THE REPUBLIC OF UGANDA

TREASURY MEMORANDUM

ON THE

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE COMMISSIONS, STATUTORY AUTHORITIES AND STATE ENTERPRISES FOR THE FINANCIAL YEAR 2020/21

PRESENTED BY

THE HON. MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

May 2023

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ABBREVIATIONS AND ACRONYMS

AMO	Approved Maintenance Organisation
COMESA	Common Markets for Eastern and Southern Africa
COSASE	Commission, Statutory Authorities and State Enterprises
DAPCB	Departed Asian Property Custodian Board
DA	Designated Agency
DTS	Digital Tracking System
EPC	Engineering, Procurement and Construction
ERA	Electricity Regulatory Authority
ERP	Enterprise Resource Planning
FY	Financial Year
GFMIS	Government Financial Management Information System
GoU	Government of the Republic of Uganda
HCM	Human Capital Management
IAG	Internal Auditor General
IFMS	Integrated Financial Management System
IPC	Interim Payment Certificate
KDCB	Kampala District Land Board
KML	Kilembe Mines Limited
LCEP	Least Cost Expansion Plan
LDC	Law Development Centre
MDAs	Ministries, Departments and Agencies
MNSL	Mandela National Stadium Limited
MoFPED	Ministry of Finance, Planning and Economic Development
MoLHUD	Ministry of Lands, Housing and Urban Development
MoU	Memorandum of Understanding
MoWT	Ministry of Works and Transport
MTAC	Management Training and Advisory Centre
MTEF	Medium-Term Expenditure Framework
NCOP	National Council for Older Persons
NEC	National Enterprise Corporation
NPA	National Planning Authority
NPC	National Population Council
NSSF	National Social Security Funds
NTIF	Non-Tradition Treatment and Isolation Facility
NTR	Non-Tax Revenue
OAG	Office of the Auditor General

PAP	Project Affected Person
PBS	Programme Budget System
PDU	Procurement and Disposal Unit
PFMA	Public Finance Management Act
PFMR	Public Finance Management Regulation
PIAPs	Program Implementation Action Plan
PPDA	Public Procurement and Disposal of Public Assets
PS/ST	Permanent Secretary/Secretary to the Treasury
QoS	Quality of Service
RAPEX	Rationalisation of Government Agencies and Public Expenditure
SAGE	Social Assistance Grants for Empowerment
SPCC	System Planning and Coordination Committee
UCDA	Uganda Coffee Development Authority
UGX	Uganda Shillings
UNAC	Uganda National Airline Company
UNACL	Uganda National Airlines Company Limited
UNBS	Uganda National Bureau of Standards
UNEB	Uganda National Examination Board
UNRA	Uganda National Road Authority
URC	Uganda Railways Corporation
URF	Uganda Road Fund
VAT	Value Added Tax

STATEMENT BY THE HON. MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

The Rt. Hon. Speaker of Parliament,
Hon. Members of Parliament

This Treasury Memorandum is presented pursuant to Article 163 of the Constitution of Uganda and section 53 of the Public Finance Management Act 2015 which require the Minister responsible for Finance to submit a Treasury Memorandum within six months from the date of Parliament's consideration of the report of the Auditor General.

Rt. Hon. Speaker, Parliament on the 18th of January 2023, adopted the report of the Public Accounts Committee on Commissions, Statutory Authorities and State Enterprises, for the financial year 2020/21, including reports of the Auditor General for entities not considered by the Committee.

Rt. Hon. Speaker, a review is underway to rationalize Commissions, Statutory Authorities and State Enterprises with the objective of improving efficiency and effectiveness of Government operations. This matter is before the Executive and at an appropriate time, it will be presented to Parliament for consideration.

Rt. Hon. Speaker, allow me extend appreciation to Parliament for considering and adopting the backlog of Auditor General's reports. The Ministry reiterates its commitment to the timely closure of the Public Financial Management accountability cycle.

Evelyn Anite
MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PRIVATISATION AND INVESTMENT), ALSO HOLDING PORTFOLIO FOR MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

STATEMENT BY THE PERMANENT SECRETARY/SECRETARY TO THE TREASURY

Section 11(2) (m) of the Public Finance Management Act, 2015 requires the Secretary to the Treasury to prepare a Treasury Memorandum on recommendations of Parliament in respect to the reports of the Auditor General.

Parliament considered the report of the Auditor General on Commissions, Statutory Authorities and State Enterprises for the financial year ended 30th June 2021, and adopted one (1) report from the Committee. The reports of the Auditor General for the remaining entities were adopted omnibus (Hansard of 18th January 2023).

Out of the 107 audit opinions issued by the Auditor General to the various Commissions, Statutory Authorities and State Enterprises, 100 were unqualified while seven (7) were qualified. There were no adverse or disclaimer audit opinions issued for the year under review.

The report of the Auditor General highlighted the following issues that were prevalent in the Commissions, Statutory Authorities and State Enterprises; lack of a strategic/business plan, non-implementation of planned activities, non-compliance with Procurement legal framework, delayed payment to Project Affected Persons, long outstanding receivables and payables. These collectively affected the performance of these entities thereby affecting service delivery.

It was noted that the financial year 2020/21 was implemented amidst Covid-19 disruptions, which adversely affected revenues and execution of work plans leading to delays in recruitment of staff, procurements, and completion of construction works, among others.

The instances of low funding observed in some entities shall continue to be addressed through the budget approval processes. Nevertheless, Accounting Officers have the responsibility for the regularity and proper use of funds appropriated to their vote, and they have been reminded of this duty in their appointment letters.

The performance of these entities can be enhanced through capacity building and digitization of the underlying management systems such as; electronic Government Procurement, Integrated Financial Management System and Human Capital Management.

Ramathan Ggoobi
PERMANENT SECRETARY/SECRETARY TO THE TREASURY

METHODOLOGY

The Constitution of the Republic of Uganda under Article 163 requires the Auditor General to submit to Parliament a report of the accounts audited each financial year. Parliament shall, within six months after the submission of the report of the Auditor General, debate and consider the report and take appropriate action.

Section 53 of the Public Finance Management Act 2015, requires the Minister responsible for Finance to submit a Treasury Memorandum to Parliament within six months from the date of Parliament's consideration of the report of the Auditor General.

Parliament considered the report of the Auditor General on Commissions, Statutory Authorities, and State Enterprise (COSASE) for the financial year ended 30th June 2021. Parliament adopted one (1) report from the Public Accounts Committee - COSASE, and the remaining reports of the Auditor General were adopted as is (Hansard of 18th January 2023).

Out of the 107 COSASE entities/reports audited, 100 obtained unqualified audit opinions, while seven (7) obtained qualified audit opinions (6.5%). There were no adverse or disclaimer audit opinions. The Uganda Communications Employees Contribution Pension Scheme was audited for the financial years ended 30th June 2020, and 30th June 2021, and two separate audit reports were issued.

The following entities/reports obtained qualified audit opinions;

i) National Enterprise Corporation (NEC) Headquarters
ii) Uganda National Roads Authority
iii) Uganda National Airlines Company Limited
iv) Uganda Railways Corporation
v) Uganda Communications Employees Contribution Pension Scheme FY 2019/20
vi) Uganda Communications Employees Contribution Pension Scheme FY 2020/21
vii) Uganda Seeds Limited FY 2019/20 – audited in FY 2020/21

Public Accounts Committee - Central Government discussed and considered the following COSASE entities' reports, and these were included in the Treasury Memorandum for Central Government;

i) Uganda Land Commission
ii) Uganda Nurses and Midwives Council
iii) Mulago National Referral Hospital

This Treasury Memorandum should have been prepared and submitted to Parliament by December 2022, as per the timelines in the Public Finance Management Act (PFMA), 2015. However, this was not possible as Parliament concluded the consideration of the report of the Auditor General in January 2023.

In order to bring the accountability cycle timelines back on track as stipulated in the PFMA 2015, an omnibus Treasury Memorandum on the report of the Auditor General on COSASE for the Financial Year ended 30th June 2021 has been prepared. This Treasury Memorandum contains actions from 57 entities.

Significant instances of non-compliance to the PFMA, financial loss, and doubtful expenditures have been dealt with by sanctioning the errant Accounting Officers.

The above notwithstanding, the investigative institutions of Government, namely; the Office of the Director of Public Prosecutions, Inspectorate of Government, and Criminal Investigations Department of Uganda Police, have been requested to review the reports to determine whether there may be a prima-facie case for their appropriate action.

This Treasury Memorandum is structured in two sections as follows;

Section A: Contains issues for six (6) COSASE entities that obtained a qualified audit opinion. Qualified audit opinion indicates that there are significant issues/misstatements that the reviewer needs to consider before making informed decisions. Responses were obtained from the

Accounting Officers on the actions taken to implement the recommendations of the Parliament.

Section B: Contains issues for 51 COSASE entities that obtained an unqualified audit opinion. While the audit issued an unqualified opinion, the report highlighted weaknesses in the respective entities. Responses were obtained from the Accounting Officers on the actions taken to implement the recommendations of the Parliament.

SECTION A: ENTITIES WITH QUALIFIED AUDIT OPINION

1.0 NEC HEADQUARTERS	
Query	**Overstated Investments by UGX 0.928Bn**
Observation It was observed that NEC Pharmaceutical's investment was reduced to UGX 1.119Bn from UGX 2.460Bn by the end of the financial year 2020/2021 because machinery and furniture valued at UGX 1.341Bn was to be disposed of. The Ministry of Works expert put the value of the machinery and furniture to be disposed of at UGX 0.414Bn implying that the value for sale was overstated by UGX 0.928Bn.	
Recommendation	
Management was advised to adjust the financial statements to reflect the correct position of the non-produced assets.	
Action status	
The assets earmarked for sale were restated at the Ministry of Works expert's valuation of UGX 0.414Bn and classified as Held for sale in the subsequent FY 2021/2022 trial balance.	
Query	**Undisclosed Depreciation Charges**
Observation In FY 2017, NEC was allocated road construction and maintenance equipment from the Ministry of Works and Transport as one way of enhancing its competitiveness in the market. The audit noted that the depreciation charge related to the road construction and maintenance equipment was not disclosed in the statement of profit and loss and other comprehensive income contrary to the existing financial reporting standards	
Recommendation	

The Accounting Officer was advised to consult with the Accountant General for the proper treatment and disclosure of the equipment and the related depreciation in NEC accounts.	
Action status	
By the time of preparing the financial statements, NEC did not have the cost figures for the equipment. However, these have since been obtained from the Ministry of Works and Transport, and the equipment has been allocated to NEC Construction Works and Engineering Ltd. The equipment is now fully disclosed, depreciated and accounted for under NEC Construction Works and Engineering Ltd.	
Query	**Long Outstanding Debtors**
Observation Debtors worth UGX 757,989,660 were reported, among which are sundry debtors and prepayments worth UGX 142,254,800 which have been outstanding for a period of more than one year.	
Recommendation	
The Accounting Officer was advised to follow up the matters before the Courts of law and have the issue concluded. In regard to NEC Health World Pharmaceutical's debt of UGX 56,000,000, the Accounting Officer is advised to follow the matter with the main Board and have the irrecoverable debt written off.	
Action status	
The efforts to serve "Steam Apparel and Magnetic Holding LTD" with court summons have been futile. The corporation applied to the court for orders of substitution service, and this has been granted. The board granted write off of the UGX 56 million owed by NEC Health word pharmaceutical as per the attached minute (min 5-13/2022 of the 14^{th} NEC board meeting held on 13^{th} July 2022	

Query	Long Outstanding Payables
Observation Payable amounting to UGX 10,010,447 relating to Wamuco Motors (UGX 6,200,899) and Ksen Tech Group (3,809,548). These had been outstanding for over ten years. The Accounting Officer was advised to seek Board approval and have the two creditors written off.	
Recommendation	
Considering that the time has been long since management took steps to clear the creditors, the Accounting Officer was advised to seek board approval and have the two creditors written off.	
Action status	
The Board approved the write-off of the two creditors as per Min 5-13/2022 of the 14th NEC Board meeting held on 13th July 2022	
Query	**Lack of Land Titles**
Observation In 2005, Iran Agro Industries was given a lease for 17 square miles of land at NEC Farm Katonga. The initial 5-year lease elapsed without fulfilment of the lease obligations by Iran Agro Industries. Whereas the lease seems to have been terminated, the land was not repossessed by NEC. There is a risk that if the land is not repossessed, NEC will lose the land.	
Recommendation	
Accounting Officer was advised to follow up with relevant offices and have the land titles secured.	

Action status	
The Corporation is still engaging the Ministry of Lands, Housing and Urban Development to have the land titles reverted to NEC.	
Query	**Lack of a Strategic Plan**
Observation It was observed that there was no Annual General Meeting held in the last five years, and the entity's draft Strategic Plan had not been reviewed by NPA to align it to the NDP III for onward approval by the Board of Directors.	
Recommendation	
Accounting Officer to urgently consult with National Planning Authority so that the strategic plan can be certified and approved.	
Action status	
The Strategic Plan was finalized and submitted to the NPA for review and validation. Feedback from NPA is awaited.	
2.0 UGANDA COMMUNICATION EMPLOYEES CONTRIBUTORY PENSION SCHEME FINANCIAL YEAR 2019/20 AND 2021/22	
As the sector regulator, the Uganda Retirement Benefits Regulation Authority (URBRA) appointed SDS and Company – Certified Public Accountants, as interim administrators of the Uganda Communication Employees Contributory Pension Scheme (UCECPS) on 21st March 2023. In their letter dated 4th May 2023, the interim administrator indicated that they are not in a position to effectively respond to the matters raised by Parliament on the report of the Auditor General for the financial year ended 30th June 2019 and 2020, respectively.	

3.0 UGANDA NATIONAL ROADS AUTHORITY	
Query	**Reallocations/Diversion of Funds**
Observation A total of UGX 124.367Bn representing 22% of the spent funds for the sampled planned outputs, was diverted from the budgeted projects to other projects contrary to the above provision. There was no evidence that the reallocations/diversions of such magnitude were authorized either by Parliament or the relevant funders. It was further noted that the Authority over-budgeted for salaries. The over-budgeted funds were diverted from the salary provisions to capital development activities. The diversion of funds led to a misreporting in the financial statements of UGX 4.689Bn.	
Recommendation	
The Accounting Officer was advised to streamline the budget process to ensure that sufficient funds are allocated to each account, and budget controls are fully adhered to, such as seeking authority for any reallocations in accordance with the regulations. Accounting Officer to endeavour to seek the necessary authority to reallocate funds Accounting Officer was also advised to ensure that the reporting in the financial statements is made in accordance with the expenditure.	
Action status	
Whereas UNRA management normally obtains approval for reallocation within the thresholds of 10% per budget line. However, the amounts required to settle the interim payment certificates were way beyond 10% threshold.	

In consultation with the Board, the decision to pay the outstanding interim certificates from other non-performing construction projects was reached to save Government from incurring interest charges arising from delayed payments. There were challenges in the recruitment of staff due to Covid-19 restrictions leading to unabsorbed funds under the salaries budget line. At the same time, the Authority was faced with outstanding interim payment certificates which were accruing interest. In consultation with the Board, the unabsorbed salary funds were utilized to settle the certificates.	
Query	**Lack of Strategic Plan**
Observation It was observed that the UNRA did not have an approved five-year Strategic Plan to facilitate the operationalization of the NDP III infrastructure sector priorities during the first year of NDP implementation.	
Recommendation	
Accounting officer to ensure that the Strategic Plan is approved by NPA and periodic evaluation of the implementation of the Strategic Plan is undertaken.	
Action status	
The Strategic Plan was approved by NPA in September 2021, and the mid-term of the NDPIII was carried out in 2022.	
Query	**Unbudgeted for Non-Tax Revenue**
Observation	

UNRA did not forecast the NTR to be collected during the year. In addition, there was no documented revenue collection plan detailing how much to be collected and revenue sources. However, UNRA collected a total of UGX 3.894Bn during the year. It was also noted that MoFPED set a target of UGX10.76Bn to be collected as NTR by UNRA during the year under review. There was no reconciliation between the Ministry of Finance, Planning and Economic and Uganda National Roads Authority on the planned revenue to be collected.	
Recommendation	
The Accounting Officer should liaise with MoFPED to ensure that realistic revenue targets are set, and the revenue collected is in line with the approved estimates.	
Action status	
Budgeting for NTR had not been activated in the Program Budgeting System (PBS) in the FY 2020/21, and therefore UNRA could not include it in her plan/budget. However, PBS was upgraded, and a provision to budget for NTR was activated. Entities started budgeting for NTR effective FY 2023/24.	
Query	**Budget Shortfall**
Observation UNRA budgeted to receive UGX 3,918.151Bn, out of which UGX 3,787.289Bn was availed, resulting in a shortfall of UGX 130.863Bn, which is 3% of the budget.	
Recommendation	
The Accounting Officer should liaise with relevant authorities and ensure that the budgeted funds are fully released to enable the implementation of planned activities.	

Action status	
The Covid-19 pandemic that led to the lockdown of the economy disrupted the revenue inflows of Government, including domestic revenues, loans and grants. This affected the funding of the Government budget for the year under review.	
Query	**Lack of Unit Cost Estimates**
Observation It was observed that UNRA did not have unit cost estimates at activity level to provide a link between inputs, processes, outputs and intermediate outcomes realized during the year.	
Recommendation	
Accounting officer to ensure that unit costing at activity level is provided to facilitate linkage of inputs to expenditure and physical achievement to establish value for money in budget execution.	
Action status	
Due to challenges in the Program Budgeting System (PBS), UNRA management provides for unit costing at activity level in a separate workbook since PBS did not provide a field to capture this. However, the Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement.	
Query	**Failure to Implement Planned Activities**
Observation The Authority failed to implement several planned activities during the year. Examples include: construction of 10 km – equivalents, along	

package 6 (Karugutu - Ntoroko and Kabwoya - Buhuka); construction of 10 km - equivalents along Rwenkunye- Apac- Lira-Acholi bur road; civil works for the construction of UNRA offices; works for construction of Kamdini Weigh station, and; construction of Wanseko Ferry landing site.
Recommendation
The Accounting Officer should ensure that all outputs are sufficiently quantified during the budgeting process to facilitate proper monitoring and evaluation. The audit also advised the Accounting Officer to initiate strategies to ensure that all the partially implemented activities are rolled over to the next financial year and subsequently implemented.
Action status
Some activities or projects were not implemented due to challenges related to land acquisition, procurement and project implementation progress. The specific reasons for key projects whose targets were not achieved are; **Construction of Ferry landing sites** The initial plan was to procure open low-capacity boats. However, further review of the specifications indicated that higher-capacity boats were preferred. The change in specifications affected the procurement. However, the contract has since been approved by Solicitor General, and contract signature is awaiting confirmation of funding. **Karugutu - Ntoroko and Kabwoya – Buhuka** There was a change in the joint venture partnership mid-way through the procurement process. This necessitated the re-initiation of the procurement, and therefore the procurement could not be concluded within the financial year. The procurement was split; the Karugutu-

Ntoroko section contract was concluded and signed, while the Kabwoya-Buhuka section was under pre-award negotiations.

Rwenkunye- Apac and Lira-Acholi bur road

At the commencement, it was observed that the swamps had unprecedented flooding levels, which required a review of the designs. The review was completed in July 2022, and works have commenced with progress at 19% and 22%, respectively.

Kamdini Weigh station

The progress was affected by the need to harmonize with the COMESA design specifications.

Query	**Delayed Payments for Project-Affected Persons**

Observation

Section 5 of the Land Acquisition Act CAP 226, 1965 requires that after publication of the declaration in respect of any land, the assessment officer shall cause a notice to be published in the Gazette and exhibited at convenient places on or near the land. A copy of the published notice is also served on the registered proprietor of the land.

The notice shall indicate the day when all persons having an interest in the land shall appear personally or by an agent before the assessment officer. It was noted that for the Hoima-Butiaba-Wanseko road project, UNRA did not submit the request to the MoLHUD to declare the land identified for the road project as land of interest.

It was also noted that no evidence that the assessors notice was published in the Gazette contrary to the Act. This could have been an oversight by management

This is likely to culminate into PAPs grievances, court battles and or escalation of entitlements.

The accounting officer explained that the request to Gazette the Hoima -Butiaba-Wanseko road was made to MoLHUD as procedurally required

in January 2020. This is about five year after the first valuation report had been approved in August 2016, yet the request to Gazette ought to have been prior to assessment of the affected persons and assets. It was observed that there were delays in payments for Project Affected Persons on two roads audited. Out of the sampled 221 PAPs for Hoima-Wanseko, 136 PAPs with properties worth UGX 6.2 billion were paid after the specified six-month period. For Kampala Jinja Express project, out of 234 PAPs sampled, 229 PAPs with properties worth UGX 70.2 billion were paid after the specified six-month period.	
Recommendation	
Accounting officer should always ensure that the assessment officer causes a notice to be published in the Gazette and exhibited at convenient places on or near any land immediately after the publication of a declaration that the land is required by the Government for public purpose.	
Action	
The legal requirement to gazette land required by Government for public purpose is well noted. However, placement in the Gazette does not freeze development, and therefore UNRA cannot legally stop utilization of the land required for the road reserve before payment. Regarding the delay in securing the gazettes from MoLHUD as exemplified in the Hoima-Butiaba-Wanseko request, this was an omission; nonetheless, UNRA is following up on the gazette.	
Query	**Delayed Progress of Physical Resettlement Under Kampala-Jinja Expressway Project**
Observation According to the Kampala-Jinja Expressway Resettlement Action Plan Implementation Progress report of May 2020 – August 2021, a total of	

219 PAPs required physical resettlement. It was noted by the time of the audit that 13 resettlement sites had been identified and these were being assessed for suitability. However, although the process of engaging a provider to support UNRA in developing housing options and building the 204 agreed resettlement houses was initially scheduled to be completed by December 2020, no contractor had been procured for this purpose by the time of the audit in September 2021, implying a delay of over 9 months.	
Recommendation	
The Accounting Officer was advised to expedite the process of engaging a provider to build the resettlement houses in order to ensure that the vulnerable PAPS vacate the project area to allow for timely commencement of works on the Kampala-Jinja Expressway Project.	
Action	
UNRA planned to have the resettlement done at once to optimize resources; however, the vast majority of vulnerable PAPs qualifying for physical resettlement were settled on public land such as Kasokoso and the surrounding areas and were therefore, illegal settlers under Uganda legislation. Following guidance from the Solicitor General on how to handle the illegal settlers in light of International Finance Corporation (IFC) requirements, an addendum to the existing methodology has been prepared to guide the process of physical resettlement. The methodology was awaiting clearance from Cabinet and approval of the Chief Government Valuer's Office. Cabinet approved the methodology on 23rd Jan 2023 UNRA is currently engaging the Chief Government Valuer to implement the physical resettlement plan.	
Query	**Delayed Demarcation and Transfer of Titles**

Observation Significant delays in subdivision, demarcation and transfer of titles for fully acquired plots were observed on the Kampala-Jinja Expressway and Hoima-Wanseko Road projects.	
Recommendation	
The Accounting Officer was advised to engage the Ministry of Lands, Housing and Urban Development on the required taxes or duties for transfer of the titles to UNRA and to make the necessary budget provisions in order to secure legal ownership of the land acquired for various project	
Action	
Management wrote and obtained a waiver of stamp duty from PS/ST in December 2021 which was confirmed by URA in January 2022. Titles ready for transfer were submitted to the various Land offices for assessment in order to obtain clearance from URA for subsequent transfer of title.	
Query	**Outstanding Payables**
Observation The Authority had an outstanding balance of UGX 215.059Bn in terms of payables at the year-end. This figure increased by UGX 73.885Bn (52.3%) from the previous year's amount of UGX 141.173Bn. It was observed that the bulk of this amount is comprised of unpaid certificates to contractors, which yield interest due to delayed payments.	
Recommendation	
The interventions to be put in place by management to accelerate the recovery of advances as a means of ensuring that UNRA rationalizes the resources available are awaited.	

The advances to contractors should be minimised to ensure that certificates due for payment are settled to avoid loss of public funds in payment for interest and penalties.	
Action	
Advances made to contractors is an international best practice provided for under the International Federation of Consulting Engineers (FIDIC). It is also provided for under the PPDA law this advance payment is secured by a guarantee and is recovered as provided for in the contract. In order to accelerate the recovery of advances, UNRA has set out a ceiling of not more than 15% advance on the contract price, which is recovered from the first IPC/Invoice.	
Query	**Loss of Funds in Interest on Delayed Payments of Contractors**
Observation The Authority made payments amounting to UGX 17.078Bn as a result of penalties for the court cases and interest on delayed payments of advances and IPCs invoices from various projects. This is a loss to Government.	
Recommendation	
The Accounting Officer was advised to improve the Authority's cash flow by rationalizing available resources, especially the reduction of advance payments, to settle outstanding claims. The Accounting Officer was also advised to improve the Authority's budget process in liaison with the relevant authorities, such as Parliament and MoFPED, for adequate financial resource allocation.	
Action	

In order to address cash flow shortages UNRA has set out a ceiling of not more than 15% advance on the contract price, which is recovered from the first Interim Payment Certificate/Invoice During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The budget allocation to the entity will be addressed through the Government appropriation processes.	
Query	**Delayed Valuation of Infrastructure Assets**
Observation The value of the Authority's infrastructure assets at the end of the financial year was disclosed as UGX10,417Bn. However, contrary to the policy requirement to revalue the assets every three years, the audit was not availed with any valuation report for the infrastructure assets to confirm that the assets had ever been valued.	
Recommendation	
The Accounting Officer should always endeavour to revalue infrastructure assets in accordance with the policy. In the alternative, the Accounting Officer may consider revision of the requirement in the current UNRA circumstances.	
Action	
The policy for the revaluation of infrastructure assets is under review, and the asset value shall be captured under Asset value shall be capture under Asset Management Framework.	
Query	**Delay in Completing Project Contracts**
Observation	

35 road projects with a total contract value of USD 398,427,063.99 and UGX 149.740Bn that were to be completed during the year were still ongoing by the close of the year	
Recommendation	
Accounting Officer was advised to take action to strengthen the timelines of delivery of projects.	
Action	
UNRA includes in all the Contracts Clauses that enable charging of liquidated damages from contractors that do not complete projects within the stipulated timelines. UNRA has also developed tools to strengthen contract management. These tools/controls include; Performance monitoring tools for all contractors, accountability for advance paid to contractors, and acquisition of Right of Way (ROW) prior to contract signature, such as; on Atiak-Laropi road Project.	
Query	**Failure to Return Residual Land Titles**
Observation Three civil cases with claims totalling to UGX6.991Bn were brought against UNRA due to its failure to return residue land titles to the registered proprietors. The engagement that UNRA is making with other MDAs facing similar challenges in respect of titling is commended. However, the outcome of these engagements is awaited.	
Recommendation	
The Accounting Officer should ensure the Authority adheres to the requirement of the Land Acquisition and Resettlement Policy in order to protect Government from avoidable financial loss due to litigation.	

Action
CIVIL SUIT NO 861 OF 2020 WU KUN VERSUS UNRA The authority has possession of the title. Since this is a lease title, the plaintiff was requested to obtain the landlord's consent to enable UNRA process the mutation off title for the road. The consent of landlord has since been secured and UNRA has since commenced on the process of subdivision of lease titles. **CIVIL SUIT NO.299 OF 2020 DR. KASOZI CHARLES MUSISI VERSUS UNRA & ATTORNEY GENERAL** A further review showed that the title was handed over by the Project Affected Persons to the land acquisition consultant - Consultant Surveyors and Planners. The subdivision was not completed by the consultant, and they did not hand over the same to the Authority until 6th May 2022, despite numerous demands by UNRA. UNRA will proceed and complete the subdivision. **CIVIL SUIT NO.330 OF 2021 BENJAMIN BUGIGO AND BUGINGO JACK VERSUS UNRA, NEW PLAN LTD & THE REGISTRANT OF TITLES** The title was handed over to M/S New Plan, as the UNRA land acquisition consultant, who in turn submitted to the register of titles Ministry of Lands Housing and Urban Development for subdivision. A process for a special certificate of title was initiated.

4.0 UGANDA NATIONAL AIRLINES COMPANY LTD

Query	Failure to disclose end-of-year stock
Observation UGX 8.716Bn was disclosed as the value of the inventories in the statement of financial position. However, there was no evidence that	

management carried out end-of-year stock-taking to get actual values of inventories. A review of stores and discussions with the management revealed that there were no stores ledgers for engineering stores. Although the general stores had manual ledgers, the ledgers were not capturing Goods Received Note reference numbers (GRN) against the receipts in the ledgers as a reference of the goods received. This implies limited audit trail of items received in stores and issued out. Without end-of-year stocktaking figures and proper records of stores, the audit was unable to confirm whether UGX 8.716Bn was a correct closing inventory value.	
Recommendation	
Accounting Officer should always carry out end-of-year stocktaking to ascertain the closing items and their values. The Accounting Officer was also advised to maintain stock ledgers to capture movement of inventory items in the stores.	
Action status	
Management has reviewed its stores management systems and in place systems to keep stock records of General store items, spare and their values. These records are now updated on a continuous basis when items and spares are received and issued out. In the subsequent year, end of year stock take exercise was carried out on 30th June 2022 for Engineering and General stores.	
Query	**Lack of Strategic Plan**
It was noted that the entity did not have a Strategic/Business Plan.	
Recommendations	

Management was advised to fast track the preparation of the Strategic/Business Plan to facilitate the preparation of annual business plans and the achievement of its objectives.	
Action status	
Uganda airlines developed a three-year Strategic Plan for the period FY2022/23 to FY2024/25. This plan was approved by all the stakeholders and tabled before the shareholders in the third Annual General Meeting that was held on 6th April 2023.	
Query	**Shortfall in budget performance**
Observation UNACL budgeted to collect revenue of UGX 304.6Bn during the year under review. Out of this, only UGX 48.6Bn was collected, representing a performance of 16% of the target. The Accounting Officer explained that there is an on-going process of revenue maximization. **Performance of GoU receipts** The UNACL budgeted to receive UGX 581.143 Bn out of which UGX 558.319 Bn was availed, resulting in a shortfall of UGX 22.8 Bn, which is 3.9% of the budget. Revenue shortfalls affect the implementation of planned activities. The Accounting Officer explained that the company acknowledges the findings and calls upon the MoFPED to release the funds require for its operations	
Recommendations	
Accounting Officer was advised to develop business and revenue collection strategies to enable full realization of the budget.	

Further, follow up should be made with MoFPED for the unreleased funds.	
Action status	
UNACL's new strategy to improve the entity's revenue performance are; i) Full self-handling services at Entebbe Airport following the issuance of a concessionary agreement with Uganda Civil Aviation Authority ii) Opening of more new routes such as; Guangzhou, Mumbai, Jeddah, and Riyadh which are scheduled to be operationalized by the end of 2023	
Query	**Failure to Implement Planned Activities**
Observation The Company did not implement some of its planned activities during the year. Examples include: Procurement of spare parts for the Airbus fleet; supporting 32 pilots for A330-800 neo-type training, and; supporting 60 pilots in simulator training. The Accounting Officer explained that implementation of majority of the above activities was affected by the covid-19 pandemic and the international lockdown during quarter two and three of the financial year. In addition, budget cuts by MoFPED affected the planned implementation of activities.	
Recommendation	
Accounting Officer was advised to consider rolling over unimplemented strategies to the subsequent year for implementation.	
Action status	
The implementation of majority of the activities were affected by the covid-19 pandemic and the international lockdown. With the opening of the aerospace, the unimplemented activities, including; Procurement of	

spare parts for the Airbus fleet; supporting pilots for A330-800 neo-type training, and; supporting pilots in simulator training were undertaken.	
Query	**Long Outstanding Payables**
Observation The company had payables totalling UGX 47.032Bn. All the outstanding invoices were payable to UCAA. Out of the amount, payables totalling UGX 16.065Bn had been due for more than 6 months. Under the circumstances, the company may incur unnecessary legal costs if the creditor opted for legal redress. The Accounting Officer explained that the Airline is waiting for specific arrears disbursements from the Ministry of Finance so as to pay these outstanding passenger taxes to UCAA. At the point of setting up the Airlines, Government committed to help the Airline settle these UCAA bills. The Accounting Officer also indicated that by the time of the audit, these invoices had been submitted to MoWT for inclusion in the schedule of arrears for onward submission to Ministry of Finance, Planning and Economic Development.	
Recommendation	
Accounting officer was advised to follow up with the MoFPED for settlement of payables in its next budget and business plan.	
Action status	
The long outstanding payables due to UCAA were verified and presented to the Ministry of Works for consolidation and onward submission to the Ministry of Finance. The funds for these are yet to be released to facilitate their settlement However, effective FY 2021/22, UNACL pays UCAA charges on a monthly basis.	

Query	Doubtful value of Property Plant and Equipment –UGX 1,127,484,315

Observation

UGX 1.127Bn was the value of Property Plant and Equipment in the statement of financial position and the corresponding note (Note 12) as at the close of the financial year. However, it was noted that assets were not engraved with numbers for ease of identification. It was also noted that the assets could not be traced in the assets' register due to lack of identification numbers.

Further, in note 12 to the financial statements, property, plant and equipment were categorized into eight categories. To the contrary, a review of the assets registers revealed that the non–current assets in the Excel sheet assets register were not captured in the same assets' categories as per note 12 to the financial statements. It was also noted that the Excel sheet (Assets register) capturing assets did not have a column to describe the individual assets.

Due to the failure to engrave the individual assets with identification numbers for audit trail in the assets register, the audit was unable to confirm whether all the assets were captured in the assets register and appropriately used in computing the values of property, plant and equipment.

The Accounting Officer explained that a supplier has been engaged and Bar codes sequencing shared with the supplier and printing of the tags is ongoing. The Accounting Officer also explained that at the time of audit, updating of the assets register was work in progress.

Recommendation

Accounting Officer has been advised to ensure that the assets are appropriately engraved and the assets register updated.

Action status

UGX 1.107Bn out of UGX 1.127Bn referred to above relates to aircrafts - 4 CRJ 900 Bombardier with tail numbers 5X-KDP and 5X-KOB; and the 2 Airbus aircrafts A330-800NEO with tail numbers 5X-NIL and 5X-CRN. The asset tagging exercise commenced in February 2022 and all UNACL assets across the region have been tagged and reconciled with the assets register.	
Query	**Accumulation of losses**
Observation The audit was carried out on financial analysis of UNACL financial performance and observed that the Company had made losses for the year 2019/2020 and 2020/2021 amounting to UGX102.442Bn and UGX164.573Bn, respectively. On review of the operating margin, it was observed that the costs before considering interest and taxes exceeded company revenues for the two years. The audit also observed that due to the losses incurred, the Company generated a negative Return on Assets of 12% for the year 2019/2020 and 13% for the year 2020/2021. The Company's revenue is still far below its assets.	
Recommendation	
Accounting Officer was advised devise strategies to improve revenue generating potential of the Company, while putting in place cost cutting mechanisms. Accounting Officer was also advised to engage Government on further financing to be able to cover the current operating costs.	
Action status	
Management has developed a plan for reduction of operational costs through self-handling services and the operationalization of an Approved Maintenance Organization (AMO), and employee rationalization. This will lead to cost reduction and reduction of operating loss incurred by the	

business. It's envisaged that these initiatives will improve the entity's return on assets	
Query	**Failure to Follow the Procurement Process**
UACL implemented twenty-five (25) procurements outside the approved procurement plan for the FY 2020/2021. The procurements were made in different currencies amounting to (for each currency); Euro 1150,854.06, Kenya Shillings 61,879.2, USD 65,441.36, Tanzania Shillings 7,752,600 and UGX 346,738,939. Execution of procurements outside the approved procurement plan leads to diversion of funds and affects realization of the approved procurement plan targets hence affecting service delivery provision to the intended beneficiaries. The Accounting Officer explained that since UNACL had just started operations, a number of critical activities came up during execution that had not been included in the procurement plan. Additionally, the aviation industry has a strict regulatory regime where new vital criteria are introduced that sector players have to comply with in order to remain compliant in the industry. The Accounting Officer further explained that the company acknowledges that there was an oversight in updating the procurement plan in accordance with Section 58 (5)(7) of the PPDA Act, which was occasioned by the suspension of key staff in the PDU and the remaining staff concentrated on completing the on-going procurements to avert crises that would arise from delayed completion of such procurements.	
Recommendations	
The Accounting Officer should always endeavour to follow the procurement plan when carrying out procurements.	
Action status	

UNACL had just started operations, a number of critical activities came up during execution that had not been included in the procurement plan. Additionally, the aviation industry has a strict regulatory regime where new vital criteria are introduced that sector players have to comply with in order to remain compliant in the industry.	
Query	**Failure to seek approval of Contracts Committee**
Regulation 12(2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and non-consultancy services) Regulations, 2014 requires that the Procurement and Disposal Unit (PDU) shall make a submission to the Contracts Committee in respect of procurement under the direct procurement method. However, it was noted that a Purchase Order no. 0021 dated 14th December 2020 was made to Collins Aerospace for the supply of inflight equipment at a price of USD 25,694.46 (VAT Exclusive) without the approval of the Contracts Committee. Failure to obtain Contract Committee approval negatively affects the transparency of the procurement process and could result in the procurement of items in a manner that is uneconomical.	
Recommendation	
Accounting Officer was advised to ensure that all procurements are approved by the Contracts Committee prior to execution or contract signing.	
Action	
This was treated as an emergency procurement as it was difficult to get quorum for contracts committee, and the airline had timelines for delivery of the Airbus A330s	

Staff training by PPDA has since been conducted for both contract committee and evaluation committee members to equip stuff with knowledge and skills on better procurement practices	
Query	**Failure to Cancel the Evaluation Process**
Two companies submitted bids for specialized motorized equipment used in ground handling of aircraft. The companies failed the preliminary stage (compliance); however, the Evaluation Committee did not cancel the evaluation process. The contract manager was not appointed, and the delivery was not witnessed.	
Recommendation	
i) Ensure that Evaluation Committees follow pre-set evaluation criteria during bid evaluation. ii) Appoint contract managers to manage the contracts. iii) Follow up for the ground handling license to enable the equipment to be put to use.	
Action	
The capacity of staff has been built through training by PPDA for both contract committee and evaluation committee members to equip them with knowledge and skills on better procurement practices Contract managers are now appointed for each procurement in accordance with the PPDA law and regulation.	
Query	**Lack of Tenancy Agreement**
USD 8,620.7 vide payment voucher No PV07/21/072 was paid to DAS Air as rent for the month of April 2021. A review of invoices revealed that DAS Air had billed Uganda Airlines a total of USD 43,103.5 for unpaid ground rent. However, Uganda Airlines had not made any tenancy agreement with DAS Air, and there was no handover report from Uganda Airlines to DAS Air.	

Recommendation	
Accounting Officer to expedite the drafting and signing of the ground handling tenancy agreement.	
Action	
The Ground Handling equipment was eventually moved to the stores shed in November 2021 that Uganda Airlines had constructed for this purpose. Management is expediting the finalization of the rent agreement with DAS for the period the equipment was in DAS Custody so that payment for the store charges is made.	
Query	**Failure to follow the Procurement Procedures**
Observation UGX 103,532,800 (USD 28,000) was paid to the supplier vide payment voucher No. PV09/20/025 dated 4/9/2020. The vehicle was purchased through direct procurement without proper justification.	
Recommendation	
Accounting Officer should ensure adherence to PPDA requirements in the procurement process.	
Action	
The procurement officers involved in the anomaly had their contracts terminated in February 2022.	
Query	**Lack of Evidence on Delivered Items**
Observation Uganda National Airlines Limited entered into a contract agreement with M/s Ninesun Manufacturing Limited for supply of inflight service equipment for Airbus at a contract amount of USD 319,226.86. The	

items were said to have been delivered to DAS Air. The audit was not provided with evidence that the items were actually delivered, witnessed for quality and quantity and handed over to DAS Air stores.	
Recommendation	
The Accounting Officer should enter into a formal understanding on the terms and conditions of storage by DAS Air and also provide evidence that the items were actually supplied as per the terms of contract agreement.	
Action	
Management takes note of the lapse in document tracking and now ensures proper filing of all documentation relating to procurements; payments are only effected when all supporting documents have been attached including invoices, delivery notes, and goods received notes.	
Query	**Failure to seek approval of NITA-U on procurements**
UNACL concluded the procurement of a contractor for the provision of an Enterprise Resource Planning (ERP) software solution at a contract sum of USD 1,066,910 (VAT Exclusive) as well as the provision of an integrated Passenger Service System at a contract sum of USD 1,234,441 (VAT Exclusive). The procurements were conducted and finalized without seeking the necessary approvals from NITA-U.	
Recommendation	
Accounting Officer to ensure the NITA-U approval is sought for ongoing and future procurements of IT software and hardware	
Action	
Management is seeking approvals from NITA-U for subsequent IT purchases.	

Query	Lack of evidence on the supply contracts
The company issued a purchase order on 27/01/2021 to M/s Stelia Aerospace for the supply of critical spare parts for business class seats for A330-800 NEO at a price of USD 146,230.72. The audit was, however, not provided with the contract for the supply.	
Recommendation	
Accounting Officer should conduct procurement in line with PPDA regulations.	
Action	
The purchase of seats was already predetermined at the contract signing between UNACL and Airbus, whereby M/S Stelia was the supplier recommended by the manufacturer.	

Query	Failure to Follow Procurement Procedures
Observation From the 20 procurements sampled, the audit noted that there were neither Accounting Officer's appointments of contract managers nor contract management files. The procurements were made in different currencies amounting to (for each currency); Euro 212,050.67, Kenya Shillings 12,253,905.74, USD 109,803,962.54 and UGX 347,242,879	
Recommendation	
The Accounting Officer was advised to always appoint contract managers or contract management teams for proper execution of contract responsibilities of both the company and service providers	
Action	

The Accounting Officer now formally appoints contract managers for all procurements with clear terms of reference as per Regulation 53 of the Public Procurement and Disposal of Public Assets Regulations, 2014.

Query	**Lack of a Staff Structure**
Observation The Company did not have a Board approved staff structure and establishment to assess staff recruitment needs and staffing status and did not have approved staff salary grades. This affected proper planning and budgeting for staff costs. As a consequence, the Company incurred excess expenditure of UGX 4,919,238,464 (USD 1,333,008) on salaries and staff expenses.	
Recommendation	
Accounting Officer was advised to develop the staff establishment for Board approval to aid proper employee cost planning and budgeting.	
Action	
Management has developed departmental structures, established staff recruitment needs and staff gaps for financial year 2021/22 The salary grades have been developed in conjunction with the Ministry of Works and Transport, and these were tabled for Approval by the Board in February 2023 and approved.	

Query	**Delayed Conclusion of Staff on Suspension**
Observation There has been delayed conclusion of suspension cases. On the 21st of April 2021, some HoDs were suspended for a period of 3 months (effective 29th April, 2021) to enable the appointed committee to investigate and report on stated allegations.	

A review of the staff files revealed that there were no committee resolutions on the cases, and as a result, Management extended the suspension on 20th August 2021 for another three (3) months. Since the affected staff remained on the same terms of contract, the officers appointed to act in their positions receive extra pay implying double payment for the same position. As a consequence, the company has lost a total of UGX 2,319,017,267 in seven months (May to November 2021).
Recommendation
Accounting Officer should expedite the process of investigation and communicate the conclusions to the affected staff.
Action
In February 2022, the process was concluded, and decisions were communicated to the various staff concerned. The decisions included the termination of some of the contracts while other staff were reinstated.

5.0 UGANDA RAILWAYS CORPORATION

Query	**Overstatement of Non-Current Assets**
The Corporation had Non-current assets worth UGX 3,525,540,249,000 as at 30th June 2021. However, this figure included a total of UGX 6,012,000,000 in respect of Kabalega ferry (UGX 5,760,000,000) and Barbus ferry (UGX 252,000,000) which sunk under water twenty-five years and sixteen years respectively. Since the ferries have been out of use underwater for a long time without retrieval and cannot be disposed while underwater, it cannot be determined whether they still hold the value indicated in the Corporation books. The Accounting Officer explained that the amounts were based on valuation by an independent valuer in 2017-2018. Although the ships sunk and were submerged, they were considered to still have value because they are made of steel.	

The Accounting Officer further explained that they have received offers from the public to retrieve the vessels at their own cost, and the process to be used is being reviewed in consultation with the Ministry of Works and Transport.	
Recommendations	
The audit advised that the ferries should be removed from the statement of financial position until they are retrieved because no future economic benefit is currently expected from them in the foreseeable future. The audit also advised that in the alternative, URC should engage expert Valuer's in the marine field to provide professional reports that can be relied upon as basis for the values.	
Action status	
These assets values have been reduced to a token value of UGX 1,000 in register during the year 2021/22. As URC awaits the offer from the public to retrieve the vessels at their own cost.	
Query	**Unsupported GoU Equipment Loans**
Observation The Corporation had GoU equipment loans amounting to UGX 22,067,482,000 at the beginning and end of the year under review. Out of this loan amount, loans totalling UGX 16,511,595,000 (other than the Spanish Government loan) were not supported and did not show any movement over the last four (4) years. In the previous audit report, it was indicated that out of this loan amount, loans totalling UGX 16,511,595,000 (other than the Spanish Government loan) were not supported and did not show any movement over the last four (4) years. The loans still remained un-supported and the audit was again unable to establish whether the outstanding amounts were fairly stated in the financial statements. The Accounting Officer explained that the equipment was sourced and bought by GOU and given to URC for which subsequent on-lending agreements were not availed apart from the Spanish Loan. In addition, GOU paid off the foreign donors and URC has not received any demand	

notes over the years. Although URC continued to request for supporting documents from MoFPED, they were not availed. URC indicated that follow up was on with the Accountant General to convert the loans into Equity.	
Recommendations	
Accounting Officer was advised to obtain a written confirmation from the Ministry of Finance and Accountant General regarding the settlement of the loans and subsequently initiate write off from URC books of accounts.	
Action status	
URC will continue to engage the Accountant General for a no objection to convert these loans into equity.	
Query	**Unsupported Interest Payable**
Observation Interest arising from loans that was yet to be cleared by URC amounted to UGX 9,511,880,000. However, this balance has been outstanding over several years without any movement. The status quo still remained the same by the close of the year under review. This interest payable was not supported by any original documentation. The Accounting Officer explained that this relates to interest accumulated on Equipment Loans stated in paragraph 2.0 above. URC indicated that follow up with the Accountant General to convert the liability into Equity	
Recommendations	
Accounting Officer to indicate to the Ministry of Finance and the Accountant General the importance of the decision to have the loans appropriately recognized in URC books of accounts.	
Action status	
URC will continue to engage the Accountant General for a no objection to convert these loans together with the outstanding interest into equity.	
Query	**Increase in Trade Payables and other Payables**

Observation Trade and Other Payables increased from UGX 17,937,602,000 at the beginning of the year to UGX 21,513,931,000 at the close of the year. Out of the amount, trade and other payables worth UGX 9,753,781,407 lacked supporting documents such as LPOs, contracts, inward invoices, claims and demand notes. In the previous audit report, it was reported that trade and other payables worth UGX 9,753,781,407 lacked supporting documents such as LPOs, contracts, inward invoices, claims and demand notes. In the absence of supporting documentation, the genuineness of the payables could not be confirmed. The Accounting Officer explained that they had requested for Board approval for writing off the UGX 9,753,781,407. However, the audit noted that the status quo remained the same by the close of the year under review.	
Recommendations	
Accounting Officer to fast track the Board approval to ensure that the un-supported liabilities are removed from the financial statements.	
Action status	
Management in February 2022, obtained Board approval to write off unsupported amounts for periods prior to 2006. The adjustments in payables was effected in the year 2021/22	
Query	**Trade and Other Receivables**
The Corporation had Trade and Other Receivables of UGX 75, 637,890,000 as at 30th June 2021. The figure includes UGX 69, 516,000,000 due from Government in respect of the Nsambya land. This amount has remained unpaid to URC for too long despite Government having disposed of the land to the public long ago implying that the Corporation may never be compensated for its land. In the previous audit report, the audit reported that trade and other receivables worth UGX 11,217,376,390 lacked supporting documents such as tenancy agreements, concession agreements and invoices. In the	

absence of supporting documentation, the existence of the receivables could not be confirmed and their eventual collection seemed remote. The Accounting Officer explained that the Board Paper for write off of the receivables had been prepared. The Accounting Officer further explained that part of the receivables, relate to hire of the dry dock and would be reclassified as a Contingent Asset as Management was not certain that it would be recovered. The Accounting Officer also explained that part of the receivables was a pre-concession trade receivable which related to unpaid VAT on concession fees under arbitration. Whereas the Accounting Officer explained that they had requested for Board approval for writing off the UGX 11,217,376,390, the audit that the status quo remained the same by the close of the year under review.	
Recommendations	
Accounting Officer to fast track the Board approval to ensure that the un-supported receivables are removed from the financial statements.	
Action status	
URC has continuously engaged the Ministry of Finance to pay this outstanding debt of 69.5Bn. The Accountant General requested for a valuation report. The Chief Government Valuer is to provide a valuation report to the Accountant General to enable processing of the compensation. Management in February 2022 obtained Board approval to write off unsupported amounts for periods prior to 2006. This was done in the year 2021/22	
Query	**Revenue Performance**
The URC budgeted to realize UGX 120.49 Bn out of which UGX 54.6 Bn was realized, resulting in a shortfall of UGX 65.89Bn, which is 54.69% of the budget. Revenue shortfalls affect the implementation of planned activities.	

