THE REPUBLIC OF UGANDA

TREASURY MEMORANDUM

ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE - CENTRAL GOVERNMENT ON THE REPORT OF THE AUDITOR GENERAL FOR FINANCIAL YEAR 2020/21

Presented by

THE HON. MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

MAY 2023

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ABBREVIATIONS AND ACRONYMS

BLA	Bilateral Labour Agreements
BoDs	Board of Directors
BOQs	Bills of Quantities
CCAS	Court Case Administration System
CCTV	Closed-Circuit Television (video surveillance)
CEDAT	College of Engineering, Design, Art and Technology
CG	Central Government
CGV	Chief Government Valuer
CONAT	Clinical Trials for Natural Therapeutics
CoVAB	College of Veterinary Medicine, Animal Resources and Biosecurity
CSSD	Central Sterile Services Department
DCIC	Directorate of Citizenship and Immigration Control
ECCMIS	Electronic Court Case Management Information System
IFMS	Integrated Financial Management System
ILO	International Labour Organization
IPPS	Integrated Personnel and Payroll System
JCRC	Joint Clinical Research Centre
JMEC	Joint Monitoring and Evaluation Commission
JUPPCL	Jacobsen Uganda Power Plant Co. Ltd
KCCA	Kampala Capital City Authority
MAB	Medical Arbitration Board
MAMA	MTN Africa Music Awards
MDAs	Ministries, Departments and Agencies
MEPI	Medical Education Partnership Initiative Institutions
MoFA	Ministry of Foreign Affairs
MoFPED	Ministry of Finance, Planning and Economic Development
MoH	Ministry of Health
MoSTI	Ministry of Science, Technology and Innovation
NDP	National Development Plan
NIN	National Identification Numbers
NIRA	National Identification & Registration Authority
NPA	National Planning Authority
NPC	National Population Council

NTR	Non-Tax Revenue
PAC	Public Accounts Committee
PADTG	Pan African Development and Trade Group
PBS	Programme Budgeting System
PCAs	Parish Community Associations
PDE	Procuring and Disposal Entity
PFMA	Public Finance Management Act
PFMR	Public Finance Management Regulations
PIAPs	Programme Implementation Action Plans
PIBID	Presidential Initiative on Banana Industrial Development
PPDA	Public Procurement and Disposal of Public Assets Authority
PRESIDE	Presidential Scientific initiative on Epidemics
PS	Permanent Secretary
PSST	Permanent Secretary/Secretary to the Treasury
SHOs	Senior House Officers
STI	Science, Technology and Innovation
TI	Treasury Instructions
UCF	Uganda Consolidated Fund
UHTTI	Uganda Hotels and Tourism Training Institute
ULC	Uganda Lands Commission
UMI	Uganda Management Institute
UNCST	Uganda National Council for Science and Technology
UNFP	United Nations Population Fund Project
UNMC	Uganda Nurses and Midwives Council
URSB	Uganda Registration Services Bureau
UVRI	Uganda Virus Research Institute
UWEP	Uganda Women Entrepreneurship Programme
UWRTI	Uganda Wildlife Research and Training Institute
VIMNA	Viacom International Media Networks Africa

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, that 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 considered the report of the Auditor General on Central Government for the Financial Year ended 30th June 2021, and adopted reports from the Public Accounts Committee - Central Government on; Health Sector, the Namanve Thermal Power Plant, the UNFP project implemented by NPC and the Mentoring Program for Career Development of Faculty in Medical Education Partnership Initiative Institutions (MEPI) at Makerere University, and also adopted omnibus the reports of the remaining Central Government entities.

Rt. Hon. Speaker, the above reports among other issues highlighted several weaknesses relating to the payroll management across Government. In order to address these persistent anomalies, I have requested the Auditor General to carry out a special audit on the wage, pension and gratuity management processes and the report is expected by 30th June 2023.

