1: BUILDINGS & ARCHITECTURAL FINISHES (Admin, Lab, Quarters)

| Specific Structural Item   | Auditor Observation / Defect Noted | Urgent Remedial Action Required |
|----------------------------|------------------------------------|---------------------------------|
| 1. Walls                   | None                               |                                 |
| 2. Floor Tiling / Jointing | none                               |                                 |

|                                             |                                            |        |
|---------------------------------------------|--------------------------------------------|--------|
| <b>3. Ceilings<br/>(Board vs. Cement)</b>   | Cement boards used instead ordinary boards | None   |
| <b>4. Lab fixtures and fittings</b>         | Works still ongoing                        |        |
| <b>5. Joinery<br/>(Doors, Windows)</b>      | • None                                     | • None |
|                                             | • None                                     | • None |
| <b>6. Paintwork<br/>(Undercoats / Runs)</b> | None                                       | None   |

#### **ZONE 2: EXTERNAL WORKS & DE-MOBILIZATION (Access, Fencing, Drains)**

| <b>Specific Engineering Item</b> | <b>Auditor Observation / Defect Noted</b>                     | <b>Urgent Remedial Action Required</b> | <b>Photo ID No.</b>                                                                  |
|----------------------------------|---------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------|
| 1. Site Grading & Spoil Dumping  | None                                                          | None                                   |                                                                                      |
| 2. Excavation                    | Some excavation points are left open without any warning tape |                                        |  |

|                              |      |      |  |
|------------------------------|------|------|--|
| 3. Boundary Fencing / Chains |      |      |  |
| 4. Stormwater Open Drains    | None | None |  |
| 5. Walkways (Open & Covered) |      |      |  |

### **ZONE 3: WATER, PLUMBING & AGRICULTURAL RETICULATION**

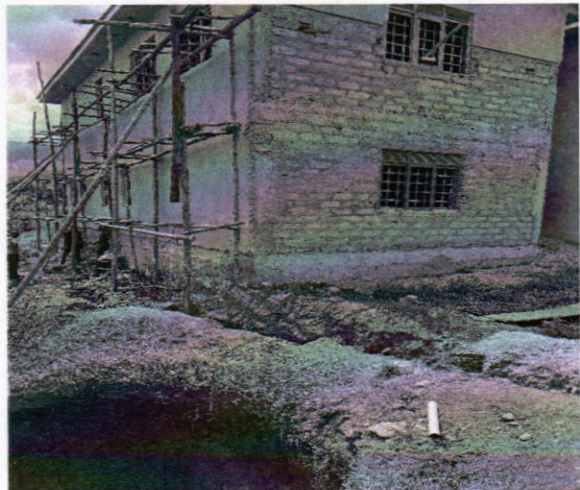
| <b>Specific Engineering Item</b> | <b>Auditor Observation / Defect Noted</b> | <b>Urgent Remedial Action Required</b> |
|----------------------------------|-------------------------------------------|----------------------------------------|
| Excavation for Valley Tank       |                                           |                                        |
| 1. Spray Race Nozzles & Slopes   | None                                      | None                                   |
| 2. Acaricide Dip Tank / Plinth   | None                                      | None                                   |
| 3. External Plumbing Joints      | None                                      | None                                   |
| 4. Water Troughs / Float Valves  | None                                      | None                                   |
| 5. Pump House & Boreholes        |                                           |                                        |

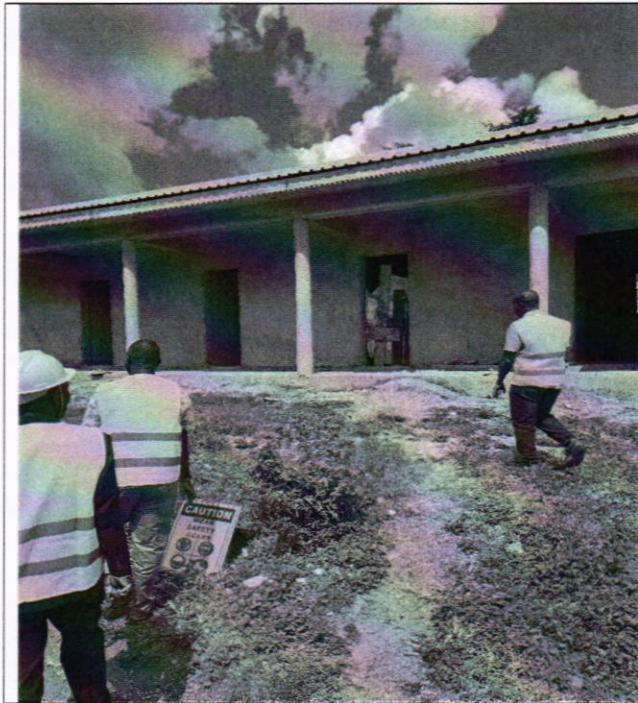
### **ZONE 4: OCCUPATIONAL HEALTH, SAFETY & SOCIAL SAFEGUARDS**

| Observation Parameter              | Auditor Observation / Defect Noted             | Urgent Remedial Action Required             | Photo ID No.                                                                        |
|------------------------------------|------------------------------------------------|---------------------------------------------|-------------------------------------------------------------------------------------|
| 1. Scaffolding Stability & Safety  | None                                           | None                                        |                                                                                     |
| 2. Fall-Arrest and Guardrails      | None                                           | None                                        |                                                                                     |
| 3. Site Housekeeping / Rubbish     | Poor house-keeping noticed all around the site |                                             |  |
| 4. First Aid / Sanitary Facilities | No first Aid box sighted                       | Provide first Aid box in all the facilities |                                                                                     |

|                       |                                          |                                               |                                                                                    |
|-----------------------|------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------|
| 5.Compliance to PPE's | staff sighted working without full PPE's | Adhere to strict compliance to the full PPE's |  |
|-----------------------|------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------|