The Accounting Officer explained that the performance results during the period were severely impacted by the Covid-19 situation that affected transit cargo operations.
Recommendations
Accounting Officer should devise business strategies for implementation when the lockdown eases, to enhance operational revenues.
Action status
Business strategies so far under taken to enhance operational revenue include; i. Emergency repairs of the mainline which commenced in February 2022 and works were completed on 26th February 2023. ii. The purchase of used locomotives has improved capacity. iii. A three-year capacity building programme for Human Resource commenced in February 2022 iv. Various capital projects approved by Government are to be implemented over the next four (4) years to revamp URA v. A land use master plan to boost income from property is being developed vi. Freight customers such as; Roofings, GBHL, Stabex and hared petroleum have been engaged for additional freight volumes for both the Northern and southern corridors vii. There has been an engagement with Tanzania Railways Corporation, marine services- Tanzania revenue authority and Tanzania ports authority into an understanding towards having a seamless flow of goods on the southern corridor for attraction of more cargo and efficient use of assets viii. An exercise for valuation of rentable properties by the chief Government Valuer or any other professional Valuer commenced soon and it is aimed at having the corporation properties rented at fair market rates ix. A call of expression of interest was made in the following potential revenue generating areas-advertising URC land and wagons, utility corridor usage and space on the existing mast in Lugazi, Mityana and Kamwenge x. Peta Stone quarry has been recovered from encroachers to serve on going railway projects and railway line maintenance extraction of stone ballast at a relatively cheaper cost compared with outright purchased ballast.

Query	Failure to Implement Planned Activities
Observation The Corporation did not implement some of its planned activities during the year. Examples include: Sleeper reconditioning; Kampala Station not fencing; Tororo Station Roof Repairs and; Rehabilitation of Steel Mill Jinja siding.	
Recommendations	
Accounting Officer should fast track his promise of engaging GoU for sufficient funding so that URC delivers its mandate to enable the public to fully benefit from the projects/programs by Government.	
Action status	
A request for UGX40 billion per year has been submitted to Government to facilitate URC operational activities for three (3) years until the rehabilitation of the railway track is completed. The funding to URC will be reviewed under the Government appropriation processes.	
Query	**Accumulated Losses**
Observation The Corporation made losses for the past two years; UGX 37,783,152,000 (2020/2021) and UGX 66,151,318,000 (2019/2020). The Corporation's losses and the ratios computed are an indication that Uganda Railways Corporation is not performing well in terms of profitability and ability to sustain provision of services without further Government intervention for funding and Management strategies to improve revenue generation. The Corporation's losses and the ratios computed are an indication that Uganda Railways Corporation is not performing well in terms of profitability and ability to sustain provision of services without further Government intervention for funding and Management strategies to improve revenue generation.	

The Accounting Officer explained that the performance results during the period were severely impacted by the COVID-19 situation that affected transit cargo operations.	
Recommendations	
Accounting officer should ensure that strategies are devised even during COVID-19 challenges to improve the revenue generating potential of the Corporation, while putting in place cost cutting mechanisms. The Accounting Officer was also advised to engage Government on further financing to be able to cover the current operating costs.	
Action status	
The recent capital injection by Government will lead to improved infrastructure and equipment which will in turn result into a higher customer base leading to improved revenue hence improved performance.	
Query	**Failure to Impair Assets**
Management did not assess impairment of assets despite existence of impairment indicators. For instance, rental properties were being charged below market value. Non-recognition of impairment loss overstates non–current assets and understates expenditure. The Accounting Officer then explained that this exercise had been started and a Board of Survey was also set up during the year 2019/2020. He further explained that this exercise progressed slowly because of the pandemic and would be completed in the year 2020/21. However, the follow up of this matter indicated that the exercise was still incomplete and now Management plans to carry out the exercise in 2022/2023. The Non-current assets may therefore not have been disclosed at realistic values.	
Recommendations	

Accounting Officer to ensure that the exercise is carried out as soon as possible so that non-current assets are presented at the correct carrying values.	
Action status	
The impairment assessment exercise commenced with a Board of Survey carried out in March 2022. This is to be followed by an assessment of value and operational status of the assets to operate as revenue generating units. An update of the corporation assets carrying values will be assigned to reflect the assets new values before the end of the current financial year.	
Query	**Lack of Land Titles**
Uganda Railways Corporation land worth UGX 91,832,636,500 lacked land titles as evidence of URC's rights to own and use the property. Management's efforts to secure the land titles appear remote. Lack of 208 land titles has led to heavy encroachment and grabbing of the Corporation's land. The Accounting Officer explained that Management was pursuing the titling of land in various locations. Regarding Nalukolongo Workshop land worth UGX 75,113,745,000. The Accounting Officer further explained that Management sought the intervention and assistance of the Solicitor General's office to help them acquire title to the land on which the workshop and its ancillary developments are situated. The Accounting Officer also explained that measures to stop further encroachment were in place	
Recommendations	
Accounting Officer should continue following up on the interventions and have all the titles processed for URC land.	
Action status	
Intervention to have all the titles processed for URC land is on-going	
Query	**Failure to Follow Procurement Regulations**

Observation URC procured four (4) used locomotives at UGX 41,323,768,935. The audit noted that the bidder did not comply with some requirements within the bid document which were supposed to be the basis of evaluation. Despite the non-compliance at the preliminary stage, the bid was evaluated at the Technical stage without following procurement regulations.	
Recommendations	
Accounting Officer should always ensure that Evaluation Committees check for bid responsiveness to the criteria set in the bid documents and recommend only fully responsive bids for award of contracts.	
Action status	
The evaluation committee determined that the bid for locomotives was substantially responsive as guided in the Solicitation Documents	
Query	**Concession Agreement for Pamba Ferry**
Observation Government signed an agreement with Mango Tree (U) Ltd for the rehabilitation and upgrade of the Pamba ferry. However, the vessel was still grounded after a year of signing the agreement.	
Recommendations	
Accounting Officer to follow up with the firm to ascertain the likelihood of implementation of the MoU.	
Action status	
The Attorney General has advised that Ministry of Works and Transport (MoWT) should procure the services of M/s Mango Tree directly through a direct procurement as per letter received on 13th April 2023.	
Query	**Subdivision and Transfer of Land in Lira**
Observation An officer of URC irregularly signed to transfer land measuring 4.452	

hectares in Lira (under FRV 220 Folio 13). The land was subdivided into plots 41-63, 52-62, 42-50 and the titles were being processed.	
Recommendations	
Accounting Officer should put a caveat on the land as soon as possible to stop the subdivision.	
Action status	
The process of putting caveats on URC land has commenced.	
Query	**Sale of URC Land by Jinja Municipal Council**
Jinja Municipal took part of URC land in Jinja (6.3 acres) and gave it out to 58 developers, without consultation with the Corporation.	
Recommendations	
The Accounting Officer should follow up the matter to conclusion	
Action status	
Management is acting on this matter through court procedures.	
6.0 UGANDA SEEDS LIMITED 2019/20	
Query	**Unaccounted for Receivables**
Observation A receivable of UGX 1.147Bn (17% of the total assets) could not be supported as there was no evidence to confirm the accuracy, existence and completeness of the reported balance.	
Action status	

It is true that USL accounts reflect receivables amounting to UGX 1.147Bn. This amount is in respect of Lease and Concession fees received from the concessionaires of USL assets by the Privatization Unit.

This amount is a divestiture proceed but was erroneously recorded as a receivable by USL. The financial statements have been adjusted accordingly.

Query	**Inadequate Disclosure of Capital and Revaluation Reserves**

Observation

Management of USL did not make adequate disclosures regarding what is included in the capital and revaluation reserves

Action status

Following incorporation of USL into a limited liability company from a seeds project under the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), financial statements were prepared and provided disclosures on capital and revaluation reserves.

We shall extract details and ensure more detailed disclosures in the financial statement.

Query	**Unsupported amounts**

Observation

UGX 11,205,053 relating to the expenses for the year ended 30th June 2020 was unsupported.

Action status

The only expenses for USL for the FY 2020 are caretaker manager salaries of UGX 30,000,000 including PAYE, a depreciation charge for the year of UGX 66,663,407 and audit fees of UGX 2,950,000

Query	**Disclosure of disposed assets**

Observation

The audit noted that a disposed of a motor vehicle was still maintained in the financial statements and asset register for the period.

Action status	
There financial statements and asset register have been adjusted accordingly to derecognise the disposed of motor vehicle.	
Query	**Restatement of previous period material misstatements**
Observation Financial statements have been restated to correct the misstatements made in the previous period.	
Action status	
In the previously issued financial statements, farm machinery, motor vehicles, equipment, and furniture should have been fully depreciated which was not the case. In the financial year 2019/20, this error was corrected	

SECTION B: ENTITIES WITH UNQUALIFIED AUDIT OPINION

7.0 UGANDA NATIONAL EXAMINATIONS BOARD

Query	**Revenue Performance**

Observation

Out of the budgeted NTR of UGX 56.7Bn for the financial year 2020/2021, UGX 55.5 Bn was collected representing a performance of 97.9% of the target.

Performance of GoU receipts

There was no shortfall on GOU receipts during the year

The audit noted that although the Accounting Officer was invited by MoFPED to discuss the entity's NTR projections in a letter Ref: TPD 167/293/03 TC dated September 1st 2020 there was no evidence that the Accounting Officer responded/honoured the invitation. Non-collection of NTR collections at vote level result in aggregate NTR/revenue shortfalls at the treasury level, which negatively affects the implementation of planned activities by Government.

The Accounting Officer explained that the Board had engaged MoFPED on the projections for NTR and hoped for the improvement of the situation in the subsequent years to ensure realistic NTR.s projections and indicated that Covid-19 Pandemic negatively impacted on the projection for NTR.

Recommendation

The Accounting Officer was advised to ensure appropriate considerations are made in the subsequent NTR budgets to take care of the distortions created by the effects of Covid-19

Action

The major cause of shortfall in NTR was due to a reduction in the number of candidates that were registered at UCE and UACE examination levels during the year. The effects of COVID affected the number of candidates registered. The affected activities were differed to FY 2021/22.	
Query	**Off-Budget Receipts**
Observation Section 43 (1) of the PFMA 2015 states that all expenditure incurred by the Government on externally financed projects in a financial year shall be appropriated by Parliament. Paragraph 29 of the Budget Execution Circular for the Financial year states that if an external agency provides funds in the course of implementation of the budget or any funds remain unspent at the expiry of an appropriation, these must be declared and a supplementary issued in line with the Public Finance Management Act 2015. It was noted that UNEB received off-budget financing to the tune of UGX 900,250,000 which was not appropriated by Parliament. These funds were received directly from NAPE-GPE/CERP Project. Off-budget financing distorts planning, may result in duplication of activities and is also contrary to the Public finance Management Act. The Accounting Officer responded that the funds received were to conduct a survey on behalf of Ministry of Education and Sports (MOES) on the effects of Covid-19 on the Teaching and learning at the Primary and Secondary School levels. These were donor funds which have been disclosed in the financial statements.	
Recommendation	
The Accounting Officer should ensure that in the event that the Board anticipates receiving funds from any source, they should include them in the budget for appropriation by Parliament	

Action	
The upgraded Programme Budgeting System (PBS) has features that enable Accounting Officers to declare anticipated donations of cash and assets during the budgeting process. This PBS feature is a mandatory field to be filled in by Accounting Officers, who have been notified not to receive any off-budget donations without prior authorisations by the Minister of Finance. The above was again communicated in the Budget Call Circular for FY 2022/23. During this financial year 2022/23 all declared donations were included in the Appropriations bill. The funds received were for conducting a survey on behalf of Ministry of Education and Sports on the effect of Covid-19 on the teaching and learning at the primary and secondary school levels. These were donor funds under the Ministry of Education and Sports	
Query	**Quantification of Outputs and Activities**
Observation The audit reviewed the extent of quantification of outputs and activities for all the nine (9) outputs with a total of forty-two (42) activities and expenditure of UGX 149.49Bn and noted that the eight (8) outputs with a total of thirty-three (33) activities and expenditure worth UGX 101.67Bn were fully quantified. While one (1) output with a total of nine (9) activities and expenditure worth UGX 47.81Bn, was insufficiently quantified.	
Recommendation	
The Accounting Officer should ensure that all activities and outputs are fully quantified at planning level to facilitate performance measurement.	
Action	

The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement In the subsequent planning period those out puts that were not sufficiently quantified were fully quantified and implemented.	
Query	**Implementation of Quantified Outputs**
Observation The audit noted that Five (5) outputs with fifteen (15) activities and expenditure worth UGX 18.87Bn were fully implemented. Three (3) outputs with eighteen (18) activities worth UGX 82.80Bn were partially implemented. Out of the eighteen (18) activities, the entity fully implemented fourteen (14) activities, two (2) activities partially implemented, while two (2) activities remained unimplemented.	
Recommendation	
The Accounting Officer was advised to ensure that unimplemented activities are put as first priority in the subsequent financial year	
Action	
The activities that were not implemented were affected by the restriction of Covid-19 pandemic. Such activities included; training of new examiners, setters' workshop, and production of research reports, staff training and committee meetings. These activities were rolled over implemented in FY 2021/2022	
8.0 KILEMBE MINES LTD	
Query	**Budget Shortfall**
Observation The entity budgeted to receive UGX 3.574Bn out of which, UGX 857Mn was realised, resulting in a shortfall of UGX 2.717Bn which is 76% of the	

budget. As a result, activities such as dewatering the Copper Mines and revamping of Hima Lime Works, were not implemented.	
Recommendation	
The Accounting Officer was advised to continue engaging MoFPED to provide funding for restoration of the power generation infrastructure that will generate revenue for the company	
Action	
In the FY 2021/22 UGX 4.03 Bn was released and the national enterprise corporation (NEC) contracted to undertake the infrastructure repairs under a memorandum of understanding (MOU). In addition, UGX 837.9Mn was released to KML for part payment of outstanding retainer fees for the Board and salary arrears	
Query	**Impairment of Assets**
Observation The audit noted that a number of assets had been damaged/impaired due to waters that broke the banks of River Nyamwamba on 7th and 10th of May, 2020. However, no formal estimate of the recoverable amount has been conducted. This may result into an overstatement of the total assets and understatement of operating loss	
Recommendation	
The Accounting Officer was advised to undertake a Board of Survey and to appoint a technical committee to verify and value the impaired assets.	
Action	
The ad hoc Board of Survey was appointed composed of technical members to assess, value and make a report to inform the write-off of assets damaged. The report is awaited.	
Query	**Receivables of UGX 1.26Bn**
Observation	

The audit noted that the Company had an outstanding receivable of UGX 1.26Bn as at 30th June 2021, 54% of the amount relates to unpaid rent from Tibet Hima Mining Co. Ltd. Delayed recovery of outstanding revenues affects the Company's liquidity position.	
Action	
The Board resolved to have sundry debtors submitted to company lawyers for debt collection. However, the debt by Tibet Hima Mining Co. Ltd is part of the counterclaim in the arbitration between Government and the company.	
Query	**Payables of UGX 2.28Bn**
Observation The audit noted that the Company had outstanding payables of UGX 2.28Bn. The amount increased from UGX 0.966 to UGX 2.286Bn resulting into an increase of UGX 1.321Bn (137%) as at 30th June 2021.	
Action	
The payables increased because of non-payment of Board retainer fees and salary for staff after the floods damaged the production assets including the hydropower generation which is the major source of revenue to KML. Subsequently in June 2022, the Board retainer fees and salary for staff were partly paid.	
Query	**Delayed divestiture of Kilembe Mines**
Observation The audit noted delayed divesture of Kilembe Mines. Three (3) years have elapsed without an investor/operator being identified to take over Kilembe Mines operations, following the termination of the Tibet Hima Concession Agreement	
Action	

The delay in identifying a partner was occasioned by lack of funding for requisite activities (which was rectified), the political calendar and the restrictions on interaction and travel imposed due to covid-19. The divestiture process is however on and awaits the Attorney General to clear the documents to be used following the advertising and shortlisting of seven companies that expressed interest in partnering with Government to redevelop Kilembe mines. Management continues to liaise with assigned ministries to expedite the divestiture process and continues to participate in the activities of the technical working team entrusted with realizing of the Kilembe project.	
Query	**Emergency funding of UGX 4.375Bn**
Observation Emergency Funding of UGX 4.375Bn was required to rehabilitate the damaged Company infrastructure following flooding of rivers Nyamwamba and Mubuku in May and August 2020. However, the requested funds were not availed.	
Action	
A supplementary of UGX 4Bn was appropriated in November 2022 for restoration of the core assets to enable the company generate revenue and improve the attractiveness of the Asset to potential investors. MoFPED entered into MOU with NEC to undertake the requisite works and UGX 837.9mn was availed to KML to part settle the outstanding payable.	
Query	**Underperformance of Mubuku I Hydropower Plant**
Observation	

Mubuku Hydro-Power Plant was designed to generate 5MW. However, it was noted that the plant was only generating 2MW from Unit 1. Units 2 to 4 have been out of service for a number of years	
Action	
Mubuku 1 facility is over 75 years and has outlived its design lifespan of 20 years. Unit 3 is functional but is not being operated because its feed-in transformer blew and requires replacement. A concept paper in that regard was presented and got approved by KML Board of directors under min 304/03/2023(B6) and awaits funding from shareholder.	
Query	**Long Outstanding Court Cases**
Observation Review of the Annual Performance Report, 2021 revealed that the Company had a number of long outstanding court cases, relating to encroachment of Land belonging to the company. Three cases had been outstanding for over 7 years, three other cases for 5 but less than 7 years and six cases for less than 5 years.	
Action	
The delayed cases were escalated to the shareholders during the Annual General Meeting in 2022 for collective effort and for further escalation to the Judiciary to ensure that the cases are heard expeditiously. However only two cases have since been adjudged; the one against the Muheeka family for encroaching on Roast Leach land in Kasese Municipality which KML won, and the other was lost to the Balilwa family (Lubaale Benon, Musisi and other) and Jinja District Land Board for trespass for want of prosecution and it is being appealed. The case by the minority shareholders was negotiated for settlement after court ruled in the plaintiff's favour.	

9.0 KAMPALA CAPITAL CITY AUTHORITY

Query	Lack of a Strategic Plan aligned to NDP-III
Observation Paragraph 5 of the budget execution circular for the financial year 2020/2021 cites poor alignment of Government Budgets with the National Development Plans. The PS/ST urges Accounting Officers to ensure that all activities for Financial Year 2020/2021 are aligned with NDP III and implemented accordingly. Regulation 26 (1) of the National Planning Authority (development of Plans) regulations require entities to submit to NPA their five-year development plans for certification before approval. This being the first year of implementation of the NDP-III, the entity was expected to prepare a strategic plan aligned to NDP III and ensure that the plan is approved. The strategic plan would then form the basis of the preparation of the entity's annual plans. The audit observed that the Authority had prepared and approved a strategic plan internally however, this hadn't been certified by NPA as required by the Planning Regulations at the time of audit. The Accounting Officer explained that the Authority had prepared and launched the Kampala City Strategic Plan 2020/21- 2024/25 in September 2020. However, NPA had advised that this should be aligned to NDP III. The Authority was in the process of aligning this plan as advised.	
Recommendation	
Accounting Officer was advised to expedite aligning this plan to NDP-III and have the plan approved by NPA.	
Action	
The Strategic Plan has been approved by NPA.	

Query	Revenue Performance
Observation **Performance of NTR** The audit reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2020/2021 and noted that the entity budgeted to collect NTR of UGX 110.9Bn during the year under review. Out of this, UGX 134.2Bn was collected, representing a performance of 121% of the target. **Performance of GoU receipts** The Authority budgeted to receive UGX 291.260Bn, out of which UGX 288.468Bn was availed, resulting in a shortfall of UGX 2.792Bn, which is 1% of the budget. Revenue shortfalls affect the implementation of planned activities. Some of the activities that were not implemented because of the shortfall were; i) Staff capacity development ii) Training of Project Managers & M&E staff in good Project iii) management Project Coordination iv) Procure contract for the renovation, reconstruction and repair of v) Non-residential Health infrastructure vi) Renovation and repair of Kampala City public toilets infrastructure. vii) Procurement of essential medical tools for KCCA Health centres The Accounting Officer explained that the shortfall in GoU release was on account of government not funding some of the restricted item codes like travel, workshops and seminars, and training due to the effects of Covid-19 on revenue collections.	
Recommendation	
i) The Accounting Officer was commended for the excellent collection of NTR.	

ii) The Accounting Officer was advised to engage MoFPED to ensure that GoU funds are released as budgeted going forward.	
Action	
The shortfall in GoU releases was a result of budget suppression on some of the restricted item codes like travel, workshops and seminars, and training due to the effects of Covid-19.	
Query	**Absorption of funds**
Observation Out of the total warrants of UGX 288.5Bn received during the financial year. UGX 280.8Bn1 was spent by the entity resulting in an unspent balance of UGX 7.641Bn representing an absorption level of 97%. The unspent funds were swept back to the consolidated fund as required by the PFMA. The unabsorbed funds were meant for the following activities; i) Inspection of 26 dairy outlets on hygiene requirements ii) Phased development of new landfill at Ddundu iii) Inspection and relocation of 13 unhygienic farming units It was further noted that the Authority did not seek a revision of its budget and work plan as provided for by section 17 (3) of the PFMA 2015. The Accounting Officer explained that due to Covid-19, the implementation of some activities was affected.	
Recommendation	
The Accounting Officer was advised to engage MoFPED so that the unabsorbed funds can be availed for implementing these activities in the subsequent period.	
Action	
KCCA engaged MOFPED and a supplementary budget of UGX 4Bn from the unabsorbed funds of the previous year was availed.	

Query	Off-budget receipts
Observation Section 43 (1) of the PFMS 2015 states that all expenditure incurred by the Government on externally financed projects in a financial year shall be appropriated by parliament. Paragraph 29 of the Budget Execution Circular for the Financial year states that if an external agency provides funds in the course of implementation of the budget or any funds remain unspent at the expiry of an appropriation, these must be declared and a supplementary issued in line with the Public Finance Management Act 2015. The audit noted the Authority received off-budget financing to a tune of UGX 18.97Bn, which was not declared to Treasury and, therefore, not appropriated to the entity by Parliament. These funds were received directly from development partners for undertaking activities not budgeted for. Off-budget financing distorts planning, and may result in duplication of activities and is contrary to Section 43 (1) of the PFMA 2015 and budget execution guidelines issued by the PS/ST. The Accounting Officer explained that there is no platform in the PBS to declare these funds. However, engagements are still ongoing with MoFPED to have this done.	
Recommendation	
The Accounting Officer was advised to engage MoFPED to support KCCA staff to facilitate complete reporting of all funds in the PBS.	
Action	
The upgraded Programme Budgeting System (PBS) has features that enable Accounting Officers to declare anticipated donations of cash and assets during the budgeting process. This PBS feature has a mandatory	

field to be filled in by Accounting Officers, who have been notified not to receive any off-budget donations without prior authorisations by the Minister of Finance.
The above was again communicated in the Budget Call Circular for FY 2022/23. During this financial year 2022/23 all declared donations were included in the Appropriations Bill.

Query	**Quantification of outputs/activities**

Observation

Section 13 (15, b) of the PFMA 2015 states that a policy statement submitted by a vote shall contain the annual and three months' work plans, outputs, targets and performance indicators of the work plans. Regulation 11 (3) of PFMR 2016 requires that a vote prepares a work plan that indicates the outputs of the vote for the financial year; the indicators to be used to gauge the performance of the outputs and funds allocated to each activity.

To assess the performance of an output, all activities supporting the output must be quantified. A review of the extent of quantification of outputs and activities for a sample of thirty-nine (39) outputs with a total of ninety-three (93) activities and expenditure of UGX 274.101Bn, noted the following;

- Two (2) outputs with a total of five (5) activities and expenditure worth UGX 11.950Bn were fully quantified. That is, all the five (5) activities (100%) within these outputs were clearly quantified to enable the assessment of performance.
- Two (2) outputs with a total of thirty (30) activities and expenditure worth UGX 23.509Bn, were insufficiently quantified. The audit observed that out of the thirty (30) activities, twenty-four (24) activities (80%) were quantified, while the balance of six (6) activities (20%) were not clearly quantified to enable the assessment of performance

- Thirty-five (35) output with a total of fifty-eight (58) activities and expenditure worth UGX 238.641Bn were not quantified at all. That is none of the fifty-eight (58) activities within these outputs was quantified at all.

In cases where outputs were either partially or not quantified, management reported performance in generic ways. Some of the activities that were not sufficiently quantified were;

i) Renovation and construction of secondary school infrastructure, including, replacement of asbestos sheets
ii) Procurement of uniforms and protective gear for staff.
iii) Servicing of KCCA land lease premiums and property rates.
iv) Capacity Development of Project Managers and Project Teams
v) Purchase of equipment.
vi) School inspection and monitoring Quarterly activities undertaken.
vii) Payment of secondary School teachers' salaries.

Failure to plan and report on the quality/quantity of activities implemented renders it difficult to establish the reasonableness of individual activity costs for each planned output which curtails effective accountability when funds are subsequently spent.

Further, without clearly and fully quantified outputs, the audit could not ascertain the level of achievement of these outputs and whether funds appropriated by parliament and released were spent and the intended objectives achieved.

The Accounting Officer explained that management was in the process of streamlining the Directorate work plans and further realigning its planned interventions along the NDP III PIAPS to ensure that all activities and outputs are fully quantified.

Recommendation

Accounting Officer was advised to expedite the realignment of the directorate work plans and ensure that all activities in the work plans are sufficiently quantified in the future.	
Action	
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement.	
Query	**Submission of Quarterly Performance Reports**
Observation Paragraph 8.12 (4,5,6) of the Treasury Instruction 2017, require the Accounting Officer to prepare reports for each quarter of the Financial Year in respect of the vote for which he/she is responsible. These reports shall contain financial and non-financial information on the performance of the vote and shall be submitted to Treasury not later than 15 days after the end of each quarter. The audit noted that the entity submitted performance reports for all quarters Q1, Q2, Q3, and Q4 after the deadline given for submission of the reports. In addition, the audit did not obtain evidence to confirm that the Accounting Officer Prepared Monitoring Plans and reports, which are important in ensuring that the budget performs as expected. Failure to submit performance reports in time and failure to prepare monitoring plans and reports contravene the Treasury Instructions and affect timely tracking and evaluation of performance. The Accounting Officer noted the observation and stated that effective FY 2021/22, management would ensure that all statutory reports, including the quarterly performance reports, are submitted in line with the statutory timelines.	

Recommendation	
The audit awaits the outcome of the Accounting Officer's actions.	
Action	
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs) and has enabled the preparation/submission of real-time quarterly electronic reports.	
Query	**Absence of Regulation for Collection of Revenue**
Observation The audit noted that on 23rd April 2020 court ruled that the Authority was irregularly collecting fees from outdoor advertising. In the ruling, the Authority was barred from budgeting and collecting outdoor fees until proper regulations on outdoor advertising rates have been put in place. Contrary to the above ruling, it was noted that the Authority has not developed regulations to guide the collection of outdoor advertising fees by the time of audit. This implies that the Authority is losing revenue from this source, which would facilitate the implementation of planned activities and service delivery. The Accounting Officer explained that a draft of the Kampala Capital City Outdoor Advertising Ordinance was finalised, presented and discussed by the Central Executive Committee and was due for tabling in the Ordinary Council meeting for approval.	
Recommendation	
The Accounting Officer was advised to follow up on this issue with Council to expedite the progress of concluding this ordinance to prevent any further loss of revenue.	
Action	

The draft Kampala Capital City Outdoor Advertising Ordinance is before the City Council for approval.	
Query	**Un-updated Valuation Lists of KCCA Properties**

Observation

Section 4 of the Local Government Rating Act 2005 requires the Valuation list to be updated at least every five years. Furthermore, Section 24 (1) (a & b) of the Act provides for a Supplementary Valuation List in cases where property was omitted, property has been subdivided or if there are new properties that have come on board after the mandatory five (5) years Valuation.

The audit observed that the Authority does not undertake regular updates of the valuations rolls to include properties that become billable during the financial years.

It was further observed that in some divisions such as Central and Nakawa Divisions, KCCA last undertook valuations in 2017 (4 years ago), while in Divisions such as Makindye, Rubaga and Kawempe, the last valuations were undertaken in 2019 (2 years ago). Besides, management has not developed a clear policy to streamline the valuation of properties within the City.

There is a risk that the Authority is losing revenue inadvertently or otherwise from all the new properties that become billable throughout the financial year since these have not been captured in the official billing database of the Authority for more than two (2) years.

The loss of revenue to the Authority affects the implementation of planned activities and delivery of services to the city residents.

The Accounting Officer explained that it was not financially viable to do property valuation every year, which possibly explains why the Local Governments (Rating) Act 2005 caps the time to five (5) years.

Recommendation	
The Accounting Officer was advised to devise a strategy of ensuring that the rates and property valuations are regularly updated to minimize revenue losses instead of waiting for five (5) years, given the nature of the city, which attracts frequent developments.	
Action	
KCCA in financial year 2021/22 re-valued all properties located in the central division. This financial year, 2022/23, revalued properties located in Nakawa division. Re-valuation of properties located in Makindye, Rubaga and Kawempe divisions is planned for financial year 2023/24. KCCA piloted the Computer Aided Mass Property Valuation Approach when valuing Nakawa division and intends to roll out the same in Makindye, Rubaga and Kawempe.	
Query	**Outstanding Long-term Payables**
Observation The Authority reported a long-term liability of UGX 42.570Bn in the statement of financial position which arose from the development credit agreement between IDA and KCC on behalf of Government entered into on 12th August 1991 for improvement of waste management in the city, production of up-to-date maps of Kampala and strengthening the financial and personnel management systems and services. This loan has never been serviced, and as such, the outstanding balance of UGX 42.570Bn has remained on the KCCA books as an obligation pending clearance even though the Authority does not have the capacity to settle this obligation and the chance of repaying this liability is very remote. The Accounting Officer stated that the Accountant General had been engaged on this matter and advised that for the time being, management	

should keep this in the Authority's books until approval to write off is obtained from Parliament.	
Recommendation	
The Accounting Officer was advised to follow up this issue with the Accountant General and have this debt written off.	
Action	
A schedule of non-performing on lent loans and guarantees across Government entities is being compiled and when completed, the Minister responsible for Finance will table it in Parliament in line with Section 35 of the PFMA, 2015.	
Query	**Outstanding Domestic Arrears**
Observation Section 21(2) of the Public Finance Management Act, 2015 states that a vote shall not take any credit from any local company or body unless it has no unpaid domestic arrears from debts in the previous financial year, and it has the capacity to pay the expenditure from the approved estimates as appropriated by parliament for that financial year. Further paragraph 10.10.17 of the Treasury Accounting Instructions 2017 states that the Accounting Officer will ensure that no payments due in any financial year remain unpaid at the end of that year. A trend analysis of the Authority's payable balances shows a decrease in arrears from UGX 80.127Bn in 2019/20, to UGX 62.478Bn at the close of the year under review. Accrued domestic arrears adversely affect budget performance in the subsequent year as funds appropriated may be diverted to settle arrears. This may also result in litigation for non-payment of services already consumed.	

The Accounting Officer explained that management is committed to adhering to the commitment control system set by Government to avoid the accumulation of arrears. However, some domestic arrears accrued on account of unforeseen circumstances like legal cases that are not planned	
Recommendation	
The Accounting Officer should devise strategies for mitigating further accumulation of arrears and engage MoFPED to provide adequate resources to settle the current arrears.	
Action	
The domestic arrears mainly arise from certificates for roads and drainage construction projects which are multi-year in nature and the payment timelines may not be accurately predetermined. IFMS has been upgraded to include the functionality for recording and tracking of domestic arrears. Only declared and verified domestic arrears can be uploaded and paid under the domestic arrears IFMS functionality on the First in, First Paid basis. Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets.	
Query	**Properties with Expired Leases**
Observation The audit noted that leases for 377 properties had expired as at 30th June 2021, yet the Authority was still collecting ground rent from the same properties. Collecting revenue from properties with expired leases is irregular. The Accounting Officer stated that the statutory mandate to manage land belonging to Kampala City is vested in Kampala District Land Board	

(KDLB) which is also responsible for the leasing and renewal of leases. Management has been regularly engaging with KDLB to ensure that they renew expired leases on time.	
Recommendation	
The Accounting Officer was advised to continue engaging Kampala District Land Board (KDLB) to renew the leases.	
Action	
All expired land leases under Kampala District Land Board (KDLB) have been renewed.	
Query	**Nugatory Expenditure of - UGX 7.814Bn**
Observation KCCA entered into a contract with M/s China Railway Seventh Group Co Ltd for upgrading and Junction Improvement works under Batch-A Package No KCCA/KIIDP 2/RDS-1 on KIIDP-II works The audit noted that the Authority spent UGX 7.814Bn as compensation to the contractor for idle time caused by delays to secure the right of way and delays by the Authority's engineers to issue commencement orders to the contractor. This resulted in the contractor incurring costs associated with keeping idle equipment on site. This expenditure could have been avoided if management had effectively managed the compensation of PAPs. The Accounting Officer explained that this resulted from complaints raised by the communities affected by the project in Makerere, which led to the suspension of civil works that had already been handed over to the contractor by World Bank. The World Bank further adopted a strategy of sectional handover to the contractor only when a sizeable section was fully compensated and acquired.	
Recommendation	

The Accounting Officer should ensure that in future compensations are managed better, and contractors given unencumbered right of way/sites to avoid such unnecessary costs.	
Action	
Bakuli-Nakulabye-Kasubi road had more Project Affected Persons (PAPs) to be compensated more than the two (2) sub projects of Mambule-Bwaise junction and Makerere Hill road. As a way of fast tracking the handover processes, KCCA had an engagement and secured verbal consent from Tree Shadow Community and Makerere University along Makerere Hill road. The process of compensation later experienced delays due to lack of documentation by PAPs, family wrangles leading to failure to agree on sharing compensation monies, and absentee land lords. Delayed compensation led to complaints lodged by Tree Shadow Community and Makerere University to World Bank leading to suspension of civil works for Makerere Hill road and Bwaise-Nakulabye-Kasubi roads. The Contractor under clause 20.1 and 8.4 of the contract lodged a claim for compensation for lost time amounting to USD 4,878,306. This amount was later reviewed to USD 1,301,592 plus UGX 3,214,237,950. KCCA tried to minimise the impact of suspension of works by World Bank, including lodging a counter-claim with the Disputes Board but lost the case.	
Query	**Failure to Manage Inventory using GFMIS**
Observation Paragraph 7.5.1 (c) of Treasury Instructions, 2017 stipulates that except with the approval of the Secretary to the Treasury, all votes and their subsidiary entities shall be required to use the GFMIS to manage,	

process, account and report on all their financial transactions that shall include assets, including inventories of goods for consumption or resale among others. The audit noted that the Authority had not fully adopted the Computerized Government Financial Management Information Systems (GFMIS) that manages inventories contrary to the Treasury Instructions. This may result in inventory loss and misrepresentation of asset status in the inventory records. The Accounting Officer stated that the Authority would fully embrace the comprehensive use of the GFMIS in the subsequent financial year	
Recommendation	
The Accounting Officer should expeditiously transfer the inventory management function to the GFMIS as required by the Treasury Instructions (TIs) 2017 and to mitigate the risk of loss and misstatement of assets.	
Action	
KCCA has uploaded all its assets balances onto the GFMIS/IFMS. IFMS Fixed Assets Module has been revamped and new features added to meet the reporting needs of Government and will be fully operational in July 2023 across all Government entities.	
Query	**Non-remittance of Statutory Deductions**
Observation Paragraph 10.23.1 of the Treasury Instructions 2017 states that Statutory deductions from public officers, where applicable, shall be effected through the payroll and remitted promptly to the respective institutions. Such statutory deductions include Pay as You Earn (PAYE), Local Service Tax (LST), NSSF contributions, and workers' unions' contributions.	

It was noted that by the end of the financial year, KCCA made statutory deductions amounting to UGX 1.86Bn, which had not been remitted to the respective institutions.

Non-remittance of statutory deductions is contrary to the law and exposes the Authority to fines and penalties. The unremitted NSSF contribution also implies that workers may not have any retirement benefits despite being in active service and having these deductions made from their monthly pays.

The Accounting Officer stated that there had been an improvement in making statutory remittances to URA and NSSF; however, MoFPED will be engaged to release funds to clear the outstanding arrears.

Recommendation

The Accounting Officer should always adhere to the Income Tax Act and NSSF Act provisions to avoid possible penalties and fines.

Action

The NSSF and PAYE balances that remained outstanding have been remitted.

10.0 DAIRY DEVELOPMENT AUTHORITY

Query	**Absorption of Funds**

Observation

Out of the total warrants of UGX 10.02Bn received during the financial year UGX 7.95Bn was spent by the entity resulting in an unspent balance of UGX 2.07Bn representing an absorption level of 79.3%. The unspent balance at the end of the financial year was subsequently swept back to the Consolidated Fund account.

The funds were meant for activities that were not fully implemented by the end of the financial year and these included; i) Procurement and distribution of some agricultural supplies ii) Procurement of some medical and veterinary supplies iii) Equipping Entebbe Dairy Training School (EDTS) with butter and ghee processing equipment, cheese maturation, ice cream hardening, milk packaging and vacuum packaging machine iv) Paving EDTS factory block, demarcation and fencing EDTS Land and rehabilitation of EDTS Lagoon Effluent Disposal System. The Accounting Officer explained that the Authority did not get full releases in the earlier quarters so additional releases were obtained towards the end of the fourth quarter. The late releases led to failure to complete procurements within a short time coupled with the challenges of opening LCs with BOU amidst Covid-19 restrictions.
Recommendation
Accounting Officer should ensure that the activities that were not implemented are rolled over in the subsequent year and ensure their speedy implementation.
Action
The entity resolved to roll over the un-implemented activities and complete them in a phased manner over the subsequent financial years. The procurement of agricultural, medical and veterinary supplies, including milk cans, chuff cutters and pasture seed have since been completed and distribution made. The equipment for Entebbe Diary Training school was prioritised by acquiring butter and ghee processing equipment, cheese maturation machine, vacuum packaging machine and paving of EDTS factory block.

The paving of the EDTS factory block, demarcation and fencing EDTS Land and rehabilitation of EDTS Lagoon Effluent Disposal System will be carried out later.	
Query	**Off-budget receipts**
Observation Paragraph 29 of the Budget Execution Circular for the Financial year states that in the event that an external agency provides funds in the course of implementation of the budget or any funds remain unspent at the expiry of an appropriation, these must be declared and a supplementary issued in line with the Public Finance Management Act 2015. It was noted that the Agency received indirect (non-cash) off-budget financing from Fleming fund country grant II, under Infectious diseases institute (IDI) to a tune of UGX 629,504,800 over the project duration which was never declared to the PSST and as such no supplementary appropriation was issued as guided by the PS/ST. These funds were made available to management for undertaking activities not budgeted for. Off-budget financing distorts planning, may result in duplication of activities and is contrary to the budget execution guidelines issued by the PSST. The Accounting Officer explained that the project came on board after the Budget Framework Paper under audit was already approved but promised to comply with the recommendation going forward.	
Recommendation	
Accounting Officer was advised to comply with guidance given by the PS/ST and ensure that in future all funds received outside the approved budget are declared to the PSST for utilization and accordingly approved by Parliament through a supplementary	

Action	
The project items from the Fleming Fund Project under Infectious Disease Institute (IDI) were received in kind and entered in Dairy Development Authority Inventory System. The upgraded Programme Budgeting System (PBS) has features that enable Accounting Officers to declare anticipated donations of cash and assets during the budgeting process. This PBS feature has a mandatory field to be filled in by Accounting Officers, who have been notified not to receive any off-budget donations without prior authorisations by the Minister of Finance. The above was again communicated in the Budget Call Circular for FY 2022/23. During this financial year 2022/23 all declared donations were included in the Appropriations bill.	
Query	**Quantification of outputs/activities**
Observation Section 13 (15, b) of the PFMA 2015 states that a policy statement submitted by a vote shall contain the annual and three months' work plans, outputs, targets and performance indicators of the work plans. The audit sampled four (04) outputs with a total of twenty-four (24) activities and expenditure of UGX 3.8Bn for assessment. A review of the extent of quantification of outputs and activities, noted the following; • One (01) output with a total of four (04) activities and expenditure worth UGX 1.1Bn was insufficiently quantified. That is one (01) activity (25%) was quantified while three (03) activities (75%) were not clearly quantified to enable assessment of performance. • Three (03) outputs with a total of twenty (20) activities and expenditure worth UGX 2.7Bn were not quantified at all. That is none of the twenty (20) activities within these outputs were quantified at all.	

It was observed that in cases where outputs were either partially or not quantified, the entity reported performance in generic ways. The activities that were not sufficiently quantified were;

i) Dairy Production and Marketing promoted through trained and skilled on dairy value addition stakeholders such as; Youth, Men, and Women
ii) Office stationery and related operational bills procured and paid
iii) Benchmarking visits conducted.
iv) Buildings and Infrastructure at Entebbe Dairy Training School Rehabilitated; specifically, Factory block paved
v) Access to critical farm inputs enhanced.
vi) Consumption of milk and milk products promoted
vii) Milk quality assurance and regulations enforced thru phase III National Dairy Analytical Laboratory accreditation
viii) Lagoon Effluent Disposal System rehabilitated
ix) Quality and safety of milk and milk products enhanced
x) Dairy trade enhanced

Failure to plan and report on the quality/quantity of activities implemented renders it difficult to establish the reasonableness of individual activity costs for each planned output which curtails effective accountability when funds are subsequently spent.

Further, without clearly and fully quantified outputs, the audit could not ascertain the level of achievement of these outputs and whether funds appropriated by Parliament and released were spent and the intended objectives achieved.

The Accounting Officer explained that the quantification of activities and funds allocated under outputs was dependent upon the nature/ design of each output. The Accounting Officer however promised to prioritise quantification of outputs going forward.

Recommendation

Accounting Officer was advised to ensure that all activities and outputs are fully quantified at planning level and input in the PBS to facilitate performance measurement.	
Action	
The quantification of outputs has now been done and aligned to agro-industrialization program Implementation Action Plan. The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement.	
Query	**Implementation of quantified outputs**
Observation The audit did not assess the implementation of any output because none of the outputs was fully quantified. However, it assessed the implementation of the one activity that was quantified under output 72 Government buildings and administrative infrastructure for rehabilitation of two Milk Collection Centres. The audit noted that the Rehabilitation of Kyegegwa and Katakwi Milk Collection Centres (MCCs) was still on-going as at 30th June 2021 and therefore partially implemented. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. The Accounting Officer attributed the delay in the implementation of the projects in Kyegegwa and Katakwi MCCs to lockdown measures to contain the spread of Covid-19 and delays to get certification.	
Recommendation	

The Accounting Officer was advised to ensure that all budgeted activities for which funds are availed are fully implemented within the financial year. The Accounting Officer was further advised to ensure that the activities that were not implemented are rolled over in the subsequent year and ensure their speedy implementation.	
Action	
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The un-implemented activities were identified and included in the subsequent Financial Year work plans. These projects have since been completed	
Query	**Submission of Quarterly Performance Reports**
Observation Paragraph 8.12 (4,5,6) of the Treasury Instruction 2017, require the Accounting Officer to prepare reports for each quarter of the Financial Year in respect of the vote for which he/she is responsible. These reports shall contain financial and non-financial information on the performance of the vote and shall be submitted to Treasury not later than 15 days after the end of each quarter. The audit noted that the entity submitted performance reports for all quarters after the deadline given for submission of the report. In addition, the audit did not obtain evidence to confirm that the Accounting Officer Prepared Monitoring Plans and reports which are important in ensuring that the budget performs as expected. Failure to submit performance reports in time and failure to prepare monitoring plans and reports contravene the Treasury Instructions and affect timely tracking and evaluation of performance.	

The Accounting Officer attributed the delay in submission of reports to lockdown measures to slow the spread of Covid-19 so coordination of preparation was a challenge. The Accounting Officer also pledged to ensure that Budget Monitoring Plans are prepared accordingly and more funds allocated to facilitate performance tracking.	
Recommendation	
The Accounting Officer was advised to ensure that performance reports are prepared and submitted in time. In addition, the Accounting Officer should always prepare Budget Monitoring Plans and reports to facilitate performance tracking.	
Action	
Q1 and Q2 reports were delayed due to lockdown measures to slow the spread of Covid-19. Staff were working remotely and coordination of Q1 and Q2 preparation reports was a challenge. However, the submission time improved as the lock down eased. In addition, the Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans, and has enabled the preparation/submission of real-time quarterly electronic reports.	
Query	**Outstanding domestic arrears**
Observation Section 21(2) of the Public Finance management Act, 2015 states that a vote shall not take any credit from any local company or body unless it has no un paid domestic arrears from a debt in the previous financial year; and it has capacity to pay the expenditure from the approved estimates as appropriated by Parliament for that financial year.	

Also paragraph 10.10.17 of the Treasury Accounting Instructions 2017 states that "An Accounting Officer will ensure that no payments due in any financial year remain unpaid at the end of that year". The audit noted that management did not adhere to the commitment control system, which deters the Accounting Officer from committing Government beyond the available resources. A trend analysis of the domestic arrears showed a movement in arrears from UGX 358,067,183 in the previous year to zero but incurred new arrears to the tune of UGX 177,716,656 by the close of the financial year 2020/21. Continued incurrence of domestic arrears adversely hampers budget performance in the subsequent year as outputs anticipated in the appropriated budget cannot be attained due to settlement of the arrears. The outstanding domestic arrears also expose the entity to unnecessary litigation from creditors. The Accounting Officer explained that they will comply with the Government commitment control system and ensure that the remaining arrears are fully settled.
Recommendation
Accounting Officer was advised to ensure that resources are allocated and arrears settled.
Action
IFMS has been upgraded to include the functionality for recording and tracking of domestic arrears. Only declared and verified domestic arrears can be uploaded and paid under the domestic arrears IFMS functionality on the First in, First Paid basis. Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets.

Query	Non-disclosure of lost fixed assets

Observation

Instruction 21.4.5 of the Treasury Instructions of 2017 states that loss of stores and fixed assets that are carried in the statement of financial position shall be recognized in the statement of financial performance; but No accounting entries are required (other than maintaining a memorandum record) when the stores and/or fixed assets were initially expensed on acquisition.

A review of management minutes revealed that the entity suffered loss of fixed assets through theft. The items that were stolen included fifteen (15) desktop computers, two (02) laptop computers, a projector, a router, and cameras. However, management did not disclose the lost items in the memorandum "Statement of reported losses of public moneys, stores and other assets whether or not written off during the year" in the draft financial statements.