Rt. Hon. Speaker, delays in disposing of the Auditor General's reports undermine the Government accountability efforts. I wish to applaud Parliament for the resolutions made to adopt all the outstanding audit reports to clear the backlog. These efforts are yielding positive results in closing the Public Financial Management cycle.

Rt. Hon. Speaker, this is to submit the Treasury Memorandum for Central Government on the report of the Auditor General for the financial year ended 30th June 2021.

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 report of the Auditor General. The Treasury Memorandum contains measures taken by entities to implement the recommendations of Parliament.

This Treasury Memorandum presents the cross-cutting issues highlighted in the report of the Auditor General for the financial year ended 30th June 2021. The entity specific issues raised by the Auditor General are discussed under the various respective entities as detailed in this report. The key cross-cutting issues included;

Lack of Strategic Plans

The financial year 2020/21 was the first year of implementation of the National Development Plan (NDP) III. Most of the Ministries, Departments and Agencies, therefore, did not have strategic plans that were aligned to the NDP III. The National Planning Authority provided capacity building to entities to develop their strategic plans with Programme Implementation Action Plans (PIAPs) that are aligned to NDP III and these are now approved and are being implemented.

It was also noted that planned outputs were not quantified making it difficult to measure and monitor performance. The PIAPs are quantified and form the basis for the quantification of outputs and activities to be carried out. The PIAPs also facilitate the preparation of monitoring plans that support the measurement of performance. The Programme Budgeting System was upgraded and now supports real-time preparation and submission of performance reports. These reports are publicly available online at: www.finance.go.ug.

Poor Budget Performance

The financial year under review was affected by the onset of COVID-19 and the associated lockdown of economies across the world, which adversely affected Government cash inflows from domestic and external sources. The budget releases were suppressed and as a result, several planned activities were not implemented. The limited resources available were re-routed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic.

Off-budget Receipts

The report of the Auditor General highlighted instances of non-disclosure of funds received by Ministries, Departments and Agencies from Development Partners that were not appropriated by Parliament. Accounting Officers have been warned not to receive any off-budget donations without prior authorisation by the Minister of Finance as this contravenes the Public Finance Management Act, 2015. Furthermore, the Programme Budgeting System (PBS) has been upgraded to include a mandatory field that requires Accounting Officers to declare anticipated donations of cash and assets during the budgeting process.

Domestic Arrears

The Auditor General noted that Accounting Officers continue to commit Government beyond the approved budget. The continued incurrence of domestic arrears interferes with the implementation of planned activities as the appropriated budget is sometimes utilized for the settlement of the arrears. Arrears also expose the Government to litigation over non-payment, and nugatory expenditure in the form of accrued interest on delayed payments consequently affecting service delivery.

The Integrated Financial Management System (IFMS) has been upgraded to include the functionality for recording and tracking 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 also been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets.

Timely closure of the Public Finance Management cycle

The Treasury Memorandum closes the Public Finance Management cycle by proposing policy interventions to inform the subsequent budget strategy. Whereas the PFMA 2015 provides for timelines in which Parliament has to consider the report of the Auditor General and for the Executive to prepare a Treasury Memorandum, in the recent past, these timelines have not been achieved. This prompted Parliament to adopt omnibus all the outstanding reports of the Auditor General.

This omnibus approach, also adopted for the preparation of the Treasury Memorandum, does not seem to tackle in detail entity specific issues and actions to address the weaknesses identified in the Public Financial Management cycle.

Therefore, there is need to review the mode of consideration of the Auditor General's reports and preparation thereof the Treasury Memorandum. A risk-based approach is one such mode of consideration that can be used for the timely closure of the Public Finance Management cycle. The current legislation also does not provide timelines for the audit of the Treasury Memorandum to ensure full closure of the accountability cycle.

The Treasury is committed to improving public finance management systems to ensure proper accountability and service delivery.