#### 4. Construction of Zonal Animal Disease Control Centre – Lot 4: Rubona

|                                                                                                                                                                                                                                                                                                                                                  |                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
|  A photograph of a two-story building under construction. The building has a gabled roof and is surrounded by scaffolding. A person is visible in the foreground, walking on a dirt path. The sky is cloudy.                                                    | Main building                                                          |
|  A photograph of a two-story building under construction, similar to the main building. It is surrounded by scaffolding and is situated on a dirt area. The sky is cloudy.                                                                                     | Senior staff quarters                                                  |
|  A photograph showing a close-up of a building's exterior wall, which is made of brick. There are excavations in the ground in front of the building, and scaffolding is visible on the left side. The ground is uneven and appears to be under construction. | Excavations next to office block un attended to. Lack of warning tapes |



Junior staff quarters

During the site visit held on 7<sup>th</sup> April 2026, the team discovered a few changes away from the original scope which were as follows:

- Change of the number of VIP latrines from three to two
- Use of more reinforcement members in the ceiling of the administration block

The tables below contain some of the snags which were discovered during the site visit at the Rubona Zonal Animal Disease Control Centre

#### **ZONE 1: BUILDINGS & ARCHITECTURAL FINISHES (Admin, Lab, Quarters)**

| <b>Specific Structural Item</b>  | <b>Auditor Observation / Defect Noted</b> | <b>Urgent Remedial Action Required</b> |
|----------------------------------|-------------------------------------------|----------------------------------------|
| 1. Walls                         | Works ongoing                             | none                                   |
| 2. Floor Tiling / Jointing       | Works ongoing                             | none                                   |
| 3. Ceilings (Board vs. Cement)   | None                                      | None                                   |
| 4. Lab fixtures and fittings     | Works ongoing                             | none                                   |
| 5. Joinery (Doors, Windows)      | •                                         | • none                                 |
| 6. Paintwork (Undercoats / Runs) | Not yet done                              | none                                   |

### ZONE 2: EXTERNAL WORKS & DE-MOBILIZATION (Access, Fencing, Drains)

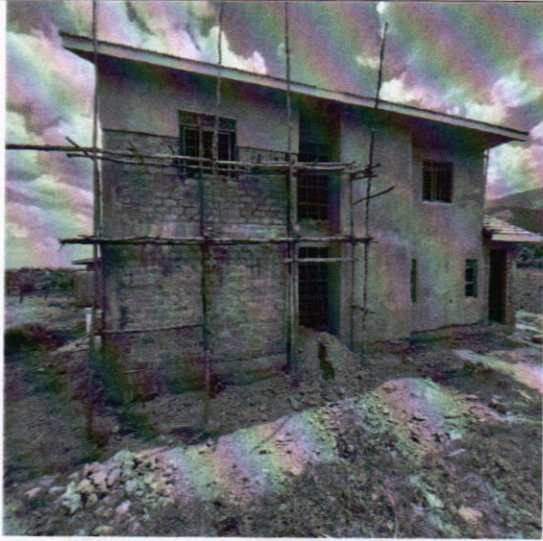
| Specific Engineering Item       | Auditor Observation / Defect Noted                                | Urgent Remedial Action Required | Photo ID No.                                                                        |
|---------------------------------|-------------------------------------------------------------------|---------------------------------|-------------------------------------------------------------------------------------|
| 1. Site Grading & Spoil Dumping | None                                                              | None                            |                                                                                     |
| 2. Loose Soil Heaps             | Loose heaps of sand noted at the entrance of administration block | Remove all loose soil heaps     |  |
| 3. Boundary Fencing / Chains    | none                                                              | none                            |                                                                                     |
| 4. Stormwater Open Drains       | None                                                              | None                            |                                                                                     |
| 5. Walkways (Open & Covered)    | none                                                              | none                            |                                                                                     |

### ZONE 3: WATER, PLUMBING & AGRICULTURAL RETICULATION

| Specific Engineering Item      | Auditor Observation / Defect Noted | Urgent Remedial Action Required | Photo ID No. |
|--------------------------------|------------------------------------|---------------------------------|--------------|
| 1. Spray Race Nozzles & Slopes | None                               | None                            |              |
| 2. Acaricide Dip Tank / Plinth | None                               | None                            |              |

|                                 |      |      |  |
|---------------------------------|------|------|--|
| 3. External Plumbing Joints     | None | None |  |
| 4. Water Troughs / Float Valves | None | None |  |
| 5. Pump House & Boreholes       |      |      |  |

#### **ZONE 4: OCCUPATIONAL HEALTH, SAFETY & SOCIAL SAFEGUARDS**

| <b>Observation Parameter</b>       | <b>Auditor Observation / Defect Noted</b>                       | <b>Urgent Remedial Action Required</b>                            | <b>Photo ID No.</b>                                                                 |
|------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1. Scaffolding Stability & Safety  | Use of weak scaffolding materials                               | Recommended to use more stable scaffold to ensure safety at first |  |
| 2. Fall-Arrest and Guardrails      | None                                                            | None                                                              |                                                                                     |
| 3. Site Housekeeping / Rubbish     | Poor house-keeping noticed in front of the administration block |                                                                   |                                                                                     |
| 4. First Aid / Sanitary Facilities | No first Aid box sighted                                        | Provide first Aid box in all the facilities                       |                                                                                     |