Non-disclosure of losses by management limits the users' understanding of transactions that transpired during the year under review.

The Accounting Officer explained that the entity wrote to PS/ST reporting the loss of the stolen properties, but no response was obtained to guide the process hence failure to disclose the matter in the financial statements.

Recommendation

Accounting Officer was advised to disclose the loss in the subsequent financial statements so as to improve the users understanding of the financial statements.

Action

The entity undertook an exercise to re-value the assets to establish the respective values. The revaluation report has been concluded and the loss will be disclosed in the financial statements for the year 2022/23.	
Query	**Failure to collect CESS Revenue Compensation**

Observation

Section 3(e) of the Dairy Industry Act, 1998 empowers the Authority to impose a cess on producers of processed milk and dairy products in pursuit of its objectives and functions. This is amplified under regulation 18 (sub-regulations 1- 4) on Levy and Collection of Cess which requires the Authority to levy, charge and collect a cess on processed milk and milk products that shall not be less than one percent of the ex-factory price per litre or kilogram of the milk or milk products as the case may be. It further provides for revision of the cess from time to time.

It was noted that the collection of Cess was suspended by H.E the President in 2007 and a directive given for compensation of the above.

A review of the DDA revenue sources revealed that following the Presidential directive, Dairy Development Authority is not levying and collecting Cess on Milk or Milk products. Similarly, the Authority is not receiving the due compensation from Ministry of Finance.

The audit observed that in 2007, the Cess computation on the processing capacities at that time was UGX 1.2Bn and is now computed at UGX 57.9Bn in 2021.

The limitation in the collection of cess revenue adversely affects the entity's ability to undertake its mandate.

Regulatory activities for example which have a bearing on health and safety of the population are barely carried out as a result of limited resources. Further, inadequate funding negatively impacts the dairy

sub-sector as quality right from the farm to the market may not be adhered to. The Accounting Officer explained that the entity has followed up with MoFPED for compensation of Cess revenue but to no avail and is planning to meet the Parliamentary Committee responsible for Agriculture to discuss the way forward. Further, the Accounting Officer was of the view that if the ban is lifted, the Authority will have a sustainable way of collecting more Cess currently projected at approximately UGX 57.9Bn than pursuing the unsustainable option of Cess compensation.	
Recommendation	
The entity will continue engaging Parliament and the Ministry of Agriculture regarding the matter. In the meantime continue following up the compensation option with MoFPED.	
Action	
The entity wrote to MAAIF for guidance and still awaits for response. In addition, management engaged Uganda Revenue Authority for support.	
Query	**Staffing gaps**
Observation Paragraph 2.2 of the Dairy Development Authority's Terms and Conditions of Service 2009, requires all approved vacant positions to be filled by internal promotions or open to the public for fresh applications. The Diary Development Authority approved staff structure provides for 140 posts for both headquarters and regional offices. A review of the structure revealed that out of the approved 140 posts only 63 (45%) posts are filled leaving 77 (55%) vacant. The audit observed that five (5) staff left the Authority, and 5 were recruited to fill vacant posts during the year. However, the Authority	

continues to operate below its approved capacity with positions such as Head of internal audit, Director Finance and Administration, Planner vacant as at the end of the year. It was further observed that posts such as; Regional managers, Principal Dairy Development Officers, Dairy inspectors who are technical staff required by the authority in order to achieve its mandate of dairy development and regulation were vacant. Key support departments like finance and accounts, human resource and administration are fundamentally understaffed thus undermining key management aspect of segregation of duties and as a result, weaknesses in the internal control system. It was also noted that some of the above posts have been vacant since DDA was created in 2003. DDA's efforts to recruit staff had not yielded much as new recruits who take up job offers often times don't turn up largely due to the unattractive salary scales attached to the jobs. Whereas the board approved new salary scales for staff, these were awaiting approval by Ministry of Public service. Under staffing denies the entity an opportunity to operate efficiently and effectively. Further, understaffing may lead to work overload for certain staff which demoralizes staff and affects productivity. The Accounting Officer explained that the entity liaised with the Ministry of Public service and MoFPED and new proposed salary scales were later approved and were being implemented as recommended. However, the Authority still had a challenge of some successful candidates not taking up the job offers because the contract period was limited to only 18 Months as per the recommendation of Ministry of Public Service due to the on-going rationalization.
Recommendation

Accounting Officer was advised to prioritise the key technical staff recruitment cognisant of the fact that in the event of a merger the specialist staff will still be needed.	
Action	
The entity liaised with the Ministry of Public Service and MoFPED; and the new proposed salary scales were approved and are being implemented.	
11.0 UGANDA COFFEE DEVELOPMENT AUTHORITY	
Query	**Existence of Strategic Plans**
Observation Paragraph 5 of the budget execution circular for financial year 2020/2021 states that over the years the alignment of Government Budgets with the NDP has been poor and needs to be improved. Therefore, Accounting Officers must ensure that all activities for the Financial Year 2020/2021 are aligned with NDP III and implemented accordingly. Regulation 26 (1) of the National Planning Authority (development of Plans) regulations requires entities to submit to NPA their five-year development plans for certification before approval This being the first year of implementation of the NDP-III, the entity was expected to prepare and approve a strategic plan that was aligned to NDP III. It is from this strategic plan that the annual plans would be based in order to achieve the objectives of NDP-III Based on the procedures undertaken, it was noted that the entity had prepared the coffee strategy; but there was no approval and certification of the strategic plan by NPA availed to evidence that it is aligned to the NDP-III at the time of audit.	

There is a risk that activities implemented during the financial year 2020/2021 were not aligned to the NDP-III which negatively affects the achievement of NDP-III objectives. The Accounting Officer explained that the Coffee Strategy had been fully aligned to NDPIII and the Agro-Industrialization Program Implementation Action Plan and was approved by the UCDA Board in June 2020 with minor adjustments which have since been rectified. Management is in the process of getting approval and certification from NPA	
Recommendation	
The entity should liaise with NPA to have the coffee strategy certified and aligned to NDP III to facilitate preparation of annual work plan and the achievement of the NDP objectives.	
Action	
The UCDA strategic plan for FY 2020/21-2024/25 was developed and approved by NPA	
Query	**Revenue Performance**
Observation **Performance of NTR** A review of NTR estimates, revenue sources and rates charged at vote level for the financial year 2020/2021 noted that the entity budgeted to collect NTR of UGX27.5Bn during the year under review. Out of this, only UGX20.1Bn was collected, representing a performance of 73% of the target. Shortfalls in NTR collections at vote level result in aggregate revenue shortfalls at treasury level which negatively affects the implementation of planned activities at a Government-wide level.	

Performance of GoU receipts The Agency budgeted to receive UGX 186.3Bn out of which UGX 180.5Bn was warranted, resulting in a shortfall of UGX 5.8Bn which is 3% of the budget. Revenue shortfalls affect the implementation of planned activities. The Accounting Officer explained that the budgeted NTR of UGX 27.5Bn referred to is not correct as the Authority budgeted to collect and remit UGX 19.710 billion from its internally generated sources of cess-1% fee on all coffee exports, rent, registration fees and sale of bid documents against which Shs.22.530 billion was remitted representing 114% performance. Further, with regard to GOU funding, the Accounting Officer stated that management had no control over the amount warranted as GOU adjusted cash flows taking into consideration COVID-19 interventions with measures to reduce consumptive expenditures.	
Recommendation	
Accounting Officer to ensure that his staffs participate in setting NTR targets with MoFPED, so that the NTR estimates are realistic and realisable.	
Action	
The Ministry of Finance will continue to support MDALGs to come up with realistic budgets for NTR. During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources.	
Query	**Absorption of funds**
Observation	

Out of the total warrants of UGX 180.5Bn received during the financial year UGX 173Bn was spent by the entity. However, out the total expenditure, Letter of Credit expenditure to the tune of UGX 1.991Bn was returned to the UCF by BOU due to lack of supporting contracts resulting in an unspent balance of UGX 9.391Bn (UGX 7.4Bn and UGX 1.991Bn) representing an absorption level of 95%. The unspent funds were swept back to the consolidated fund as required by the PFMA. The funds were meant for activities that were not fully implemented by the end of the financial year and these include; i. Agricultural supplies that were not procured and distributed that is CWDR shade nets, rehabilitation tool kits, ii. Coffee roasting equipment, farmer registration equipment and heavy-duty photocopiers iii. Allowances iv. Gratuity expenses v. Travel inland The Accounting Officer explained that the UGX 7.4billion under performance was due to the delay in the President's assent to the Coffee bill 2020 which subsequently put a halt on replanting activities such as farmer registration and consultancies on development of a mobile application to register farmers. The UGX 1.991billion related to procurements at best evaluated bidder which we had anticipated to materialize but the procurement process was not concluded by the close of year. Management shall continue to ensure that resources at their disposal are utilized efficiently and effectively
Recommendation
Accounting Officer to develop strategies to ensure that all released funds are utilised as budgeted
Action

Unutilized funds was mainly due to disruptions caused by outbreak of Covid-19 on various activities.	
Query	**Off-budget receipts**
Observation Paragraph 29 of the Budget Execution Circular for the Financial year states that in the event that an external agency provides funds in the course of implementation of the budget or any funds remain unspent at the expiry of an appropriation, these must be declared and a supplementary issued in line with the Public Finance Management Act 2015. It was noted that the Authority received off-budget financing to a tune of UGX 443M which was never declared to the PS/ST and as such no supplementary appropriation was issued as guided by the PS/ST. These funds were received directly from development partners (EU) for the Project of Capacity building for trade Development in Uganda for undertaking activities not budgeted for. Off-budget financing distorts planning, may result in duplication of activities and is contrary to the budget execution guidelines issued by the PS/ST. The Accounting Officer explained that the EU project activities funding of UGX 510million was budgeted for and subsequently appropriated by Parliament as off-budget support and this formed part of the Authority's resource envelope FY 2020/21. This amount is also included in the Program Based Budgeting (PBS) tool for reporting. Financing Agreement No. RSO/FED/040/657 was between the European Commission and the Republic of Uganda (represented by the National Authorizing Officer) with UCDA as the implementing partner. Subsequent to this, approval was sought and obtained from the Accountant General vide reference number AGO/83/139/01 to open	

Bank of Uganda account number 003600088000001 in the names of Uganda Coffee Development Authority Program Estimate.	
Recommendation	
Accounting Officer should comply with the law and guidance provided by the PS/ST and ensure that in future, all funds received outside the approved budget are appropriated.	
Action	
The upgraded Programme Budgeting System (PBS) has features that enable Accounting Officers to declare anticipated donations of cash and assets during the budgeting process. This PBS feature is a mandatory field to be filled in by Accounting Officers, who have been notified not to receive any off-budget donations without prior authorisations by the Minister of Finance. The above was again communicated in the Budget Call Circular for FY 2022/23. During this financial year 2022/23 all declared donations were included in the Appropriations bill.	
Query	**Quantification of Outputs/Activities**
Observation Section 13 (15, b) of the PFMA 2015 states that a policy statement submitted by a vote shall contain the annual and three months' work plans, outputs, targets and performance indicators of the work plans. The audit sampled eight (08) outputs with a total of sixty two (62) activities and expenditure of UGX 150.6Bn for assessment. A review the extent of quantification of outputs and activities noted the following; i. One (01) output with a total of four (04) activities and expenditure worth UGX 2.1Bn was fully quantified. That is, all the four (04) activities (100%) within this output were clearly quantified to enable assessment of performance.	

ii. Three (03) outputs with a total of fifty-four (54) activities and expenditure worth UGX 67.1Bn were insufficiently quantified. I observed that out of the fifty-four (54) activities, forty-nine (49) activities (91%) were quantified while the balance of five (05) activities (9%) were not clearly quantified to enable assessment of performance.
iii. Four (04) outputs with a total of four (04) activities and expenditure worth UGX 81.3Bn were not quantified at all. That is none of the four (04) activities within these outputs was quantified at all.

The audit observed that in cases where outputs were either partially or not quantified management reported performance in generic ways. The activities that were not sufficiently quantified were;

i. Laboratory Roasters, Mini roaster, Grinder, Expresso machine, HPLC machine, & boilers procured
ii. Procurement of ICT Equipment
iii. Jinja Training Centre Constructed
iv. Hold Inter-University barista competitions for female and male youth students

Failure to plan and report on the quality/quantity of activities implemented renders it difficult to establish the reasonableness of individual activity costs for each planned output which curtails effective accountability when funds are subsequently spent.

Further, without clearly and fully quantified outputs, the audit could not ascertain the level of achievement of these outputs and whether funds appropriated by Parliament and released were spent and the intended objectives achieved.

The Accounting Officer pledged to ensure that all outputs will be fully quantified.

Recommendation	
Accounting Officer should ensure that all activities and outputs are fully quantified at planning level to facilitate performance measurement.	
Action	
Significant improvement has been registered through capacity development and as a result all activities in the work plans for FY 2021/22 and 2022/23 have been quantified with clear targets.	
Query	**Implementation of Quantified Outputs**
Observation The audit assessed the implementation of one (01) output that was fully quantified with a total of four (04) activities worth UGX 2.1Bn and noted that out of the four (4) activities, the entity fully implemented three (03) activities, while one (1) activity remained unimplemented. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the Authority did not implement the planned activity for procurement of one coffee promotional van despite having received the required funds. The Accounting Officer attributed the activities that were partially implemented or not implemented majorly to restrictions in movements/gathering as a result of the COVID-19. These include trainings, workshop and seminars and inland travel. In other instances, there were budget suppressions where the funds were not released. These include travel abroad, promotions and trade fairs. Lastly, delays in procurements due to delays in shipments of supplies occasioned by scarcity of vessels due to COVID-19	
Recommendation	

The Accounting Officer should prioritise all unimplemented activities in the subsequent period	
Action	
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The un-implemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**Submission of Quarterly Performance Reports**
Observation Paragraph 8.12 (4,5,6) of the Treasury Instruction 2017, require the Accounting Officer to prepare reports for each quarter of the Financial Year in respect of the vote for which he/she is responsible. These reports shall contain financial and non-financial information on the performance of the vote and shall be submitted to Treasury not later than 15 days after the end of each quarter. It was noted that the entity submitted performance reports for Q2, Q3 and Q4 after the deadline given for submission of the reports. In addition, the audit did not obtain evidence to confirm that the Accounting Officer Prepared Monitoring Plans and reports which are important in ensuring that the budget performs as expected. Failure to submit performance reports in time and failure to prepare monitoring plans and reports contravene the Treasury Instructions and affect timely tracking and evaluation of performance. Management acknowledged the observation of submission of monitoring plans and reports. The Monitoring Plans for FY2021/22 have been prepared and will be used for timely tracking and evaluation of performance.	
Recommendation	

The Accounting Officer should ensure that performance reports are prepared and submitted in time and always prepare budget monitoring plans and reports to facilitate performance tracking.	
Action	
The late submission of performance reports for three quarters of FY2020/21 were basically as a result of restriction imposed during covid-19. Where, information from field activities could take long to be delivered for consolidation and teleworking environment. However, after relaxation of covid-19 restrictions all quarterly performance reports for FY2021/22 were submitted within the statutory timelines.	
Query	**Seedling Supplied Out of Season-UGX 212,895,900**
Observation The Coffee year has two seasons, that is; March to May and September to November. A review of the distribution lists attached to the accountabilities for coffee seedlings supplied revealed that deliveries to a tune of UGX 212,895,900 were made either out of season or towards season end thus rendering the survival of the inputs nearly impossible. Deliveries out of season or towards the close of the season limit the viability of the seedling to root, because the rains will have drastically decreased. Management explained that they have put in place a system where farmers request for seedlings after confirmation that they have dug holes and are ready to plant. The system will ensure that seedlings allocations are made to only those who submit application early, have prepared the holes and are ready to plant during the rainy season.	
Recommendation	

Accounting Officer should put in place measures to ensure that the deliveries are made in time for planting.	
Action	
UCDA activities are guided by seasonal rainfall outlook issues by Uganda national meteorological authority and seasons have kept changing from known traditional seasons of September-November and March –May cross the country Distribution of seedlings in November 2020 was guided by September-December 2020 seasonal rainfall outlook published on 30th August 2020 by Uganda national meteorological authority and indeed rains continued up to January of 2021 in entire country according to performance report of rain fall for September 2020-january 2021 issued on 19th February 2021.	
Query	**Distribution of Fertiliser**
Observation The audit noted that there was low adoption and use of modern climate smart farming methods, including: use of fertilizers, mulching, irrigation, control of pests and diseases, soil and water conservation, soil fertility management, as well as planting of cover crops and shade trees. According to a study conducted in June 2020 by UCDA; it was established that 53% of the coffee trees in Uganda are 8 years and above while about 35% of the coffee trees are aged 3-7 years thus the dominance of old coffee trees implies declining productivity. In order to increase coffee production and productivity, it is paramount to stump the old and unproductive coffee trees and application of fertilizers, the basis upon which UCDA started a coffee rehabilitation programme aimed at stumping the old coffee trees and application of fertilisers with the expectation of increasing coffee yields and incomes of farmers.	

UCDA contracted two suppliers as at 30th June 2021 to supply fertilizers since the financial year 2018/19 to a tune of UGX 14.809Bn.	
Action	
The delay to submit acknowledgment receipt of fertilizers by cooperatives was attributed to covid-19 guide lines concerning restriction on movements and gatherings. However, after reopening of the economy and relaxation of movements and meeting guidelines, the fertilizer bags have now been returned by all cooperatives that received fertilizers.	
Query	**Acknowledgement of Fertilizers by Intended Coffee Farmers-UGX 2.25Bn**
Observation UCDA contracted two suppliers for procurement of organic Fertiliser at UGX 14,809,660,000. To facilitate full accountability, UCDA issued guidelines to be followed during the distribution of fertilisers. These guidelines required that; i. all cooperatives and farmer organisations that had been duly selected to submit a list of beneficiaries using Form F1 to UCDA headquarters ii. the committee to verify the preparedness of the beneficiaries on the list submitted by the cooperatives/farmer organisations iii. the cooperatives/farmer organisations to pick the fertilisers from a central depot in Kampala and acknowledge receipt by filling Form F2 iv. the selected beneficiaries to pick fertilisers from the distribution points in their districts and acknowledge receipt by signing Form F3; and v. the cooperative/farmer organisation to return all empty fertiliser bags to the UCDA regional office and fill Form F4.	

The guidelines clearly stated that it is the responsibility of UCDA to provide verification and acknowledgement forms to be filled with necessary information for accountability purposes. The Audit noted that fertilizers worth UGX 2.252Bn remained unaccounted for by the time of audit. These fertilisers were all reported as distributed to the cooperatives, however, the evidence such as the form F3's showing acknowledgement of fertilizers by intended coffee farmers was not provided. Additionally, contrary to the set guidelines the cooperatives had not returned the empty fertiliser bags and had not filled in form F4's. Lack of the necessary supporting documentation as per the set guidelines by management casts doubt on whether the intended beneficiaries actually received and used the fertilisers distributed in order to increase the productivity of their old coffee trees. Management explained that the fertilizer distribution exercise was hampered by the first COVID-19 lock down measures put in place to control the spread of COVID-19, where UCDA field staff were unable to move and backstop the Cooperatives during fertilizer distribution and some Cooperatives used their own forms for fertilizer distribution instead of the approved Form 3's contrary to the fertilizer guidelines. Regarding absence of Form 4's empty bags, management explained that this was also hampered by the COVID-19 movement restrictions and the Cooperatives delayed to submit the empty bags. Since then, most of the empty bags have been delivered to UCDA Regional Officers while cooperatives with balances are being mobilized to deliver them from their stores to Regional Offices.
Recommendation
Management should continue working closely with the cooperatives in order to obtain all the necessary accountabilities and avail them for audit verification.

Action	
The delay to submit acknowledgment receipt of fertilizers by cooperative was attributed to covid-19 guide lines concerning restriction on movements and gatherings. With the reopening of the economy and relaxation of movements and meeting guidelines, all documentation in form of Form F3 and F4 including fertilizer bags have been returned by all cooperatives that received fertilizers.	
Query	**Delivery of Fertilisers Out of the Planned Period**
Observation The audit noted that management decided to supply the fertilisers to three regions north of the Equator i.e. western, Northern and Elgon region. These regions' harvesting season ends in March after which stumping of old trees was expected to have been done. However, fertilisers in the western and Elgon region to a tune of 65,445 and 1,880 bags respectively had not yet been distributed at the time of inspection in September 2021 contrary to section 7 (a) of the fertiliser distribution guidelines that required application of fertilisers to only be done in the rainy season. This was beyond the planned utilisation period. Failure to distribute the fertilisers timely results in non-achievement of the intended objectives of increased productivity of the coffee trees. Further, the audit could not rule out loss of effectiveness with time these being chemicals that may have a lifespan. Management explained that the rainy season for Elgon is April/August, while the rainy seasons for western region is September/November and March/May. The 1,880 bags in Elgon region that were still in storage in September 2021 has since been distributed while the distribution of the 65,445 bags in the western region is currently being done.	

Recommendation	
The entity should expedite the distribution of fertiliser to beneficiaries to avoid cases of expiry.	
Action	
UCDA activities are guided by seasonal rainfall outlook issues by Uganda national meteorological authority and seasons have kept changing from known traditional seasons of September-November and March –May cross the country. In this particular case, the distribution of fertilizers in western and Elgon region after September 2021 was guided by rainy season outlook as rain started late and ended late past traditional rain seasons of those regions.	
Query	**Delays in the Procurement Process**
Observation Standard bidding documents for procurement of supplies/Works provide for timelines within which a PDE would undertake a procurement stating the publishing (Advertising) date, bid closing date and expected contract signature date. Bid documents issued by management set timelines of approximately three to four months from bid publishing to contract signing for the various procurements. Contrary to the above, review of three (3) procurements worth UGX 1.3Bn took longer from initiation to final contract signing. It was noted that the procurements took on average 212 days from initiation to contract signing. To-date the Coffee Promotional Van had not been delivered, renovation of 8 apartments at Bugolobi flats had not been completed while construction of show room, office and training Centre at Jinja agricultural show grounds – Phase 1 had not been completed. Delayed procurements affect service delivery and makes projects more costly through inflation, fluctuations in prices and exchange rates	

payment of liquidated damages. Further, delayed contracts lead to utilization of GOU letters of credits that deny Government collection of withholding tax from contractors and lead to nugatory expenditure in from of LC commissions. Management explained that the delays in procurement were attributed to inadequacies in statement of requirements, long evaluation processes and delays in approval of contracts. In order to improve capacity management organised a two-day training for staff in public procurement procedures which will address procurement gaps including the inadequacy in development of statement of requirements at initiation of procurements. PDU has also developed an excel tracker to monitor the progress of procurements against the set time frames.
Recommendation
The entity should ensure that all inefficiencies in the procurement process are eliminated.
Action
The procurement plans are always part of the budget execution and processes that have to be followed by all entities during the financial year after the appropriation by Parliament. Failure to follow the procurement process affects service delivery of an entity affecting all planned activities. The contract for assorted nursery materials were concluded and delivered made in October 2020. While procurement for shade nets delayed due to several administrative reviews hence affected earlier planned implementation timeline and associated unplanned cost of storage for already delivered assorted nursery materials. The contracts for shade nets was later signed, delivery made and distribution to beneficiary done during FY 2021/22

Query	**Budgeting and Receipt of Funds**
Observation UCDA had a COVID-19 arrears supplementary budget of UGX 73Bn all of which was warranted representing 100% of the budget	
Action	
Ernst and young was engaged by MoFPED to review and establish UCDA domestic arrears position as at 30th June 2019 as a prerequisite to supplementary funding in order for UCDA to clear its arrears At the time of the review UCDA had entered into new commitments with the purchase order form issued to nursery operators which suppliers had been made by the respective nursery operators. Given the strict deadline of the review given to EY, some of the seedlings returns were submitted to EY without full documentation and authorization for purposes of recording the liability using purchase order form. However, after the EY exercise these files were returned to the filed to ensure that the missing documents were attached, and all necessary approvals obtained. Although the process was subsequently followed the above explained inadequacy in documentation was the cause of contested and rejected arrears by EY since the nursery operator had already supplied and demanding payments, MoFPED did not send the EY team to revalidate the list of arrears under contestation after Authority obtained full documentation. As a result, the Authority continues with its internal control procedures to verify submitted returns for payments.	
Query	Effecting Payments in Respect of Contested and Rejected Arrears

Observation

The Ernest and Young report on UCDA arrears had contested and rejected arrears to a tune of UGX 3.721Bn and UGX 43.863Bn respectively.

However, sample review of arrear payments revealed that UCDA went ahead and paid UGX 1.142Bn from invoices worth UGX 1.173Bn in respect of those contested and rejected arrears after internal audit verification.

My audit verification of the contested and rejected payments paid revealed that UGX 1.066Bn was properly supported while UGX 75,629,400 could not be verified since a number of beneficiaries lacked personal contact farmers. Management attached form B; detailing the seedlings received by each farmer and their respective acknowledgement. Form D; summarising total supplies to the farmers was also attached. However, the audit was not satisfied with supplies worth UGX 75,629,400 because some farmers did not have phone contacts included in the Form B

Management explained that the internal control procedures followed on seedlings verification include among others the following;

i. Submission of all seedlings returns by Development Directorate in line with the established compliance checklist to confirm that all necessary supporting documents are attached before forwarding them for verification and payment.
ii. Preliminary verification of all seedling returns through phone calls to sampled beneficiaries to confirm quantity of seedlings received by them as a basis of determining the payable quantity.
iii. Undertaking field verifications of all queried seedlings returns to confirm actual quantities received by beneficiaries and also ascertain existence of plantlets in the coffee gardens.

As such, all payments made followed the above internal control procedures.	
Recommendation	
The Accounting Officer should advise to work closely with the Internal Auditor General to have the EY report validated and a final position determined	
Action	
Management continues to engage MoFPED on issue of settlement of domestic arrears	
Query	**Duplicate arrears in un-reconciled EY report -UGX 7.75Bn**
Observation The audit noted that several transactions to a tune UGX 7.748Bn reported in the EY report were either duplicated or repeated thrice. Further, though reconciliation by management (Internal Audit) together with Internal Auditor General was undertaken, the audit noted that it has never been completed. The EY report as a document of origin has many flaws and overstated the verified arrears which may lead to overpayments of some suppliers. Management promised to engage the Internal Auditor General (IAG) on availing a report on their findings with respect to the audit conducted	
Recommendation	
The Accounting Officer should work closely with the Internal Auditor General to harmonize the position regarding the EY report.	
Action	
The UGX 45bn that is indicated as payment for prior year domestic arrears was paid based on PS/ST guidelines to settle arrears on the first call of the budget for the year.	

This helped the Authority to reduce the seedling arrears by 81%.The remaining 45bn was settled during FY2021/22	
Query	**Internal Control Weaknesses in The Management of Domestic Arrears**

Observation

Review of the internal controls in management of arrears revealed the following;

Verification of quantities supplied and beneficiaries

The UCDA management carries out validation of the quantities of coffee seedlings supplied which may lead to writing down of quantities supplied by the suppliers. As a result, the amounts paid to the different suppliers may be revised downwards.

Audit noted that there is no evidence of acceptance of the Internal Audit position by the suppliers affected. This could expose the entity to litigation as a result of dissatisfied suppliers

Management explained that as a practice during the verification process, supplier files are not written down beyond 8% of total quantity of seedlings supplied. In case where the write down amount equals or exceeds 8%, such files are taken to field for physical verification before payments are made.

For physically verified seedling returns, management shall ensure that communication on the field findings is made to the respective suppliers to seek their consent on the payable position recommended in the field reports.

Recommendation

The Accounting Officer should ensure that all parties consent to the agreed position in order to avoid possible litigation.

<table>
<tr><td colspan="2">Action</td></tr>
<tr><td colspan="2">Management continues to engage MoFPED on issue of settlement of domestic arrears</td></tr>
<tr><td>Query</td><td>Purchase of Motor Vehicles-Deviation from Ministry of Works specifications for lot 1 and 2</td></tr>
<tr><td colspan="2">Observation

Government practice requires clearance of technical specifications for all vehicle procurements from the Chief Mechanical engineer (Ministry of Works and Transport) before proceeding with the bidding process and any adjustments in regard to the same to be approved by the same Authority.

Further, a circular dated 5th September 2014 from PPDA advised entities to seek technical advice on specifications for vehicles from the Chief Mechanical Engineer to limit incidences of complaints which delay procurements and service delivery.

The Chief Mechanical Engineer guided UCDA management vide letter dated 1st July 2020 specifying the specifications for the station wagon under Lot 1 and three double cabins under Lot 3.

However, it was noted that the entity went ahead and amended the requirements for Lot 1 with an addendum which was in violation of the guided specifications. Further, specifications for the double cabins under Lot 3 were amended after an elaborate evaluation had been undertaken and best evaluated bidder notice drafted awarding the contract to M/s Cooper Motor Corporation at UGX 572million.

Procurements outside the recommended specifications by the Chief mechanical Engineer expose Government to high procurement costs as noted in lot 3 where an excess of UGX 150million was spent and also lead to higher maintenance costs.</td></tr>
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Management explained that the amendment of specifications for procurement of 3 Double Cabin Pickups (Lot 3) from power output at rated rpm 110 kw to 145 kw not exceeding 2,800 CC as cleared by Ministry of Public Service was based on performance, quality and reliability. The entity required motor vehicles of high performance for its lean fleet of 4 Double cabin pickups to support both office and field operational activities across the country.	
Recommendation	
Accounting Officer should desist from flouting MoWT guidance in procurement of vehicles and should seek retrospective approval of the amended specifications.	
Action	
The entity had challenges of staffing in PDU department and as a result operated with only one staff hence reported delays and challenges in the procurement process. However effective July 2022 the staff capacity was enhanced through recruitment of two additional staff which has reduced on the work load and improved efficiency in the procurement process. The entity obtained approval/clearance from the MoPS and MoWT to procure double cabin pickups not exceeding 2,800cc for monitoring and supervision of field activities.	
Query	**Staffing gaps**
Observation A review of the staffing levels revealed that out of the 224 approved staffing positions, UCDA recruited 29 new staff comprising of regional coffee extension officers (15), quality assurance officers (6), legal officer (1), human resource officer(1), risk officer (1), internal auditor(1), corporate communications officer(1), business development and innovation officer(1), statistician(1) and administration officer(1). The	

new recruitments have increased staffing levels to only 147 (66%) positions as at the end of the financial year leaving 77 (34%) positions vacant. The audit noted that among the vacant posts are key positions in the various directorates i.e. Board Secretary/Director of Corporate Services, three (3) Regional managers, Accountants (2), one (1) procurement manager, thirty-eight (38) regional coffee extension officers and three (3) Regional Coffee Technical officers among others. Understaffing adversely overstretches the available staff establishment and leads to work fatigue. As a result, the Authority's strategic objectives will be impacted as all planned activities may not be adequately implemented. Management explained that guidance was sought and received from the Ministry of Public Service on staff recruitment in the context of rationalisation of government agencies and public expenditure (RAPEX) and therefore, recruitment shall be undertaken in line with the guidance. The recruitment plan has 11 positions to be filled, and it is expected that the total number of staff by end of the FY 2021/22 will be 156 and as 11th October 2021, Cabinet has since approved appointment of the Board which will enable recruitment for the positions at Manager Level and above (i.e., Board Secretary/Director Corporate Services, Director Quality and Regulatory Services, Regional Manager, Procurement Manager, Coffee Sustainability Manager, MIS Manager, Audit and Compliance Manager and Value Addition and Promotion Manager).
Recommendation
The entity should fast track the recruitment process and continue lobbying for additional funds to address the funding challenge.
Action

The 8th UCDA board of director's tenure expired on 4th July 2020 and the 19th UCDA board of Directors was inaugurated on 28th October 2021. During FY2020/21 UCDA did not have the Board of Directors which affected among others activities recruitment of staff. However, after its inauguration of the positions were filled.	
Query	**Irregular extension of staff contracts**
Observation Section 5.3(c) of the UCDA Human Resource manual (2018) on recruitment and selection policy requires the Board of Directors to carry out the recruitment and appointment of Staff at Managerial level and above. Review of the staffing levels by audit revealed extension of contracts for staff at managerial level without explicit board approval. Contract extensions without board approval expose the entity to risks of litigation in the event of non-renewal of some staff contracts as noted in some cases. Management explained that the positions above are key functions that were considered critical to UCDA's operations, at the time of contract expiry and in absence of the Board and in the context of Rationalisation of Government Agencies and Public Expenditure (RAPEX), guidance was sought and received from the Ministry of Public Service on staff recruitment and contract renewals thus the respective staff were appraised for their performance and recommended for renewal of their contracts pending Board appointment and consideration of their requests for contracts renewal.	
Recommendation	

Management should urgently schedule the discussion of the extension of the contracts on the board paper for ratification or cancellation by the board.
Action
On 4th April 2020 the 8th UCDA board of directors issued a circular board resolution to allow acting appointment beyond a period of more than two terms of six months pending appointment of new board and guidance from MoPS on rationalization status. Therefore, entire FY 2020/21 UCDA did not have the board of directors which affected among others activities recruitment of staff and others acting for more than two terms of 6 months However, after its inauguration on 28th October 2021 the mentioned managerial positions were substantively filled.

12.0 UGANDA ROAD FUND

Query	**Lack of Strategic plans that are aligned to NDP-III**
Observation Paragraph 5 of the budget execution circular for the financial year 2020/2021 cites poor alignment of Government Budgets with the National Development Plans. The PS/ST urges Accounting Officers to ensure that all activities for Financial Year 2020/2021 are aligned with NDP III and implemented accordingly. Regulation 26 (1) of the National Planning Authority (development of Plans) regulations require entities to submit to NPA their five-year development plans for certification before approval This being the first year of implementation of the NDP-III, the entity was expected to prepare a strategic plan aligned to NDP III and ensure that the plan is approved. The strategic plan would then form the basis of the preparation of the entity's annual plans.	

Through document review and interviews, the audit noted that URF did not have an approved five year vote strategic plan to facilitate operationalization of the NDP III infrastructure sector priorities during the first year of NDP III implementation. There is a risk that activities implemented during the financial year 2020/2021 were not aligned to the NDP-III, which negatively affects the achievement of NDP-III objectives. The Accounting Officer explained that the URF prepared a Strategic Plan 2020/21 - 2024/25 which is aligned to NDPIII and was submitted to National Planning Authority (NPA) for approval, but the Plan was still under approval process by the NPA.	
Recommendation	
Accounting Officer was advised to follow up and have the plan approved by NPA.	
Action	
The URF strategic plan 2020/21-2024/25 which is aligned to NDP III was submitted to NPA for approval in January 2022. A response from NPA is awaited.	
Query	**Revenue Performance**
Observation The audit reviewed NTR estimates, revenue sources and rates charged at vote level for the financial year 2020/2021 and noted that URF did not forecast NTR to be collected during the year under review. However, the financial statements indicated that NTR amounting to UGX 7,078,800 was collected during the year. Non-budgeting for NTR collections at the vote level results in an aggregate revenue under budgeting at the Treasury level, which negatively affects planning at a Government-wide level.	

Performance of GoU receipts URF budgeted to receive UGX 512.175 Bn out of which UGX 506.507 Bn was availed, resulting in a shortfall of UGX 5.493 Bn, which is 1.1% of the budget. Revenue shortfalls affect the implementation of planned activities. Management explained that the entity did not make any NTR projections in the year under review because the only source of realizable revenue is appropriations from Treasury received on a quarterly basis. However, projections relating to sale of bid documents and disposal of assets could be made.	
Recommendation	
i. Accounting Officer should always ensure that NTR is forecasted and indicated in the budget. ii. Accounting Officer should liaise with MOFPED to ensure that the approved funding is always fully availed.	
Action	
The Ministry of Finance will continue to support MDALGs to come up with realistic budgets for NTR. The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of NTR budgets at entity level.	
Query	**Absorption of funds**
Observation Out of the total warrants of UGX 506.507Bn received during the financial year, UGX 506.296 Bn was spent by the entity resulting in an unspent balance of UGX 0.211Bn representing an absorption level of 99.96%. The unspent funds were swept back to the Consolidated Fund as required by the PFMA. The funds were meant for activities that were not fully implemented by the end of the financial year and these include; 1. Recruitment and substantive appointment of staff, and 2. Importation of materials for construction of the Fund Secretariat.	

The audit further noted that the entity did not seek revision of its budget and work plan as provided for by section 17 (3) of the PFMA **2015.**	
Recommendation	
Accounting Officer should ensure that all funds availed are absorbed or make the necessary revisions in the budget and work plan and have these approved as guided by the PFMA2015	
Action	
The unspent balance on wage were due to failure to conclude the recruitment and appointment of officers. In addition, the importation of materials for construction of the fund retooling project was also affected by the covid-19 lockdown.	
Query	**Quantification of Outputs/Activities**
Observation Section 13 (15, b) of the PFMA 2015 states that a policy statement submitted by a vote shall contain the annual and three months' work plans, outputs, targets and performance indicators of the work plans. Regulation 11 (3) of PFMR 2016 requires that a vote prepares a work plan that indicates the outputs of the vote for the financial year; the indicators to be used to gauge the performance of the outputs and funds allocated to each activity. To assess the performance of an output, all activities supporting the output must be quantified. The audit further reviewed the extent of quantification of outputs and activities for all the Fund's six (6) outputs with a total of eighteen (18) activities with an approved budget of UGX 512.175Bn representing 100% of the Fund's approved total budget. It was noted that six (6) outputs with a total of eighteen (18) activities and expenditure worth UGX 506.296Bn were fully quantified. That is, all the	

eighteen (18) activities (100%) within these outputs were clearly quantified to enable the assessment of performance. The audit also noted that URF did not have unit cost estimates at activity level to provide a link between inputs, processes, outputs and intermediate outcomes realized during the year	
Recommendation	
The Accounting Officer should ensure that unit costs are estimated at activity level.	
Action	
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement.	
Query	**Implementation of quantified outputs**
Observation The audit assessed the implementation of six (6) outputs that were fully quantified with a total of eighteen (18) activities worth UGX 506.296 and noted that; • Two (2) outputs with two (2) activities and expenditure worth UGX 310.335Bn were fully implemented. That is all the two (2) activities within these two outputs were fully implemented. • Four (4) outputs with sixteen (16) activities worth UGX 195.961Bn were partially implemented. Out of the sixteen (16) activities, the entity fully implemented five (5) activities, and nine (9) activities were partially implemented, while two (2) activities remained unimplemented Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example,	

URF did not implement the following planned activities despite having received the required funds; • Production of quarterly reports on the status and functionality of District Road Committees and • Review and calibration of the funds allocation formula The Accounting Officer explained that implementation of majority of the above activities was affected by the COVID-19 pandemic and the nationwide lockdown during quarter two and three of the financial year. In addition, budget cuts by MOFPED affected the planned implementation of activities.	
Recommendation	
The Accounting Officer was advised to ensure that outputs / activities are implemented as planned.	
Action	
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The un-implemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**Failure to Collect Monies of the Fund**
Observation Section 21 of the URF Act 2008 mandates the Fund on recommendations by the Board to charge road user charges which include fuel levies, international transit fees from vehicles entering the country, road license fees, axle load fees, and bridge and road toll fees. This is amplified under the monies of the Fund by the commentary on the financial statements by the Accounting Officer at page 3. The audit of financial statements indicated that the Fund did not collect the above monies. Failure to collect the revenue negatively affects the Fund's mandate and hence hampers service delivery.	

The Accounting Officer explained that this was caused by a lacuna in the law whereby section 14 of the URA Act also empowers URA to collect the same revenue which made URF not to budget for it.	
Recommendation	
The Accounting Officer in collaboration with the Board should engage all the necessary stakeholders involved to ensure that the revenues are collected on behalf of the Fund so as to support in the fulfilment of the Fund objectives.	
Action	
The Special Fund for URF is not operational. The Regulatory Impact Assessment exercise for operationalisation of Special Funds was undertaken from 7th to11th February 2022. A decision is yet to be made; in the interim, URF continues to obtain its financing from the Consolidated Fund.	
Query	**Review and Calibration of the Funds Allocation Formulae to Designated Agencies**
Observation Section 6.1.4 of the Planning and Programming Policies and Procedures Manual states that the allocation formula shall be reviewed by the Board annually to ensure that it remains valid under current circumstances. However, the audit noted that the fund allocation formula was last reviewed by the Secretariat in 2019. In addition, during the year, the formula was not reviewed to provide for current situations such as budget cuts and Covid-19 pandemic effects which led to disproportionate transfers to designated agencies. Without regular review and calibration of the funds allocation formula, transfers to designated agencies have no proper basis and may not be fairly justified by the Fund. The practice affects service delivery provision	

to the intended beneficiaries due to inadequate allocation of funds for road maintenance services. The Accounting Officer explained that the Funds Allocation Formula was planned to be reviewed with Technical Assistance from the EU to URF in FY 2020/21. The revised Funds Allocation Formula would subsequently be calibrated and applied. However, the contract under EU was affected by the Covid-19 pandemic and the contract was suspended indefinitely by the EU hence failure to calibrate the Formula. It should be noted that no funds were budgeted for under URF for that purpose in FY 2020/21. However, the Fund plans to calibrate the existing Formula in FY 2021/22	
Recommendation	
The Accounting Officer was advised to plan for the review and re-calibration of the Fund's allocation formula.	
Action	
The review and re-calibration of existing formula has been programmed to take place in the FY 23/24.	
Query	**Delayed Procurements**
Observation According to the budget execution circular Para 9 FY 2020/2021, the implementation of the budget for FY 2020/2021 will strictly be based on the approved annual work plan, procurement plans and recruitment plans. The Accounting Officers are further required to embark on their procurement and recruitment activities as early as possible to minimize delayed procurements and failure to effectively absorb released resources. In order to achieve timely delivery of services, procurement processes must be undertaken in a manner that ensures that the best service providers are identified in time.	

For this analysis, the audit compared the total amount of time needed to complete the procurement of service providers/Works (from approval of bid documents to contract signing/) for each type and method of procurement to establish the time taken against the timelines in the PPDA Act. The audit analysed the procurement process between the date of bid approval and the date of contract signing (award of the best evaluated bidder) for eleven sampled procurements and it was noted that procurements worth UGX 642,234,236 had delays ranging between 1 and 93 working days. For example; the contract for provision of Motor Vehicle maintenance services under framework contract was delayed by 93 days and the contract for supply, delivery and installation of iPads for URF Board members was delayed by 15 days. Delays in the execution of the procurement processes translate into delays in Programme/project implementation which affects funds absorption rates and timely realisation of the output targets. The Accounting Officer explained that the delays as detailed above were occasioned by the halting of procurements during the Covid-19 lock down. The processes later commenced after lifting of the lockdown that enabled evaluation of bids to be undertaken and awards made.
Recommendation
Accounting officer should embark on the procurement processes early enough to avoid unnecessary delays that in the long run affect delivery of the expected outputs/targets.
Action
The delays were occasioned by halting procurement due to covid-19 lockdown. The process commenced after lifting of the lockdown and evaluation of bids was done and contracts awarded.

Query	Inadequate Monitoring and Evaluation of the Performance of Designated Agencies

Observation

Section 4.3.4.2, paragraph 4 of the Uganda Road Fund Monitoring and Evaluation Framework stipulates that to match the proposed sampling criteria to the URF in-house capacities and available funding, 12.5% of all the Designated Agencies (DAs) and sub-agencies shall be monitored in each quarter and each DA grouped as one unit with its sub-agencies shall be monitored at least once every two years.

It was noted that the total number of designated agencies and sub-agencies financed by the Fund is two hundred and three (203) out of which one hundred and thirty-four (134) are District Local Governments, thirty-one (31) municipalities, twenty-three (23) UNRA stations, ten (10) cities and five (5) KCCA divisions.

It was further noted through review of the M&E framework that the M&E department is supposed to monitor and evaluate at least one hundred and one (101) representing 50% of all the designated agencies and sub agencies financed by the Fund. However, out of the 203 designated agencies supposed to be monitored, only twenty-seven (27) Agencies representing 13.3% of the total designated agencies and sub agencies were monitored during the year.

From the above, it can be observed that in quarter four (Q4) no designated agency and sub agency was monitored and in the first three quarters of the year only 27 DAs were monitored. The failure to monitor operations of the designated agencies in 4th quarter and low coverage in the last three quarters of the year is attributable to the covid-19 movement restrictions and inadequate staffing structure/ staffing position of the M&E department whereby the structure provides for only three (3) staff in the department to monitor the operations of all DAs which is very low staffing position given the mandate of the department.

In addition, out of the approved structure of three-staff, only two positions representing 67% are filled by URF. This further affects realization of the set targets in the M&E annual work plan and in the long run affects making corrective action to facilitate timely delivery and quality achievement of the set planned targets. It was further noted that whereas the department prepared M&E reports, there was no evidence that these reports were discussed by the Board for purposes of making corrective action for performance improvement and fast-tracking timely delivery of undertaken projects by designated agencies. Without adequate monitoring and evaluation of implemented projects by designated agencies, Management of URF cannot ascertain the extent of delivery of such projects and challenges experienced during project delivery for evidence-based decision making and performance improvement. The Accounting Officer explained that due to the COVID-19 pandemic and travel restrictions, collection of data for input in the reports faced massive delays from designated agencies leading to downstream delays in the reporting process
Recommendation
The Accounting Officer was advised to ensure that an M&E system is developed with clear administrative and institutional tasks for establishing data collection, analysis and reporting guidelines. The Accounting Officer was also advised to ensure that the M&E structure is revised and fully constituted to facilitate monitoring of the designated agencies as required by the M&E Framework to generate monthly and quarterly reports on the performance of the Programmes with recommendations for corrective action so as to facilitate evidence-based decision making by Government

Action	
Due to Covid-19 and travel restrictions collection of data for input into the report face massive delays from designated agencies leading to downstream delays in the reporting process. The procurement of the Integrated Management System was completed and contract awarded to M/S Loys Technologies (U) LTD in joint venture with DISD Corporation S.L and Alfatec Sistemas S.L. The contractor commenced the development process on the 2nd February 2023. This work will be concluded in Q2 FY 2023/24.	
Query	**Lack of Internal Controls in the Inventory Stores**
Observation Paragraph 7.19.2 of the Treasury instructions 2017 requires Issuance of a book of original entry to be properly authorized and signed for by both the requisitioning and issuing officers and recorded in the appropriate register detailing the; Name of book of original entry; Date issued; Name of Officer issued to; Name of issuing Officer; Range of Series; and Head of Finance and Accounts signature. However, audit noted that whereas URF had central stores under the charge and control of the Administrative Officer, the entity did not have a proper stores management system that is recommended in the Treasury Instructions. Most of the purchases that were made did not go through stores and those that went through stores had the Goods Received Note only signed by the Administrative Officer without an allowance of any other countersigning control like internal audit to verify the actual deliveries that have been made. The audit also noted that the stores did not have any stock cards in place to show record of issue of stock and balances at the store. Lack of proper controls in place in the stores makes the inventories susceptible to theft resulting into loss of funds.	

The Accounting Officer explained that the system has been reviewed and updated to take into consideration the proper receipt of items into stores, recording of stores items, the issuing of stores and updating of stores records. The 107th Board meeting also approved the records management manual that will further strengthen the stores management.
Recommendation
Accounting Officer should ensure that the stores controls are immediately put to effect to ensure proper inventory management for accountability purposes
Action
To date the system has been reviewed and updated to take into consideration the proper receipt of items into stores, recording of stores items the issuing of stores and updating of stores records. The 107th board meeting also approved the Records Management Manual that will further strengthen stores management.

13.0 UGANDA BUREAU OF STATISTICS

Query	**NTR Performance**
Observation **Performance of NTR** The audit reviewed the NTR estimates, revenue sources, and rates charged at the vote level for the financial year 2020/2120 and noted that the entity budgeted to collect NTR of UGX 1.793Bn during the year under review. Out of this, only UGX 0.045Bn was collected, representing a performance of 2.55 % of the target. Shortfalls in NTR collections affects the implementation of planned activities at the Government-wide level. The Accounting Officer explained that the Bureau was not involved in the Budgeting process of NTR UGX 1.79 billion. This is far above the usual range of UGX 20 million and UGX 50 million.	

The Accounting Officer continues to engage with the MoFPED to come up with realistic estimates based on the services provided by UBOS, which NTR includes the sale of Bids and the hire of the Conference Hall at Statistics House.

Performance of GoU receipts

The entity budgeted to receive UGX 60.696Bn, out of which UGX 48.86Bn was warranted, resulting into a shortfall of UGX 11.836Bn, which is 19.5% of the budget. Revenue shortfalls affect the implementation of planned activities.

It was further noted that the entity did not seek a revision of its budget and work plan, as provided for by Section 17 (3) of the PFMA 2015, following the revenue shortfall.

The Accounting Officer explained that the entity would continue to liaise with the Budget Office to release the appropriated budget. However, part of the UGX 11.836Bn only constituted funds for workshops and Travel Abroad, which were affected by the Policy direction of the government following the outbreak of Covid-19

Recommendation

The Accounting Officer was advised to ensure harmonisation of the NTR budgets with the Ministry of Finance, Planning and Economic Development.

The Accounting Officer should always liaise with Treasury in regard to its appropriated budget. In cases of budget cuts, the Accounting Officer should ensure that the necessary revisions in the budget and work plan are effected and approved as guided by the PFMA 2015.

Action

The Ministry of Finance, Planning and Economic Development will continue to support the entity to come up with realistic budgets for NTR. A Revenue Projection Module under PBS is being developed to facilitate the budgeting of Government revenue inflows including NTR. The Accounting Officer has continued to liaise with the Ministry of Finance, Planning and Economic Development in regard to the release of appropriated budget. In the FY2022/23, the Bureau received all the appropriated funds.	
Query	**Absorption of funds**
Observation Out of the total warrants for the financial year of UGX 48.86Bn, UGX 46.815Bn was spent by the entity resulting into an unspent balance of UGX 2.044Bn representing an absorption level of 95.8%. The unspent balance at the end of the financial year was subsequently swept back to the consolidated fund account.	
Recommendation	
The Accounting Officer should always ensure that all funds availed are absorbed.	
Action	
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The un-implemented activities namely; Uganda Business Inquiry, Uganda National Panel Survey, Annual Agricultural Survey and Uganda Demographic Household Survey were rolled over in the subsequent year and have been fully implemented.	
Query	**Quantification of outputs/activities**

Observation

Section 13 (15, b) of the PFMA 2015 states that a policy statement submitted by a vote shall contain the annual and three months' work plans, outputs, targets and performance indicators of the work plans. Regulation 11 (3) of PFMR 2016 requires that a vote prepares a work plan that indicates the outputs of the vote for the financial year; the indicators to be used to gauge the performance of the outputs and funds allocated to each activity. To assess the performance of an output, all activities supporting the output must be quantified.

The audit reviewed the extent of quantification of outputs and activities for a sample of seventy-six (76) outputs with a total of one hundred four (104) activities and expenditure of UGX 31.88Bn and noted the following;

- Sixty-six (66) outputs with a total of eighty-eight (88) activities and expenditure worth UGX 30.18Bn were fully quantified. That is, all the eighty-eight (88) activities (100%) within these outputs were quantified to enable assessment of performance.
- Ten (10) outputs with a total of sixteen (16) activities, and expenditure worth UGX 1.7Bn were insufficiently quantified.

The audit also observed that out of the sixteen (16) activities, nine (9) activities (56.2%) were quantified, while seven (7) activities (43.8%) were not quantified to enable assessment of performance.

The audit further observed that in cases where outputs were either partially or not quantified, management reported performance in generic ways. Some of the activities that were not sufficiently quantified were;

- Updated maps
- Generated and Geographical Information System (GIS) layers

Failure to plan and report on the quality/quantity of activities implemented renders it challenging to establish the reasonableness of individual activity costs for each planned output which curtails effective accountability when funds are subsequently spent.

Furthermore, without clearly and fully quantified outputs, the audit could not ascertain the level of achievement of these outputs and whether funds appropriated by Parliament and released were spent on the intended objectives achieved. The Accounting Officer explained that the Bureau had set up the Planning function under the Methods and Project department responsible for quantification of Outputs, and an M&E function under the Outreach and Quality Assurance department.	
Recommendation	
The Accounting Officer should ensure that all activities and outputs are fully quantified at planning level to facilitate performance measurement.	
Action	
The entity has undertaken the quantification of outputs/activities and has also strengthened internal controls by conducting Quarterly work plan (Budget) reviews and reports are submitted to all stakeholders including OPM and NPA. In addition, the Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement.	
Query	**Implementation of quantified outputs**
Observation The audit assessed the implementation of sixty-six (66) out puts that were fully quantified with a total of 88 activities worth UGX 30.18Bn and noted the following; • Thirty-four (34) outputs with a total of thirty-eight (38) activities worth UGX 20.15Bn were fully implemented. The entity	

implemented all the thirty-eight (38) activities (100%) within these outputs. • Twenty-seven (27) outputs with a total of forty-four (44) activities worth UGX 9.05Bn were partially implemented. Out of the forty-four (44) activities, the entity implemented thirty (30) activities (68.2%), and ten (10) activities (22.7%) were partially implemented, while four (4) activities remained unimplemented. • Five (5) outputs with a total of six (6) activities worth UGX 0.98Bn were not implemented at all. That is, the entity did not implement the six (6) activities (0%) within the output. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the Bureau did not implement the following planned activities despite having received the required funds. The Report of the Uganda Business Inquiry (UBI) ii) Uganda Harmonized Intergraded Survey – Panel iii) Uganda Harmonized Intergraded Survey– AAS. The Accounting Officer explained that the Bureau had beefed up the field task force to cover the uncompleted activities without affecting the planned activities. The Accounting Officer further stated that the Bureau has also ensured that there are no disruptions in the fieldwork by securing clearance from the head of the task force, testing all the field staff before deployment and was seeking the establishment of a vaccination centre.
Recommendation
The Accounting Officer was advised to devise strategies and mechanisms to follow-up unimplemented activities to ensure attainment of planned objectives.
Action
The unimplemented activities for the financial year 2020/2021 were rolled over to the subsequent years. The Partially implemented (4)

namely; Uganda Business Inquiry, Uganda National Panel Survey, Annual Agricultural Survey and Uganda Demographic Household Survey were rolled over to the subsequent years and have been fully implemented.	
Query	**Staffing gaps**
Observation According to Section 3.5.4 of the UBOS Human Resource Manual 2014, an Appointment to any office in the Bureau shall be subject to the availability of a vacancy in the approved staff structure. The head of Directorate/Division shall declare the vacant position(s) to the Manager for Administration and Human Resource using the prescribed format within a reasonable time, preferably within seven (7) days from the day the post falls vacant, to allow the recruitment requirement to be processed appropriately. In addition, good practice recommends that all positions in a given department of an entity be filled in their entirety to ensure proper service delivery and full implementation of planned activities. A review of the staffing structure for UBOS revealed that out of the total approved structure of 316 staff, 283 (90%) positions were filled, leaving 33 (10.4%) positions vacant. The Accounting Officer attributed the understaffing to limited funding to operationalize the Bureau's organizational structure effectively. Understaffing hinders effective and efficient service delivery of the entity's planned outputs. The Accounting Officer further explained that the Bureau is filling up the UBOS structure in a phased approach in line with the Implementation Plan of the Functional Review III.	
Recommendation	

The Accounting Officer was advised to liaise with the concerned stakeholders to ensure that the staffing gaps are filled to deliver its mandate effectively.	
Action	
In the FY 2022/23, the entity received additional funds for wage to fill the structure and the recruitment process is ongoing.	
Query	**Lack of land titles for UBOS land**
Observation According to Paragraph 16.13.11 of Treasury Instructions 2017, a government entity shall be considered to have control if it has the certificate of title. If the government entity does not have title to the land, the entity shall not be considered to have control. The same criteria shall apply to buildings. However, it was noted that the entity lacked land titles for its land both in Entebbe and at head office. Much as several correspondences between UBOS and Uganda Land Commission (ULC) were seen on file, it was observed that the land titles are yet to be acquired. Lack of land titles heightens the risk of land grabbing by unscrupulous individuals which may lead to unnecessary court challenges. The Accounting Officer explained that management has continued to follow-up with the Land Commission, which agreed to enter UBOS as a User on the said titles of Entebbe and Statistics House. The Accounting Officer further explained that management was in contact with the Ministry of Lands, Housing and Urban Development, in tracing the physical files of Plot 9, Colville Street. Additionally, the Accounting Officer stated that for land in Entebbe at Plot 9-11, Airport Road, the Uganda Land Commission had requested a special title and had agreed to include UBOS as a User.	
Recommendation	

The Accounting Officer should continue following up with the process of acquiring the land titles for these two pieces of land to mitigate the risk of land grabbing.	
Action	
A title for Statistics House, plot 9 Colville street, Kampala was secured. For Plot 9-13 Airport Road Entebbe; the titling is still in process. The Bureau has been approved as the user of the land, however the White Page at land registry is missing and UBOS is working with Commissioner Land Registration to create a substitute White Page.	
Query	**Under absorption of funds under UNFPA**
Observation UBOS signed MoU with United Nations Fund for Population Activities (UNFPA) to conduct national surveys under long term census, through compilation of data from various administrative sources and coordinate, monitor and harmonise data production processes in the National Statistical System in collaboration with Makerere University, National Planning Authority, NIRA, MOH, JLOS, EPRC, MOGLSD, and district technical experts. The funding agreement between UNFPA and UBOS specified that the surveys were to start and end on 01/01/2019 and 31/12/2019, respectively. However, during my review, it was observed that UBOS refunded unutilised funds to UNFPA of UGX 100,314,000 on 14/04/2021. Additionally, an unutilised balance of UGX 975,097,452 was noted to be on the project account as at 30th June 2021. The above could have arisen due to delayed implementation of activities, which led to delayed absorption of funds. This may potentially jeopardize donor relations with the Bureau by limiting future funding and collaboration, thereby	

undermining the potential partnerships and service delivery to Ugandans. Management acknowledged the issue and explained that the Bureau was in discussion with UNFPA to ensure that the planned activities are completed by the end of Quarter-2 of FY2021/22.	
Recommendation	
The audit awaits the outcome of ongoing discussions with the funder.	
Action	
UBOS held discussions with UNFPA and secured the funds. All the activities were re-planned have since been completed.	
Query	**Delayed implementation of UBOS Panel-Survey Project**
Observation On the 23rd of April 2018, a Memorandum of Understanding was signed between the Ministry of Finance, Planning and Economic Development and UBOS to carry out a Panel Survey funded by the World Bank at a total cost of USD 1,600,000 to be disbursed in three phases in 2018, 2019, and 2020. The closing date of the project was 30th June 2020. The project implementation was started in April 2019 and had a closing balance of UGX 700,665,000 on account no.003430088000019 held at BOU as at 30/06/2019. During the financial year 19/20, the Bureau reactivated the dollar account number No. 003430088400009 held at Bank of Uganda and received USD 299,900 on the 18th of March 2020, for the implementation of the project. During the FY 2020/2021, an additional amount of USD 50,311 was received from the World bank on 17/12/2020 for panel surveys. The program implementation timeline has been extended by the funder up to 2022. Delays in utilizing the availed funds could lead to the return of the	

grant funds, hence negatively affecting service delivery. The project implementation delays were attributed to Covid-19 restrictions. The Accounting Officer explained that Bureau obtained a letter of project extension, and the Panel Survey is ongoing.	
Recommendation	
The Accounting Officer should expedite the implementation of activities and ensure that they are accomplished within the extended timeframe.	
Action	
UBOS secured the letter of extension, and the Panel IX Survey was completed.	
Query	**Delayed implementation of Baseline Education Census Project (WB-GPE-UTSEP)**
Observation On the 17th of July 2019, UBOS commenced a collaboration with the Ministry of Education and Sports (MoES) with support from World Bank through Global Partnership for Education (GPE)-through the Uganda Teachers and School Effectiveness Project (UTSEP) to carry out the Comprehensive Education Institutions Baseline Data Collection Exercise (CBE). The project was estimated to cost UGX 11.074Bn (With MoES-GOU meeting 49.9% of the cost and WB-GPE-UTSEP funding 50.1%)	
Recommendation	
The Accounting Officer should ensure that preparations for the Comprehensive Education Institutions Baseline Data Collection Exercise (CBE) are complete and ready for implementation as soon as schools re-open.	
Action	
UBOS wrote to the Ministry of Education and Sports, presenting revised costs for conducting a baseline education exercise of UGX 19.5Bn.	

The Ministry of Education and Sports (MoES) reviewed the matter and resolved that the initial deposit of UGX 3.9Bn be returned to MoES to support the rollout of the Education Management Information System (EMIS). The EMIS will be used to collect the same information at a cheaper cost.	
Query	**Unimplemented Procurements**
Observation According to Paragraph 32 of the Budget Execution Circular for the financial year 2020/2021, the PS/ST noted that implementation of critical Government programs continued to experience delays on account of; low absorption of funds, delayed procurements resulting from late initiation of the procurement process by beneficiary Departments, failure to appoint Contract Managers on time to fast track implementation, inefficient management of Resettlement Action Plans, change of designs, among others. However, it was noted that several procurements worth UGX 1.834Bn were not executed as of 30th June 2021. This was attributed to unforeseen circumstances such as the lock-down associated with the Covid-19 pandemic and budget cuts which affected the provision of planned services. As a result, the implementation of critical Government programs was delayed. The Accounting Officer explained that management evaluated the activities and rolled-over to the subsequent financial year.	
Recommendation	
The Accounting Officer should ensure that; • Contract managers are appointed in time for every contract • The beneficiary departments initiate the procurement process in time as stipulated under the procurement plan and, • Issues related to land acquisition and compensation are undertaken in time.	

Action
The activities were re-evaluated and those considered as priority were rolled-over to the subsequent financial years. The Electronic and Televised conference was received as a donation from Statistics Norway. The Human Resources Management and Audit System have been procured and implementation is being undertaken.

14.0 MANAGEMENT TRAINING AND ADVISORY CENTRE

Query	**Lack of a Strategic Plan**
Observation The MTAC had not prepared the required 5-year strategic plan that is in line with the NDPIII	
Action	
The strategic plan was prepared as guided by the OAG. The plan will expire in 2026.	

Query	**Shortfall in Budget Performance**
Observation Out of the budgeted NTR of UGX 2.15Bn for the financial year 2020/2021, a sum of UGX 2.06Bn was collected representing performance of 96% of the target.	
Action	
The shortfall in budget performance resulted from lockdown of the educational institutions due to Covid-19. With the resumption of teaching and training activities, budget performance has greatly improved	

Query	**Unspent Balance**

Observation Out of the total receipts for the financial year of UGX 5.19Bn, a sum of UGX 3.78Bn was spent by the Centre resulting into unspent balance of UGX 1.41Bn representing an absorption level of 73%.	
Action	
The Centre in its work plan for FY 2021/22 adjusted downwards funds allocated to budget line items at the onset of Covid-19. The funds were absorbed as planned in the subsequent financial year.	
Query	**Failure to Implement Activities**
Observation One (1) output with a total of two (2) activities worth UGX 1.25Bn was partially implemented. Out of the two (2) activities, the entity fully implemented one (1) activity (50%), the entity did not implement one (1) activity (50%).	
Action	
The unimplemented activities being referred to were related to teaching and training. These were suspended during the lockdown as a result of Covid-19. With the easing of lockdown restrictions, teaching and training activities progressed and the planned activities were implemented.	
Query	**Outstanding liabilities of UGX 634,986,966**
Observation Though total liabilities decreased by 12%, a review of the age analysis of the payables revealed that a liability totalling to UGX 634,986,966 (79%) has been outstanding for more than one year.	
Action	
IFMS has been upgraded to include the functionality for recording and tracking of domestic arrears. Only declared and verified domestic arrears	

can be uploaded and paid under the domestic arrears IFMS functionality on the First in, First Paid basis. Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets.	
Query	**Operating without a Board of Governors**
Observation The audit observed that MTAC has operated without the Governing Council since 2015	
Action	
The line Ministry of Trade, Industry and Cooperatives is spearheading the process of appointing the Governing Council of the Centre.	
Query	**Staffing Gaps**
Observation Out of 72 posts of the newly implemented MTAC staff establishment, only 54 (75%) were filled leaving 18 (25%) vacancies. Among the vacant posts were key positions of the Executive Director, Director Finance and Administration and Manager-Human resources and Administration	
Action	
The Government has provided a wage budget for established structures Accounting Officers are advised to expedite the filling of critical positions starting with the heads of institutions and heads of departments. The vacant positions are a preserve of the Governing Council for filling.	
15.0 NATIONAL POPULATION COUNCIL	
Query	**Outputs not Fully Implemented**

Observation
Out of the ten (10) sampled outputs that NPC planned to implement during the period under review, five (5) outputs representing 50% of the planned sampled outputs were fully implemented, four (4) Outputs representing 40% were partially implemented, and one (1) Output representing 10% was not implemented during the period under review.
Recommendation
Management was advised to engage MoFPED to explore ways of addressing the challenges that continue to impede the timely and full implementation of planned activities.
Action
During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources. The unimplemented or partially implemented outputs/activities were carried forward to FY 2021/2022 and were fully implemented. These included; i. DD Priorities integrated in Sector and LG development plans. ii. Coordinate and follow up the implementation of the FP Costed Implementation Plans at district level. iii. National Population Policy 2020 Approved and disseminated. iv. An integrated web portal to access the population data bank. v. Population related research coordination mechanism. vi. Coordination, monitoring and Evaluation of Population Programme vii. District institutional structures mobilized to scale up the implementation of FP – CIP.

viii. Collaborative partnerships with key stakeholders on population and development issues including DD and the Community initiative model.
ix. International, regional and national partnerships and networks strengthened.
x. Improved NPC administrative, financial and human resources

Query	Gratuity Payments not Subjected to NSSF and PAYE

Observation

Section 11(1) of the National Social Security Fund Act, Cap. 222 stipulates that every employer shall for every month during which he/she pays wages to an eligible employee, pay to the fund, within 15 fifteen days following the last day of the month for which the relevant wages are paid, a standard contribution of 15% calculated on the total wages paid during that month to that employee. Wages have been defined by the NSSF Act to include all cash emoluments paid to an employee.

Contrary to the above provision, the audit noted that UGX 397,792,981 was paid to staff as gratuity but the Council neither deducted the 5% National Social Security Fund contribution nor made the 10% standard contribution thereon. Non-compliance with the NSSF Act exposes the Council to the risk of penalties and fines being imposed by NSSF. Staff were thus overpaid by UGX 19,889,649 due to non-deduction of the 5% employee contribution. The Council is also exposed to the risk of being sued by staff due to non-remittance of the 10% contribution worth UGX 39,779,298.

In addition, NSSF payables were not provided for in the financial statements. This implies that the Councils payables position is understated.

Management explained that it was not done because there was no clear definition between wages and gratuity in the NSSF Act.	
Recommendation	
The Accounting Officer was advised to ensure that the Council complies with the NSSF Act and provisions should be made in the budget to settle the outstanding contributions and also recover from the affected officers. The audit further advised that the requisite accounting entries should be made while preparing the financial statements to recognise the receivable and amounts payable.	
Action	
Management has made the accounting entries to recognise the receivable and amounts payable. The budget for wages has also been reviewed to include the 10% employer's contribution to NSSF.	
16.0 ELECTRICITY REGULATORY AUTHORITY	
Query	**Implementation of the Approved Budget**
Observation The Electricity Regulatory Authority (ERA) is mandated to regulate the generation, transmission, sale, export, import and distribution of electrical energy in Uganda. To achieve this mandate, ERA planned to implement and achieve a number of both recurrent and development deliverables under various departments. A review of the entity's work plan and budgets revealed that the entity had an approved budget of UGX 28.57Bn, out of which UGX 27.7Bn was realized. The Authority had an approved institutional work plan for the FY 2020/2021 which set out the annual targets to be achieved. The Authority has 6 core focus areas/Organizational priorities namely; affordable tariffs; Accelerated access plus demand growth; Reliability plus Quality of service; Stakeholder Management; Governance, risk plus	

compliance; and People, process plus institution sustainability, which are planned under 8 departments with pre-determined performance targets in form of scorecards with a specific emphasis on power supply reliability and quality of service by Licensees. It was noted that out of the budgeted revenue of UGX 28.57Bn, a sum of UGX 27.70Bn was realized representing a performance of 98%. OAG is aware that the Covid-19 Pandemic continues to significantly affect the implementation of several activities. Consequently, a number of activities were not implemented due to budget cuts and lockdown measures instituted to control the spread of the pandemic. It is against this background that the implementation of the budget was again considered a key audit area during the office-wide planning for the current audit year.	
Recommendation	
The Accounting Officer was commended for the good performance and advised to liaise with other sector players to explore possible avenues to increase energy demand which could consequently improve revenue performance.	
Action	
ERA in consultations with other industry institutions under the System Planning and Coordination Committee (SPCC) prepared the 7th series of the Least Cost Expansion plan (LCEP) covering the period 2020 to 2030 and submitted to MEMD in March 2021. This is aimed at exploring avenues of increasing the uptake of electricity generated and to propel more investments in both transmission and distribution network	
Query	**Under Absorption of Funds**
Observation Out of the revenue realized of UGX 27.70Bn for the financial year, UGX 24.55Bn was spent on recurrent expenditure and UGX 2.25Bn on capital	

expenditure, resulting into an unspent balance of UGX 0.9Bn representing absorption level of 97%. The shortfall in performance was mainly attributed to failure to undertake some activities due to the Covid-19 pandemic and delays in the Procurement Processes. Under absorption of funds affected achievement of planned activities such as Consultancy & Strategic focus, Monitoring and Compliance, Stakeholder Management, among others.	
Recommendation	
The Accounting Officer was advised to include the outstanding activities in the subsequent plan for implementation.	
Action	
Several work plan activities including statutory, inspections, trainings, public hearings, stakeholder management Programmes, new ERA House and delayed staff recruitments were affected by the COVID-19 pandemic. These activities were mainstreamed in the work plan for the FY2021/22 and implemented.	
Query	**Implementation of the Annual Work Plan**
Observation OAG reviewed the ERA Annual Performance Report for the FY2020/2021 to assess the extent of achievement of its performance targets. All the 6 core focus areas with a total of 46 critical tasks with a total budget of UGX 28.2Bn were assessed. The audit noted that out of the forty-six (46) key initiatives under the six (6) core focus areas, sixteen (16) (35%) tasks had been fully achieved, thirty (30) (65%) were partially achieved. The annual performance of all the six focus areas indicates good progress in achieving the Authority's strategic objectives. However, this	

performance was affected by the low connections which continue to hinder the national access agenda due to the ECP challenges and the effects of COVID 19.	
Recommendation	
Accounting Officer was advised to monitor and fast track partially implemented activities in the subsequent financial year	
Action	
ERA is monitoring the implementation of the activities in progress through weekly, monthly, and quarterly performance assessment reports. A strategic retreat for Heads of Department, was held where the half-year performance was assessed.	
Query	**Outstanding Receivable: UGX 724,185,509**
Observation According to Regulation 2(4) of the Electricity (license fees) (Amendment)(No.3) SI No. 99 of 2014, a licensee shall pay the annual fees prescribed under the schedules not later than fourteen days from the commencement of the license year. However, included in the receivables figure of UGX 7,566,003,960, under Note 7 is a sum of UGX 724,185,509, relating to license fees and permit fees which have been outstanding for more than 90 days as explained in the table below.	

Licensee fees	Amount
Albatros Energy (U) Limited	268,303,985
Bundibugyo Energy Cooperative Society (BECS) Limited	17,756,541
Rwenkuba Electricity company Ltd	43,996,680
Elemental Energy Limited	44,218,920
ELECTRO-MAXX (U) Ltd	348,867,291
Kilembe Mines Limited	45,038,772

Delayed recovery of annual license fees negatively impacts on the Authority's liquidity and capacity to meet its operational needs.
Recommendation
Accounting Officer should enforce timely recovery of the amounts due so as to improve the liquidity position of the entity.
Action
Albatros Energy (U)Limited The balance relates to 2017 license fees. In May 2017, the Hon. Minister of Energy and Mineral Development issued a Policy Directive that exonerated the company from paying license fees until such a time when indigenous oil would be available and a Fuel Supply Agreement executed. Due to factors outside the control of the Licensee, it has not been able to execute the Fuel Supply Agreement due to unavailability of indigenous oil. The project will not be executed as a result and a full provision for bad debt was made. ERA is in the process of proposing a write off of this balance. **Bundibugyo Energy Cooperative Society (BECS)Limited** The Authority took a decision not to renew BECS' license for non-compliance effective March 2021. BECS ceased to be a Licensee in the Electricity Supply Industry in March 2021 and legal action to recover the outstanding costs is likely to be more expensive than the amount sought since they are not undertaking any business. **Rwenkuba Electricity company Ltd** This was subsequently paid on the 17th of November 2021.

Elemental Energy Limited Measures have been taken to recover the fees but there is an ongoing court case at Electricity Disputes Tribunal. The next steps will be informed by the outcome of the Electricity Disputes Tribunal. **ELECTRO-MAXX (U) Ltd** Measures have been taken to ensure recovery including issuing of Notice of default, final demand notice and notice of intention to sue which forced the licensee to provide a payment plan that ERA accepted and payments had started. However, the licensee has indicated that all its payments from UETCL have been withheld on orders of URA and the tax matter is still under arbitration. A fresh recovery process for the current outstanding will be initiated starting with a default notice. **Kilembe Mines Limited** The power plant was destroyed in 2020 and production stopped due to the heavy rains that affected the Rwenzori region; a final demand notice was issued to the licensee. Revocation of licence proceedings will be instituted against the Licensee.	
Query	**Achievement of Affordable Tariffs**
Observation The ERA Annual Work Plan set to achieve a reduced weighted average end user electricity tariffs by 3% across customer categories and end-user off-peak tariffs for extra- large industrials customers at UGX 230.9. A review of the Performance Assessment Report indicated that, the target of reduction of the end user tariff was not achieved across customers' categories, with a weighted average of UGX 485.7 per Kwh. The end user off –peak tariff for extra- large industrial customers was achieved at UGX 223.7. This was attributed to the decrease in energy demand due to the	

closure of some sectors of the economy resulting from the impact the Covid-19 pandemic The high tariff affects competitiveness of locally manufactured goods due to high cost of production which consequently affects economic growth.	
Recommendation	
Management was advised to implement Tariff reduction measures and continue liaising with the relevant stakeholders such as MEMD and MoFPED to enable increase of Government investment funding across the electricity value chain in order to lower the electricity tariff for enhanced economic growth.	
Action	
As part of the 2022 annual tariff review, the Authority approved adjustment to the tariff structure to ensure affordability of the electricity tariff. The approved changes include; i. Introduction of the declining block tariff (cooking tariff) for domestic consumers between 16 and 80 units per months at UGX 412/Kwh. ii. Implementation of the direct purchase pilot for Buikwe and Kapeeka industrial parks. iii. Changing the qualification criteria for Lifeline tariff for domestic consumers. iv. Continued implementation of the declining block for large and extra-large industrial consumers.	
Query	**Staffing Gaps**
Observation According to the Organizational Score Card in the Authority's Strategic Plan 2020-2025, the target to fill ERA structure with competent staff was at 93%. However, review of the Annual Performance Assessment Report 2020/21 revealed that out of the total staff establishment of 92, only 67 (73%) positions were filled leaving balance of 25 (27%) positions still vacant	

Inadequate staffing levels affects execution of the Authority's mandate and may adversely impact on the achievement of its strategic objectives	
Recommendation	
Management should ensure that the approved staff structure is filled for efficient and effective execution of the Authority's mandate	
Action	
The process for recruitment and replacement for vacant positions is ongoing and expected to be completed by June 2023. The positions to be filled include; i. Economist -Pricing, ii. Economist-Planning and Research iii. Network Planning Engineer iv. Projects Engineer –Electrical v. Compliance Engineer Distribution vi. Compliance Engineer –Access and IPC vii. Transport Facilitator (2) Manager Legal Services viii. Database Officer ix. Internal Auditor x. Administration Officer The filling of the above positions shall raise the staffing levels to 75 (81.5%) leaving a staffing gap of 12 (18.5%). The rest of the remaining staff shall be recruited as resources become available.	
Query	**Non-Compliance to Quality of Service (QOS) Standards by Distribution Licensees**
Observation Section 11(2)(c) (ii) of the Electricity Act, 1999 requires the Authority to ensure that Licensees comply with the conditions of their licenses and protect the interests of the consumers in respect of the quality, efficiency, continuity and reliability of the supply services.	

Accordingly, ERA developed Standards for Quality of Service related to access to supply (new connection), customer service (metering, billing, disconnections, reconnections, call centre, complaints handling) and network operations (reliability indices) effective 1st March 2015. A review of the QOS Compliance Report for the 4th Quarter 2020 & 1st Quarter 2021, indicated that the overall average compliance levels of the distribution Licensees was 45%. Apart from Umeme with an individual performance of 83%, all other 7 Distribution Licensees attained less than 60% level of performance. The poor performance was attributed to non-submission of QOS data beyond the allowable reporting times (30 days after every quarter), COVID -19 Pandemic lockdowns restrictions and challenges of availability of connection materials and funding for implementation of the Electricity Connection Policy. **Implication** Non-compliance with Quality Service Standards denies customers quality and reliable electricity supply
Recommendation
Management should enforce compliance by all Distribution Licensees in regard to delayed submission of QOS data as well as conducting frequent onsite inspections including QOS standard trainings.
Action
The Authority conducted a Quality of Service (QOS) refresher training in December 2021 in which all distribution Licensees were directed to ensure the requirements of the QOS standards in regards to both the expected performance level in accordance to the Quality of Service (Code) Regulation,2020 and also the reporting requirements as the Records and Reporting Regulation, 2019.

The limitation of the tariff in accommodating all the possible investments to improve the conditions of the networks operated and maintained by the small distribution licensees is still persistent. The Government will continue supporting the small distribution companies to ensure continued improvement of quality of service. In the long term, the electricity supply industry will need to have an infrastructure fund to support network improvements and investments.
17.0 FINANCIAL INTELLIGENCE AUTHORITY
Query — **Lack of Strategic Plan**
Observation The Financial Intelligence Authority lacked an approved Strategic Plan aligned to NDP III. Under the circumstances, there is a risk that the activities in the financial year 2020/21 were not aligned to NDP III which negatively affects the achievement of its objectives.
Recommendation
Accounting Officer should follow-up on the approval of the strategic plan.
Action
The Strategic Plan was approved and certified by the National Planning Authority (NPA).
Query — **Staffing Gaps**
Observation A review of the staffing structure FIA revealed that out of the total approved estimate of 64 staff only 41(64%) positions were filled. Key among the unfilled positions include director legal inspection and compliance director audit Director Finance and Administration among others. Staffing gaps have negative effect on the general performance of the authority and hinder effective and efficient service delivery.

Recommendation	
Management should intensify its efforts with the relevant stakeholders so that gaps are filled to deliver effective services.	
Action	
The Authority was provided with funds amounting to UGX 5.20 Bn in the FY 2022/23 to recruit additional staff in line with the approved staff structure. The recruitment process commenced in two stages; internal recruitment was completed, and external recruitment is currently being conducted (in the final stage of interviews) and is expected to be completed by the end of June 2023. Following this recruitment, FIA will have 100% of its staff structure filled.	
Query	**Review of the Anti-Money Laundering Act**
Observation A review of the Anti-Money Laundering Act (AMLA) 2017 (as amended) and its accompanying regulations revealed that the Authority does not have in place pecuniary sanctions in case of breach of the law and regulations. The lack of sanctions makes it difficult for the Authority to enforce compliance with the Act by all accountable persons.	
Recommendation	
Management should follow up with the responsible Minister so that these regulations are passed to enforce accountability	
Action	
The Anti-Money Laundering Act, 2022 was amended to empower the Financial Intelligence Authority and other supervisory authorities to impose administrative penalties for breach of the provisions of the Act.	

Subsequently, the Minister responsible for Finance in accordance with section 141 of the Anti-Money Laundering Act 2013, and on the advice of the Financial Intelligence Authority Board issued the Anti-Money Laundering (amendment) Regulations 2023 on 5th January 2023. The Regulations provide for the imposition of administrative sanctions or fines for breach of provisions of the regulations, which is now permitted by the Act.

18.0 UGANDA NATIONAL CULTURAL CENTRE

Query	**Shortfall of UGX 31,238,272**
Observation	
Out of the approved budget of UGX 15.408Bn a sum of UGX 13.245Bn was realized, resulting into a shortfall of UGX 2.162Bn representing 14% of the total budget	
Recommendation	
Uganda National Cultural Centre should continuously engage Ministry of Finance, Planning and Economic Development on the release of funds as per appropriation to cover for the shortfall but was not availed	
Action	
During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources. Government will continue to support MDAs through the normal appropriation process.	
Query	**Unspent Balance**
Observation	

Out of the total receipts of UGX 13.245Bn only UGX 10.700Bn was spent by the entity resulting in an unspent balance of UGX 2.545Bn representing absorption level of 81%.	
Action	
The funds not spent in the financial year represented part of stimulus funds committed for various activities. The funds were for the purchase of the stage online platform activities of National Union of Creative, Performing Artists and Allied Workers. The unimplemented activities were rolled over and implemented in the financial year 2021/22.	
Query	**Outstanding Liability**
Observation For over four years, UGX 652,414,611 is still owed to a private company and this may result into litigation.	
Action	
UGX 652, 414,611 was due to Ambitious Construction Company LTD for the renovation of the national theatre. The budget allocation to the entity will be addressed through the Government appropriation processes.	
Query	**Failure to Collect UGX 1.6 Bn from a Private Company**
Observation Following Parliament's pronouncement to collect UGX 1.6 Bn from a private company for the use of Nommo Gallery, recovery measures have remained futile. UNCC has since stopped charging rent from the Company.	
Action	

Management has written to Creations limited, a company that is currently occupying Nommo Gallery to vacate within three months. The company has responded in the affirmative.

19.0 NATIONAL COUNCIL FOR OLDER PERSONS

Query	**Excess revenue of UGX 606,000**

Observation

Out of the budgeted revenue of UGX 726,000,000 for the financial year 2020/2021, UGX 726,606,000 was received representing over 100% availability of funds for expenditure. This resulted in excess revenue of UGX 606,000.

Action

The excess UGX 606,000 was part of UGX18,332,190 that was unspent at the end of the financial years and was sent back to the Consolidated fund. In the subsequent financial years, funds have been released in line with the budget.

Query	**Unspent Balances**

Observation

Out of the released funds amounting to UGX 726,606,000 and unbudgeted Non-Tax revenue of UGX 1,198,590, only UGX 709,472,400 was spent by the entity resulting into an unspent balance of UGX 18,332,190, representing absorption level of 97.5%.

Action

The under absorption of funds was due to the outbreak of Covid-19 pandemic. The lockdown constrained monitoring of Social Assistance Grant for Empowerment (SAGE) activities. With the opening of the economy, in the subsequent years SAGE activities are being implemented and monitored.

20.0 NATIONAL COUNCIL FOR PEOPLE WITH DISABILITIES 2020/21	
Query	**Shortfall of UGX 314,492,184**
Observation Out of the approved budget of UGX 1.236Bn expected through the MOGLSD a sum of UGX 921,555,246 which is 75% of the budget was released. This resulted in a shortfall of UGX 314,492,184. The shortfall led to increase in payables relating to mainly unpaid gratuities to staff at year end.	
Action	
During the financial year, the council realized a budget shortfall of UGX 314,492,184. If released, the funds could have partly offset the gratuity arrears of UGX 539,360,000 that had accumulated over the financial years 2017/18 to 30th June 2021. The budget allocation to the entity will be addressed through the Government appropriation processes.	
Query	**Unspent balance of UGX 26,098,586**
Observation Out of the total funds available of UGX 922,507,816 a sum of UGX 896,409,230 was spent indicating an absorption level of 97%. The unspent balance of UGX 26,098,586 related to the production of the disability status report activities that were not undertaken.	
Action	
By close of financial year 30th June 2021, the council had one activity, production and launch of the disability status report, not undertaken. In the subsequent financial year 2021/22, UGX26,098,586 was	

committed to this activity which was successfully undertaken in August 2021.	
Query	**Unquantified Outputs**
Observation The audit sampled eleven (11) outputs with thirteen (13) activities worth UGX 877,320,000, representing 71% of the total budget, and noted that 10 outputs (91%) with eleven (11) activities and expenditure worth UGX 0.5899Bn were fully quantified. In addition, one (1) output with two (2) activities worth UGX 0.1221Bn was insufficiently quantified. Out of the ten (10) fully quantified outputs, three (3) outputs with three (3) activities worth UGX 0.0135Bn were fully implemented; six (6) outputs with seven (7) activities worth UGX0.558Bn were partially implemented and one (1) output with two (2) activities worth UGX 0.0184 were not implemented. The disability status report was not developed.	
Action	
By close of financial year 30th June 2021, the council had one activity, production and launch of the disability status report, not undertaken. In the subsequent financial year 2021/22, UGX26,098,586 was committed to this activity which was successfully undertaken in August 2021 The second activity was not carried out due to budgetary constraints. Government will continue to support MDAs through the normal appropriation process.	
Query	**Land Encroachment**
Observation To-date, council has not fully taken over the property of the Uganda Foundation for the blind, as such land located at Kireka and Mayuge has since been encroached upon by unknown persons. Council is at risk of	

losing these and other properties due to delays in taking possession of the land title.	
Action	
The council with the support of Ministry of Gender labour and social development is working towards full ownership of the land to be managed and owned by the council as provided for under the persons with disabilities Act 2020.	
21.0 DEPARTED ASIANS' PROPERTY CUSTODIAN BOARD	
Query	**Under-Performance of NTR**
Observation The audit reviewed the NTR estimates, revenue sources and rates charged for the Financial Year 2020/2021 and noted that the entity budgeted to collect NTR of UGX 2.573Bn during the year under review. Out of this, only UGX 1.411Bn was collected, representing a performance of 55% of the target, resulting into a shortfall of UGX 1.162Bn. Shortfalls in NTR collections affect the implementation of planned activities at both entity and Government-wide level. Management explained that this was due to Covid19 outbreak	
Recommendation	
Management was advised to strengthen controls relating to NTR collections, particularly rent, to ensure budgeted figures are realised	
Action	
The Covid19 outbreak that led to the national lockdown adversely affected collection of NTR leading to a shortfall.	

Revenue collections were also affected by none disposal of Assets. Properties to be disposed have been identified and their placement in the gazette awaits clearance from the Parliamentary counsel to gazette and thereafter dispose of. This will not only increase sales but also boost the Boards' operations.	
Query	**Performance of GOU Receipts**
Observation The entity budgeted to receive UGX 2.572Bn during the period, out of which UGX 1.383Bn was warranted, resulting into a shortfall of UGX 1.189Bn which is 46% of the budget It was further noted that the entity did not seek a revision of its budget and work plan, as provided for by Section 17 (3) of the PFMA 2015, following the revenue shortfall. Failure to obtain all the budgeted funds implies that the entity was not able to fully implement all the budgeted activities. For instance, management was unable to undertake verification of all assets as was planned. Management noted that the same had been discussed by the Board of directors and hopefully the full funding will be availed in the subsequent years.	
Recommendation	
Management should continuously engage the Board to ensure budgeted revenues are fully availed to support the achievement of the entity's strategic objectives. In cases of budget cuts, management should ensure that the necessary revisions in the budget and work plan are effected and approved as guided by the PFMA 2015	
Action	

During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources.	
Query	**Non-Quantification of Outputs / Activities**
Observation Section 13 (15, b) of the PFMA 2015 states that a policy statement submitted by a vote shall contain the annual and three months' work plans, outputs, targets and performance indicators of the work plans. Regulation 11 (3) of PFMR 2016 requires that a vote prepares a work plan that indicates the outputs of the vote for the financial year; the indicators to be used to gauge the performance of the outputs and funds allocated to each activity. To assess the performance of an output, all activities supporting the output must be quantified. Out of the five (5) outputs with a total of thirteen (13) activities and expenditure of UGX 1.206Bn sampled for assessment, none of the activities was quantified. It was observed that in cases where outputs were not quantified, management reported performance in generic ways such as tenants sensitised to pay rent, court attended etc, without Failure to plan and report on the quality/quantity of activities implemented renders it difficult to establish the reasonableness of individual activity costs for each planned output which curtails effective accountability when funds are subsequently spent. Furthermore, specifying the number/quantities achieved. Without clearly and fully quantified outputs, the audit could not ascertain the level of achievement of these outputs and whether funds appropriated by Parliament and released were spent and the intended	

objectives achieved. Management explained that in the current year (FY 2021-22), activities had been quantified.	
Recommendation	
Accounting Officer should ensure that going forward, all planned outputs/activities are quantified	
Action	
Effective FY 2021/22 all output activities have been quantified.	
Query	**Implementation of Non-Quantified Outputs**
Observation The audit assessed the implementation of Five (5) outputs that were not quantified and with a total of thirteen (13) activities worth UGX 1.383Bn and noted the following; All five (5) outputs with a total of thirteen (13) activities worth UGX 1.383Bn were partially implemented. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not fully attained. Management attributed the low performance to poor revenue collections due to the effects of Covid-19. This affected the entity's operations since the Board depends solely on rent collections.	
Recommendation	
Management to always ensure planned activities are implemented.	
Action	
This was essentially due to Covid-19 most of the activities that, were differed have been under taken	

<table>
<tr><td>Query</td><td>Inconsistencies in the Sale of Property on Plot 98 104 Nakivubo Road Worth UGX 1.118Bn</td></tr>
<tr><td colspan="2">Observation

The audit reviewed the schedule of sale and noted that a sitting tenant was offered a property on Plot 98-104 Nakivubo Road valued at UGX 1.118Bn. The tenant partially paid UGX 0.860Bn for the property on 23rd December 2020.

It was however noted that in a twist of events, the Board refunded the sum of UGX 0.860Bn that had been deposited in respect of the property, citing the fact that the property had been donated to the tenant, but this was not supported by a Board resolution.

Another inconsistency noted was the fact that the purchaser had partially paid for the property on 23rd December 2020, four months before the Board's resolution to sell in April 2021 with the above inconsistencies, the audit was unable to confirm the validity and authenticity of the transaction. The loophole also places the Board's property at risk of possible loss and subsequent forfeiture of potential proceeds.</td></tr>
<tr><td colspan="2">Recommendation</td></tr>
<tr><td colspan="2">Management should always take action after getting a Board resolution specifying the terms to be followed in the disposal of any property</td></tr>
<tr><td colspan="2">Action</td></tr>
<tr><td colspan="2">The property in question was given to Hajji Abdul Kasai by H.E as a donation, and the Board returned the monies in conformity with the donation.</td></tr>
<tr><td>Query</td><td>Outstanding Receivables - UGX 8.21Bn</td></tr>
<tr><td colspan="2">Observation</td></tr>
</table>

Under Section 10 (3) of the Expropriated Properties Act Chapter 87, any person who is entitled to continue occupying or managing any property or business shall, for the period he or she continues to so occupy or manage, pay such rents as may be determined by the Minister. According to the Expropriated Properties regulations on repossessions and disposal of properties, a best-evaluated bidder in a sale by private treaty must pay 10% of the total bid price immediately after the award, and the remaining balance (or the total bid amount in general) must be paid to the Board within 60 days from the award date. Contrary to the above, it was observed that according to a disclosure in note 19 of the accounts, receivables have increased from UGX 3.35Bn last year to UGX 8.21Bn this year. Of this amount, UGX 3,73Bn relates to uncollected rent from prior years and UGX 4.60Bn relates to unpaid proceeds from property sales. In the circumstances, Government risks losing the said money due to extended delays in collecting the outstanding amounts. Management attributed the delay in payments to economic depression caused by Covid -19 worldwide, but responded that over UGX 1.5Bn had been collected in the current FY 2021/22.
Recommendation
Accounting Officer was advised institute mechanisms to ensure that all proceeds from the disposal of assets are collected within the period stipulated by the regulations.
Action
The Board has not recovered 2.9Bn accrued from rent (from 1973 to 1991) before the repossession exercise commenced) from different Government departments due to loss of documents by those departments and UGX 0.8Bn from the defunct International Credit Bank has to date not been recovered.

During FY 2021/2022, out of 4.6Bn, UGX 3.545Bn was collected.	
Query	**CONTINUED RISE IN COURT CASES**

Observation

The Board of Directors, in its 19th meeting held on 19th July 2019 under Minute 53/DAPCB/2019 (b) emphasised to the Executive Secretary and the Divestiture Committee that every activity should be geared towards winding up of the Departed Asians' Property Custodian Board. A closure requires that all assets must have been sold first before wind up. In addition, in the 28th meeting of the Board held on 14th April 2021 under minute MIN.83/DAPCB/2021, the Secretariat was instructed to wind up activities of the Board by 30th June 2021.

However, a review of the portfolio of DAPCB court cases noted that there was a continuous rise) in the number of court cases against the Board arising from disputes of properties.

The cases rose by 18, making a total of 120, as at the end of the year. This therefore brings the number of properties whose ownership the Board is still contesting in Courts of law following counterclaims from third parties to 120 properties. The said Court cases restrain the drive towards closure, as the affected properties cannot be disposed until the courts conclude the cases.

Management explained that with the collaboration of the Board's legal team, relevant information had been gathered from all courts in Uganda (at 80%), and that guidance had been sought from the Attorney General over properties as a mitigating remedy to avoid unnecessary litigation.

Recommendation

Management should prioritise the matter and continuously follow up with the Board's Legal Team and the Attorney General, who is also a Board member, to devise means as to how best the pending court cases

can be expedited and disposed of, given the already long overdue closure of the Board.	
Action	
The Board's legal desk in collaboration with Attorney Generals' chambers has settled a good number of cases and others are awaiting judgment.	
Query	**Incomplete Assets Register**
Observation Section 2 of the Assets of Departed Asians Act stipulates that the Minister shall keep a register of any property or businesses declared under section 1 and shall cause the contents of the register to be accurately published in the Gazette from time to time. In addition, Section 34 (2) of the Public Finance Management Act 2015 states that every vote shall, using the format prescribed by the Accountant General, keep a register of assets and the inventories of the vote. On the contrary, it was noted that the entity does not have a comprehensive asset register to date. The copy of the compendium/register availed for audit was still under verification by management and as such management could not vouch for its completeness. Audit also noted that some assets already sold by the Board, were still being treated as assets of the Board The absence of an authoritative Assets Register makes it difficult for management to safeguard and monitor its assets, and it places them to risk of loss due to theft, wrong allocations, among others. Management explained that a compendium of Assets left by departed Asians has been produced and has been presented before the Board for perusal and eventual approval for gazetting. .	
Recommendation	

The Accounting Officer should put in place an up-to-date status of the assets register. In the meantime, the audit awaits the outcome of Management's efforts.	
Action	
A compendium has been compiled clearly categorizing our assets and the final register will be compiled when the gazette is cleared by the 1st parliamentary counsel.	
Query	**Delayed Valuation of Properties**

Observation

Regulation 11 (1)(a-c) of the Expropriated properties (Repossession and Disposal) Regulations No. 1 guides that, where the Minister makes an order that any property or business be sold, then; the property or business shall be valued by such valuers as the Minister may appoint, subject to the guidance of the Board of valuers in accordance with Section 13 of the Act; the property or business shall be sold by competitive tender, and the Board of valuers shall determine the reserve price for the property or business.

On the contrary, a review of the compendium of assets noted that nearly all properties therein were not yet valued in spite of the fact that the Board of valuers had been in place for nearly three financial years. It was also noted that other than the 48 properties that were valued for sale in the period under review, a total of 2,804 properties placed for sale from various statutory instruments since and properties were redeemed, remained unvalued by year-end.

Under the circumstances, disposal of properties is delayed since it is dependent on verification and valuation of properties which in turn, also affects the impending winding up of the Board, which must be effected after disposal of all earmarked properties. In their response, Management said indicated that these properties will be inspected, valued and disposed of in accordance with the Law.

Recommendation	
Management should expedite the process of inspection, valuation and disposal of properties in line with the Expropriated Properties Regulations	
Action	
This is work in progress and the Board will soon gazette its properties	

22.0 MANDELA NATIONAL STADIUM

Query	**Failure to Prepare Strategic Plan**
Observation The audit noted that the Company had no approved Strategic Plan that is aligned to NDPIII at the time of audit.	
Action	
A Strategic Plan 2021/2022 - 2025/2026 was developed and aligned to the NDP III. The strategic plan was submitted to the National Planning Authority for approval.	
Query	**Implementation of Approved Budget**
Observation The audit noted that although the Company realized 101% of the budgeted, the original budget was revised from UGX 6.07Bn to UGX 2.63Bn to match the expected revenue.	
Recommendation	
Action	

The budget was revised downwards due to the effects of Covid-19 pandemic to the economy and specifically the stadium.

The National Stadium was declared a Non-Traditional Isolation and Treatment Facility. As a consequence, the company could not earn income from its internal income streams neither did the company receive all the budgeted funds from Government.

Query	**Unspent Balance of UGX 1.3Bn**

Observation

Out of the total receipts for the financial year of UGX 2.66Bn, UGX 1.36 Bn was spent resulting into an unspent balance of UGX 1.3Bn representing an absorption level of 51%.

Action

i) There was a delay in the procurement process due to the COVID-19 pandemic and subsequent lockdowns as well as the use of MNSL as a Non-Traditional Isolation and Treatment Facility by Government. In the same way certain activities were either put on hold or were not held at all.

ii) The un-implemented activities were identified and included in the subsequent Financial Year work plans including; renovation and upgrading the study and boundary wall and these have subsequently been implemented.

Query	**Failure to Fully Implement Activities**

Observation

The audit noted that the Stadium quantified all its five (5) outputs and all the outputs were partially implemented whereby out of forty-four (44) activities, the entity fully implemented seven (7) activities (16%), partially implemented five (5) activities (11%), while thirty two (32) activities (73%) remained unimplemented.

Recommendation

Action
The delay in implementing some of the outputs was due to the Covid-19 pandemic and the designation of the National Stadium as a Non-Traditional Treatment and Isolation Facility. Management has implemented the outputs that were viable as indicated above

Query	**Increase in Liabilities**
Observation The audit noted that MNSL liabilities remained on a higher side despite a registered decrease from UGX 5.38Bn in the F/Y 2019/2020 to UGX 3.89Bn as at the end of the financial year under review representing a reduction of UGX 1.49Bn (28%).	
Action	
In the subsequent years more, funds were received and management has reduced the current obligations from UGX 5.384Bn in the F/Y 2019/2020 to UGX 2.623Bn as at the end of the FY 2021/2022. The liabilities shall further reduce.	

Query	**Reduction of receivables**
Observation The audit noted that Mandela National stadium closed the financial year with a receivables figure of UGX 2.42Bn, a reduction of 7% from receivables of UGX 2.59Bn as at the end of the financial year 2020/2021.	
Recommendation	
Accounting Officer to engage the board of directors on the debt recovery strategy for collectable and embark on writing off of confirmed debts and were possible is required to provide the current position.	

Action	
All the stadium operations came to a standstill due to Covid-19 pandemic lockdown making it difficult for Management to enforce debt collection measures from the clients. The process to write off debts that may not be recoverable, has been initiated. Upon satisfactory assessment and evaluation, the bad debts shall be written off upon approval of the Board.	
Query	**Failure to Implement the Staffing Strategy**
Observation The audit noted that the Company did not implement its Staffing Strategy of the current running Strategic Plan 2018/2023.	
Action	
The company could not fully populate the organisation structure due to the effects of COVID-19 pandemic. The company was not operating at full capacity as the stadium facilities were still being used by the Ministry of Health for the isolation and treatment of Covid-19 patients. In order to implement the strategy, a new organisation structure was developed and Management plans to have a gradual implementation of the structure. It will be fully populated upon the completion of phase one of the renovation and upgrade of MNS at the end of 2023 calendar year.	
23.0 UGANDA NATIONAL BUREAU OF STANDARDS	
Query	**Failure to Use of the Digital Tracking System**
Observation The Bureau was unable to activate the use of the Digital Tracking System (DTS) to enforce conformity to standards of selected items and claim the	

associated fees due to absence of an enabling regulation to Operationalise the Service. As a result, the Bureau was unable to claim for a total of UGX 13Bn charged on goods and services for conformity Stamps issued by the provider towards conformity enforcement. There is a risk of misuse of the amounts invoiced by the private provider**.**	
Action	
These new regulations which are required to support the implementation of UNBS digital conformity stamp were gazetted on 24th December 2021. However, the regulations required further amendment to clarify on certain clauses which was done in October 2022. Thereafter the three DTS/DCS implementing partners that is; URA, SICPA and UNBS had to Integrate their ICT system to provide for the online platform for administration of DST/DCS system which has been completed the pending stage is for Stanbic Bank to allow UNBS collect DCS/DST fees through their bank URA expects to process the MOU before end of May 2023 and pilot phase will be commenced immediately thereafter	
Query	**Lack of Capacity/ Standards to Test Certain Consignments**
Observation The Bureau released 366 consignments without testing due to lack of capacity and another 633 consignments released due to the absence of standards to test these commodities for conformity. Lack of capacity may lead to the release of sub-standard products to the market.	
Action	

The Bureau completed construction of new and modern international accredited food safety laboratories at its headquarters in Bweyogerere and these have enhanced the testing capacity for majority of both the locally manufactured and imported products including exports. Through support from other development partners, the bureau also received donations of modern laboratory equipment for decentralization of Testing Laboratories to other regional Offices of Gulu to serve Northern Uganda. Mbale to serve Eastern Uganda and Mbarara to serve Western Uganda. This has further enhanced UNBS testing capacity country wide The bureau has enhanced the application of the pre-Export of verification of conformity program which requires all goods with Mandatory Uganda Standards to be inspected from their countries of origin before being imported in to the country. This has equally bridged the testing capacity for certain categories of products	
Query	**Staffing Gaps**
Observation It was noted that out of the approved staff structure of 666 positions, the Bureau had only filled 439, leaving a staffing gap of 227 (34 %). As a result, there is a risk of sub-standard goods entering the country through border points where the Bureau staff are not present.	
Action	
The Government has provided a wage budget for established structures Accounting Officers are advised to expedite the filling of critical positions starting with the heads of institutions and heads of departments The Bureau has undertaken recruitments and the current staff establishment is at 493 staff.	
Query	**Failure to Complete Procurements**

Observation	
It was noted that procurements to the tune of UGX 2.735Bn were not completed as of 30th June 2021. This was attributed to several reasons, including failure to attract competitive bidders for some procurements, delayed submission of clear specifications, especially for specialised equipment, late submissions/ initiations of procurement requisitions by the users, as well as delayed deliveries due to Covid-19 especially for specialised Equipment. Un implemented activities imply that the provision of critical government programs and associated services were delayed.	
Action	
The uncompleted procurements were caused by low bidder response due to covid-19 lockdown disruption in the supply chain. However, the procurements were rolled over to FY 2021/22 for execution.	
24.0 NATIONAL LOTTERY AND GAMING BOARD	
Query	**Failure to file quarterly returns by the Gaming Houses**
Observation The audit noted that a number of Gaming houses had not filed the required quarterly returns contrary to the Lotteries and Gaming Regulations. There was no evidence that the Board had conducted enforcement activities to ensure compliance to file quarterly returns by the operators. Failure to undertake enforcement actions poses a risk of the operators not making returns and having operational gaps going undetected which affects the revenue collections of Uganda Revenue Authority and exposes the Ugandan public to risk of unprofessional operators.	
Recommendation	

Accounting Officer should streamline the monitoring and supervision function and ensure that due enforcement action is taken for all licensees that contravene the Gaming Regulations.	
Action	
The Board in an effort to ensure compliance to Regulation 4(2) of the Lotteries and Gaming (minimum Capital Requirements) Regulations, made it a requirement during licensing for the years 2022 and 2023 for an operator to have submitted quarterly financial returns. The Board also implemented prompt mandatory corrective measures by rejecting applications for renewal of license for applicants who did not meet minimum capital requirements, instructed them to cease operations as prescribed by Regulation 5(c) of the Lotteries and Gaming (Minimum capital requirements) Regulations. Enforcement actions were carried out.	
Query	**Delays in Procurement of the National Central Electronic Monitoring System**
Observation The Ministry of Finance, Planning and Economic Development on behalf of the Lotteries and Gaming Regulatory Board awarded a UGX 10.833Bn contract to a foreign company to provide consultancy services for developing of a National Central Electronic Monitoring system. The contract period was for 2 years effective 23rd June 2020. It was noted that two years later, the procurement has not been made. There is no provision for implementation of the system even in the budget of FY2021/22. The failure to procure the system denies the Board the associated benefits like monitoring and revenue tracking. Besides this may result into litigation on grounds of breach of contract and expose Government to loss of funds in compensation. Management explained that although during the FY2021/22, UGX 2Bn was provided by Parliament for the system, the 40% budget cut on the entity affected this appropriation, making it difficult for Management to	

make the payment. Management has requested that the cash release of UGX 1Bn that remained after the budget cut be front loaded to enable payment of the re-negotiated commitment. In addition, they had engaged the PS/ST on the same and requested for a supplementary budget for the system during the FY 2021/22.	
Recommendation	
Accounting Officer should follow up the matter with the PS/ST and ensure the completion of the contract to avoid further variation of the contract.	
Action	
The following actions have been taken in respect of this issue; i) An addendum was signed to extend the contract duration for a further period of 24 months effective 23rd June 2021 to 24th June 2023. ii) During the FY 2021/22, UGX 2Bn was appropriated for the NCEMS and an initial payment made to the contractor. iii) In FY2022/23, an additional UGX 2Bn was appropriated and this is to be paid upon delivery of the online betting and online casino module in Q4 of FY 2022/23. iv) In the draft budget for FY 2023/24, a provision has been made for the final payment of UGX 6,833,200,000	
Query	**Failure to Publish Notices of Applications**
Observation During the year under review, although the Board licensed 17 Casinos, there was no evidence that the Board advertised the applications for the said Casinos to invite views of the public as is required by regulations. Failure to publish the notices poses a risk of granting licenses to operators with some conflicts among the public and as such may result into litigation.	
Recommendation	

Management should publish all applicants of licenses, going forward.
Action
Management during the licensing for the years 2022 and 2023 ensured that all applications including applications for renewal were published in the media to invite views from the public.

25.0 LAW DEVELOPMENT CENTRE

Query	**Revenue Performance**

Observation

Performance of NTR

The entity budgeted to collect NTR of UGX 13.503Bn during the year under review. Out of this, only UGX 12.205Bn was collected, representing a performance of 90% of the target

Action

LDC has instituted a number of measures to increase the NTR as mentioned below:

i. Increase the number of students admitted to the Bar Course
ii. Conduct more short courses.
iii. Ensure that all revenue that is due to LDC is collected through the Student Information Management System.
iv. No student is allowed to sit examination before full payment of Course fees.

All these measures have led to a considerable increase in the NTR collected by the institution.

Query	**Performance of GoU receipts**

Observation

The Centre budgeted to receive UGX 28.16Bn out of which UGX 24.84Bn was availed, resulting in a shortfall of UGX 3.32Bn, which is 88%

performance of the budget. Revenue shortfalls affect the implementation of planned activities.		
Action		
During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources. LDC has continued to Engage the Ministry to have all funds approved for the institution released		
Query	**Absorption of funds**	
Observation Out of the total warrants of UGX 24.84Bn received during the financial year. UGX 24.53Bn was spent by the entity resulting in an unspent balance of UGX 0.31Bn, representing an absorption level of 99%.		
Action		
Measures have been put in place to ensure that procurement process for items required to implement activities and all other planned activities are completed on time. In order to enforce these measurers, a strategic Planning Committee has been put in place to monitor and evaluate implementation of the LDC strategic plan. This Committee has also the responsibility of reviewing departmental work plans and budgets before they are approved for funding.		
Query		**Quantification of Outputs/Activities.**
Observation • From a sample of (10) outputs with a total of twenty-five activities and expenditure of UGX 24.53Bn, four (4) outputs with a total of fifteen (15) activities and expenditure worth UGX 20.5Bn were fully quantified.		

• One (1) output with a total of six (5) activities and expenditure worth UGX 0.6Bn, was insufficiently quantified. • Five (5) outputs with a total of five (5) activities and expenditure worth UGX 3.4Bn were not quantified at all.	
Action	
Measures have been put in place to ensure that all departmental planned outputs are quantified. Heads of departments have been trained in planning and budgeting. Work plans with outputs not quantified are rejected at the planning stage. A strategic Planning Committee has been put in place to scrutinize departmental budgets and work plans before they are approved for funding	
Query	**Implementation of Quantified Outputs**
Observation The audit assessed the implementation of four (4) outputs that were fully quantified with a total of fifteen (15) activities worth UGX 20.5Bn and noted that; i. Two (2) output with five (5) activities and expenditure worth UGX 1.3Bn was fully implemented. That is all the five (5) activities within this output were fully implemented. ii. Two (2) outputs with four (10) activities worth UGX 19.2Bn were partially implemented. Out of the three (10) activities, the entity fully implemented six (6) activity, three (3) activity was partially implemented, while one (1) activity remained unimplemented.	
Action	
The two activities were not implemented due to delays in the procurement process. LDC has therefore put measures in place to ensure that the procurement process for all items in the procurement plan is completed on time and the suppliers are paid on time.	

Query	Submission of Quarterly Performance Reports
Observation It was noted that the entity submitted all performance reports after the deadline given for submission of the reports.	
Action	
LDC has tasked all heads of departments to ensure that their performance reports are submitted to the Planning Unit by the 5th day of the month following the quarter. Consolidated performance reports are submitted to the Prime Minister's Office and MoFPED within the statutory timelines.	
Query	**Domestic Arrears**
Observation LDC had outstanding commitments brought forward totalling to UGX 2.697Bn as at 30th June 2020. During the year under review, UGX 1.490Bn was paid, and UGX 786,304,467 was accumulated, leaving outstanding arrears of UGX 1.993Bn as at 30th June 2021.	
Action	
IFMS has been upgraded to include the functionality for recording and tracking of domestic arrears. Only declared and verified domestic arrears can be uploaded and paid under the domestic arrears IFMS functionality on the First in, First Paid basis. Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets.	
26.0 LOCAL GOVERNMENT FINANCE COMMISSION	

Query	Lack of Strategic Plan Certified by NPA

Observation

Paragraph 5 of the budget execution circular for financial year 2020/2021 states that over the years, the alignment of Government Budgets with the NDP has been poor and needs to be improved. Therefore, Accounting Officers must ensure that all activities for the Financial Year 2020/2021 are aligned with NDP III and implemented accordingly. Regulation 26 (1) of the National Planning Authority (development of Plans) regulations requires entities to submit to NPA their five-year development plans for certification before approval.

This being the first year of implementation of the NDP-III, the entity was expected to prepare and approve a strategic plan that was aligned to NDP III. It is from this strategic plan that the annual plans would be based in order to achieve the objectives of NDP-III Based on the procedures undertaken, I noted that the entity did not have an approved strategic plan that is aligned to the NDP-III at the time of audit. There is a risk that activities implemented during the financial year 2020/2021 were not aligned to the NDP-III, which negatively affects the achievement of NDP-III objectives.

The Accounting Officer explained that a draft Strategic plan was submitted to the National Planning Authority (NPA). However, Management was advised that the plan was not properly aligned to the new program structure. NPA committed to assist the Commission to align the strategic plan to the structure. They now await the assistance from NPA.

Recommendation

Management should urgently address the comments from National Planning Authority so that the strategic plan can be certified and approved.

This will facilitate the development of realistic annual workplans and the achievement of the NDP III objectives.	
Action	
A draft Strategic plan was submitted to the National Planning Authority (NPA) on the 23rd of November 2021 and it was rejected due to lack of a goal and human resource gaps. The Plan was later approved and certified by NPA	
Query	**NTR Performance**

Observation

Performance of NTR

The audit reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2020/2021 and noted that the entity budgeted to collect NTR of 1.79Bn during the year under review. Out of this, only 0.0005Bn was collected, representing a Performance of 0.03% of the target.

The Accounting Officer explained the Commission was not aware of this arbitrary Non Tax Revenue (NTR) estimates made by MoFPED. Additionally, the Non-Tax Revenue estimates are not realistic as they do not collect NTR as part of our mandate.

Performance of GoU receipts

The commission budgeted to receive UGX 5.33Bn out of which UGX 5.29Bn was warranted, resulting in a shortfall of UGX 0.04Bn which is 0.75% of the budget. Revenue shortfalls affect the implementation of planned activities.

The Revenue shortfall of UGX 0.04Bn was for development expenditure and affected the procurement of office furniture. Shortfalls in NTR collections at vote level result in aggregate revenue shortfalls at treasury

level, which negatively affects the implementation of planned activities at a Government-wide level	
Recommendation	
Accounting Officer should liaise with MoFPED while setting NTR targets to ensure that they are realistic and realisable.	
Action	
The Commission was not aware of this arbitrary Non -Tax Revenue (NTR) targets estimates made by the Ministry of Finance Planning and Economic Development. Additionally, the Non-Tax Revenue estimates are not realistic as LGFC does not collect NTR as part of its mandate. NTR for this institution arises mostly out of sale of bid documents and disposal of assets and does not exceed UGX 60Mn annually. Proper Budget estimates for NTR (approximately 60Mn) was made for the Financial year 2021/2022. The Revenue shortfall was shs.39.9m and was for Development expenditure which was not released as part of the 4th quarter cash limit. The shortfall affected the procurement of office furniture	
Query	**Un implemented outputs.**
Observation The audit assessed the implementation of one (1) output that was fully quantified with a total of eight (8) activities worth UGX 0.115Bn and noted that; This output was partially implemented. Out of the eight (8) activities, the entity fully implemented seven (7) activities, while one (1) activity remained unimplemented. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. The commission did not procure 4 iPad as planned despite having received the required funds.	

In response the Accounting Officer indicated that the 4 iPads identified as not procured were indeed procured and are being used as desired. Audit however noted that these were delivered after the end of the financial year.	
Recommendation	
Accounting Officer should ensure that outputs are implemented with the time frames in the budget	
Action	
There was an omission in the quantification of outputs in identified areas. These have been noted and going forward all outputs will have to be quantified.	
Query	**Submission of Quarterly Performance Reports**
Observation Paragraph 8.12 (4,5,6) of the Treasury Instruction 2017, require the Accounting Officer to prepare reports for each quarter of the Financial Year in respect of the vote for which he/she is responsible. These reports shall contain financial and non-financial information on the performance of the vote and shall be submitted to Treasury not later than 15 days after the end of each quarter. In addition, the audit did not obtain evidence to confirm that the Accounting Officer Prepared Monitoring Plans and reports which are important in ensuring that the budget performs as expected. Failure to submit performance reports in time and failure to prepare monitoring plans and reports contravene the Treasury Instructions and affect timely tracking and evaluation of performance. Management explained that the delay was as a result of system functionality. The PBS was being updated to program approach under NDPIII hence the delays in linking PBS and IFMS.	

Recommendation	
Accounting Officer to ensure that there is timely preparation and uploading of the reports on the Program Budgeting System (PBS) to facilitate performance tracking	
Action	
There are delays in approval of reports of the previous quarter by MOFPED Officers which causes delays in submission by LGFC.	
Query	**Failure to coordinate the automation of revenue management systems in LGs**
Observation Article 194 (4) of the Constitution of Uganda mandates the Local Government Finance Commission to advise Local Governments on matters of Local Revenue mobilisation and enhancement. Over the years, there have been several efforts to automate Local Government Revenue Management Systems using funds from both Government and Development Partners. The audit undertook a review of the implementation of these initiatives and noted that these were being implemented in a disjointed and uncoordinated manner. There were four (4) systems in operation in a number of municipalities and districts across the country. It was evident that all these systems are designed to help Local Governments manage revenue better. The existence of these four (4) competing systems implies that Government is duplicating activities associated with running these systems, such as the design of the systems, creating interfaces with other government systems such as IFMS, building supporting infrastructure such as networks, among others. This uncoordinated automation of the revenue management systems with the Local Governments is likely to result in duplication of activities, wastage of	

resources and challenges in achieving the intended objectives thus affecting efficient delivery of services to the Public. Management explained that in reality only IRAS is fully operational among the four mentioned systems (Interface with URA system) while E-log rev is partially operational, P2G was never configured in any local government and My Tax only operated in central division in Masindi MC. Arising from the need to coordinate the system roll out, MoFPED convened several meetings to rationalize systems for management of revenue in local governments. The systems were also reviewed under Resource Enhancement Accountability Program (REAP/MFPED) by Eficon Consultants in the process of designing a Local Government Revenue Mobilization Strategy, and IRAS was recommended for rollout to other local governments.	
Recommendation	
Accounting Officer should implement the recommendations of the consultant and ensure that IRAS is rolled out to all municipalities across government with a view of streamlining budgeting, collection, recording and reporting of local revenue	
Action	
Arising from the need to coordinate the system roll out, MFPED convened several meetings to rationalize systems for management of revenue in local governments. The meetings were attended by officials from MFPED, LGFC, MoLG, NITA-U, URA, ICT ministry). The systems were also reviewed under Resource Enhancement Accountability Program (REAP/MFPED) by Eficon Consultants in the process of designing a Local Government Revenue Mobilization Strategy. Only IRAS was recommended for rollout to other local governments by July 2022. IRAS has been rolled out to 37 LGS by February 2022(9 cities, 8 Municipal Councils and 20 districts.) The number increased to 64 by December 2022.	
Query	**Failure to absorb budget support**

Observation	
Out of the total warrants of UGX 5.297Bn received during the financial year UGX 5.294Bn was spent by the entity resulting in an unspent balance of UGX 0.003Bn representing an absorption level of 99%. The unspent funds were swept back to the consolidated fund as required by the PFMA. Management explained that this was a result of a supplier who had changed his payments details and delayed to provide the changes for update on IFMS. The payment bounced and was settled in this financial year	
Recommendation	
Accounting Officer should ensure all funds warranted are absorbed in time as per the approved budgets	
Action	
With regards to Absorption, funding for the Project came in late (6 Months) March 2021. Because of the Scheduling issues as a consequence of the Covid19 lockdown we could only implement preliminary activities. The planned activities have since been implemented after relaxing of Covid 19 restrictions.	
Query	**Accumulated Domestic Arrears UGX 101,473,991**
Observation Paragraph 10.10.17 of the Treasury Accounting Instructions 2017 states that "An Accounting Officer will ensure that no payments due in any financial year remain unpaid at the end of that year. Towards the close of each financial year, the Head of Finance and Accounts function will take steps to obtain bills from any persons to whom money may be due and submit payment vouchers for them to the appropriate Accounting Officer for payment".	

A trend analysis undertaken on the commission's arrears showed an increase in arrears from UGX 109,740 in 2018/2019 to UGX 101,473,991 as at June 2021 Domestic arrears adversely affect budget performance in the subsequent year as outputs anticipated in the appropriated budget may not be attained due to settlement of the arrears. This may also result in litigation for non-payment of services already consumed. Management stated that the domestic arrears arose out of the underfunding at the end of the financial year 2019/2020 due to budget cuts arising out of the Covid-19 pandemic diversions. The arrears relate to rent payments and management had written to the PS/ST. Management awaits Treasury's response to this issue.	
Recommendation	
Accounting Officer should liaise with MoFPED and ensure that arrears related to rent are prioritised to minimise the risk of litigation. I further advised the Accounting Officer to always ensure that Commission expenditures are made in compliance with the Commitment Control System to avoid further Accumulation of domestic arrears	
Action	
Domestic arrears arose out of the underfunding at the end of the financial year 2019/20 and was due to cuts in the cash limits received by the Commission. The Arrears relate to Rent payments. We have written to the Permanent Secretary/ Secretary to the Treasury on this issue and informed our Landlords (NSSF) about the same. Copies of the Letters are attached	
27.0 NATIONAL CURRICULUM DEVELOPMENT CENTRE	
Query	**Lack of a Strategic Plan**
Observation	

Paragraph 5 of the budget execution circular for the financial year 2020/2021 cites poor alignment of Government Budgets with the National Development Plans. The PS/ST urges Accounting Officers to ensure that all activities for the Financial Year 2020/2021 are aligned with NDP III and implemented accordingly. Regulation 26 (1) of the National Planning Authority (development of Plans) regulations require entities to submit to NPA their five-year development plans for certification before approval. This being the first year of implementation of the NDP-III, the entity was expected to prepare a strategic plan aligned to NDP III and ensure that the plan is approved. The strategic plan would then form the basis of the preparation of the entity's annual plans. Through document review, it was noted that the entity was in the process of developing a strategic plan for the planning period 2020/21- 2025/26. The audit further noted that the draft plan was submitted to NPA for certification but a certificate of compliance was yet to be issued by the NPA. The Accounting Officer explained that NPA had written to the Centre indicating that the Centre's Plan was approved but pending signing by the NPA's Deputy Executive Director.
Recommendation
The Accounting Officer should make a follow up with the NPA to ensure that a certificate of compliance is issued to enable the entity implement the activities therein without further delay.
Action
The Strategic Plan for the Centre was approved.

Query	**Performance of Non-Tax Revenue**

Observation A review of the NTR estimates, current items and rates charged at vote level for the financial year 2020/2021 noted that out of the budgeted NTR of UGX 250,000,000 for the financial year 2020/2021, UGX 93,000,000 was collected representing a performance of 37.2% of the target. Shortfalls in NTR collections affect implementation of planned activities at Government wide level. **Performance of GoU receipts** The entity budgeted to receive UGX 40.163Bn out of which UGX 37.138Bn was warranted, resulting into a budget shortfall of UGX 3.025Bn which is 7.5% of the budget. Revenue shortfalls affect the implementation of planned activities. The Accounting Officer explained that the NTR projections of UGX 250,000,000 were based on normal school days, but COVID-19 pandemic affected the normal school days and the sells for curriculum materials were affected.	
Recommendation	
Accounting Officer should ensure that all unsold materials are marketed and sold when the schools reopen to enhance revenue performance	
Action	
The Centre gets Non-Tax Revenue collections from sale of instructional materials, but for the period 2021, the Centre suffered unexpected shortfalls in non-tax revenue collections because of Covid-19 pandemic, that led to the closure of schools, the main buyers of instructional materials that the Centre produces. The current status is that the situation has improved and this can be confirmed by URA collections.	
Query	**Shortfall in GoU Receipts - UGX3.025Bn**

Observation The entity budgeted to receive UGX 40.163Bn from Treasury out of which UGX 37.138 Bn was warranted, resulting into a budget shortfall of UGX 3.025Bn which is 7.5% of the budget.	
Action	
During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources.	
Query	**Off-Budget Financing – UGX 1,661,966,260**
Observation Section 36(6), 43 and 44(20) of the PFMA 2015, require all the public resources including external financing to be paid into the consolidated fund and once deposited shall form part of the consolidated fund and shall be availed through the Appropriations Act. Paragraph 24.6.2 of the Treasury Instructions 2017 also requires an Accounting Officer to ensure that all planned development partner disbursements under the vote are included in the vote budget estimates, i.e. appropriated by Parliament. It was noted that the Centre received off-budget financing to the tune of UGX 1,661,966,260 which was not transferred to the Consolidated Fund as required by the law. These funds were received directly from development partners for undertaking activities not budgeted for Off budget financing distorts planning, may result in duplication of activities and is also contrary to the Public finance Management Act. The Accounting Officer explained that the funds were received as emergency funds for development of home study materials at various levels during Covid-19 lock down. The Accounting Officer further	

explained that these funds had not been budgeted for since Covid-19 lockdown was not anticipated.	
Recommendation	
Accounting Officer should always ensure that funds to the entity from all sources are disclosed to Parliament for appropriation	
Action	
The Centre received funds as emergency funds for development of home study materials at various levels during Covid-19 lock down. The funds had not been budgeted for since Covid-19 lockdown was not anticipated. In the Budget Call Circulars Accounting Officers are encouraged to include all declared donation in the Appropriations Bill.	
Query	**Under absorption of funds UGX 0.208Bn**
Observation Out of the total receipts for the financial year of UGX 37.137bn, UGX 36.929bn was spent by the entity resulting into an under absorption of UGX 0.208bn representing absorption level of 99% Under absorption of released funds translates into under-performance which results into non-implementation of planned activities. However, the audit was not availed with a schedule of uncompleted activities as a result of failure to utilize all the available funds. The Accounting Officer explained that the variance was due to payments made but which bounced at the year end, (payments to Dainasha enterprises for supply of stationery UGX 132,000,000, payment to Appliance World for supply of electronics UGX 12,500,000) unutilized salaries & NSSF to employees UGX 43,376,800, balances in respect of special release for domestic arrears unpaid UGX 5,380,486 and small balances on several budget lines totalling to UGX 14,257,824	
Recommendation	

Accounting Officer should always ensure that payments are made in a timely manner to avoid end of year closure challenges. Furthermore, uncompleted activities should be prioritized in the subsequent budget.	
Action	
The low absorption was mainly attributed to the vacant staff positions. Management has now filled all the vacant positions and the wage budget has been utilized. The domestic arrears and other uncompleted activities were rolled over in the subsequent period.	
Query	**Non-Quantification of Planned Outputs**

Observation

Section 13 (15, b) of the PFMA 2015 states that a policy statement submitted by a vote shall contain the annual and three months' work plans, outputs, targets and performance indicators of the work plans. Regulation 11 (3) of PFMR 2016 requires that a vote prepares a work plan that indicates the outputs of the vote for the financial year; the indicators to be used to gauge the performance of the outputs and funds allocated to each activity.

To assess the performance of an output, all activities supporting the output must be quantified. Out of the eleven (11) outputs with a total of seventy-three (73) activities and expenditure of UGX 36.88 Bn taken for assessment, a review of the extent of quantification of outputs and activities and noted the following;

i. Nine (9) outputs with a total of seventy (70) activities and expenditure worth UGX 35.95 Bn were fully quantified. That is, all the seventy (70) activities (100%) within these outputs were clearly quantified to enable assessment of performance.
ii. One (1) output with a total of two (2) activities and expenditure worth UGX 0.16Bn were insufficiently quantified. It was observed that out of the two (2) activities, one (1) activity (50%) was quantified while one (1) activity (50%) was not quantified to enable assessment of performance.

iii. One (1) output with a total of one (1) activity and expenditure worth UGX 0.77Bn was not quantified to enable assessment of performance. Further, without clearly and fully quantified outputs, the audit could not ascertain the level of achievement of these outputs and whether funds appropriated by Parliament and released were spent and the intended objectives achieved. Management acknowledged the anomaly and promised to ensure that all outputs are fully quantified in the subsequent periods.	
Recommendation	
The Accounting Officer should ensure quantification of all outputs and activities in the subsequent financial years to enable proper performance measurement.	
Action	
Management has improved the planning and budgeting process to ensure that all activities and outputs are clear and adequately quantified to facilitate effective accountability	
Query	**Partial/Non-Implementation of Planned Outputs**
Observation The assessed the implementation of nine (9) out puts that were fully quantified with a total of sixty-eight (68) activities worth UGX35.95Bn and noted the following. i. Two (2) outputs with 2(two) activities worth UGX 0.75 Bn were fully implemented. The entity implemented the two (2) activities (100%) within the outputs. ii. Seven (7) outputs with a total of sixty-six (66) activities worth UGX 35.20Bn were partially implemented. Out of the sixty-six (66) activities, the entity fully implemented forty-one (41) activities (62%); partially implemented seven (7) activities (11%) and eighteen	

(18) activities (27%) remained unimplemented. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. The Accounting Officer responded that the Centre suffered UGX 3.07 Bn budget cuts in the financial year. This cut affected completion of the curriculum review/development processes and printing of approved curricula.	
Recommendation	
Accounting Officer should liaise with MOFPED and include the outstanding activities into the subsequent period for implementation	
Action	
During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources. However, in the subsequent years implementation of activities steadily improved with the increased budget releases.	
Query	**Failure to collect WHT UGX317,783,806**
Observation Sections 116(1), 119 (1) and 123(1) of the Income Tax Act provides that the payer shall withhold tax and make payment of the withheld tax to the Commissioner within 15 days of the month following. Section 124(1) further provides that the Accounting Officer who fails to remit tax is personally liable to pay the tax to URA. Contrary to the above, the audit noted that goods and services totalling to UGX 5.296Bn did not have corresponding WHT transactions totalling to UGX 317,783,806 on the IFMS payment file. There was also no evidence of exemptions availed for verification. The failure to deduct and remit taxes attracts fines and penalties from the Uganda Revenue Authority. Whereas the Accounting Officer had	

indicated that the tax payers were exempt, there was no evidence availed to confirm the position.	
Recommendation	
The Accounting Officer should always ensure compliance with the tax laws.	
Action	
According to the Income Tax Act Sec.2 (bb) (i) the Centre being an educational institution is exempt and the Centre will always adhere with the recommendation of the Auditor General to always ensure compliance with the tax laws.	
Query	**Irregularities In E-Cash Payments**
Observation Paragraph 4.2 (ii) of the guidelines for E-Cash, 2019 prohibits the use of E-Cash platform to pay an employee of the paying vote. On the contrary, a reconciliation between the E-Cash Account Statement and the staff list revealed that funds to the tune of UGX 7,616,021 were paid to staff which was irregular. It was further noted that a total of UGX 31,448,969 was irregularly paid to payees who were already registered suppliers/vendors on IFMS. Payment of staff and other suppliers who are registered on IFMS using the E-Cash platform undermines the intentions of the guidelines. The Accounting Officer submitted that payments were done to the Governing Council and sub-committees in respect of their sitting allowances for emergency situations when some staff members were in the field.	
Recommendation	
Accounting Officer was advised to always ensure that the E-cash guidelines are adhered to.	

Action	
During the year under review payments were made to members of the Governing Council and sub-committees that had not yet been setup on IFMS. All members have been set up on the IFMS and their payments are done through the same system.	
28.0 PETROLEUM AUTHORITY OF UGANDA	
Query	**Shortfall in Budget of UGX 11.6Bn**
Observation The audit that the Authority budgeted to receive UGX 63.61Bn out of which only UGX 52Bn was warranted, resulting in a shortfall of UGX 11.6Bn, which is 18% of the budget.	
Recommendation	
Accounting Officer should continue engaging with MoFPED to ensure adequate release of budgeted funds and expedite completion of the procurement process of items financed under the African Development Bank (AFDB) grant.	
Action	
During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources. During the budgeting process of the subsequent financial years, the percentage of the budget release increased from 84.3% in FY 2020/2021, to 84.7% in FY 2021/2022 and to 98% in FY 2022/23. The AFDB project activities regarding building capacity of the small and medium enterprises along the EACOP route are ongoing.	

Query	**Unspent balance of UGX3.5Bn**
Observation Out of the total Receipts for the financial year of UGX 52.0Bn, a sum of UGX 48.5Bn was spent by the entity resulting in an unspent balance of UGX 3.5Bn representing an absorption level of 93%. As a result, activities such as development and Implementation of the Grievance Management Framework, and Environment Management System for the oil and gas sector were not implemented.	
Recommendation	
Accounting Officer was advised to ensure that all funds availed are absorbed. In cases of budget cuts, the necessary revisions in the budget and work plan are effected and approved as guided by the PFMA, 2015.	
Action	
The Authority has improved its planning and implementation of its work plans, the absorption rate increased from 93% in FY 2020/2021 to 99% in FY 2021/2022.	
Query	**Failure to quantify activities**
Observation The audit noted that of the planned output, three (3) outputs with a total of nine (9) activities and expenditure worth UGX 9.05Bn were fully quantified. Five (5) outputs with a total of sixty-seven (67) activities and expenditure worth UGX23.67Bn, was insufficiently quantified. Four (4) outputs with a total of six (6) activities and expenditure worth UGX 1.09Bn were not quantified at all.	
Recommendation	
Accounting Officer was advised to ensure that all activities and outputs are fully quantified at planning level to facilitate performance measures.	

Action	
A monitoring and evaluation framework based on the approved strategic plan of the authority for the period 2020/2021-2024/2025, was developed and approved by the Board of Authority to guide annual quantification of outputs and activities during the planning phase. The respective outputs and activities in the annual work plans and budgets estimates effective FY2022/23 were fully and properly quantified using the approved monitoring and evaluation framework.	
Query	**Staffing Gaps**
Observation The audit noted that out of the total staff establishment of 283, only 189 (67%) positions had been filled, leaving 94 (33%) positions vacant.	
Recommendation	
Management should ensure that the approved staff structure is filled, for efficient and effective execution of the authority's mandate.	
Action	
The PAU staffing level increased from 57% (162) in FY 2019/2020 to 67% (189) as of 30th June 2021. The current staffing levels are 72%. The recruitment of 22 additional staff is ongoing, which will increase staff level to 80%. According to the authority's approved strategic plan 2020/21-2024/25, additional 25 staff will be recruited in FY 2023/2024 and a further18 staff in FY 2024/25.	
29.0 UGANDA EXPORT PROMOTIONS BOARD	
Query	**Shortfall in Budget Performance**

Observation The entity budgeted to receive UGX 5.813Bn. However, UGX 3.759Bn was warranted, resulting into a shortfall of UGX 2.054Bn, which is 35% of the budget. This affected implementation of planned activities	
Recommendation	
Accounting Officer was advised to continue engaging MoFPED to ensure that the budgeted resources are released as planned	
Action	
During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources.	
Query	**Absence of Board of Directors**
Observation It was observed that the term of office for the previous Board expired on 5th October 2019, and no replacement Board had been appointed by the time of issuance of my report. This is likely to affect the strategic direction of the entity. For example, it was noted that at the time of the audit (June 2021), the entity's strategic plan was in draft form and was not approved due to the lack of a Board.	
Recommendation	
Accounting Officer should put in place a Board of Directors	
Action	
A request for the replacement of the Board has been made to the appointing authority and the outcome is awaited.	

Query	Failure by Bidders to Submit Required Documents
Observation The audit noted that contracts worth UGX 192Mn were awarded to bidders who did not submit the required documents to evidence the eligibility and administrative compliance as required by regulations and bid documents at the preliminary stage.	
Recommendation	
UEPB was advised on to always comply with the PPDA regulations	
Action	
Mechanism of sending procurement documents to bidders has been streamlined. In addition, the rollout of e-GP will strengthen compliance with PPDA regulations.	

30.0 EDUCATION SERVICE COMMISSION

Query	Outstanding payables
Observation The audit noted in the statement of financial position and the corresponding Note 23 that the Commission had a payables balance of UGX 255,458,656 at the end of the financial year under review compared to the balance brought forward of UGX 47,612,820 from the previous financial year 2019/20 reflecting an increase in payables by UGX 207,845,836 (437%). Accumulation of payables is an indication of the breakdown of the commitment control system, and may attract unnecessary litigation costs. The Accounting Officer attributed the increase of domestic arrears to the repairs of the old fleet of vehicles. He clarified that whereas the Ministry	

budgets for the full outstanding amount, releases are normally insufficient to cover the budgeted amount.	
Recommendation	
The Accounting Officer was advised to liaise with Ministry of Finance, Planning and Economic Development for an increased budget for repairs and also plan for replacement of the old fleet.	
Action	
The domestic arrears accumulated due to the repairs of the old fleet of vehicles. However, the commission has cleared all the outstanding payables in the FY 2020/21 and procured 14 new motor vehicles in the year 2021/2022 and has since then reduced on maintenance cost of its fleet.	
Query	**Absorption of funds**
Observation Out of the total warrants of UGX 9.38Bn received during the financial year. UGX 8.56Bn was spent by the entity resulting in an unspent balance of UGX 0.82Bn representing an absorption level of 91%. The unspent funds were swept back to the consolidated fund as required by the PFMA. The funds were meant for activities that were not fully implemented by the end of the financial year, and these include; i) Payment of salaries and gratuity and ii) Payment of pension The Accounting Officer attributed the under absorption to one vacant post for the member of the Commission and some posts at the Secretariat. However, it was explained that the post for the member of the Commission had since been filled and all other vacant positions had been declared to the appointing authority to be filled.	
Recommendation	

Accounting Officer should ensure filling of all the remaining vacant position.	
Action	
The wage and gratuity balance arose due to the vacant post of a member of the commission and other posts within the Secretariat. Some of these posts have since been filled.	
Query	**Implementation of Quantified Outputs**

Observation

The audit assessed the implementation of ten (10) outputs that were fully quantified with a total of thirty-five (35) activities worth UGX 8.55Bn and noted that;

i) Two (2) outputs with ten (10) activities and expenditure worth UGX 0.44Bn were fully implemented. That is all the ten (10) activities within these outputs were fully implemented.

ii) Seven (7) outputs with twenty-four (24) activities worth UGX 8.1Bn were partially implemented. Out of the twenty-four (24) activities, the entity fully implemented six (6) activities; thirteen (13) active One (1) output with one (1) activity worth UGX 0.015Bn was not implemented. The activity in this output was not implemented at all.

Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the Commission did not implement the following planned activities.; validate 3,000 teachers, support 128 District Service Commissions (DSC), promote the implementation of the Scheme of Service, conduct 4 quarterly workshops under Finance and Administration were partially implemented, while five (5) activities remained unimplemented.

The Accounting Officer explained that the un-implemented outputs were due to Covid - 19 that affected the Commission's activities.

Recommendation
Accounting Officer should ensure that un implemented activities are rolled over to subsequent period.
Action
The Commissions activities were adversely interrupted by the outbreak of the Covid-19 pandemic. This resulted in the non-implementation of planned activities. However, these activities were rolled over to FY 2021-2022 for implementation.

31.0 NATIONAL COUNCIL OF SPORTS

Query	**Revenue Performance**
Observation Performance of NTR reviewed the NTR estimates, current items and rates charged at vote level for the financial year 2020/2021 and noted that out of the budgeted NTR of UGX1.185Bn for the financial year 2020/2021, UGX 515,782,750 was collected representing a performance of 44% of the target. Shortfalls in NTR collections affect the implementation of planned activities at Government wide level. Audit established that the underperformance was caused by lack of activities to hire Council premises, due to Covid-19 pandemic lockdown.	
Recommendation	
Accounting Officer should ensure that NTR that was due before the lock down is duly collected.	
Action	
The underperformance of NTR was due to the impact of Covid-19 and the eventual lockdown by Government during the period under review	

and the ban on sports activities resulted in a huge shortfall in NTR collections.	
Query	**Performance of GoU receipts**
Observation The entity budgeted to receive UGX22.9bn out of which UGX21.6bn was received, resulting into a shortfall of UGX1.3bn which was 5.7% of the budget. Revenue shortfalls affect the implementation of planned activities. The Accounting Officer explained that the underperformance was caused by COVID 19 pandemic lockdown and budget cuts by MoFPED but indicated that strategies were underway to enhance NTR collection and increased funding from Government	
Recommendation	
Accounting Officer should roll over all critical budgeted activities and continue liaising with Treasury to ensure that funds are released when conditions improve	
Action	
During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources. The unimplemented activities were rolled over to the subsequent financial year.	
Query	**Quantification of Outputs/activities**
Observation	

Paragraph 55 of the budget execution circular for the financial year 2019/2020 states that the Accounting Officer is required to submit quarterly performance reports by the 30th day of the first month of the next quarter. These reports should indicate the actual performance against the planned outputs and performance for each quarter, showing the quantity/quality and physical location of the reported outputs against expenditure. Out of the eleven (11) outputs with a total of seventy-six (76) activities and expenditure of UGX22.059 Bn taken for assessment, the audit reviewed the extent of quantification of outputs and activities and noted the following; Six (6) outputs with a total of thirteen (13) activities and expenditure worth UGX 18.708 Bn were fully quantified. That is, all the thirteen (13) activities (100%) within these outputs were clearly quantified to enable assessment of performance. Five (5) outputs with a total of sixty-three (63) activities and expenditure worth UGX3.351Bn were insufficiently quantified to enable assessment of performance. No output was completely not quantified. Failure to plan and report on the quality/quantity of activities implemented renders it difficult to establish the reasonableness of individual activity costs for each planned output which curtails effective accountability when funds are subsequently spent. Further, without clearly and fully quantified outputs, the audit could not ascertain the level of achievement of these outputs and whether funds appropriated by Parliament and released were spent and the intended objectives achieved. The Accounting Officer acknowledged the anomaly and promised to ensure that quantification of all planned activities and outputs would be done in the Annual Work Plan for the FY 2021/2022
Recommendation
Accounting Officer to ensure quantification of all outputs and activities in the subsequent financial years to enable performance measurement.

Action	
Effective 1st July 2021 the MoFPED operationalized the National Council of Sports as a vote and hence forth all outputs are now quantified in the PBS. The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement	
Query	**Implementation of Quantified Outputs**
Observation The audit assessed the implementation of six (6) out puts that were fully quantified with a total of thirteen (13) activities worth UGX18.708 Bn and noted the following; No output was fully implemented. Five (5) outputs with a total of twelve (12) activities worth UGX18.708Bn were partially implemented. Out of the twelve (12) activities, the entity fully implemented five (5) activities (42%); partially implemented three (3) activities (25%) and four (4) activities (33%) remained unimplemented. One (1) output, with one (1) activity was not implemented at all. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. The Accounting Officer acknowledged the anomaly and promised to roll over the unimplemented activities to the subsequent period for implementation.	
Recommendation	
Accounting Officer was advised to roll over the unimplemented activities to the subsequent period.	

Action	
The impact of Covid-19 and the ban on sports activities could not allow some of the activities to be implemented during the period under review. The un-implemented activities were identified and included in the subsequent Financial Year work plans	
Query	**Lack of Policy Guidelines for Promoting Sports**
Observation Paragraph 5 of the budget execution circular for the financial year 2020/2021 cites poor alignment of Government Budgets with the National Development Plans. The PS/ST urges Accounting Officers to ensure that all activities for Financial Year 2020/2021 are aligned with NDP III and implemented accordingly. Regulation 26 (1) of the National Planning Authority (development of Plans) regulations require entities to submit to NPA their five-year development plans for certification before approval. This being the first year of implementation of the NDP-III, the entity was expected to prepare a strategic plan aligned to NDP III and ensure that the plan is approved. The strategic plan would then form the basis of the preparation of the entity's annual plans. Through document review (interviews), it was noted that the entity did not have an approved strategic plan that is in line with the NDPIII as at the time of audit. There is a risk that activities implemented during the financial year 2020/2021 were not aligned to the NDP-III, which negatively affects the achievement of NDP-III objectives. The Accounting Officer explained that the plan had been produced and submitted to NPA and that NPA had written to the entity indicating that the Plan was approved and a Certificate was awaiting the signature of the NPA's Deputy Executive Director.	

Recommendation	
The Accounting Officer should ensure adherence to the approved plan so as to be able to achieve the objectives of PIAPs and NDPIII.	
Action	
The Council is currently adhering to the approved and cleared strategic plan to achieve the objectives of PIAPS and NDP III. Feasibility studies have been concluded for the development of two regional stadia in Uganda under MoES Akii-bua international Olympic stadium in Lira city and Buhinga stadium in Fort Portal tourism city. The National council of sports signed MoU WITH Uganda Investment Authority and Kampala City Authority seeking partnership for infrastructural developments in sports The National Council of Sports has also entered into public-private partnership arrangement for the redevelopment of the Lugogo Sports Complex. The Council continues to undertake sports outreach programmes in sub-regions and hold deliberations with local districts leaders and sports officers in the districts of sub-regions. The objective of the district outreach programmes is to plan, organize, and promote sports activities within the district up to the national level in conjunction with District Associations. The draft policy is currently before the cabinet awaiting approval.	
Query	**Failure to Have an Approved Budget**
Observation Section 3(1) (h) of the National Council of Sports Act 1964, requires the council to approve the expenditure of National Associations in receipt of grants made by or through the Council.	

On the contrary; whereas Council approved funds transfers of UGX 1.431Bn to various Associations under Council minute: 04/05 of 20th July, 2020, there was no evidence to show that Council approved budgets of the Associations as required. The approved funds transfer also lacked a schedule supporting the allocation break down. As a result, the audit was not able to confirm the authenticity of the transferred funds and the approved amounts. The Accounting Officer explained that it was a requirement for all National Sports Associations to submit their Annual Budgets and activity work plans at the beginning of every financial year and the Federations/Associations are also required to accompany their requisitions for funds with a breakdown of the activities to be under taken before funds are released to them. However, the audit was not availed the Council minute where the approval was given for verification.	
Recommendation	
The Accounting Officer was advised to always ensure that the schedule of allocations is in place as Council approves budgets of the Associations	
Action	
The funding guidelines have been finalized to enable allocations and appropriations by the various national sports associations request for funds. The council every financial year approves the annual budget and activity work plans to be undertaken before funds are released. A schedule of allocations is attached to the budget for approval.	
Query	**Failure to Submit Information for Period Under Review**
Observation	

Regulation 16 of the NCS Statutory Instrument 2014 (No. 38) requires every National Association/Federation to submit to Council annually a statement of all the sources of funding of the Associations including donations and grants. On the contrary, the audit noted that out of the 51 registered Associations, only 27 Associations submitted information about their other sources of funding while the remaining 24 Associations did not submit the required information for the period under review. This was attributed to the weak enforcement mechanisms by Council. Failure by the Council to monitor sources of funding for the associations may lead to some unscrupulous people using the Associations for money laundering and/or funding of other illegal activities. The Accounting Officer explained that NCS wrote a circular to all National Sports Federations requiring them to submit details of all their sources of funding at the commencement of the financial year where some Federations submitted in time while others were yet to submit.
Recommendation
Accounting Officer was advised to ensure that associations submit the required information for purposes of control and monitoring. Council is also advised to invoke regulation 12.1(b) of NCS Statutory Instrument, 2014 to withdraw the recognition of a National Sports Association where, the association fails to meet the requirements of these Regulations.
Action
A circular to all National Sports Associations requesting them to summit their sources of funding was issued requiring them to submit; Updated list of all Partners/Sponsors/ Grants Donations, Copies of signed contracts with Partner/Sponsors and Declaration of other funding by any of the international sports organisations your federation is affiliated to the associations that had not submitted details of all their sources of funding have since submitted them.

Query	Failure to remit Withholding Tax

Observation

Sections 119 (1) and 123(1) of the Income Tax Act requires a withholding agent to withhold tax an amount or amounts in aggregate exceeding one million shillings to any person in Uganda for a supply of goods or materials of any kind and any services at a rate of 6%. Also, section 120(1) further provides that a person making an international payment of any kind to withhold tax at a rate of 15%.

On the contrary, it was noted that some Associations did not deduct and remit Withholding Tax (WHT) totalling to UGX 21,636,694 to the Uganda Revenue Authority

The Accounting Officer explained that it was the responsibility of the Federations to withhold and remit WHT directly to URA when they do procurement of goods or services, since they are autonomous entities for tax purposes.

Recommendation

The Accounting Officer was advised to always ensure that evidence of Tax remittances is submitted with other accountabilities that they submit to Council.

Action

The council issued a circular to all National Sports Associations requesting them to comply with the requirements of the law. The council also organised a one-day workshop for financial management for national sports associations to empower and streamline financial management.

The PS/ST has written to the Accounting Officer of NCS to ensure recovery and remittance of WHT of UGX 21,636,694 to URA.

32.0 UGANDA WILDLIFE EDUCATION CONSERVATION CENTRE	
Query	**Quantification of Outputs/Activities**

Observation

Section 13 (15b) of the PFMA 2015 states that a policy statement submitted by a vote shall contain the work plans' annual and three months' work plans, outputs, targets, and performance indicators. Regulation 11 (3) of PFMR 2016 requires that a vote prepares a work plan that indicates the output of the vote for the financial year; the indicators to gauge the performance of the outputs and funds allocated to each activity.

All activities must be quantified to facilitate the assessment of the performance of an output. Out of the twenty-two (22) outputs with a total of sixty-seven (67) activities and expenditure of UGX 7.56Bn sampled for assessment. A review of the extent of quantification of outputs and activities noted the following;

i. Sixteen (16) outputs with a total of thirty-eight (38) activities and expenditure worth UGX 5.636Bn were fully quantified. All the thirty-eight (38) activities (100%) were clearly quantified to enable the assessment of performance.
ii. One (1) output with a total of five (5) activities and expenditure worth UGX 0.024Bn were insufficiently quantified. The audit observed that out of the five (5) activities, four (4) activities (80%) were quantified while one (1) activities (20%) were not clearly quantified to enable assessment of performance
iii. Five (5) outputs with a total of twenty-four (24) activities and expenditure worth UGX 1.90Bn were not quantified at all. All the twenty-four (24) activities (100%) within these outputs were not clearly quantified to assess performance. it was observed that in cases where outputs were either partially or not quantified, management reported performance in generic ways.

Some of the activities that were not sufficiently quantified were; i. Supported the production of branded materials under the Chimp Connect Program ii. Intensified online engagements due to the COVID-19 Lockdown Failure to plan and report on the quality/quantity of Activiti implemented renders it challenging to establish the reasonableness of individual activity costs for each planned output which curtails effective accountability when funds are subsequently spent. Further, without clearly and fully quantified outputs, the audit could not ascertain the level of achievement of these outputs. Whether funds appropriated by Parliament and released were spent and the intended objectives achieved. The Accounting Officer acknowledged the omission and stated that going forward, all activities will be quantified following the recruitment of the Monitoring and Evaluation Officer.	
Recommendation	
The Accounting Officer should quantify all outputs to facilitate performance assessment	
Action	
A Monitoring and Evaluation Officer has been recruited. Monitoring Plans have been developed to facilitate the quantification of outputs/activities and performance measurement. .	
Query	**Revenue Performance**
Observation **Performance of NTR** A review of the NTR estimates, revenue sources and rates charged at vote level for the financial year 2020/2021 noted that the entity budgeted to collect NTR of UGX 4.94Bn during the year under review. Out of this,	

only UGX 1.411Bn, representing 29%, was collected. Shortfalls in NTR collections affect the implementation of planned activities at the Government-wide level. The low collections also imply the NTR estimates were unrealistic especially during the Covid-19 pandemic. For example, only 93,326 visitors were received in the year against the annual budget of 380,000, representing 25% of the yearly target. Under-performance denies the Government resources to deliver services. The Accounting Officer acknowledged the low performance and attributed it to COVID – 19 effects.	
Recommendation	
The Accounting Officer to make realistic estimates in view of the COVID-19 environment.	
Action	
The performance was affected by the outbreak of COVID - 19 pandemic and its effects of lockdowns. The budget was already approved by the time COVID set in. Realistic estimates were considered for the subsequent years putting COVID - 19 effects into consideration.	
Query	**Implementation of Quantified Outputs**
Observation The audit assessed the implementation of sixteen (16) outputs that were fully quantified with a total of thirty-eight (38) activities worth UGX 5.64 Bn and noted the following; i. Four (4) outputs with a total of seven (7) activities worth UGX 0.395Bn were fully implemented. The entity implemented all seven (7) activities (100%) within these outputs.	

ii. Ten (10) outputs with a total of twenty-nine (29) activities worth UGX 2.735Bn were partially implemented. Out of the twenty-nine (29) activities, the entity implemented five (5) activities (17.2%) while twenty-two (22) activities (75.9%) were partially implemented, and two (2) activities (6.9%) remained unimplemented. iii. Two (2) outputs with a total of two (2) activities worth UGX 2.51Bn were not implemented at all. That is, the entity did not implement the two (2) activities (12.5%) within the output. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the Centre did not implement the following 1) Completion of the 2nd and 3rd floor of the floating hotel 2) Establishment of UWEC satellite Centre in Mbale Management attributed it to limited funds released to implement the planned activities fully. COVID – 19 effects also hindered the full implementation of some activities. Robust monitoring and evaluations will be put in place for close monitoring of planned outputs. The Audit noted that the construction of the floating restaurant stalled. To date, the project is still at the first-floor stage and has since not been opened to the public.
Recommendation
Accounting Officer should establish robust monitoring and evaluation mechanisms to timely follow up all planned activities.
Action
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The un-implemented activities were identified and included in the subsequent Financial Year work plans. The floating restaurant has always been budgeted for but funds have not been released for its completion. However, the first floor was completed and its now open for public use

Query	Un surveyed land and lack of land title
Observation A review of UWEC records revealed that UGX6.6 million was spent for resurveying the land on which the Centre is located. However, by the time of audit, evidence of survey and the title were not availed	
Action	
The area land committee inspected the land and produced a report which was approved by the Wakiso District Land Board	

33.0 UGANDA REVENUE AUTHORITY

Query	Shortfall -in NTR Collection
Observation The Authority had a total revenue collection target of UGX 22.039Tn for the financial year 2020/21, and collected total gross revenue of UGX 19.649Tn, representing 89% hence a shortfall of UGX2.39Tn (11%). Under collection of revenue affects cash flow performance of Government and realisation of the planned service delivery targets. Management attributed the performance to the adverse impact of Covid-19 pandemic	
Action	
In the FY2020/21, NTR was affected by the fact that some projected revenue from Appropriation-in-Aid (AIA) entities such as Hospitals was collected outside the URA system. Furthermore, the impact of Covid-19 pandemic which triggered the nation-wide lockdown led to a decline in collection of visa fees on international travels, passport fees, tuition fees for universities, police express penalties and other fees for MDAs.	

However, following the opening of the economy, progress has been made by on-boarding various government entities that have automated their processes in collecting NTR through the following systems, i) eCiti- KCCA ii) AIMS/ACMIS for public universities iii) Land folio/Cadaster- Directorate of Geological Survey and Mines iv) EEMIS- External Employment Management Information System- Ministry of Gender v) e-Immigration / e- Passports –Directorate of Citizenship and Immigration for collection on visa fees both online and on arrival vi) e-Biz / Chattel- URSB vii) eLogRev / Integrated Revenue Administration System (IRAS)-for local governments viii) Express Penalty System for Uganda Police ix) IHMS/E-Afare for hospital bills and charges.	
Query	**Un-budgeted Tax Revenues UGX 86,979BN**
Observation The Audit reviewed the statement of comparison of target and actual revenue collection by the tax head and noted that revenues from different sources worth UGX 86.979Bn were not budgeted for, despite collecting significant incomes on these tax heads for the past two years leading to under budgeting**.** Lack of budget provisions of the tax heads conceals revenue potential, distorts revenue projections and may lead to un-appropriate performance assessments and related bonuses A review of the statement of comparison of target and actual revenue collection by tax head noted that revenues from different sources worth UGX 86.979Bn were not budgeted for, despite collecting significant incomes on these tax heads for the past two years leading to under budgeting.	

Lack of budget provisions of the tax heads conceals revenue potential, distorts revenue projects and may lead to un-appropriate performance assessments and related bonuses.	
Action	
The budget performance has been re-analysed under the customs duty tax head and broken down as follows; Sundries and miscellaneous payments, alteration fees, certification fees, auction fees, customs penalties and change of ownership. Furthermore, some non-tax revenue items under URA are being reported as independent tax heads rather than under the parent entity URA.	
Query	**Failure to widen Tax base**
Observation According to the International Monetary Fund (IMF), developing countries should have a Tax-to-GDP ratio of at least 15%, to ensure that they have the necessary funds to invest in the future and achieve sustainable economic growth. Tax-to-GDP Ratio represents total tax revenue as a percentage of GDP and hence indicates the share of a country's output that is collected by the government through taxes. The audit noted, however, that contrary to the above benchmark, Uganda's Tax/GDP ratio is around 12% and has averaged around 11% for the last three (3) years. Comparison with other economies revealed wide disparities.	
Action	
Management set a target to improve the tax to GDP ratio to 14% in 2022/23 and 16% by 2024/25 by implementing the Domestic Revenue Mobilization Strategy together with other Government agencies. The following have been undertaken to widen the tax base;	

1. Recruited more staff to enhance the revenue mobilization initiative in pursuit of the strategic objective in the Domestic Revenue Mobilization Strategy
2. Developed a comprehensive training strategy to improve on staff knowledge and skills
3. Enhanced process integrations with various Government entities such KCCA, Universities, Directorate of Geological survey and Mines, Ministry of Gender, Directorate of Citizenship and Immigration, URSB, Local Government, Uganda Police and Hospitals.
4. Increased the number of designated tax payer withholding agents for both income Tax and VAT which has enhanced tax collection at source.
5. Procured and deployed 02 mobile tax buses "Tujenge" which have enabled the entity to reach areas where we do not have offices. The teams on the buses sensitise and Register potential tax payers.
6. Implemented sector-based compliance and enforcement actions (audits and inspections, compliance visits and advisories among others)
7. Implemented TREP collaboration and use of 3rd party information to grow the tax register. The tax base has widened from 1.7 million taxpayers to over 3.2 million. However, when taxpayers get on the register especially of SMEs, they have to be on boarded to maturity before paying taxes.
8. Implemented the rental tax compliance improvement interventions
9. Implemented the Electronic Fiscal Receipt and Invoicing Solution (EFRIS), Digital Tax Solution (DTS) interventions.
10. Embarked on upgrading the eTAX system (eTAX 2) to be able to accommodate the task at the national level. The procurement process is ongoing.

Query	**Increase in outstanding Tax Arrears of 50%**
Observation	

The audit noted an increase in total tax arrears from UGX 3.009Tn in 2019/20 to UGX 4.519Tn in the financial year 2020/21 representing a total increase of UGX 1.492Tn or percentage increase in total Tax Arrears of 50%. The increase denies Government the required resources to deliver more services.
Action
The increase in outstanding tax arrears resulted from; i) Measures adopted by government during the Covid-19 pandemic such as allowing late filing of tax returns, late tax payment and payments in instalments. ii) Covid-19 pandemic impacted the economy. As a result, businesses are still struggling and not able to pay on time, so they apply to pay tax in instalments hence the increasing tax arrears iii) Government commitment add up to about UGX 1 Trillion of the arrears' portfolio. Following the lifting of the lock down and the resumption of business in general, the entity embarked on the following measures to reduce the tax arrears. i. Staff at all stations have been provided with guidelines aimed at improving audit execution and revenue recovery. Further to this, the tax assessments raised have been profiled and are under the debt management process (Debt Management Unit) of URA for recovery ii. Conduct taxpayer education campaigns aimed at sensitising taxpayers about their obligations and providing taxpayer information to support them to comply in regards to registration, filing and payment. This also being aided by use of 2 mobile buses, TV and radio talk-shows conducted across Uganda and provided in local languages iii. Recovery through enforcement measures including issuance of Tax Clearance Certificate, Customs lien, agency notices and removal from withholding tax exemption list, lifting of the veil of

incorporation to make the directors liable, use of third-party information to guide on the course of action.

iv. Encourage debt settlement plans through signing of MOUs for recovery as well as sensitization of taxpayers on why enforcement measures are being carried out so they can appreciate the consequences of non-payments of taxes.

v. For Customs department, Management is currently automating the arrears management system through the Authorized Economic Operator Enterprise Risk Management System (AEO-ERMS) to enhance real-time reconciliation and accountability.

vi. Alternative Dispute Resolution (ADR) initiatives to discuss and resolve cases amicably.

Query	**Expired GOU Contracts for Manufacturer of Registration Number Plates**

Observation

The contract between Government of Uganda (GoU) and a private Company had since expired even though the company had continued to manufacture motor vehicle registration numbers for taxpayers. Expired contracts expose Government to the risk of loss of revenue without remedy.

The audit noted that Government had continued to engage only two private companies, making them monopolies in provision of motor vehicle registration number plates for more than 8 years without opening it up for competition. The monopoly exposes the taxpayer to high prices for the services.

It was also noted that Government had continued to engage only two private companies, making them pseudo monopolies in the provision of motor vehicle registration number plates for more than eight (8) years without opening it up for competition. The length of contracts awarded to these companies also excludes other Ugandan businesses with similar capabilities from competition for this business.

Action	
The mandate to register and license motor vehicles in Uganda has been transferred to Ministry of Works and Transport.	
34.0 AMNESTY COMMISSION	
Query	**Revenue Performance –for MDAs.**
Observation **Performance of GOU receipts.** The audit observed that the entity budgeted to receive UGX 4.016Bn, out of which UGX 3.868Bn was warranted, resulting in a short fall of UGX 0.147, which is 3.7% of the budget. Revenue shortfalls affect the implementation of planned activities. Management wishes to clarify that the Commission received UGX 3.243Bn but not UGX 3.868Bn.	
Action	
During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the Covid-19 pandemic. The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources.	
Query	**Implementation of quantified outputs**
Observation The audit assessed the implementation of the one (1) output that was fully quantified with a total of 03 activities worth UGX 1.297BN and noted all three were partially implemented. The Accounting Officer stated that the entity did not implement all the planned activities majorly due to two factors. First was the Covid-19	

which affected most of the planned activities, such as being people centred and involving mass congregating (Distribution of packages, inputs, trainings, counselling all involve assembling together) hence by observing the SOPs the numbers of reporters and victims helped were limited. The second factor was general increase in price levels which in turn affected budgeted costs for inputs such as hoes and spray pumps. This resulted in a slight decrease in the numbers of reporters and victims handled.	
Action	
The Commission prioritized and accomplished the affected activities in the following Financial Year 2021/22. This involved dialogue and reconciliation meeting, training of reporters and victims in apiary and tailoring in Arua DRT, handicraft and fish farming in Kasese DRT and Metal fabrication.	
35.0 UGANDA AIDS COMMISSION	
Query	**Lack of a Strategic Plan**
Observation The audit noted that the entity had prepared a Strategic Plan. However, this had not been approved by the end of the year under review	
Action	
The UAC Strategic Plan 2020/21 to 2024/25 has been approved	
Query	**Unbudgeted Non-TAX Revenue Collections**
Observation	

The Commission did not budget to collect NTR during the year under review. However, the financial statements indicated that NTR amounting to UGX 37,800,000 was collected during the year.	
Action	
The Accounting Officer has been urged to ensure that NTR estimates are included in the entity's budget and budgeting for NTR be strengthened by building capacity for heads of departments and staff of the planning unit. UAC started budgeting for NTR effective FY2023/24	
Query	**Off-Budget Financing**
Observation UAC received off-budget financing to a tune of UGX 1.466Bn. the Accounting Officer explained that a total of UGX 2.8Bn was budgeted for and appropriated by Parliament as off-budget funding for the Financial Year 2020/2021 as the total grant disbursement of all grants in the year, The audit could not trace this figure in the Commission's approved budget for the year.	
Action	
The upgraded Programme Budgeting System (PBS) has features that enable Accounting Officers to declare anticipated donations of cash and assets during the budgeting process. This PBS feature has a mandatory field to be filled in by Accounting Officers, who have been notified not to receive any off-budget donations without prior authorisations by the Minister of Finance. The above was again communicated in the Budget Call Circular for FY 2022/23. During this financial year 2022/23 all declared donations were included in the Appropriations bill.	
Query	**Unimplemented Activities**
Observation	

The Commission failed to implement two planned activities during the year; Data quality control and validation strategy, and Quarterly meetings for adolescents and young people.	
Action	
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities relating to adolescent and young people were carried out forward in the FY 2021/22.	
Query	**Unsupported Domestic Arrears**
Observation The audit reported domestic arrears of UGX 76,162,182. These arrears relate to the period as far back as FY 2016/2017. It was noted that the arrears are not supported. In the absence of supporting documents, there is no basis for these payables standing in the Commission's financial statements.	
Action	
IFMS has been upgraded to include the functionality for recording and tracking of domestic arrears. Only declared and verified domestic arrears can be uploaded and paid under the domestic arrears IFMS functionality on the First in, First Paid basis. The Accounting Officer has written to the Accountant General to seek guidance on the treatment of contestable/ unsupported domestic arrears	
Query	**Disputes over Land Ownership**
Observation The Commission had a dispute over ownership of Land and Buildings on 0.1 Hectare of Leasehold land comprised in Freehold Register Volume 56 Folio 16 Plot Number 213, Sentema Road at Namirembe with Namirembe Diocese Church of Uganda which disabled the Commission from valuation, renovating and collecting revenue from tenants since 2016.	

Although the Diocese later confirmed that the Commission's lease expires in 2026, it asked the Commission to justify why it wants to renew the lease because the Diocese had taken a decision not to renew leases for areas near the Cathedral which the Commission has failed to secure from the Office of the President where it falls.
Action
UAC met the land lord and the dispute was resolved

36.0 UGANDA HUMAN RIGHTS COMMISSION	
Query	**Lack of a Strategic Plan**
Observation The audit noted that the Commission did not have an approved strategic plan that was aligned to NDP III by the time of audit. The draft plan prepared by the entity had not been certified by NPA. Management explained that the strategic plan was implemented, but not all targets were achieved due to lack of quorum for the Commissioners who preside over tribunals, inadequate staff to investigate cases to conclusion, unreliable funding from development partners (DGF, JLOS and GIZ, NAP) and insufficient funding from GoU.	
Recommendation	
Accounting Officer is urged to engage MoFPED and NPA so that the partially achieved targets are rolled over to the next strategic plan 2021-2025.	
Action	
The Strategic Plan was approved and certified by NPA and is now being implemented.	

Query	Non-Tax Revenue Performance
Observation The Commission collected over 100% of its NTR target for the year over and above the target. The Commission absorbed only 86.8% of the funds that were released by government. Management explained that the Commission is not categorized as a Non-Tax Revenue (NTR) collecting institution in the PBS. Consequently, the system does not permit the Commission to budget for NTR. What is collected in terms of NTR is miscellaneous revenue.	
Recommendation	
Accounting Officer to liaise with MoFPED to ensure realistic NTR estimates are set.	
Action	
The Ministry of Finance will continue to support the entity to come up with realistic budgets for Non-Tax Revenue.	

Query	Off- budget receipts
Observation The Commission received off-budget financing directly from development partners to a tune of UGX 2.187Bn, which was not declared to Treasury and, therefore, not appropriated to the entity by Parliament.	
Recommendation	
The Accounting Officer was advised to always comply with guidance given by the PSST and the law and ensure that in future, all funds received outside the approved budget are declared to the PSST and appropriated by Parliament.	
Action	

The upgraded Programme Budgeting System (PBS) has features that enable Accounting Officers to declare anticipated donations of cash and assets during the budgeting process. This PBS feature has a mandatory field to be filled in by Accounting Officers, who have been notified not to receive any off-budget donations without prior authorisations by the Minister of Finance. The above was again communicated in the Budget Call Circular for FY 2022/23. During this financial year 2022/23 all declared donations were included in the Appropriations bill.	
Query	**Non- Quantification of Outputs**
Observation Management did not quantify two (2) outputs with 6 activities and expenditure worth UGX 0.12Bn.	
Recommendation	
Accounting Officer to ensure quantification of all outputs and activities in the subsequent financial years to enable performance measurement	
Action	
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement. Budget holders were trained in all aspects of budget and work plan preparations. Following the training, all outputs are now fully quantified.	
Query	**Unimplemented outputs**
Observation Out of (11) outputs that were fully quantified with 22 activities, 3 activities worth UGX 0.44Bn were fully implemented, 18 activities worth	

UGX 15.54Bn were partially implemented. 1 output with 1 activity worth UGX 0.17Bn was not implemented at all.	
Recommendation	
The Accounting Officer was advised to consider rolling over un implemented activities to the subsequent budget for implementation.	
Action	
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The un-implemented activities were identified and included in the subsequent financial year work plans. These included conclusion of complaints through the tribunal and launch of the 22nd and 23rd annual reports.	
Query	**Non-submission of Quarterly Budget Monitoring Reports**
Observation The Commission neither prepared annual budget monitoring plans nor submitted quarterly budget monitoring reports. The Commission also failed to submit all its quarterly budget performance reports in time.	
Recommendation	
The Accounting Officer was advised to ensure that there is timely preparation and uploading of reports on the Program Based System (PBS) to facilitate performance tracking.	
Action	
This has been addressed by fixing timelines to receive all reports from cost centres by 5th of the following month, review by management on 10th of the following month and subsequent submission to relevant authorities by 15th as required. The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans	

(PIAPs)/Monitoring Plans, to facilitate the preparation/submission of real-time quarterly electronic reports.	
Query	**Case backlogs**
Observation The UHRC had tribunal case backlog of 1,756 cases at the beginning of the financial year 2020/2021, and 71 additional cases were registered during the year, resulting in a total of 1,827 outstanding cases. Out of the 1,827 cases, only 326 (17.8%) were investigated and disposed of. The un-cleared complaints at the tribunal level stood at 1,501 at the year-end, translating into underperformance of 82.2%. The Accounting Officer explained that the case backlog at tribunal level had been affected by the delayed appointment of a substantive Chairperson since November 2019. Without the Chairperson, the Commission is not constituted, and its decisions are not binding; therefore, no tribunal can take place.	
Recommendation	
The Accounting Officer was advised to develop a strategy to have the case backlog cleared given that the Commission is now fully constituted.	
Action	
A strategy was designed and applied. It included; a count of all pending and prioritization of cases pending delivery of judgements. The Regions have also been zoned and tribunal sessions are taking place inform of a panel, chaired by the Chairperson as opposed to the previous setting, where a singular Commissioner presided over the tribunals. Tribunal hearings are ongoing and a significant decrease in case backlog will be registered by end of June 2023.	
Query	**Review of payroll register**

Observation Timeline errors continue to occur due to the limited interface between IPPS and IFMS in payroll processing. A review of the payroll register and IFMS payment file revealed that UGX 5.706 Bn was paid as per payroll register; while IFMS indicates that UGX 6.124Bn was paid, resulting in an overpayment of UGX 0.417 Bn	
Recommendation	
The Accounting Officer was advised to engage the Ministry of Public Service to ensure that the entity is enrolled on Human Capital Management System (HCMs) which is already being piloted in 60 entities to address all challenges in IPPS.	
Action	
The Ministry was engaged and Staff responsible for payroll management attended a two weeks hands on training on HCMs organized by the Ministry of Public Service. Salary scales, harmonized in line with the requirements/parameters in the HCMs and staff in post matched to the approved structure. This was part of a clean-up of data before upload on to the HCMs. The Commission is now set to be enrolled on the HCMs in July 2023 and this is expected to address all challenges encountered in the interface between IPPS and IFMS.	
37.0 COTTON DEVELOPMENT ORGANISATION	
Query	**Lack of certified Strategic Plan**
Observation The entity Strategic Plan had been prepared and approved; however, it was not certified by NPA to evidence its alignment to the NDP-III.	
Recommendation	

Accounting Officer was advised to urgently follow up the issue with NPA for certification. This will facilitate the preparation of annual work plans and the achievements of the NPA objectives.	
Action	
The strategic Plan was certified by NPA.	
Query	**Under collections of NTR**
Observation The entity budgeted to collect NTR of UGX 4.43Bn. But collected UGX 1.85Bn representing a performance of 41.7 % of the target.	
Recommendation	
Accounting Officer was advised to liaise with MAAIF to develop an agriculture disaster/contingency plan in collaboration with other Government stakeholders to assist the sector absorbing the shocks form natural disasters. This is aimed at relieving the private sector from the burden.	
Action	
CDO is liaising with the stakeholders to develop a strategy/plan to mitigate losses caused by unforeseen factors such as adverse weather conditions, and changes in international prices which affect cotton production and therefore the related NTR collections.	
Query	**Shortfall in GoU Releases**
Observation There was a shortfall in GOU releases amounting to UGX 0.015Bn. Representing 1.6% of the budget UGX 8.62BN.	
Action	
The entity continues to engage Ministry of Finance to release the entire appropriated budget of CDO to enable the Organisation implement all	

the planned activities. In the subsequent FY 2021/22, the entire appropriated budget of CDO was fully released.	
Query	**Off-budget receipts**
Observation CDO received off -budget financing directly from the United Nations to a tune of UGX 36,178,924 (USD. 9,923) which was not declared to treasury and therefore not appropriated to the entity by Parliament.	
Recommendation	
Accounting Officer should follow up the matter with MOFPED. In the meantime, CDO should comply with the law and guidance provided by PSST and ensure that in future, all funds received outside the approved budget are appropriated	
Action	
The upgraded Programme Budgeting System (PBS) has features that enable Accounting Officers to declare anticipated donations of cash and assets during the budgeting process. This PBS feature has a mandatory field to be filled in by Accounting Officers, who have been notified not to receive any off-budget donations without prior authorisations by the Minister of Finance. The above was again communicated in the Budget Call Circular for FY 2022/23. During this financial year 2022/23 all declared donations were included in the Appropriations Bill.	
Query	Failure to quantify implemented activities
Observation The audit reviewed all 8 outputs of the budget with a total of twenty one (21)activities and expenditure of UGX 8.46Bn. and noted that (2) outputs with two (2) activities and expenditure worth UGX 4.2Bn. were fully quantified, four (4) outputs with a total of thirteen (13)activities and	

expenditure worth UGX 3.3Bn.were insufficiently quantified that is out of the thirteen(13) activities, four (4)activities (30.8%)were quantified and nine (9)activities (69.2%)were not clearly quantified to enable assessment of performance while two (2) out puts with a total of six (6) activities and expenditure worth UGX0.92Bn were not quantified at all. Further, of the 2 quantified outputs /activities assessed, 1 output with (1) activity and expenditure of UGX5.6Bn. was fully implemented while 1 output with 1 activity worth UGX3.6Bn. was partially implemented.	
Recommendation	
The Accounting Officer was advised to ensure that all activities and outputs are fully quantified at planning level and input in the PBS to facilitate performance measurement	
Action	
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement	
Query	Delayed submission of Performance Reports
Observation Submission of performance reports for three quarters was made after the deadline dates and there was no evidence to confirm that the Accounting Officer prepared Monitoring plans and reports which are important in ensuring that the budget performs as expected.	
Recommendation	
The Accounting Officer was advised to draw the issue to the attention of the budget desk for remedial action and ensure that performance reports are prepared and submitted in time. In addition the Accounting Officer should always prepare Budget monitoring plans and reports to facilitate performance tracking.	

Action	
The challenges caused by system up-grades have been resolved. Performance reports are now submitted in time on the PBS	
Query	**Poor budgeting /Over dependence on the Public Private Partnership in the Cotton sub-sector**
Observation It was noted that UGX19.649Bn was budgeted for the cotton marketing season 2020/21 out of which, UGX 15.154Bn was budgeted towards provision of planting seed and production inputs. Government was able to contribute only UGX 8.6Bn. Leaving the balance for the private partner intervention. This is an indication that government is relying more on the ginners to fund the cotton sector. Despite the intervention by the private sector, there were shortages in provision of inputs to farmers. 866Mt of planting seed, 374.6Mt of fertilizers and 2,260 spray pumps were not provided as projected in the strategic plan which directly affected the performance of the sector in achieving the desired cotton production targets.	
Recommendation	
The Accounting Officer was advised to continue liaising with the line Ministry and MoFPED to find a way forward for the sector.	
Action	
A supplementary budget of UGX 5billion was approved and released in December 2021 to procure and distribute pesticides and pumps to cotton farmers. The procurement of the inputs was completed, stocks delivered and received by CDO. The pesticides and pumps were distributed to farmers between September 2022 and November 2022.	
Query	**Increase in Domestic Arrears**
Observation Analysis of the domestic arrears showed an increase of 198% from	

UGX 7,925,963 in the prior year to UGX 23,659,951 in the year under review.	
Recommendation	
The Accounting Officer was advised to ensure that statutory obligations are settled immediately after salary payment and ensure strict adherence to the Government commitment control system to avoid risk of over committing Government**.**	
Action	
Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets.	
Query	**Staffing gaps**
CDO staff structure had thirty-seven (37) positions duly filled leaving a staff vacancy of ten (10) positions (21%). The positions that have remained vacant over the years include key positions of two (2) agronomy officers, a classifier and a Personnel and Administration Manager.	
Recommendation	
The Accounting Officer was advised to ensure that recruitment for the key positions is undertaken in line with the guidance of the Solicitor General	
Action	
The Government has provided a wage budget for established structures Accounting Officers are advised to expedite the filling of critical positions starting with the heads of institutions and heads of departments	
Query	**Failure to Recover Withholding Tax**
Observation	

Withholding tax amounting to UGX 83,142,447 from payments worth UGX 839,194,850 was not recovered for onward remittance to URA contrary to section 120(1) and 120(4) of the Income Tax Act.
Recommendation
The Accounting Officer was advised to refer to the Withholding Tax exemption schedule issued by Uganda Revenue Authority before effecting payments. Further, recovery of the taxes from suppliers with pending payments is awaited
Action
Withholding Tax was deducted from subsequent payments to those suppliers. Whenever payments are being paid to suppliers, reference is made to the URA withholding tax exemption schedule to ensure deduction of WHT from suppliers who are not exempt.

38.0 NATIONAL IDENTIFICATION AND REGISTRATION AUTHORITY	
Query	**Lack of a Strategic Plan**
Observation NIRA prepared a strategic plan for the period 2020-2025, which was approved by the National Planning Authority. However, the plan is yet to be approved by the Board of the Authority for implementation.	
Recommendation	
Management was advised to expedite the process of having the strategic plan approved by the board so that it is used to guide the entity's operations	
Action	
The strategic plan has been submitted and approved by the board.	

Query	Non-tax Revenue Performance
Observation NIRA budgeted to collect NTR of UGX 15.0Bn during the year. However, by the end of the year, NIRA had collected a total of UGX 3.66Bn.	
Recommendation	
The Accounting Officer was advised to ensure that NTR is collected as budgeted. The Accounting Officer was further advised to fast track the contractual adjustments with the new system vendor for registration of aliens to facilitate the collection of revenue	
Action	
NTR was affected by the following issues; i) Waiver of fees relating to verification and access of information that would have raised up to 3 billion shillings. ii) Covid-19 which affected major operations of the institutions including replacement of cards, change of particulars, birth and death certificates among others iii) Delayed registration of aliens arising from lack of a functioning system module revenue from alien registration would have been up to 6 billion shillings NIRA management has addressed these issues as follows; Management concluded discussions with USPC on the specification for the new system and has since requested USPC to provide the alien module by June 2023 for registration and hence collection of procurement of the software maintenance agreement is also underway In addition, management is completing its integration with DCIC which is expected to be done by June 2022 and therefore collect NTR from aliens effective 1st July 2022.	
Query	**Unspent Balance**
Observation	

Out of the total GoU receipts for the financial year of UGX55.2Bn, only UGX53.3Bn was spent by the entity resulting in an unspent balance of UGX1.7Bn representing an absorption level of 97%. As a result, it was noted that of the twenty-four (24) fully quantified activities worth UGX70.6Bn was assessed; 10 activities representing 42% were fully implemented, 12 activities representing 50% were partially implemented, while 2 activities representing 8% were not implemented at all.	
Recommendation	
The Accounting Officer was advised to ensure that funds availed are absorbed to implement planned outputs within the approved timelines In case of budget cuts to ensure that the necessary revisions in the budget and work plan are effected and approved as guided by section 17(3) of the PFMA 2015	
Action	
The unspent balance of UGX 1.7Bn related to activities that could not be implemented due to covid-19 restrictions. The un-implemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**Unimplemented activities**
Observation The audit assessed the extent of service delivery and noted that only 11% of the planned 1,712,880 citizens were registered during the year, while only 30% of the planned 2,000,000 National IDs were issued**.**	
Recommendation	
The Accounting Officer was advised to urgently address the gap noted in the implementation of this output and in future develop strategies of maximizing implementation of planned outputs.	
Action	

The authority operations were greatly affected by the covid-19 lockdown restrictions, including movements across the country. In addition, the general suppression of the budget affected some operations. Management has initiated several strategies to address these issues such as registration outreaches in health facilities, introduction of corporate and business days	
Query	**Low Registration of Death**
Observation Audit assessed the progress on registration of births and deaths and observed that NIRA registered 90% of the planned 960,000 births and only 1.3% of the 960,000 deaths	
Recommendation	
The Accounting Officer was advised to urgently address the gap noted in the implementation of outputs and in future develop strategies of maximizing service delivery from implemented outputs even during covid-19.	
Action	
the entity has addressed the issues of registration through the following measures; i) Automated registration processes and now registration of birth and death can be undertaken away from the NIRA offices ii) Established presence at high volume health facilities to provide the service of birth and death registration closer to people iii) Partnered with child care homes to have children registered both for NIN's and birth certificates	
Query	**Failure to Issue Identity Cards**
Observation A review of the progress of registering citizens indicated that 29,713,029 applications or 69% of all Ugandans, had applied to NIRA for registration as of December 2021. Of these, only 25,557,448 or 86% of the applicants	

had been registered, and only 16,258,521 (63.6%) have been issued with National Identity cards.	
Recommendation	
The Accounting Officer was advised to establish a robust distribution strategy to ensure that all the identity cards processed are printed and distributed to the beneficiaries In addition management was advised to develop a policy on how to treat print cards that remain uncollected	
Action	
The entity has undertaken the following measures to address the audit recommendations; i) An issuance awareness program introduced measures to ensure issuance of pending cards, which include; outreach programs in the parishes and sub-counties, SMS alerts to all applicants and media. ii) Production of the NIN/NID for e-Services at every service point has been enforced as mandatory iii) A registration and issuance strategy to cater for handling of uncollected cards has been operationalized.	
Query	**Un issued cards**
Observation Only 16.3 million cards out of the over 19 million national identity cards so far printed have been claimed, leaving over 2.7 million cards unissued or unclaimed.	
Recommendation	
The Accounting Officer was advised to establish a robust distribution strategy to ensure that all the identity cards processed are printed and distributed to the beneficiaries.	

In addition, the entity was advised to develop a policy on how to treat printed cards that remain uncollected	
Action	
A registration and issuance strategy to cater for handling of uncollected cards has been operationalized	
Query	**Rejected applications**
Observation At the time of audit (December 2021), the Authority had over 4.3 million applications yet to be processed. Of these, 3.2 million applications were still being processed, while 1.1 million applications had been rejected	
Recommendation	
The Accounting Officer was advised that in cases where poor quality data from the applications cause delays in registration, methods of informing the applicant in time should be devised. The Accounting Officer should strengthen internal controls over verification of all the data before capture in order to avoid delays in data processing	
Action	
The authority has developed different strategies to clear the backlog. These include; deactivation of all pending/ unsuccessful applications to enable smooth re-application and registration; decentralisation of citizenship review clearance to respective NIRA district offices; connectivity of district offices to the central system; and the introduction of online services Furthermore, it is now mandatory for all applicants to provide a phone contact at the time of registration for usage in providing feedback.	
Query	**Registration of Aliens**

Observation

NIRA plans to register at least 28,000 Aliens annually and issue them with the relevant identification cards. From 2015 to date, the entity has only received 16 applications for Alien IDs, and no Alien ID has been issued.

Recommendation

The Entity was advised to liaise with the` new vendor to fast track registering aliens within an approved timeline

Action

The registration of Aliens was affected by the coming in of the new vendor to supply blank IDs and the support system which affected the planned road map for the registration of Aliens. The specifications for the new system have been concluded and the Alien module developed.

Query	Pending/Unsuccessful Applications For Learners

Observation

The audit reviewed the outcome of the initiative to register learners (or school going children within their schools) undertaken in 2017/2018 to determine whether all registered learners had been issued with NINs. It was noted that records of over 1.8 million (or 19%) learners who registered during that exercise had been rejected and thus not processed for issuance of NINs and Identification Cards

Recommendation

The Accounting Officer was advised to design a mechanism of informing the learners about the status of their applications or allowing the learners to submit fresh registration so as to access critical services that require the NIN

Action

The Authority addressed the issue of backlog from learners projects through deactivation of all pending/unsuccessful applications for learners to enable smooth re-application effective 1st December 2021	
Query	**Failure to Procure Over 4,500,000 Million Ids**
Observation NIRA failed to procure over 4,500,000 million IDs from the Uganda Security Printing Company as the Joint Venture Agreement required. As a result, the entity has recognised a contingent liability of UGX33.5Bn	
Recommendation	
The Accounting Officer was advised to consider negotiating with all stakeholders the terms regarding the placement of orders for blank identification cards and agreeing to price for all the contracted consumable and service under the JVA to enable effective planning	
Action	
The joint venture addendum 1 relating to payment of the arrears and supply of enhanced cards is in the final stages of being signed to address this issue.	
39.0 EQUAL OPPORTUNITIES COMMISSION	
Query	**Outstanding Receivable**
Observation According to Note 19 to the financial statements, receivables amounting to UGX 211,105,359 have been outstanding for the fourth year running. Recovery efforts by management against the affected staff have been futile. The PS/ST continued to advise management to ensure recovery and objected to write-off the receivables as requested by management. The Accounting Officer explained that management wrote letters to each of the concerned staff to provide a payment plan for the outstanding	

salary advance. Furthermore, recoveries would be made from benefits of staff on interdiction if acquitted, while for staff that left the Commission, management was to consult with the Attorney General on the way forward	
Recommendation	
The Accounting officer was advised to follow up the matter and ensure that recoveries are made.	
Action	
Management wrote reminder letters to the concerned staff. However, no response has been received. Most of the staff have left the Commission and enforcement proved difficult. The Attorney General has been consulted for advice on how to proceed on this matter and a response is awaited.	
Query	**Off-budget financing**
Observation EOC received funding of UGX 3.723Bn from European Union to bridge the shortfall in the budget for facilitating the Gender Equity Planning and Budgeting but this was not transferred to the consolidated fund as required by the law. The calendar for Development Partners is not aligned to Government of Uganda budget cycles. This makes appropriation by parliament difficult. However, authority was sought from Accountant General to have these funds maintained in EOC bank account in Bank of Uganda. Off-budget financing distorts planning, may result in duplication of activities and is contrary to Section 43 (1) of the PFMA, 2015 and budget execution guidelines issued by the PS/ST.	

The Accounting Officer explained that the PBS had no option to capture Off-budget receipts and that the budget calendar for Development Partners was not aligned to Government of Uganda (GoU) budget cycles. This made appropriation by Parliament difficult.	
Recommendation	
Accounting Officer should comply with the law and guidance provided by the PS/ST and ensures that in future, all funds received outside the approved budget are Appropriated.	
Action	
The upgraded Programme Budgeting System (PBS) has features that enable Accounting Officers to declare anticipated donations of cash and assets during the budgeting process. This PBS feature has a mandatory field to be filled in by Accounting Officers, who have been notified not to receive any off-budget donations without prior authorisations by the Minister of Finance. The above was again communicated in the Budget Call Circular for FY 2022/23. During this financial year 2022/23 all declared donations were included in the Appropriations bill.	
Query	**Missing Land Tittle**
Observation According to guidelines 5.4.2 and 5.5.1 of the Asset Management Framework and Guidelines, on donation or transfer of an asset and acceptance by the receiving entity, the Accounting Officer shall ensure that the transferee hands over the necessary documents to back up this transaction. Such documentation includes; the relevant titles or proof of ownership. The land is expected to be recorded in the Asset register module of the IFMS. A review of the board of survey report on the Commission's assets as at 30th June 2021 revealed that the land and building on plot 7c,	

Luthuli close, Bugolobi where the EOC offices are located was transferred to the Commission by the Ministry of Gender, labour and Social Development. However, there was no trace of original title, no documentary evidence of whether the title was handled over to EOC management. In addition, the land asset is not recorded in the Commission's asset registry. There has been no follow up for the title over the years by management. As a result, there is a risk that ownership may be lost through unscrupulous land transfers. The Accounting Officer acknowledged the matter and explained that management had applied for a special tittle from Ministry of Lands.	
Recommendation	
Accounting Officer should follow up the matter with the Ministry of Lands and ensure the Commission land is registered without further delay	
Action	
The process of obtaining a Special Tittle from Ministry of Lands is still underway.	
Query	**Under absorption of fund**
Observation Out of the approved budget of UGX 12.072Bn a sum of UGX 12.0167Bn was realized resulting into a shortfall of UGX 55,152,096. Out of the warrant of UGX 12.017Bn a sum of UGX 11.874Bn was spent indicating an absorption rate of 98.8%. The Commission received UGX 3.723Bn from European Union and was not transferred to Consolidated Fund. The unspent funds were meant for activities that were not fully implemented by the end of the financial year, and these included; i) Non-residential buildings payments to contractor was not made. ii) Purchase of furniture and fittings. iii) A number of reported case investigations were not undertaken.	

iv) A number of compliance checks were not undertaken. The audit further noted that the entity did not seek a revision of its budget, and work plan as provided for by section 17 (3) of the PFMA, 2015. The Accounting Officer explained that the unspent funds returned to treasury related to funds on travel abroad budget item which expenditure was banned by Government due to the Covid-19 pandemic.	
Recommendation	
Accounting Officer should ensure that all funds availed are absorbed. In cases of budget cuts, ensure that the necessary revisions in the budget and work plan are effected and approved as guided by the PFMA 2015 (as amended).	
Action	
The unspent funds of UGX142,216,295 returned to treasury related to travel abroad which was restricted by Government due to the Covid-19 pandemic. The funds from European Union of UGX 3.723 Bn was used to bridge the gap in budget shortfall on Gender and Equity Planning and Budgeting which was fully absorbed.	
Query	**Implementation of Quantified Outputs**
Observation The audit assessed the implementation of nine (9) outputs that were fully quantified with a total of ninety-five (95) activities worth UGX 11.1Bn and noted that; i) One (1) output with four (4) activities and expenditure worth UGX 1.05Bn was fully implemented. That is, three (3) activities within this output were fully implemented	

ii) while one (1) activity was not implemented (resource centre for the legal unit) Four (4) outputs with twenty-five 25) activities worth UGX 9.47 Bn were partially implemented. Out of the twenty-five (25) activities, the entity fully implemented sixteen (16) activities, two (2) activities were partially implemented, while seven (7) activities remained unimplemented. The Accounting Officer acknowledged the anomaly and explained that quantification of activities and outputs would be handled by all Heads of Departments so as to ensure measurement of output to objectives.	
Recommendation	
The Accounting Officer should ensure all outputs and activities are fully quantified with measurable indicators	
Action	
The non-implementation of activities was due to COVID-19 pandemic and lockdown during the reporting period. The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement.	
Query	**Staffing gaps**
Observation The Commission has an elaborate mandate under Article 32 of the Constitution of the Republic of Uganda, and is guided to recruit staff that would enable it carry out its operations under the Equal Opportunities Commission Act 2007. The audit noted that out of 81 approved staff positions, only 50 (62%) positions were filled leaving 31 (38%) posts vacant. It was further observed that Officers in key positions including commissioner, Principal Human Resource Officer, Senior Assistant Secretary were vacant.	

Action	
The PS/ST in the Budget Call Circulars has provided wage budget resources and emphasized to Accounting Officers to fill critical vacant positions.	
Query	**Production of Gender and Equity Assessment report for FY 2020/2021**
Observation Sections 9 (5) and (6) of the Public Finance Management Act, 2015 state that the Minister shall, with the approval of Cabinet, submit the Budget Framework Paper to Parliament by the 31st of December of the financial year preceding the financial year to which it relates. In addition, the Minister shall, in consultation with the Equal Opportunities Commission, issue a certificate; certifying that the budget framework paper is gender and equity responsive; and specifying measures taken to equalize opportunities for women, men, persons with disabilities and other marginalized groups and that Parliament shall review and approve the Budget Framework Paper by February of the financial year preceding the financial year to which the Budget Framework Paper relates. The audit noted that the report on gender and equity compliance of the budget framework papers was produced in December 2020, eleven (11) months later than the Parliamentary submission of the required certification and responsive measures of February 2020, contrary to the PFMA. There is inadequate planning and prioritisation by management to meet the statutory requirements, even when the new system of GEMIS was procured to ease the review process and ensure timely reporting. As a result, budget framework papers are not certified for gender and equity compliance at the time of Parliament review and passing of the appropriation bill. Furthermore, Parliament is not made aware of the	

corrective responsive measures to the gender and equity shortcomings within the budget framework papers. Although management explained that the budget framework paper was produced and submitted on 17th December, 2020, earlier than the expected date of 31st December, 2020, there was no evidence provided.	
Recommendation	
Management was advised to liaise with the budget process stakeholders to ensure that assessment of the BFPs is undertaken before submission to parliament.	
Action	
The Gender and Equity Compliance Assessment for BFP for the FY 2020/2021 was produced and submitted on 17th December 2020 earlier than the expected date of 31st December 2020 well in time for the submission of the same report to Parliament.	
Query	**Lack of Audit committee**
Observation Treasury Instruction (TI) 6.5.6, of 2017, provides that an Audit Committee shall oversee the risk management process of the vote. In addition, TI 6.7.2 states that the Committee shall consist of not more than 5 members who are not public officers and that the skills and experience requirements shall be such that members are selected from different areas of expertise to enhance the Audit Committee's knowledge and proficiency. Furthermore, in accordance with Section 49(4) of the PFMA, 2015, the appointment of Audit Committee members is done by the Minister on the recommendation of the Secretary to the Treasury. Review of the functioning of the Internal audit revealed that the Commissioners constitute themselves into an Audit committee, and approve the internal	

audit work plan, internal audit reports and undertake other such roles of the audit committee contrary to the Treasury Instructions.

It was noted that the Commission lacked an independent Audit Committee; thus, posing serious challenges of conflict of interest. In response, management promised to liaise with the Secretary to the Treasury to ensure that an audit committee is appointed to provide the oversight role to the vote.

Recommendation

The Accounting Officer should ensure that the appointment of an independent Audit Committee is expedited.

Action

The Commission has written to PS/ST for guidance on the appointment of an Independent Audit Committee. The Commission is still awaiting the response.

Query	**Case Backlog**

Observation

Section 14 of the Equal Opportunities Commission Act, mandates the Commission to hear and determine complaints by any person against any action, practice, usage, plan, policy programme, tradition, culture or custom followed by any organ, body, business organization, institution or person which amounts to discrimination, marginalization or undermining of equal opportunities.

The audit noted that management planned to conduct 200 investigations and conclude the same under the legal department in the FY 2020/21. The department had a budget of UGX 901,836,612 and spent UGX 808,971,700, out of the UGX 881,836,612 released during the year.

The increased pending and case backlogs have been caused by the continuous under staffing of the department. As a result, the delay to

dispense justice causes frustration among the citizens who seek to get equity and equality as provided for in article 32 of the Constitution of the Republic of Uganda. The Accounting Officer explained that; the shortages of staff in the department coupled with inadequate funding contributed to these backlogs, the budget for the last 5 years had been the same and therefore affecting operations.	
Recommendation	
The Accounting Officer should continue liaising with the relevant stakeholders to ensure that vacant posts are filled and consider reviewing the department structure for effective delivery of the Commission's mandate. As a result, the operational activities of the Commission continue to be impacted thus affecting service delivery.	
Action	
The PS/ST in the Budget Call Circulars has provided wage budget resources and emphasized to Accounting Officers to fill critical vacant positions	
Query	**Mischarge of UGX 63,568,76**
Observation Paragraph 10.3.1 of the Treasury Instructions, 2017 requires that in reviewing payment requests, an Accounting Officer shall have a primary responsibility of ensuring that there is no mischarge and diversion of funds through wrong coding of transactions. An Accounting Officer shall be held personally liable for any wrong charge accounts used for expenditure incurred by his or her vote. The audit noted that funds to the tune of UGX 63,568,761 were irregularly diverted from the activities on which they were budgeted and spent on other activities without seeking and obtaining the necessary approvals. Diversion of funds is not only contrary to the Public Finance	

and Management Act 2015, but it also negatively affects the delivery of services and negates the purpose of budgeting. It was noted that most of the funds had been spent off the travel abroad budget line for stationery purchases, printing the annual reports. The purchases were entered into the stores ledger. The Accounting Officer noted the shortcoming.
Recommendation
Accounting Officer should always ensure expenditure is within the approved budget lines and the related amounts. Authority should be sought for any diversions prior to spending in accordance with the regulations.
Action
The PBS has undergone an upgrade which addressed some of the challenges of selecting the correct accounting codes. During budgeting for FY 2022/23 most of the challenges were addressed and no mischarges are expected. In-house mentorship has been continually conducted, and internal controls introduced to deal with budget indiscipline, and poor budgetary practices.

40.0 UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY	
Query	**Under-Performance of GOU Receipts**
Observation The entity budgeted to receive UGX 12.36Bn for the FY 2021/21. It was however noted that, only UGX 11.25Bn was warranted and released for the period, thus resulting into a shortfall of UGX 1.1Bn, which is 9% of the budget. The audit however noted that the entity did not seek a revision of its budget and workplan, as provided for by Section 17 (3) of the PFMA 2015, following the revenue shortfall. Failure to fully obtain all the	

budgeted funds implied that the entity was not able to fully implement all the budgeted activities.	
Recommendation	
Accounting Officer was advised to continuously engage Treasury to ensure that the budgeted revenues are fully disbursed. In cases of budget cuts, management should ensure that the necessary revisions in the budget and work plan are effected and approved as guided by the PFMA 2015.	
Action	
During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources.	
Query	**Implementation of Quantified Outputs**
Observation The audit assessed the implementation of Eleven (11) outputs that were fully quantified with a total of forty-eight (48) activities worth UGX 4.34Bn and noted the following; i) One (1) output with a total of eight (8) activities worth UGX 1.44Bn was fully implemented. ii) Nine (9) outputs with a total of forty (40) activities worth UGX 2.89Bn were partially implemented. Out of the forty (40) activities, the entity implemented twenty-eight (28) activities (70%), while twelve (12) activities (30%) remained unimplemented. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not fully attained. For example, the Authority did not publish sector and supervisory notices did not hold the Heart Health Camp in Western Uganda and did not hold the Stakeholder Investment Symposium, among others.	

The Accounting Officer promised to prioritise the unimplemented activities in the subsequent period amidst a tight budget.	
Recommendation	
Management was advised to fast-track implementation of the projects that were put on hold due to the Covid19 pandemic.	
Action	
The authority's rolled over the activities and projects that were put on hold during the FY 2020/21 and some of these have been implemented. Implementation of the remaining activities will continue as funds become available. Notable among them are the following; i) Onsite inspection ii) Stakeholder engagements on policy and exiting regulation iii) Public awareness and education events iv) Trustee training v) Outreach to prospective organisations vi) Discussion and finalization of the East African community retirement benefit bill.	
Query	**Staffing Gaps**
Observation The URBRA approved staff structure for the period under review provides for a staff ceiling of 61 staff, which is anticipated that at optimum capacity, the Authority shall be able to effectively and efficiently execute and achieve its mandate. The audit noted that out of the approved staffing level of 61, the Authority has only 36 positions filled (59%), leaving a staffing gap of 25 positions (41%). Included in the unfilled positions are key ones (3 Directors and 3 Managers), and notable among those are the vacant	

positions of the Director Finance and Accounting and the Director Research and Strategy. Inadequate staffing results in a heavy workload on existing staff and affects the Authority's performance which in turn affects the overall service delivery objective. Management acknowledged the gaps and attributed them to underfunding and staff retention challenges due to current uncertainty regarding the rationalisation of government agencies	
Recommendation	
The Accounting Officer was advised to liaise with the Board and relevant authorities to improve the staffing levels in order to boost the Authority's efficiency levels.	
Action	
To-date, 49 positions and the board has approved filling of additional 5 positions in the subsequent financial year which when filled will bring the filled staffing position. The Government has provided a wage budget for established structures Accounting Officers are advised to expedite the filling of critical positions starting with the heads of institutions and heads of departments	
41.0 NATIONAL ANIMAL GENETICS AND DATA BANK	
Query	**Lack of Strategic Plan that is aligned to NDP-III**
Observation The entity strategic plan had been aligned to NDP-III at the time of audit but it was still in draft form awaiting approval.	
Recommendation	
The Accounting Officer was advised to urgently follow up with NPA and ensure that the plan is approved. This will facilitate the development of realistic annual work plans and the achievement of NDP III objectives.	

Action	
The Strategic Plan was approved by National Planning Authority (NPA).	
Query	**NTR Performance**
Observation The entity budgeted to collect NTR of UGX 1.550Bn but collected UGX 3,872,073,899 representing a performance of 250% of the target.	
Recommendation	
The Accounting Officer was commended for collecting all the revenue as budgeted. However, the Accounting Officer was advised to ensure that the results of the revenue assessment process are incorporated in the budget of 2021/2022 and subsequent years.	
Action	
A team of technical staff was constituted to undertake routine comprehensive assessments of all potential NTR sources for the agency every financial year. As a result, in the subsequent financial year 2021 /22, there was marked improvement in the correlation between the set target for NTR collections and the NTR realized.	
Query	**Absorption of funds**
Observation There was a shortfall in GoU releases amounting to UGX 4.7Bn representing 6.21%. Further, the entity remained with unspent balance of UGX 0.47Bn representing an absorption level of 99.3%.	
Recommendation	
The Accounting Officer was advised to ensure that the disciplinary process of the interdicted staff is fast tracked and recruitment of officers to fill the gaps for those who passed on.	

Action	
Most of the unabsorbed funds relate to unspent wages and salaries. The PS/ST in the Budget Call Circulars has provided wage budget resources and emphasized to Accounting Officers to fill critical vacant positions.	
Query	**Non-Quantification and Implementation of planned outputs**
Observation 41 outputs with a total of ninety-five (95) activities representing 100% of the total budget and noted that 6 (14.6%) of the total outputs were not quantified while 7 (17%) outputs with a total of seventeen (17) activities were insufficiently quantified. Further, of the 28 quantified outputs/activities assessed, 4 outputs with eight (8) activities representing 9.7% were fully implemented; 10 outputs with 20 activities representing 24.3% were partially implemented while 14 outputs with 30 activities representing 34.1% were not implemented at all.	
Recommendation	
The Accounting Officer was advised to quantify all outputs at budgeting level to facilitate performance measurement. The Accounting Officer was also advised to consider rolling over the un implemented activities to the subsequent budget for implementation	
Action	
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement.	

The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The un-implemented activities were identified and included in the subsequent financial year work plans.		
Query	**Late Submission and Inconsistencies in the Quarterly Performance Reports**	
Observation Submission of performance reports for all the quarters was made after the deadline dates. Furthermore, inconsistences were noted in the reported performance where management reported procurement of poultry feeds, drugs and vaccines for poultry on NAGRC and Data Bank Centre farms instead of the planned activity of rearing of 5,000 Indigenous poultry genetic resources sourced on Aswa ranch in Pader District.		
Recommendation		
The Accounting Officer was advised to ensure that there is timely preparation of the reports on Programme Budgeting System (PBS) to facilitate performance tracking. The Accounting Officer was advised to accurately report the performance in line with planned activities/details		
Action		
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans, and has enabled the preparation/submission of real-time quarterly electronic reports. This will minimise errors in the reports submitted.		
Query	**Nugatory expenditure of UGX 0.54Bn.**	
Observation Letters of Credit worth UGX 21.850Bn which expired on 31st December 2020 were renewed to 31st December 2021 leading to nugatory		

expenditure of UGX 0.54Bn. By 30th June 2021, prior year LCs worth UGX 10.875Bn were still outstanding.	
Recommendation	
The Accounting Officer was advised to ensure that the contracts are adequately supervised and fast tracked for timely achievement of set objectives. Further, management should consider budgeting for Letters of Credit charges to avoid risks of inadequate funds for planned activities.	
Action	
The nugatory expenditure was incurred in form of fees for opening Letters of Credit. Following the release of agency development funds, such expenditure has been averted in the financial year 2022/23 for the previous financial year 2021/22.	
Query	**Projects financed under prior year outstanding Letters of Credit**
Observation An inspection of forty-two (42) sampled projects financed by prior year outstanding Letters of Credit revealed that although all funds are secured and available, only thirty (30) projects/supplies were completed though some were still under defects liability period. Twelve (12) project sites whose contracts total to UGX 20.055Bn had suffered demobilisation while others were delayed and remained incomplete by 30th June 2021. The entity had paid a sum of UGX 6.327Bn for the twelve (12) projects. Details are in the table below. **<u>Table showing abandoned works</u>**	

S/No	Description of procurement	Contract Price (UGX BN)	Amount Paid in FY	Audit Observation

			2020/21 (UGX BN)	
1.	Construction of a hostel at Kasolwe stock farm	5.1	1.05	The project initial completion period was June 2020. This was however, amended to 9th March, 2021. Incomplete works were noted with no compound levelling, no wiring/ electrical installation, dining not roofed, no painting, no water installations, no external plastering, partial internal plastering.
2.	Construction of a cattle shed at Kasolwe	1.29	0.71	The project initial completion period was 8th April, 2020. This was however, amended to 28th May, 2021. At inspection date, the Site was incomplete, with no doors for calf pens, no piping/plumbing works. Entity paid

				for galvanized steel pipes and floor finishes, however, these were yet to be delivered.
3.	Construction of a learning centre at Kasolwe stock farm	1.3	0.24	The project initial completion period was 12th June, 2020. This was however, amended to 28th May, 2021. Audit noted that Phase 1 was incomplete, pending plastering, painting, yet UGX 10m was measured as complete in certificate 3, floor finishes and electrical installation were also pending.
4.	Construction of poultry grower unit structure at Kasolwe stock farm	0.198	0.149	The project initial completion period was 8th April, 2020. This was however, amended to 19th May, 2021. However, project was still incomplete

				pending Electrical installation.
5.	Establishment of a feed mill at Kasolwe stock farm	2.99	0.737	Works were incomplete, pending electrical wiring, latrine at plastering with no doors fitted and un paved compound.
6.	Construction of cattle shed at Lusenke farm	0.798	0.156	On inspection, the Site had incomplete works pending roofing, galvanized separators, and plumbing calf pen finishes.
7.	Construction of a hatchery at Lusenke stock farm	0.397	0.102	Phase 1 incomplete, pending internal and external doors. Management explained that phase 2 works were ongoing with a new completion date of November 2021.
8.	Construction of pig Growers Structure B at	0.199	0	Project planned completion date was 1st March, 2020. The site had

	Lusenke Stock Farm			been abandoned at foundation level due to unforeseen floods but construction has since resumed.
9.	Construction of a feedlot at Lusenke stock farm	0.899	0.248	Project had a planned completion date of 10th April, 2020. However, management explained that this had been amended to 21st December, 2021. The site still had pending works of building floor finishes, painting, loading platform finishes and electric installation.
10	Construction of gene bank at bull stud at Entebbe	4.39	1.36	The project initial completion period was 11th October, 2020. This was however, amended to 28th May, 2021. Works were incomplete pending external and internal plastering, doors,

				window, floors, electrical installation, Roofing, etc. Works were noted as delayed.
11	Supply, delivery and installation of embryo transfer equipment at Entebbe	1.575	1.575	The supply was yet to be performed and therefore could also not be physically verified.
12	Construction of Hostel at Ruhengyere	0.919	0	The project was carried forward from FY 2018/2019 with a Completion date 28th February, 2019, with no amendment. The project was awarded in FY 2018/2019 at a contract price of 0.919Bn. By the end of the year, UGX 0.538Bn was paid out and UGX 0.380Bn held in LCs by 30th June, 2019. During the FY 2019/20, UGX 0.182Bn was paid out and UGX 0.198Bn held in

				LCs by 30th June, 2020. Site was at roofing and plastering level. However, the Site was yet to be completed.
	TOTAL	**20.055**	**6.327**	

Incomplete and abandoned works have hampered service delivery as planned outputs from the entity investments were not realized within the planned period. Further, abandoned projects may be costly to re-start leading to failure to realize value for money spent.

Management explained that this situation was occasioned by the Covid-19 pandemic and its associated effects on contract execution by the contractors, and monitoring operations by the agency. Some of the contracts have been extended to give the contractors more time to complete the constructions.

Recommendation

Management was advised to fast track implementation of the projects in the financial year 2021/2022, enhance project supervision and revise the planned completion dates.

Action

The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The un-implemented activities were identified and included in the subsequent Financial Year work plans.

Construction works on the subject projects have since been executed.

Query	**Implementation of current year projects**

Observation

It was observed that thirty-four (34) contracts were signed for construction of structures, procurement of land and delivery of supplies worth UGX 34.4Bn. A sum of UGX 11.451Bn was paid during the financial year yet works had not started and therefore remained incomplete and deliveries not made.

Included in the thirty-four (34) contracts are three (3) service providers who had been fully paid a sum of UGX 7.45Bn but deliveries had not been made by the time of audit. Details are in the table below:

S/N	Activity	Amount paid (UGX Bn)
1	Acquisition of 67.51 acres of land in Wakiso District	2.43
2	Supply, delivery, installation and commissioning of four hatchery machines	2.99
3	Supply, delivery and installation of Laboratory equipment at Rubona and Lusenke stock farm	2.03
	Total	**7.45**

Incomplete works and non-delivery of supplies hamper service delivery as planned outputs from the entity investments may not be realized within the planned period.

The Accounting Officer explained that the procurement processes for construction works were majorly finalized towards the close of the financial year 2020/2021, sites handed over after the close of the financial year and works are now on-going. These are expected to be completed in the financial year 2021/2022.

Regarding the acquisition of 67.51 acres of land in Wakiso District, the surveying exercise is on-going. The delivery of the four hatchery machines, wheeled tractors, hay baling and assisted reproductive technologies equipment were procured from abroad and the trans-continental shipping is on-going.

Recommendation

The Accounting Officer was advised to fast track implementation of the procurements and also ensure that deliveries are made.

Action

The subject contracts have since been executed.

Query	Achievement of intended services from implemented outputs

Observation

The audit undertook an assessment to establish if there has been service delivery from a sample of outputs that were implemented and noted the following;

Output details	Activities/Details	Audit comments
15627: Evaluation and multiplication of improved pasture and fodder germ-plasm	640 acres of pasture/ fodder establishment	From inspections at Kasolwe ranch, it was found that the pasture/ fodder planted had dried up. This adversely affects quality and quantity of feeds of the animals.

Failure to achieve the intended services from the implemented outputs negates the purpose of budgeting and implementing these activities.

The Accounting Officer explained that the planted pastures suffered water stress due to the un-anticipated prolonged drought.

Recommendation

The Accounting Officer was advised to urgently address the anomaly noted in the implementation of the output and in future come up with

an irrigation strategy to maximise service delivery from the implemented out-put.	
Action	
Establishment of a comprehensive pressurized farm water irrigation system is planned for FY 2023/24.	
Query	**Outstanding domestic arrears of UGX 1.253Bn**
Observation Domestic arrears increased by UGX 0.918Bn from UGX 0.336Bn in the previous year to UGX 1.254Bn in the year under review. The arrears remained unsettled at the close of the year.	
Recommendation	
The Accounting Officer was advised to ensure that supplementary funding is always sought in emergency situations and in the event of failure to obtain funds, sufficient budget provisions are made to cater for settlement of outstanding domestic arrears.	
Action	
Domestic arrears were re-budgeted for in the financial year 2021/22 and financial year 2022/23 and cleared following receipt of the funds.	
Query	**Lack of Land Titles**
Observation Out of 12 ranches managed by NAGRC and Data Bank, 6 had been encroached on while some of the NAGRC and Data Bank land had no land titles in the names of NAGRC and Data Bank.	
Recommendation	
The Accounting Officer was advised to fast-track establishment of clear boundaries, evict all encroachers, recover lost land and make full use of the land.	

The Accounting Officer was also advised to fast track the surveying and titling process and secure the land titles.	
Action	
Surveying and mapping of NAGRC and Data Bank institutional land is nearly complete. Land titling processes are on-going.	
Query	**Under/Over Staffing**
Observation NAGRC and Data Bank had an approved staff structure of 189 positions with only 105 (56%) filled leaving 84 (44%) vacant and 17 positions were filled beyond the approved structure. Further, general support staff structure of 128 had 310 staff resulting in an over staffing of 142 (185%).	
Recommendation	
The Accounting Officer was advised to liaise with the relevant authorities to address the staffing challenge and consider undertaking a review of the staff establishment to address the challenge.	
Action	
The agency conducted staff recruitment processes to fill key positions such as; Technical Manager Production, Veterinary officer Estates officer, animal husbandry officers, poultry attendants, poultry hatchery attendants, herdsmen and fisheries attendants. The PS/ST has written to the Accounting Officer to undertake a review of the staff establishment with a view of addressing the staffing levels.	
42.0 UGANDA FREE ZONES AUTHORITY	
Query	**Over Expenditure on Recruitment and Personnel Costs**
Observation	

The approved budget indicates what is to be spent under each key output, and the law provides for the reallocation of funds across different line items in case a need arises. A review of the entity's expenditure revealed that the Authority spent UGX 0.635Mn on recruitment and personnel costs in excess of what was approved. There was no evidence to suggest that the Board granted approval for a reallocation. Spending unapproved amounts compromises the purpose of budgeting for the institution and undermines the intentions of the appropriating Authority. In response, the Accounting Officer committed that going forward, the Authority would seek approvals from the Board for reallocations.	
Recommendation	
The Accounting Officer was advised to always seek approvals from the Board for reallocations.	
Action	
The recommendation of Parliament has been fully implemented and there has not been any reallocation in the subsequent years.	
Query	**Performance of NTR**
Observation The entity budgeted to collect non-tax revenues amounting to UGX 2.10Bn but was only able to collect UGX 0.06Bn, resulting into a shortfall of UGX 2.04Bn, which is 97.13% of the NTR budget. This could be attributed to the effects of the Covid-19 pandemic. The performance was paltry and such revenue shortfalls affected the implementation of planned activities.	

In response, the Accounting Officer explained that the Authority had embarked on the implementation of its strategic plan for 2020/21 – 2024/25, which in the medium term will see 35 new developers/ operators added to the existing 24+ developers/ operators hence boosting NTR performance by the end of FY2022/23. The Authority will also complete its first public free zone at Entebbe International Airport, which again will house seven new investors to boost both NTR and capital investment and job creations in Uganda.		
Recommendation		
The Accounting Officer was advised to lay strategies to ensure that solutions are sought to mitigate the impact of Covid-19 from further affecting revenue collection.		
Action		
The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources. With the opening up of the economy and the implementation of the strategic plan, the authority has improved on its collection of NTR.		
Query	**Construction of the Entebbe International Airport Free-Zone**	
Observation Section 44 (3) of the Public Procurement and Disposal of Public Assets (Contracts) Regulations 2014 requires that a procuring and disposing entity shall not make an advance payment exceeding thirty percent of the contract price. The development work on 5 acres of land at Entebbe International Airport commenced in September 2020. A review of the contract file revealed that the MoU with the contractor had no provision for an advance payment; however, the Authority had effected 89% (UGX 15.340Bn) advance payment to National Enterprise		

Corporation (NEC) as at 29th June 2021 without substantial completion of the project. As of 30th June 2021, works worth UGX 4.146Bn had been completed, which is 27% of the advanced funds. The transfers were backed by performance guarantees from a bank, which have since expired. It is likely that the motive by management to effect advance payments to NEC, which were un-proportionate to work done, was to guard against returning the unspent balances at the end of the financial year to the Consolidated Fund. The Authority handed over the site to NEC for the construction of the Entebbe International Airport Free Zone on 23rd September 2020 and the works were due to be completed by 15th August 2021 after an extension from 23rd April 2021 stipulated in the MoU. The audit inspected the works on 20th September 2021 and found that the construction of Production Unit Block 1 is at the roofing level, and the retaining walls are almost complete, while production unit II is still at wall elevation level. Payment for uncertified works exposes the Authority to a risk of shoddy work and loss of funds in case the service provider (NEC) fails to perform. Management explained that the project value for Phase I was UGX 12.13Bn; however, works worth UGX 10.34Bn (85%) have to date been certified by the supervising consultant as per the Interim Certificate No. 003 dated 23/09/2021. The remaining works worth UGX 1.79Bn (15%) were expected to be completed by the end of October 2021. The Phase I works are therefore substantially complete. The production unit II construction works worth UGX 3.196Bn commenced on 11th August 2021 and are ongoing.
Recommendation
The Accounting Officer was advised to ensure that no further advance payments are made until the service provider carries out works worth the amount of advance made

Action	
The recommendation has been fully implemented	
Query	**Untitled Properties – UGX 8.459Bn**
Observation Reported under account code 311101 and Note 22 of the Statement of Financial Position are assets worth UGX 8.459Bn, including 109 acres of land at Buwaya purchased at UGX 7.608Bn and 5 acres of land at Entebbe International Airport purchased at UGX 0.851Bn. Even though the Authority took possession of the two pieces of land, the titles are yet to be obtained three years later. Under the circumstances, there is a risk that the entity is recognising assets for which they do not have legal ownership. The Authority stated that following a legal opinion from the Attorney General the issue of the Buwaya land title is no longer in dispute. UFZA took possession of the land in September 2020, erected boundary markers, constructed a guardhouse on the land Regarding the land at Entebbe International Airport, Titling of this land awaits completion of the valuation process to acquire a sub-lease from UCAA.	
Recommendation	
The Authority should expedite the acquisition of the titles for both pieces of land	
Action	
The authority is in court on this matter involving 109 acres at Buwaya, Kasanje Town Council Wakiso District. For the 5 acres of land at Entebbe International Airport the titling process is on-going.	

43.0 UGANDA VIRUS RESEARCH INSTITUTE	
Query	**Lack of a Strategic Plan**
Observation It was noted that the entity had prepared and approved its plan. However, approval and certification had not yet been obtained from the National Planning Authority.	
Recommendation	
The Accounting Officer should ensure that the plan is approved to facilitate preparation of annual work plan and the achievement of NDP objectives	
Action	
NPA has since approved the strategic plan for the institute and certificate issued according	
Query	**Non-Tax Revenue Performance**
Observation It was noted that the entity did not budget or collect NTR during the year under review. This was attributed to the breakdown of the Nitrogen plant three years ago which was the main source of revenue. However, the Institute received funds from GoU and was in the process of procuring a new Nitrogen plant.	
Recommendation	
The Accounting Officer should fast track the procurement of a Nitrogen plant so as to restore the original revenue performance of the Institute.	
Action	

The institute has procured the nitrogen plant and it is in installation process thus collection of NTR would be resumed immediately upon completion.	
Query	**Unspent Balance of UGX 20.76m**
Observation The Institute received the entire budget of UGX 8.97bn out of which UGX 8.95bn was spent by the entity resulting in an unspent balance of UGX 20.76m (representing an absorption level of 99%. The unspent balance at the end of the financial year was subsequently swept back to the consolidated fund account.	
Action	
The unspent balance relates to wages and salaries that were not paid at the end of the financial year. This was due to the long process of accessing the payroll and other related issues; lack of supplier numbers. management is hoping that with the new public service reform of Human Capital Management (HCM) would be resolved.	
Query	**Failure to Quantify Outputs**
Observation Two (2) outputs with a total of two (2) activities and expenditure of UGX 2.23bn were fully quantified out of the eight (8) outputs with a total of twenty-two (22) activities and expenditure of UGX 8.20bn sampled for assessment. None of the two (2) quantified activities under the two (2) outputs was implemented at all; Two (2) outputs with a total of seven (7) activities and expenditure worth UGX 4.99Bn were insufficiently quantified. Out of the seven (7) activities, two (2) activities (29%) were quantified, while the balance of five (5) activities (71%) were not clearly quantified to enable the assessment of performance. Four (4) outputs with a total of thirteen (13) activities and expenditure worth UGX 980m were not quantified at all. That is none of the thirteen (13) activities within these outputs was quantified at all.	

Recommendation	
The Accounting Officer is advised to ensure that all the outputs of the vote are duly quantified to enable assessment of their performance.	
Action	
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement. This is work in progress and most of the outputs have been redefined in a clearer quantifiable format.	
Query	**Diversion of funds**
Observation It was noted that funds to the tune of UGX 53,300,000 were irregularly reallocated from the activities on which they were budgeted and spent on other activities without seeking and obtaining the necessary approvals.	
Recommendation	
The Accounting Officer should avoid unauthorized reallocation and seek for authority to reallocate funds in case there is need.	
Action	
All the foregoing irregularities were due to the Covid-19 emergency related procurements which management pledges to formalize in the due course.	
Query	**Failure to Submit Performance Reports**
Observation	

The audit noted that the entity submitted performance reports for Q1, Q2, Q3, Q4 after the prescribed deadline. Payables worth UGX 0.409bn remained outstanding from financial year ended 30th June 2019 to-date. It was further noted that management did not provide for the settlement of domestic arrears in the approved budget estimates for the year under review.	
Recommendation	
The Accounting officer should ensure that performance reports are prepared and submitted in time. In addition, the Accounting Officer should always prepare budget monitoring plans and reports to facilitate performance tracking.	
Action	
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans, and has enabled the preparation/submission of real-time quarterly electronic reports The untimely submission of performance reports was sorted by management and the Monitoring and Evaluation was carried out in the FY 2021/22. The outstanding payables of 0.409bn have now been settled.	
Query	**Staffing gaps**
Observation A review of the staff structure of Uganda Virus Research Institute revealed that out of the approved structure of 237, only 75 positions were filled leaving 162 staff positions vacant	
Recommendation	

The Accounting Officer should liaise with the relevant authorities to address the staffing gaps	
Action	
Due to wage limitations, the institute has been filling positions in a phase manner. Currently the institute has 78 filled positions. However, the Institute has a total of 239 other staff on the various projects. This helps to bridge the gap because they work together with staff on Uganda Government payroll.	
Query	**Irregular Procurements**
Observation A review of a sample of 19 procurement files with a total value of UGX 1.61Bn revealed that the Institute did not require suppliers to provide any form of an acceptable performance guarantee for procurements worth UGX 1.42Bn.	
Recommendation	
The Accounting Officer should ensure that suppliers provide performance guarantees so that the Institution is protected in the event that a supplier/contractor fails to deliver on contractual obligations.	
Action	
Most of the suppliers for critical laboratory supplies were sole suppliers, some of whom were international firms. With the onset of Covid-19 Pandemic, single sourcing procurements was done for critical laboratory supplies. It was therefore hard to compel them to attach most of the documentations required.	
Query	**Delayed access to pension payroll**
Observation	

Analysis of payment records and review of staff files revealed that 5 staff of the Institution had retired but had not yet accessed the pension payroll although the six months pensions processing period had elapsed.	
Recommendation	
Accounting Officer was advised to ensure that all retiring staff files are processed and approved within the 6 months' period required by law.	
Action	
The five (5) retired staff have since then accessed the pension payroll and all arrears cleared.	
44.0 UGANDA LAW REFORM COMMISSION	
Query	**Lack of a Strategic Plan**
Observation The audit noted that the Commission did not have an approved strategic plan that was aligned to NDP III by the time of audit. The draft plan prepared by the entity had not been certified by NPA	
Action	
The Uganda Law Reform Commission's Strategic Plan has been approved by NPA.	
Query	**Non-quantification of Outputs**
Observation Out of the 8 outputs assessed with 37 activities and expenditure of UGX 7.74Bn, 6 outputs with worth UGX 4.53Bn were fully quantified.	
Action	
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans	

(PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement.

Query	**Non-implementation of Activities**
Observation The audit assessed the implementation of six (6) outputs with 24 activities that were fully quantified and noted that one (1) output with three (3) activities with expenditure worth UGX 3.43Bn was fully implemented, while five (5) outputs with 21 activities worth UGX 1.1Bn were partially implemented. Out of the 21 activities, the entity fully implemented nine (9) activities, four (4) activities were partially implemented, while eight (8) activities remained unimplemented.	
Action	
The bulk of funds were meant for wages. However, due to the ongoing Rationalisation of Agencies and Public Expenditure (RAPEX) exercise there was a halt on the recruitment process and as a result the Commission could not fill the vacant positions. This underscores the reason as to why a number of budget outputs were not implemented.	

Query	**Failure to submit Quarterly Monitoring and Budget Performance Reports**
Observation The Commission neither prepared annual budget monitoring plans nor submitted quarterly budget monitoring reports. The Commission also failed to submit all its quarterly budget performance reports in time.	
Action	
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans, and this has enabled the preparation/submission of real-time quarterly electronic reports.	

45.0 HEALTH SERVICE COMMISSION

Query	Lack of a Strategic Plan
Observation The audit noted that the entity had prepared a Strategic Plan. However, this had not been approved by the end of the year under review.	
Action	
The Health Service Commission Strategic Plan was approved by the National Planning Authority.	

Query	Failure to Budget for Non-Tax Revenue
Observation The Commission did not budget to collect NTR during the year under review. However, the financial statements indicated that NTR amounting to UGX 21,850,000 was collected during the year.	
Action	
The Accounting Officer has been urged to ensure that NTR estimates are included in the entity's budget and budgeting for NTR be strengthened by building capacity for heads of departments and staff of the planning unit. This has, however, been catered for in the Financial Year 2023/2024 budget	

Query	Irregularities in Procurement
Observation The audit found that there was no evidence to show that the procurement method and the Evaluation Committee were approved by the Contracts Committee for six sampled procurements worth UGX48,310,800. Lack of approval contravenes the PPDA Regulations. In the circumstances, the Evaluation Committees executed the assignment without authority.	

Action	
Accounting Officers have been severally advised to adhere with the PPDA Act and guidelines and regular engagements with the heads of PDU are being undertaken by the Accountant General's Office. Entities are encouraged to enrol on e-GP to address the challenges of Public Procurement by automating the public procurement cycle there by reducing avenues for abuse of the process. All procurement are now following the e-GP procedures.	
46.0 JUDICIAL SERVICE COMMISSION	
Query	**Lack of a Strategic Plan**
Observation The audit noted that the Commission submitted a draft strategic plan to NPA for approval. The accounting officer explained that the Judicial Service Commission (JSC) Strategic Plan was developed and aligned to the NDPIII Programme of governance and security under which the JSC and the Judiciary was initially placed.	
Recommendation	
Accounting officer was advised to follow up the matter with National Planning Authority to ensure that the Strategic Plan is finalised as required. This will facilitate preparation of realistic annual work plans and achievement of NDPIII objectives	
Action	
The Commission now has a Strategic Plan aligned to the NDPIII	
Query	**Revenue Performance for MDAs**

Observation The Commission budgeted for NTR of UGX 4.5Bn for the financial year 2020/21, however only UGX 788,000 was collected representing performance of 0.02% of the target. The Commission absorbed 95.7% of the funds that were released.	
Recommendation	
Accounting officer to liaise with MoFPED while setting NTR targets to ensure that they are realistic and realisable	
Action	
Accounting Officer has engaged with MoFPED to set realistic NTR targets for the entity. The Ministry of Finance will continue to support MDALGs to come up with realistic budgets for NTR.	
Query	**Failure to Quantify Outputs**
Observation Out of the fifteen (15) outputs sampled, ten (10) were fully quantified, while one (1) was insufficiently quantified and two (2) were not quantified at all.	
Recommendation	
Accounting officer was advised to consider rolling over the un implemented activities to the subsequent budget for implementation.	
Action	
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement	
Query	**Implementation of Quantified Outputs**

Observation Out of the ten (10) outputs assessed, five (5) were fully implemented while five (5) were partially implemented.	
Recommendation	
Accounting officer to consider rolling over the un implemented activities to the subsequent budget for implementation	
Action	
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The un-implemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**Submission of Quarterly Performance Reports**
Observation The Commission neither prepared annual budget monitoring plans nor submitted quarterly budget monitoring reports. The Commission also failed to submit all its quarterly budget performance reports in time.	
Recommendation	
Accounting Officer was advised to ensure that performance reports are prepared and submitted on time. Further, the Accounting Officer should always prepare budget monitoring plans and reports to facilitate performance tracking.	
Action	
The preparation of performance reports has been enhanced by the recruitment of a senior economist in the Planning unit responsible for preparing budget monitoring plans and reports to facilitate performance tracking. In addition, the Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation	

Action Plans (PIAPs)/Monitoring Plans, and has enabled the preparation/submission of real-time quarterly electronic reports. The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans, to facilitate the preparation/submission of real-time quarterly electronic reports	
Query	**Staffing Gaps**
Observation Out of the approved 143 staff positions, ninety-seven (97) positions were filled while forty-seven (47) positions were vacant	
Recommendation	
Accounting Officer was advised to engage Public Service Commission to have the vacant positions filled	
Action	
The Government has provided a wage budget for established structures Accounting Officers are advised to expedite the filling of critical positions starting with the heads of institutions and heads of departments. The Commission has so far recruited 10 staff The Commission continues to engage Public Service Commission to have the vacancies filled.	
Query	**Un Remitted PAYE UGX 138,219,093**
Observation The commission did not remit to URA PAYE of UGX 138,219,093	
Recommendation	

Accounting officer should declare the unremitted amounts as domestic arrears in the financial statements and should be budgeted for in the subsequent budget.
Action
IFMS has been upgraded to include the functionality for recording and tracking of domestic arrears. Only declared and verified domestic arrears can be uploaded and paid under the domestic arrears IFMS functionality on the First in, First Paid basis. Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets.

47.0 NATIONAL AGRICULTURAL ADVISORY SERVICES

Query	**Lack of Strategic Plans**
Observation The entity had prepared the strategic plan; but there was no approval and certification of the same by NPA to evidence alignment to the NDP-III at the time of audit.	
Recommendation	
Accounting Officer should follow up with NPA for timely certification of the strategic plan to enable alignment of implemented activities to the NDP-III	
Action	
The Strategic Plan has since been approved and certified by NPA	
Query	**Shortfall in NTR collection**

Observation Out of the budgeted NTR of UGX 3.587Bn, the entity collected only UGX 0.12Bn, representing a performance of 3.3% of the target. There was 100% performance in GoU releases amounting to UGX 243.9Bn. Further, NAADS remained with unspent balance of UGX 0.06Bn representing an absorption level of 99.9%.	
Recommendation	
The Accounting Officer should ensure that entity finance staff participates in the NTR budgeting so that the set budgets are realistic and realisable.	
Action	
The Ministry of Finance will continue to support MDALGs to come up with realistic budgets for NTR.	
Query	**Failure to Quantify Activities**
Observation The audit sampled four (04) outputs with a total of twenty-five (25) activities with expenditure of UGX 184.4Bn. The audit noted that two (02) outputs with a total of three (03) activities with expenditure worth UGX 43.19Bn were fully quantified while two (02) outputs with a total of twenty-two (22) activities with expenditure worth UGX 141.19Bn were insufficiently quantified. For example, out of the twenty-two (22) activities, fourteen (14) activities (64%) were quantified while the balance of eight (08) activities (36%) were not clearly quantified.	
Recommendation	
The Accounting Officer should liaise with MoFPED and ensure that all activities and outputs are always fully quantified and input in the PBS at planning level to facilitate performance measurement.	

Action	
The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement.	
Query	**Failure to implement activities**
Observation Assessment of one partially implemented output revealed that out of 3,010,000 hand hoes, only 2,500,000 hand hoes were procured and distributed to the Northern parts of the country instead of the planned vulnerable rural small holder farming households across the country. Further, assessment of the implementation of the two (2) outputs that were fully quantified with a total of three (03) activities revealed that none was fully implemented.	
Recommendation	
The Accounting Officer should ensure that implementation of outputs in future is based on realistic estimates for the appropriated activities to ensure maximizing service delivery.	
Action	
Management has built the capacity of its Policy and Planning Unit; and Heads of Department for effective and realistic budgeting for activities to ensure service delivery. The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The un-implemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**Delay to Submit Quarterly Performance Reports**

Observation

Submission of performance reports for all quarters was made after the deadline dates. Furthermore, the audit did not obtain evidence to confirm that the Accounting Officer prepared monitoring plans and reports.

Recommendation

The Accounting Officer should ensure that performance reports are prepared and submitted in time.

In addition, the Accounting Officer should always prepare budget monitoring plans and reports to facilitate performance tracking.

Action

There is improvement in timelines for submission of quarterly reports. The Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans, to facilitate the preparation/submission of real-time quarterly electronic reports. This has also enabled tracking and evaluation of performance.

Query	**High Letters of Credit Charges of UGX 1.053Bn**

Observation

NAADS incurred high Letters of Credit (LC) charges of UGX l.053Bn as a result of LCs worth UGX 71.25Bn opened for contracts that failed to deliver within the year.

Further, it was noted that LCs worth UGX 23.13Bn that failed to perform for a period of more than two (2) financial years with one of UGX 2.071Bn for milk coolers outstanding for more than 4 years.

Recommendation

Management should ensure efficient performance of contracts within the budget year.	
Action	
Management has since reduced the amount of funds committed on LCs. For instance, at the end of FY 2021/22 there was a reduction by 55.5% of value of LCs opened from UGX 71.25bn to UGX31.7 and most of these were contracts with international suppliers.	
Query	**Delayed payment to NWSC and Allocation of Kasese Industrial Park Agri-Led**
Observation Review of the Kasese Industrial Park Agri-Led intervention worth UGX 3.9Bn revealed allocation of land to a bus company contrary to the set objectives and delayed payment of NWSC to connect piped water	
Recommendation	
The Accounting Officer should engage Kasese Municipal Council and ensure that the land is only allocated for agro- industrialization for local economic development (Agri-Led) activities.	
Action	
The NAADS Secretariat entered into an MOU with UIA and Kasese Municipal Council which specifies roles of each party. NAADS role under this arrangement was limited to contracting service providers for establishment of the earmarked service infrastructure for the industrial park namely water, power and roads and drainage. The land is not only for agriculture but it is for agro-industrialization for local economic development (Agri-Led) activities. Final payment to NWSC for works in Kasese Industrial Park was effected in August 2021.	
Query	**Shortcomings of the Sugarcane Production Project**

Observation

Review of the sugarcane production project implementation with investments of UGX 85Bn revealed shortcomings such as; lack of feasibility assessment, lack of accruing benefits to the beneficiaries, weaknesses in the MoU signed with beneficiaries, limited information on members of the cooperatives, delays in contract completions, pending liquidated damages, and stalled activities.

Recommendation

The Accounting Officer should ensure that NAADS fully participates in the multi-stakeholders' efforts and share experiences to ensure that the investment does not go to waste.

Action

The challenges have been lack of a dependable source of labour which was exacerbated by the Covid-19 related lockdown restrictions and shortage of machinery on the open market. This matter is being addressed by Government through provision of funds for procurement of farm machinery through Uganda Development Corporation.

The on-going multi-stakeholder engagements led by NPA will address the issue of information concerning beneficiaries. NAADS has so far participated in two multi stakeholder engagement meetings

Query	**Failure to enter MoU with Beneficiaries of Milk Coolers**

Observation

The audit noted failure to enter into MOUs with beneficiaries of milk coolers contrary to the selection criteria of the standard procedures for Operation Wealth Creation.

Recommendation

Management should institute MOUs with the beneficiaries of the Milk Coolers, clearly stipulating the roles and responsibilities of each party.

Guidelines on the access and management of milk coolers should be developed to guide management and the potential beneficiaries	
Action	
Management has since signed MOUs with the beneficiaries.	
Query	**Beneficiaries of Hoes**
Observation There was lack of clearly identified beneficiaries, transportation and distribution of the hoes-intervention, lack of MOU with delegated DLGs on distribution modalities and nugatory storage costs.	
Recommendation	
The Accounting Officer should provide clear guidance to the DLGs on what a household constitutes, how to proceed with the distribution and documentation of the receipt by the households, including the documents to be used. MOUs should be entered into for the proceeding transactions of this nature.	
Action	
NAADS has signed MOUs with DLGs/beneficiaries of support provided by NAADS and has been extended to Oil seeds and other crops like Macadamia and Hass Avocado.	
Query	**Tractor strategic intervention - MOUs**
Observation Review of tractor strategic intervention revealed lack of assessment of potential beneficiaries and non-adherence to terms of the MOUs thus risks of beneficiaries without the capacity to manage the tractor for farming practice or as an enterprise.	
Recommendation	

The Accounting Officer was advised to plan adequately for all interventions and ensure adherence to set assessment criteria for beneficiaries.	
Action	
NAADS has put in place assessment criteria for all potential beneficiaries of tractors and matching implements, to ensure adherence to the provisions in the MOU.	
Query	**Failure to settle Covid-19 outstanding payables**
Observation NAADS had a Covid-19 arrears supplementary budget of UGX 17.81Bn, which was warranted and absorbed. Further, review of its utilization revealed; failure to settle long outstanding payables, appropriation in excess of requirement and diversion of Covid-19 relief funds worth UGX 10.032Bn to settlement of current year bills without seeking and obtaining the necessary approvals.	
Recommendation	
The Accounting Officer was advised to ensure adherence to budget controls such as seeking authority for any reallocations or requisition for supplementary funding.	
Action	
Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets; and to comply with the PFMA, 2015.	
Query	**Increase of domestic arears from 13.23bn to 20.31Bn**
Observation	

A trend analysis of the domestic arrears showed an increase of UGX 7.085Bn (53.6%) from UGX 13.23Bn in the previous year to UGX 20.31Bn that remained unsettled at close of the year with arrears of UGX 0.162Bn relating to previous financial years.	
Recommendation	
The Accounting Officer was advised to ensure adherence to the commitment control guidelines and liaise with MoFPED to ensure that sufficient budget provisions are made to cater for settlement of the arrears.	
Action	
IFMS has been upgraded to include the functionality for recording and tracking of domestic arrears. Only declared and verified domestic arrears can be uploaded and paid under the domestic arrears IFMS functionality on the First in, First Paid basis. Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets.	
Query	**Irregular diversion of funds worth 2.15Bn**
Observation Funds worth UGX 2.15Bn were irregularly diverted from the activities on which they were budgeted and spent on other activities without seeking and obtaining the necessary approvals.	
Recommendation	
The Accounting Officer should fully adhere to the budgetary allocation by seeking authority for any reallocations.	
Action	

Accounting Officers have been reminded in their appointment letters, and in the Budget Execution Circulars of their duty to control the regularity and proper use of money appropriated to a vote.	
Query	**Outstanding receivables of UGX 2.38Bn**
Observation The audit noted long outstanding receivables of UGX 2.38Bn relating to cash balances and accountabilities that remained at the DLG at the time of restructuring thus casting doubt on their recoverability.	
Recommendation	
The Accounting Officer should liaise with the line Minister and other relevant stakeholders in order to have a board in place and initiate the write off process.	
Action	
The outstanding receivables of UGX 2.38Bn relates to unretired accountabilities that remained with the Local Governments at the time of restructuring NAADS and its operations in DLGs. Efforts to recover the accountabilities from the concerned DLGs were in vain and subsequently these receivables were written off.	
Query	**Shortcomings of Procurement Function**
Observation Review of the procurement function revealed shortcomings such as delayed supplies and unjustified extensions and non-execution of performance securities.	
Recommendation	
The Accounting Officer should ensure that the evaluation committees undertake due diligence to avoid awards to firms without capacity and also ensure enforcement of delivery timelines by recovering liquidated damages from the suppliers.	

Further, the Accounting Officer should ensure that the suppliers fast track the delivery process to minimize farmers' losses.

The Accounting Officer was also advised to ensure adherence to the law forthwith and draw the issue to the attention of PPDA for necessary review or further guidance in regard to agricultural supplies or special circumstances.

Action

Due diligence on suppliers has been strengthened during the procurement process. In addition, Management has fast-tracked delivery process and the contracts have been performed as follows;

Activity	Status of delivery
Supply and delivery of plain hoes under - NAADS/SUPLS/2020-21/00001	100% delivered
Supply, delivery, installation and commissioning of assorted fruit processing equipment for the pineapple processing plant in Kayunga District-NAADS/SUPLS/2020-21/00118	100% delivered.
Supply, delivery, installation and commissioning of a multi fruit processing plant for rural Agri business hub at Kapeeka Industrial Park- NAADS/SUPLS/2020-21/00120	100% delivered

Query	**Staffing gaps**

Observation

The audit noted that NAADS has an approved staff structure of 56 positions out of which 53 (94.6%) positions are filled. Key among the vacant posts are; Manager Finance, the Administrator, and Zonal Agricultural Development Officer.

Further, the audit noted temporary appointments of six (6) staff for the sugarcane field-based team for 30 months contrary to the recommended 12 months as stipulated in the regulations.	
Recommendation	
The Accounting Officer explained that filling of the three positions is pending the appointment of a new NAADS Board of Directors and the matter was put to the attention of the Hon. Minister for Agriculture, Animal Industry and Fisheries and it is being addressed. The audit awaits the Accounting Officer's efforts in this regard.	
Action	
The filling of the above-mentioned three positions is pending the appointment of a new NAADS Board of Directors. This matter was brought to the attention of the Hon. Minister for Agriculture, Animal Industry and Fisheries. However, the process of appointing a new board requires an amendment of the NAADS Act which is currently underway and is at Regulatory Impact Assessment stage.	
48.0 UGANDA INVESTMENT AUTHORITY	
Query	**Unremitted Off-Budget receipts.**
The audit noted that the authority received off-budget financing to a tune of UGX 50.43Bn, which was not transferred to the consolidated fund as required by law. These funds were received directly from the development partners to EPC contractor - Lagan Group Ltd, in Joint venture with Dot services Ltd, for the development of KIBP Namanve	
Recommendation	

The Accounting Officer was advised to always adhere to the provisions of the law. Any challenges in implementing the provisions, should be brought to the attention of the PS/ST	
Action	
The upgraded Programme Budgeting System (PBS) has features that enable Accounting Officers to declare anticipated donations of cash and assets during the budgeting process. This PBS feature has a mandatory field to be filled in by Accounting Officers, who have been notified not to receive any off-budget donations without prior authorisations by the Minister of Finance. The above was again communicated in the Budget Call Circular for FY 2022/23. During this financial year 2022/23 all declared donations were included in the Appropriations bill. However, with the new changes in the IFMS & Budget systems, externally financed projects have been rolled onto the PBS & IFMS and Cash limits are released on quarterly basis to facilitate Preparation of Budget performance reports.	
Query	**Lack of Adequate Budget for Domestic Arrears.**
Observation A review of the Approved Budget estimates of the Authority for the FY 2020/21 indicated that only UGX 22 Mn out of the Approved arrears of UGX 2.411Bn was budgeted towards the settlement of domestic arrears. Failure to provide resources for the accumulated arrears increases outstanding obligations.	
Recommendation	
The Accounting officer was advised to make adequate budget provisions for all the Outstanding obligations as required by the Public Finance Management Act 2015.	

Action	
The domestic arrears funds have been released and payments are being processed In addition, IFMS has been upgraded to include the functionality for recording and tracking of domestic arrears. Only declared and verified domestic arrears can be uploaded and paid under the domestic arrears IFMS functionality on the First in, First Paid basis. Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets.	
Query	**Continued Accumulation of Domestic Arrears**
The Authority continued to accumulate arrears in the FY 2020/2021. Management explained that the domestic arrears liability is caused by the budget shortfalls. The revised domestic arrears amount of UGX 2.352Bn for the period ending June 2021 constitutes 43% rent. UIA had anticipated moving to its new building hence leading to a stop in rent payment, but due to delays in completion of the building the Authority is still renting premises and anticipates moving to its new premises in January 2022.	
Recommendation	
The Accounting Officer was advised to ensure strict adherence to the commitment control system and avoid committing Government without necessary resources. In addition, the Accounting Officer should prioritize settling outstanding arrears to mitigate against potential legal challenges from service providers.	
Action	

Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets. Management engaged MOFPED to ensure that the MTEF for arrears is increased and this has been done. To avoid accumulation of further rent expenses the Authority decided to relocate its Head office to the KIBP Namanve owned Building.	
Query	**Lack of Regulations to the Investment Code Act, 2019**
Observation The audit noted that management had not drafted regulations to operationalise the Act since its enactment in 2019. Without regulations to operationalise the Investment code, the Act may not be fully implemented to the satisfaction of all stakeholders. Management explained that an inter-departmental Committee was constituted to provide content for the Regulations. The process was finalized and there is a Zero draft to be considered by Management before submission to the technical draftsperson in Parliamentary Counsel.	
Recommendation	
The Accounting Officer was advised to initiate the process as a matter of urgency to draft the regulations for the minister's approval and endorsement as required by the law.	
Action	
The draft regulations were formulated with the support of technical staff from Attorney General's office. The final draft regulations were formulated and sent to the Parliamentary Council for final approval and endorsement.	
Query	**Staffing Gaps**

Observation A review of the UIA establishment revealed that, out of the approved structure of 124 positions of the Authority, 78 (62.9%) are filled leaving 46 (37%) vacant positions. Among the Vacant positions, 24 are from the core Directorate of Investment which is the backbone of UIA. Under staffing undermines service delivery. Management explained that the process for the recruitment of 7 new staff for the FY 2021/2021 (including the SIE Litigation-Legal) is ongoing to fill the vacant positions. The Authority has obtained approval for recruitment in the midst of the Agencies rationalisation exercise from the Ministry of Public Service. UIA will continue to engage MOFPED for increased wage resources and the vacant positions will be filled to the extent that funds allow.	
Recommendation	
The Accounting Officer was advised to liaise with the Board and MoPS to ensure that the rationalisation is effective and critical vacant positions are filled to facilitate the country's promotion and growth of investments in the country.	
Action	
The Authority has undertaken the recruitment of 11 approved positions by the Ministry of Public Service, which will increase staff levels to 89 in the approved structure of 124. The rationalisation of the Authority's structure by the MOPS and MOFPED is ongoing.	
Query	**Lack of Infrastructure in the Industrial Parks**
Observation During inspections country wide, the audit observed that all industrial parks lack or have inadequate infrastructures like roads, solid waste and sewage management systems, power supply, street lights etc. Parks have been characterised by encroachment, farming and cattle grazing,	

degradation of nearby swamps, unallocated land, idle land allocated to unserious investors. The Accounting Officer explained that the issue is due to inadequate funding arising out of low budget allocation. The authority is establishing a portfolio of fully serviced industrial parks, which entail the provision of key infrastructure among them are solid waste management and waste water facilities. The Kampala Industrial Business Park (KIBP) infrastructure is in progress and is expected to address these issues. The interventions in other Industrial Parks are expected to be effected subject to the availability of funds.
Recommendation
The audit awaits the outcome of this management Actions
Action
A Cabinet paper on the setup of Industrial Parks and the requisite infrastructure was considered and Cabinet directed that a budget be availed to execute this national agenda. In addition, other interventions include; i) The Kampala industrial Business Park project Namanve is currently underway to ensure that key infrastructure establishment such as roads, solid waste and sewage management systems, power supply, street lights are setup to facilitate movement of goods and materials by investors. ii) UIA signed MOU with Mbale Industrial Park and Kapeeka through NEC to facilitate infrastructure setups. iii) The Authority is undertaking feasibility studies for infrastructure funding through the Investment for Industrial Transformation and Employment (INVITE) Project.

49.0 UGANDA ELECTRICITY DISTRIBUTION COMPANY LTD	
Query	**Under Absorption of Funds**
Observation Out of the total receipts for the financial year of UGX 64.97Bn, a sum of UGX 63.38Bn was spent by the entity resulting in an unspent balance of UGX 1.52Bn representing absorption level of 97.6 %	
Action	
There was under absorption of 2.4% equivalent to UGX 1.52Bn. The balance was already committed whereby contracts had been signed and there were delayed deliveries due to effects of Covid-19 on the supply chain.	
Query	**Unreconciled receivables amounting to UGX 70.1Bn**
Observation The audit noted un-reconciled receivables amounting to UGX 70.1Bn resulting from the withheld funds by UMEME from the Escrow Account in regard to unpaid Government electricity bills by MDAs.	
Action	
The receivables relate to amounts due from related party; UMEME Ltd. The amount was withheld and or withdrawn by UMEME in line with the lease and assignment which grants UMEME a right to draw the money. A reconciliation was carried out by an independent audit Firm (Price Waterhouse Coopers), which confirmed the position.	
Query	**Power evaluation liability of UGX 15.29Bn**
Observation	

The audit noted power evacuation liability of UGX 15.29Bn, payable to UETCL. This was due to power losses attributed to absence of transmission lines to evacuate electricity from PA Technical, Siti 1 and Arpe Power Plants, as a result of wheeling power over a lower capacity and weaker distribution lines operated by UEDCL.	
Action	
The liability is related to power evacuation stemming from absence of transmission lines to evacuate electricity from 9 min hydro dams embedded into the distribution network, and thus wheeling power over low voltage distribution lines operated by UEDCL. The development of mini hydro should be undertaken alongside an appropriate evacuation line for power to be evacuated to the UETCL main grid. However, due to the misalignment in the planning of these evacuation losses that are not financed in the tariff, UEDCL cannot pay for the same and thus, the regulator (ERA) allowed UEDCL to offset from bills of UETCL in the approved budget FY2022/23for territories.	
Query	**Outstanding receivables of UGX 38.6Bn**
Observation The long outstanding receivable resulting from payment of former UEB pension costs of UGX 38.6Bn by UEDCL which has never been paid back to the Company by MoFPED.	
Action	
Government will provide funding through the normal budgetary appropriation process.	
Query	**Failure to meet annual target of connecting 37,293 customers**
Observation Failed to meet its targeted annual connection 37,293 of customers whereby only 6,309 (16.9%) connections were made.	

Action	
The Government of Uganda established the Electricity Connection Policy (ECP) with main objective to increase electricity access and provide cleaner energy to all Ugandans. UEDCL had a target to connect 37,293 customers during the FY2020/21 approved by the ERA. Only 6,309 connections were made during the year. The performance was attributed to the lack of supply of connection materials from Rural Electrification Agency (REA) under ECP program and effects of Covid-19 whereby customer connections were suspended. In the subsequent financial years, UEDCL received UGX 10Bn from Government and was able to connect 11,643 customers. UEDCL has continued to engage ERA, MoFPED and MEMD to authorize borrowing funds from UDB to financing customer connections through the customer connections financing framework. ERA has approved the Hybrid customer connections program starting December 2022, whereby customer pays a subsidized cost of UGX 200,000 and bank loan of UGX 270,000. This solution will help to attract many connections as an alternative.	
Query	**Non-compliance by the WENRECO**
Observation The audit noted non-compliance by the WENRECO to the terms of the Operation and Maintenance Agreement, such as provision of semi-annual reports on status of the assets, safe storage of UEDCL connection materials, participation in the physical network inspection, submission of asset modifications register among others.	
Action	

Operation and maintenance agreement was signed between UEDCL and WENRECO (the operator) for the new extension of the existing distribution network. UEDCL has carried out monitoring and supervision of the WENRECO operations to ensure compliance with the terms of the Agreement Findings have been shared with the operator, Permanent Secretary-Ministry of Energy and Mineral Development and Chief Executive Officer-Electricity Regulatory Authority. Monitoring activities are done on quarterly basis and there is improvement by the operator in regard to compliance with the operation and maintenance agreement.	
Query	**Failure to Replace Damaged Poles**
Observation The 62,944 poles leased to UMEME by UEDCL were damaged and required replacement which was not done contrary to the provisions of the Lease Agreement.	
Action	
UEDCL is mandated to supervise and monitor the assets leased under the Lease and Assignment Agreement (LAA). This involves supervising and monitoring of UMEME network assets on a regular basis to ensure value for money on completed and approved assets. UEDCL has discussed the matter with UMEME and ERA and agreed on a way forward. In addition, UEDCL has continued to engage both parties on compliance issues prescribed in the terms of the LAA such as replacement of poles among others.	
50.0 UGANDA TOURISM BOARD	
Query	**Failure to Implement Planned Procurements of UGX 2.791Bn**

Observations

Contrary to Section 45 (3) of the Public Finance and Management Act, 2015, the Board failed to implement procurements worth UGX 2.79Bn which had been indicated in their procurement plan.

Procurement reference number	Subject procurement	Estimated value
UTB/NCONS/20-21/00035	Framework contract for Radio	437,160,000
UTB/NCONS/20-21/00036	Framework contract for TV	1,870,840,000
UTB/NCONS/20-21/00244	Hire of a firm for consulting services for City Tourism Development Project	450,000,000
UTB/NCONS/20-21/00467	2-page publication in the "CEO Today Africa" publication	10,186,800
UTB/NCONS/20-21/00501	Car hire during inventory	22,500,000
Total		**2,790,686,800**

Unimplemented procurements signify unimplemented activities and therefore delayed service delivery.

Management Reponses;

i) The framework procurements for Radio and Television were not concluded in the FY 2020-2021. However, the planned media buying activities were executed outside framework arrangements

ii) The procurement for Hire of a Firm for Consulting Services for City Tourism Development Project was initiated in the FY 2020-2021 but was not completed due to lack of funds. Funding for the activity has been sought through request for a supplementary budget. The contract will be signed for implementation once the additional funding is obtained.

iii) 2-page publication in the "CEO Today Africa" Publication: The activity was not undertaken as the CEO at the same time was undertaking another training with the Commonwealth University.

iv) Car hire was not undertaken initially because the activity was put on hold due to COVID-19 lockdown. Later on, UTB sought support for transport from Parliament of Uganda following budget cuts of UGX 6.3 billion.

v) The Board endeavours to implement all planned procurements, subject to availability of funds.

Recommendation

The Accounting Officer was advised to ensure that all procurements in the approved procurement plans are executed.

Action

The framework procurements for Radio and Television were not concluded in the FY 2020/2021. However, the entity has continued to implement media buying activities using procurements other than framework contracts. Some of the contracts executed include:

Radios

i) Media Space on Radios to promote domestic tourism, UGX 346,331,687

ii) Radio Media buying for Pearl of Africa Brand Launch, UGX 90,372,340

Television

i) Television Adverts on Tourism, UGX 44,952,300

ii) Media Space on Television to promote domestic tourism, UGX 262,384,800.

iii) UTB, UWA, MTWA and Private Sector Participation in TV show - Spotlight Uganda, UGX 90,000,000.

iv) Television Media buying for Grading and Classification, UGX 143,847,833 v) Television Media buying for World Tourism Day 2021, UGX 25,000,000 vi) Television Media buying for Pearl of Africa Brand Launch, UGX 555,939,200 The procurement for hire of a firm for Consulting Services for City Tourism Development Project was initiated in the FY 2020/2021 but was not completed due to lack of funds. This was in conformity with the PPDA (Contracts) Regulations Section 8(1) and budget implementation guidelines from Ministry of Finance, Planning and Economic Development advising Government agencies not to enter into commitments without confirmation of availability of funds. The contract for Entebbe City was completed in FY 2021 /2022 and implemented. At the time of the audit report, the procurement of a 2-page publication in the "CEO Today Africa" publication was still ongoing and was concluded thereafter. Car hire was not undertaken initially because the activity was put on hold due to Covid-19 lockdown. Following the lifting of the lockdown, UTB carried out the activity with support with transport from Parliament of Uganda.		
Query	**Failure to Carry Out Market Assessments of UGX 1.671Bn**	
Observation Contrary to Section 26 (4) of the PPDA 2003, procurements for stationery worth UGX 1.67Bn were concluded without carrying out market assessments. As a result, the audit could not establish how the estimated unit cost for these procurements was arrived at, thus implying that the procurements may have been awarded at exorbitant costs.		

Recommendation	
The Accounting Officer was advised to adhere to PPDA regulations when undertaking government procurements and ensure that no procurement is initiated before undertaking a market price assessment.	
Action	
These procurements were initiated in FY 2019/2020 and effective FY2020/2021, UTB has followed market assessment regulations when initiating procurements. Effective FY 2020/2021, the entity has instituted measures to ensure that market assessments are obtained for all initiated procurements	
Query	**Staffing Gaps**
Observations A review of the Board's establishment structure revealed that 38 posts out of the approved 85 remained vacant during the year, indicating a 45% understaffing level. Most notable among the vacant positions are key staff like the Director Marketing, Director Quality Assurance, Director Finance and planning, and Manager Human Resource. Inadequate staffing levels not only deprive the entity of the skills required to enhance service delivery but also frustrates segregation of duty.	
Recommendation	
The Accounting Officer was advised to engage the necessary stakeholders to ensure that the vacant positions are filled.	
Action	
The Government has provided a wage budget for established structures Accounting Officers are advised to expedite the filling of critical positions starting with the heads of institutions and heads of departments	

During the financial year 2022/23 UTB received a supplementary budget of UGX 2.61Bn to address the staffing gap. An advert has already been run to recruit 16 additional staff taking the staffing structure to 55 staff.	
51.0 UGANDA MICROFINANCE REGULATORY AUTHORITY	
Query	**Failure to Return Unspent Funds to Treasury of UGX 4,931,593**
Observation It was noted that, contrary to Section 17 of the PFMA 2015, the Authority had unspent funds totalling UGX 4.93Mn at the year-end that were never returned to Treasury. It should also be noted that the same was done in the preceding year where UGX 204Mn was never returned. Failure to return unspent funds contravenes Section 17 of the Public Finance and Management Act 2015, and exposes the funds to a risk of diversion since they are spent in the subsequent financial year without appropriation by parliament.	
Recommendation	
Accounting Officer was again advised to always ensure that unspent funds are returned to the consolidated fund as required by the PFMA.	
Action	
The funds were paid back to Consolidated fund vide EFT No. 43468757.	
Query	**Illegal operation of UMRAs licences**
Observation Section 11.2.4 of the Treasury Instructions 2017, requires the Head of Finance to ensure that commitments are not approved unless sufficient funds are available in the commitment item. However, in disregard to the above provision, commitments to a tune of UGX 321Mn remained unpaid at the close of the year under review.	

Recommendation	
Accounting Officer was advised to follow up on the cases to confirm the position of the licences and take appropriate enforcement action.	
Action	
Management is following up all previous licences that have not renewed their licences. 83 licences have been renewed and follow up activities still continue.	
Query	**Existence of unlicensed SACCOs**
Observation Auditor General noted that only 15 SACCOs had been licenced and yet from available data from MSC, there were 6,150 EMYOOGA SACCOs.	
Recommendation	
Accounting Officer was advised to ensure that UMRA dully licences all operation SACCOs that fall within its mandate	
Action	
A majority of EMYOOGA SACCOs are under probationary registration and are in nurturing stage. They do not therefore, meet the licencing requirements as prescribed under section 38 of the law. They are, however, currently operating under the provisions of section 36(3)(a) of the Tier 4 Microfinance Institutions and Money Lenders Act, 2016. The Authority teamed up with MSC to carried out sensitization of these SACCOs in preparing them for permanent registration. It is upon getting permanent registration that these institutions will become eligible for licencing.	
Query	**Non-remittance of PAYE**
Observation	

Auditor General noted that the Authority had, by the end of the period under review, not remitted PAYE worth UGX 0.29Bn.	
Recommendation	
Accounting Officer was advised to ensure that the tax obligations are always settled as required by the tax laws.	
Action	
PAYE arrears were duly settled via the following EFTs; 39226889, 39360650, 40340357, and 40992608.	
52.0 NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY	
Query	**Unremitted off-budget receipts**
Observation The audit noted the authority received off-budget financing to a tune of UGX 50.43Bn, which was not transferred to the Consolidated Fund as required by law. These funds were received directly from the development partners to EPC contractor - Lagan Group Ltd, in Joint venture with Dot services Ltd, for the Development of KIBP Namanve	
Recommendation	
The Accounting Officer should always adhere to the provisions of the law. Any challenges in implementing the provisions, should be brought to the attention of the PS/ST	
Action	
Management notes the recommendation, however payments related to external funding from UKEF for the KIBP Infrastructure Project are being made in accordance with section 5 (Utilisation) of the Financing Agreements signed on 4th December 2019 between MoFPED on behalf of the GoU and UKEF.	

However, amendments to the financing agreements (both UKEF and Commercial) maybe considered with MoFPED (the Borrower) that represents the GoU. UIA does not maintain any off-budget financing but rather has External Funding through an EPC agreement for Infrastructure Loan from Standard Chartered UKEF and the financing agreement dictates that funds shall be directly wired to the Contractor Once Status reports for works done are approved by UIA & Accountant Generals Office followed by Instructions to the Bank to pay the Amounts relating to the work certified as complete by the Owners Engineer. Therefore, funds are not channelled to Government nor to UIA at any one time. However, with the new changes in the IFMS & Budget systems, externally financed projects have been rolled onto PBS & IFMS and Cash limits are released on quarterly basis to facilitate Preparation of Budget performance reports.	
Query	**Lack of Adequate Budget for Domestic Arrears**
A review of the Approved Budget estimates of the Authority for the FY 2020/21 indicated that only UGX 22 Mn out of the Approved arrears of UGX 2.411Bn was budgeted towards the settlement of domestic arrears. Failure to provide resources for the accumulated arrears increases outstanding obligations.	
Recommendation	
I advised the Accounting officer to make adequate budget provisions for all the Outstanding obligations as required by the Public Finance Management Act 2015	
Action	
The verified domestic arrears report from MoFPED was received after the budget process had been completed. The Ministry did not raise the Arrears MTEF ceiling during the budget process to UIA sufficiently budget for the Arrears. These funds have been released in FY 2021/22 and payments are being processed.	

Management engaged MOFPED to have all the Funds for Domestic arrears provided for within the upcoming Budget for FY 2021/22 to ensure that all outstanding arrears are paid off accordingly. Some funds were released in line with the verified arrears by Internal Auditor general's office and paid out to that effect.	
Query	Continued Accumulation of Domestic arrears
The Authority continued to accumulate arrears in the FY 2020/2021	
Recommendation	
The Accounting Officer is urged to ensure strict adherence to the commitment control system and avoid committing Government without necessary resources. In addition, the Accounting Officer should prioritize settling outstanding arrears to mitigate against potential legal challenges from service providers.	
Action	
The domestic arrears liability is caused by the budget shortfalls. The revised domestic arrears amount of UGX 2,351,718,456 for the period ending June 2021 constitutes 43% rent. UIA had anticipated moving to its new building hence leading to a stop in rent payment, but due to delays in completion of the building the Authority is still renting premises and anticipates moving to its new premises in January 2022 Management engaged the line minister, MOFPED and CEDP on the completion of the UBFC and it's noted that the completion would not be done by January 2022. As thus, the Authority decided to relocate its Head office to the KIBP Namanve owned Building to avoid accumulating any further rent expenses at the TWED premises (1st and 2nd Floor). Management has engaged MOFPED to ensure that the MTEF for arrears is increased and this has been done. We are currently at our new office at the UBFC Kololo Baskerville Avenue	

Query	Lack of Regulations to the Investment Code Act, 2019
I noted that management had not drafted regulations to operationalise the Act since its enactment in 2019. Without regulations to operationalise the Investment code, the Act may not be fully implemented to the satisfaction of all stakeholders.	
Recommendation	
The Accounting Officer was advised to initiate the process as a matter of urgency to draft the regulation for the minister's approval and endorsement as required by the law.	
Action	
An inter-departmental Committee was constituted to provide content for the Regulations. The process was finalized and there is a Zero draft to be considered by Management before submission to the technical draftsperson in Parliamentary Counsel. The Draft regulations were formulated with the support of technical staff from Attorney General's office. We are currently engaged in discussions with the technical staff of Parliament to get the final reviewed draft regulations out and after that we shall submit the final draft copy to the parliamentary counsel for their onward processing and completion	
Query	Staffing Gaps
A review of the UIA establishment revealed that, out of the approved structure of 124 positions of the Authority, 78 (62.9%) are filled leaving 46 (37%) vacant positions. Among the Vacant positions, 24 are from the core Directorate of Investment which is the backbone of UIA. Under staffing undermines service delivery.	
Recommendation	
The Accounting Officer should liaise with the Board and MoPS to ensure that the rationalisation is effective and critical vacant positions are filled	

to facilitate the country's promotion and growth of investments in the country.
Action
The process for the recruitment of 7 new staff for the FY 2021/2021 (including the SIE Litigation-Legal) is ongoing to fill the vacant positions. The Authority has obtained approval for recruitment in the midst of the Agencies rationalisation exercise from the Ministry of Public Service. UIA will continue to engage MOFPED for increased wage resources and the vacant positions will be filled to the extent that funds allow. The Authority has completed the recruitment of the Approved positions by the Ministry of Public service and those that have funding totalling to 11 positions and this will see the staff levels increased to 89 Staff as compared to the approved structure of 124. We are in touch with both the MOPS and MOFPED to ensure that once the rationalisation is completed all positions on the approved structure shall be filled.

Query	Lack of Infrastructure in the Industrial Parks
During inspections country wide, it was observed that all industrial parks lack or have inadequate infrastructures like roads, solid waste and sewage management systems, power supply, street lights etc. Parks have been characterised by encroachment, farming and cattle grazing, degradation of nearby swamps, unallocated land idle land allocated to unserious investors.	
Recommendation	
I await the outcome of this management Actions	
Action	
The is issue is due to inadequate funding arising out of low budget allocation. This notwithstanding, the authority is establishing a portfolio of fully serviced industrial parks, which entails the provision of key infrastructure among them are solid waste management and waste water	

facilities. The KIBP infrastructure is in progress and will address this in Namanve, while the Interventions in other Industrial Parks are expected to be affected subject to the Availability of Funds. Through Engagements with stakeholders, a paper on the Setup of Industrial Parks and the Requisite Infrastructure was considered and Cabinet directed that a Budget be availed to execute this National Agenda. We await MOFPED funding of this through the Upcoming subsequent budgets of FY 22/23 & 2023/24. Furthermore, we have budgeted towards the Fencing and setup of Border makers along all Industrial Park Land. UIA has also taken steps towards removing land from all investors who have failed to develop it in line with the existing policy. The Kampala industrial Business Park project Namanve is currently underway to ensure that key infrastructure establishment such as roads, solid waste and sewage management systems, power supply, street lights etc are setup to facilitate movement of goods and materials by investors. UIA also signed MOU with Mbale Industrial Park and a Kapeeka thru NEC to facilitate infrastructure setups. The Authority is also undertaking Feasibility studies for Infrastructure funding through the Invite project.

53.0 UGANDA NATIONAL METEOROLOGICAL AUTHORITY

Query	**Performance of NTR**
Observation The Authority collected NTR of UGX 317,259,177 out of the estimated UGX 1,259,080,696 representing a performance of 25.2%.	
Recommendation	
Accounting Officer was advised to institute measure to s ensure that NTR is collected as budgeted	

Action	
NTR collections were adversely affected by the Covid-19 pandemic with a reduction in fights subsequently affecting our collections from Civil Aviation authority which is UNMA's major cash cow. This has reduced from UGX 1.7Bn to UGX 306 Mn annually of which UGX229.5 is a receivable and has been disclosed in the financial statements.	
Query	**Performance of GOU Receipts**
Observation Out of the budgeted revenue of UGX 26,675,604,875, only UGX 19,025,934,156 was realized representing performance level of 71.3% of the target. Out of UGX 19,025,934,156 warranted, UGX 17,970,307,440 was absorbed by the authority leaving unspent balance of UGX 1,295,279,000 representing 94.5% absorption level.	
Recommendation	
Accounting Officer was advised to liaise with MoFPED to ensure that budget funds are fully released for the provision of planned services	
Action	
Release of funds for FY 2020/21 was affected by the covid-19 pandemic which prioritized salaries, wages, gratuity and the health sector. However, management has engaged MOFPED on budget cuts especially considering that UNMA is an essential service as stipulated in the standing orders. This engagement resulted in the supplementary release in Quarter 4 amounting to UGX624,752,389.	
Query	Off –Budget Receipts
Observation The Authority received off-budget financing of UGX 668,042,740	
Recommendation	

<table>
<tr><td colspan="2">The Accounting Officer was advised to comply with the law and guidance provided by the PS/ST and ensure that in future, all funds received outside the approved budget are appropriated</td></tr>
<tr><td colspan="2">Action</td></tr>
<tr><td colspan="2">Management has taken note of the recommendation and will comply accordingly</td></tr>
<tr><td>Query</td><td>Quantification of Out PUTS</td></tr>
<tr><td colspan="2">Five (5) outputs with a total of twenty-eight (28) activities and expenditure worth UGX 5,094,648,000 were fully quantified, while Three (3) outputs with a total of thirty-seven (37) activities and expenditure worth UGX 2,682,683,000 were insufficiently quantified.</td></tr>
<tr><td colspan="2">Recommendation</td></tr>
<tr><td colspan="2">Accounting Officer is advised to ensure that all activities and outputs are fully quantified at planning level to facilitate performance measurement</td></tr>
<tr><td colspan="2">Action</td></tr>
<tr><td colspan="2">Management has taken note of the recommendation and measures are being undertaken to implement this recommendation.</td></tr>
<tr><td>Query</td><td>Implementation of quantified outputs</td></tr>
<tr><td colspan="2">Observation
Of the 5 outputs with 28 fully quantified activities, 7 activities (25%) were fully implemented, 10 activities (35.7%) were partially implemented, while 11 activities (39.3%) remained unimplemented.</td></tr>
<tr><td colspan="2">Recommendation</td></tr>
<tr><td colspan="2">Accounting Officer is advised to liaise with MoFPED to secure funding and ensure that outputs are implemented as planned</td></tr>
<tr><td colspan="2">Action</td></tr>
<tr><td colspan="2">Release of funds for FY2020/21 was affected by the Covid-19 pandemic which prioritized salaries, wages, gratuity and the health sector.</td></tr>
</table>

however, management has engaged MOFPED on budget cuts especially considering that UNMA is an essential service as stipulated in the standing orders. This engagement resulted in a supplementary release in Quarter 4 of FY 2021/22 amounting to UGX 624,752,389.	
Query	Delayed Completion of the Radar in Lira
Observation There was delayed completion of the Radars in Mwizi-Rwampara and Lira due to the restrictions of Covid-19 lockdown.	
Recommendation	
Accounting Officer was advised to fast track project implementation to ensure timely completion with in the new contract period to 2rd November 2021.	
Action	
The Lira Radar has since been completed and is operation Centre consisting of an office block, a residential block and a guard house. The mobile tool kits were also delivered and are in use	
Query	Non-functional Meteorological equipment
The average functionality of all the weather stations is at 89% instead of the desired 100% resulting from the non-functional meteorological equipment	
Recommendation	
Management is advised to liaise with MoFPED and the relevant stakeholders to set aside funds to acquire necessary equipment, recruit staff and secure land to enable the authority achieve its mandate	
Action	
Management has embraced various efforts towards acquiring the necessary spare weather instruments. For example, in financial year 2020/2021, UNMA received funds from MoFPED, and prioritized	

acquisition of Manual and Automatic Weather stations. UNMA used some of these instruments to revive operations for the majority of the non-functioning stations including a number of Automatic Weather Stations in Oyam, Apac Aduku, Dokolo, Kitgum, Lira, Soroti and Kaberamaido In addition, in the UNMA strategic Plan for 2021-2025, the recruitment of staff and revival of Automatic Weather stations has been prioritized and budgeted for. However, the timing of implementations was halted by Covid-19 pandemic and the fact that some are policy related issues to be addressed by MoFPED and Government of Uganda especially the underfunding and the continuous budget cuts which have reduced UNMA'S budget from UGX 26.6Bn in FY 2020/21 to UGX 17.6Bn in FY 2022/23.	
54.0 UGANDA AIR CARGO CORPORATION	
Query	**Outstanding Debtors**
Observation The Corporation had outstanding debtors of UGX 8,174,344,548 as at 30th June, 2020. UGX 8,159,631,016 representing 99.8% of the debtors reported has been outstanding for a period of more than 5 years. The uncollected debtors constitute more than 65% of the total current assets	
Action	
Feasible to collect; management has severally sent out written reminders to several debtors such as zone 4 international light air services Office of the Prime Minister and Asante aviation to clear their outstanding balances. Management continued to pursue payment of the outstanding would be cleared before end of FY 2022/23. management is also in constant communication with UCAA about its outstanding payments. The UCAA outstanding payments shall be offset from the payables balance due to UCAA by Uganda Air Cargo Corporation.	

Unfeasible to collect; management procured the legal services of M/S Osinda, Sentomero and Hibiza, to collect the long outstanding receivables from coco travel, foot prints travel consultants, LC Aviation RJM Aviation and Air Afrik Aviation. However, it has become increasingly unfeasible to pursue collection of the outstanding balances from the foregoing entities. Given the forgoing, management shall seek board approval to write off the debt that have been indicated as not feasible to collect for various reasons ranging from failure to locate those debtors and inability to get any responses from them. Several correspondences in line with the effort to collect from the above debtors are attached.

Query	**Outstanding trade payables amounting**

Observation

The Corporation had outstanding trade payables amounting to UGX 25.276Bn as at 30th June, 2020 with over UGX 13Bn having been outstanding for over three financial years.

Action

An extract of the audited statement of Financial Position for the Year ended 30th June 2020, and 30th June, 2021 indicates total trade payables of UGX22,469,880,030.16 and UGX 15,110,766,797.17 respectively on 17th August 2020 the corporation received the first tranche of fund of UGX 10,107,500,00 Quarter 1 that had been appropriated to the corporation.

no	Date of payment	Quarter	Amount
1	17th November, 2020	2	11,012,121,306
2	8th February 2021	3	11,012,121,306
3	7th June 2021	4	10,379,542,611
		Total	32,403,785,223

Funding amounting to UGX 42,511,285,223 were received during FY 2020/21. Management has on annual basis retired several critical

creditor balances and partially settled others. All expenditure was premised on approved work plans. It should be noted that as at 30th June 2021, the outstanding creditor balance was UGX 15,110,766,797.17 translating to a retirement of the creditor balance then by 33%.	
Query	**Under collection**
Observation Management budgeted to collect revenue of USD. 9,750,409 from its 8 revenue streams but only USD. 444,407 was realized resulting into under collection of USD 9,306,004. The under collection constituted 95% of the budgeted revenue	
Action	
Three out of four air crafts of UACC fleet remained grounded for the whole FY 2020/21 and continued to be grounded as management contemplated deregistration of then unserviceable aircraft. However, during the year under review C-1305X-UCF only performed a few flights under the PAE contract that was halted as a result of the aircraft, UACC lost the 05-year contract and the corresponding revenue. This impacted on the anticipated actual revenue performance for the year UACC had to rely on the charter of third-party aircraft for generating meagre revenue. However, the strategy did not provide sustainability due to the lack of working capital, thus making execution of such operations mainly on goodwill. Besides pursuit of implementation of its 5-year business strategy and investment plan the corporation has been pursuing the acquisition of a second C-130 as a backup to the existing aircraft. This arises from the need for continuity of service in case of breakdown and to satisfy a number of demands in the region both from Government related missions to private ad-hoc operators that require the unique capability of the C-130 aircraft management was optimistic that the acquisition of a second C-130 would yield fruit and provide the much-required continuity of service.	

Query	**Loss of UGX 12.6Bn after tax**
Observation The Corporation made a loss of UGX 12.6 Bn after tax in the year under review up from a loss of UGX 3.7 Bn realized in the previous year representing a rise in losses of 238%. I further noted that the Corporation had negative revenue reserves of UGX 16.331 Bn as at the end of the financial year. This may affect the entity's ability to meet future contingencies or investments in growth.	
Recommendation	
Accounting Officer was advised to ensure the proposed strategies are pursued and implemented	
Action	
In the effort to realize the annual budget revenue, UACC put in place a number of strategies in order to become a profitable corporation. Such strategies included; ensuring a serviceable fleet, engaging in and strengthening partnership/alliances with other operators in the industry, reengaging former business partners such as PAE, Safair, un red cross and ensuring a strong business relationship with Government of Uganda. With such measures and strategies there was optimism that the budget revenue performance would be achieved going forward. Management of UACC continued to meet a number of potential business partners interested in working with the corporation to purse the milestone laid out in the 5 year business strategy and investment plan The overall net loss position as reported, was posted in the statement of changes in equity. The corporation was expected to be on the upward trend after receipt of the subvention from Government and implementation of laid down strategies, core of which was frugal utilization of funds to ensure sustainability of future business	
Query	**Lack of an Operating Aircraft**

Observation An audit inspection established that the Corporation did not have an operating Aircraft to do business since most of them had been grounded under different circumstances. Failure to take urgent action on the aircrafts will result into their further deterioration and continued loss of revenue that would have been generated from their usage.
Recommendation
the Accounting Officer to liaise ensure with government and any other stakeholders and ensure that the planes are serviceable and resume operations. The Accounting Officer is also advised to continue pursuing insurance compensation since the process of retrieving the plane seems impossible
Action
1C-130 5X-UCF Aircraft Having been grounded since January 2020 the aircraft positioned to the hanger on 17th March 2021 and on 28th October 2021, released to service after completing a Check. This therefore means that the aircraft was unavailable for over 4 months during the financial year 2020/21. The aircraft flew back to Entebbe on 8th November 2021 serviceable and ready to take on fights for available and ready clients. At the time, there were a number of enquiries lined up that required the unique capabilities of the C-130 and management was optimistic that the aircraft would generate revenue in the next financial year,2021/22. **C-130-5X-UDF aircraft** This aircraft had been grounded since April 2014. The aircraft was grounded after an Airworthiness Directive issued by the manufacturer, Lockheed martin company required that all airframes that had exceeded 50,000 flight hours be grounded until their Centre Wing Boxes were replaced on 1st December 2021 LMCO vide declined to extend the limit

of validity of the aircraft from the then 80,000 hours that the aircraft had flown to 120,000 hours as requested.

LMCO cited a number of reasons such as environmental ageing effects, effectiveness on Non-Destructive inspections, and installation of used major components with limited historical data, as well as unconfirmed assurance that all appropriate maintenance actions have been complied with, including service bulletins. LMCO engineering concluded that an extension of the LOV would pose an unacceptable risk to continuing airworthiness. It was therefore not feasible to grant an extension of life to this aircraft to be able to fixed and fly again.

Considering failure to secure LOV, management has written to UCAA for deregistration of this aircraft as it is prepared for disposal. UACC has as part of preparation to deregister the aircraft, constituted a board of survey to assess and establish reasonable market estimates at which the aircraft may be disposed.

Crashed and grounded Y-12 Aircraft in South Sudan

The Y12IV aircraft registration mark 5X-UYZ suffered a landing incident at Lankien, South Sudan on 14th October 2017. The nose gear was damaged and the aircraft could not be retrieved from the incident site. UACC management made all efforts to reach Lankien, but these efforts were futile due to the insecurity in the area under the control of the Sudan Peoples' Liberation Army in Opposition

As part of its efforts management pursued insurance compensation from CIC insurance company ltd and Clarkson insurance brokers as the aircraft could not be retrieved from the incident site and it would then eventually be considered for deregistration

The Y12IV aircraft registration mark 5X-UYX

Y12IV aircraft registration number 5X-UYX has been parked at the apron at Entebbe international airport since May 2014 when it was grounded due to the need to carry out an engine hot section inspection. At the time of the audit period, management had made a provision for resources to return this aircraft to service. The aircraft need an engine hot section inspection repainting, spares and insurance revalidation.

The biggest challenge with the aircraft was that its spares were not available off the shelf. In this regard, once a unit malfunctions and there is no spare in the stores and order is made whereupon manufacturing commences. Often times lead period will stretch from 3 to 8 months, depending on the nature of the spare part or component order.

In a further effort to return this aircraft to service, management engaged AVIC china manufactures/representative of the manufacturer, to provide assessment and estimate the cost of returning the aircraft to service. AVIC estimated the cost of returning this aircraft to service at US$4M.

Management has prepared a profit and loss tabulation to establish if repairing the aircraft makes economic sense although the aircraft is repairable. The tabulation indicates that it is not possible to recover the cost of investment in repairing the aircraft with only 4 years remaining on its airframe up to 2028. Therefore, this aircraft has also been lined up for deregistration and eventual disposal.

55.0 NATIONAL COUNCIL FOR HIGHER EDUCATION

Query	**Shortfall in NTR Collection**

Observation

Out of budgeted NTR collections of UGX 6.25bn, only UGX 2.96Bn was realized, representing a performance of 47.4%.

Action

NCHE wrote a circular to all Heads of Higher Education Institutions reminding them to enforce the provisions of Statutory Instrument No. 2010 of 17 requiring every student to contribute UGX 20,000 to the

<table>
<tr><td colspan="2">National Council. NCHE has continued to emphasize this obligation during its regular monitoring activities and during stakeholder engagements like workshops.
However, the shortfall in NTR collections generally arose as a result of the Covid-19 related closure of the higher education institutions, which disrupted the payment of tuition fees by students.</td></tr>
<tr><td>Query</td><td>Shortfall in budget performance of UGX 0.39Bn</td></tr>
<tr><td colspan="2">The Council budgeted to receive UGX 5.4Bn from Government out of which UGX 5.01Bn was availed, resulting in a shortfall of UGX 0.39Bn, which is 7.2% of the budget</td></tr>
<tr><td colspan="2">Action</td></tr>
<tr><td colspan="2">During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and external sources.</td></tr>
<tr><td>Query</td><td>Unspent Balance of UGX 0.11Bn</td></tr>
<tr><td colspan="2">Out of UGX 8.86 Bn available for spending during the financial year, UGX 8.75Bn was spent by the entity resulting into unspent balance of UGX 0.11 Bn, representing absorption level of 99%.</td></tr>
<tr><td colspan="2">Action</td></tr>
<tr><td colspan="2">The Covid-19 pandemic disrupted the implementation of some aspects of the work plan.

The un-implemented activities were identified and included in the subsequent Financial Year work plans.</td></tr>
<tr><td>Query</td><td>Failure to Quantify Activities</td></tr>
<tr><td colspan="2">The audit noted that out of the one hundred sixteen (116) activities, fifty-three (53) activities (46%) were quantified, while the balance of sixty-</td></tr>
</table>

three (63) activities (54%) were not clearly quantified to enable the assessment of performance. It was further noted that One (1) output with a total of Nine (9) activities and expenditure worth UGX 0.62 Bn were not quantified at all.	
Action	
The recruitment of a Planner coupled with the appointment of a Monitoring and Evaluation Officer to operationalize the Monitoring and Evaluation Unit has since enabled the entity to handle the quantification, monitoring and evaluation of all planned outputs. In addition, the Programme Budgeting System (PBS) was upgraded to include a mandatory field for the input of Programme Implementation Action Plans (PIAPs)/Monitoring Plans to facilitate the quantification of outputs/activities and performance measurement.	
56.0 HIGHER EDUCATION STUDENTS' FINANCING BOARD	
Query	**Lack of Strategic Plan**
Observation It was noted that the Board's strategic plan was not certified by NPA and no feedback had been received by the time of concluding the audit. This was attributed to delays in the review and certification process by NPA.	
Action	
The Strategic Plan was approved by the NPA.	
Query	**Under-performance of NTR Collections**
Observations The audit reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2020/2021 and noted that the	

entity budgeted to collect NTR of UGX 12.75Bn during the year under review. Out of this, UGX 4.18Bn was collected, representing a performance of 32.8% of the target.	
Action	
A big proportion of NTR is mainly from loan application fees. The shortfall in NTR was due to low numbers of applicants which dropped from 8,000 to 5,598 as a result of the low success rate whereby out of those that apply for loans only about 30% are successful. In addition, the Covid-19 related closure of institutions of higher education disrupted NTR collections.	
Query	**Staffing Gaps**
Observation The Board has an approved structure of 65 staff in order to deliver on its mandate. The audit noted that the Board has only 27 staff representing 42% of its approved structure. With this low level of staffing, implementation of planned activities becomes difficult.	
Action	
The Board planned to fill the vacant positions in a phased manner, however, this was affected by Covid-19 and the ban on recruitment due to rationalisation of Government Agencies.	
Query	**Domestic Arrears**
Observation The audit noted that the domestic arrears continued to grow and at the year-end had accumulated to UGX 14.5Bn. The Accounting Officer attributed this to the low release performance in the financial year 2020/21. This resulted to the failure to pay school fees as loans to student beneficiaries.	

Action	
The Board has engaged MoFPED and MoES for an increase for funding to settle the outstanding student fees.	
57.0 UGANDA CIVIL AVIATION AUTHORITY	
Query	**Lack of Strategic Plan**
Observation It was noted that the entity had prepared a strategic plan. However, this had not been approved by NPA at the end of the year under review.	
Action	
The Strategic Plan was approved by NPA.	
Query	**Shortfall in NTR collections**
Observation UCAA budgeted to collect internal revenue of UGX 293Bn during the year under review. Out of this, only UGX 114.991Bn was collected, representing a performance of 39.2% of the target.	
Action	
The Covid-19 pandemic and the lockdown resulted into significant reduction in air traffic and revenues from airport operations.	
Query	**Non-implementation of Activities**
Observation The Authority did not implement some of its planned activities during the year. Examples included: Capital projects for Regional Airports, KOICA Counterpart funding, and procurement of a fleet management	

system, updating the master plan and constructing the ground surface car park.	
Action	
Implementation of planned activities was affected by Covid-19 pandemic. However, the entity resumed operations and activities were undertaken. These include; Capital projects for Regional Airports, KOICA Counterpart funding, and procurement of a fleet management system, updating the master plan and constructing the ground surface car park.	
Query	**Outstanding Receivables**
Observation There was an increase in trade and other receivables of UGX 12.279BN (equivalent to 25%) from UGX 48.854bBn to UGX 61.134Bn. The delayed collection of the receivables may lead to bad debts. In the year under review, there was no follow up of this debt to the Government agencies, and no amounts were cleared.	
Action	
The post Covid-19 collections have improved from UGX 28.5Bn in FY 2020/21 to UGX 64.3Bn in FY 2022/23. The Authority continues to pursue debtors while engaging tenants to sign MOUs with Government institutions. The Credit Policy has been reviewed with more stringent conditions for qualifying for credit.	
Query	**Increasing Payables**
Observation Management reported an increase in trade payables of UGX 21.764Bn (equivalent to 47.9%) from UGX 45.470Bn to UGX 67.234Bn.	

Action	
The increase in trade payables was due to cash flow constraints resulting from the scaled down airport operations including suspension of commercial flights. However, with the resumption of airport operations and improvement in collections, the Authority was able to fulfil its payment obligations.	
Query	**Loss for the Year**
Observation The Authority made a loss for the year under review amounting to UGX 29.322Bn. Because of the loss, the Authority did not have capacity to cover any potential interest accruing on its long term loans in view of its earnings. Along with the lack of potential to cover loan interest, the Authority had a significant long term liabilities portfolio on its balance sheet, which majorly comprised of the loan from Exim Bank of China.	
Action	
The loss during the year is attributed to the low revenues realised due to the ban on commercial flights as a result of Covid-19 and yet the airports have fixed costs which had to be incurred regardless of the level of activities. However, when the flights resumed the situation has gradually improved.	
Query	**Unpaid Contractual Debts**
Observation Prime Media was contracted to identify areas at the airport where advertisers could use as a way of marketing and in turn provide revenue to UCAA. In the agreement that ended in April 2021, Prime Media was supposed to collect money from advertising companies and pay it to UCAA which would then pay a commission of 15% of the amount collected.	

However, the audit noted that Prime Media's contract ended with a debt of UGX 1.131Bn which was unpaid for the year before the expiry of the contract. Some companies' billboards remained at the airport but no revenue was collected for the whole of the fourth quarter of the financial year.	
Action	
The matter of the outstanding debt with Prime Media is still in Court to recover the un-remitted advertising revenue. The Authority is currently managing its advertising space.	
Query	**Non-integrated Information Systems**
Observation UCAA has multiple systems operating in different departments which are tailored for the operations in the respective departments. A review of these systems revealed that some were not functional, not interfaced with other complementary system(s) and/or some of their modules were not working. Further, the IT Point of Sale System bought for tracking of revenue from concessionaire shops was out of date.	
Action	
The financial system-SUN systems, is semi-integrated with the Gateway HR and Payroll management, as well as URA-eFRIS, and Aeronautical Billing system. Other integration is with the Airport Operations database system with passenger, departure handling, PaxTrack and flight information display systems.	

The contract is under execution for integration of the car parking system with SUN systems, eFRIS, Visa, Credit Card system and Mobile Money payment platform.	
Query	**Unfavourable Exim Bank Loan Terms**
Observation The Exim Bank loan terms to UCAA were renegotiated and this was to be formalized into an addendum agreement, to ensure that they are manageable. However, the addendum to the contract terms had still not been made by the time of this audit.	
Action	
UCAA is guided by the Attorney General's opinion dated 5th November 2021 with the opinion that none of the clauses in the agreement require negotiation/ amendment hence UCAA cannot proceed otherwise.	