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 annually a report of the accounts audited by him or her for each financial year. Parliament shall, within six months after the submission, 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 Central Government for the Financial Year ended 30th June 2021, and adopted reports of the Public Accounts Committee-Central Government as follows;

i) Report on the Health Sector
ii) Report on the Namanve Thermal Power Plant
iii) Report on the United Nations Population Fund Project (UNFP), Implemented by the National Population Council (NPC)
iv) Report on the Nurture: Research Training and Mentoring Program for Career Development of Faculty in Medical Education Partnership Initiative Institutions (MEPI) at Makerere University College of Health Sciences

Parliament also adopted the report of the Auditor General for the financial year 2020/21 for the remaining Central Government entities "as is" - omnibus (Hansard of 19th January 2023).

This Treasury Memorandum is based on the above reports of the Public Accounts Committee-Central Government to provide measures taken by each vote to implement the recommendations of Parliament.

Below is a summary of the types of audit opinions issued to Central Government entities for FY 2020/21

Category of Audited entities	**Type of Opinions**				**Total**
	Unqualified	**Qualified**	**Adverse**	**Disclaimer**	
Ministries	24	0	0	0	24
Departments/Agencies	65	3	0	0	68
Missions Abroad	27	9	0	0	36
Regional Referral Hospitals	6	0	0	0	6
Projects	144	2	0	0	146
Total	**266**	**14**	**0**	**0**	**280**

*The table above excludes Lower Local Governments

**Source: Report of the Auditor General to Parliament for the financial year ended 30th June 2021

From the analysis of the table above, out of the 280 audit opinions of the Auditor General, 266 representing 95% were unqualified while 14 representing 5% were qualified. There were no adverse or disclaimer audit opinions issued to Central Government entities and projects for the year under review.

Three (3) Departments/Agencies out of 68 representing 4% namely; Mulago National Referral Hospital, Uganda Land Commission, and Uganda Nurses and Midwives Council obtained qualified audit opinions.

Nine (9) out of the 36 Missions representing 25%, obtained qualified audit opinions. The audit related to the financial statements for the financial year 2019/20 but published in the report for the financial year 2020/21. The basis for the qualified audit opinions included; mischarge of expenditure, undisclosed prepayments, and excess expenditure.

Two (2) projects out of 146 representing 1% namely; Petroleum Geo-Science Collaboration Programme (ENPE II project) under Makerere University, and Quality Infrastructure and Standards Programme (QUISP) under the Ministry of Trade, Industry and Cooperatives, obtained qualified audit opinions.

As per the timelines in the Public Finance Management Act (PFMA) 2015, this Treasury Memorandum should have been prepared and submitted to Parliament by December 2022. 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 timelines of the accountability cycle back on track as stipulated in the PFMA 2015, an omnibus Treasury Memorandum, on the report of the Auditor General on Central Government for the Financial Year ended 30th June 2021, has been prepared.

This Treasury Memorandum provides updates on the actions taken by all line Ministries to implement the recommendations of Parliament. Line Ministries superintend over policy and monitor the implementation of activities in their Programmes. It also includes actions taken to implement the recommendations of Parliament by; fourteen (14) entities which obtained qualified audit opinions; three (3) Specified projects; and other Departments, Agencies and Public Universities with significant issues that did not get a qualified audit opinion.

The Treasury Memorandum is divided into four (4) sections namely;

Section A: This contains actions taken by the twenty-three (23) line Ministries to implement the recommendations of Parliament. The Treasury Memorandum is based on the consolidated report of the Auditor General as adopted by Parliament.

Section B: This contains actions taken by the 14 entities that obtained a qualified audit opinion to implement the recommendations of Parliament. These include nine (9) Missions, three (3) Departments/Agencies, and two (2) projects.

Section C: This contains actions taken by three (3) specified projects that were considered on the floor of Parliament and the reports adopted. These are; Namanve Thermal Power Plant, United Nations Population Fund Project (UNFP), Implemented by the National Population Council (NPC), Nurture: Research Training and Mentoring Program for Career

Development of Faculty in Medical Education Partnership Initiative Institutions (MEPI) at Makerere University College of Health Sciences

Section D: This section contains actions taken by other Departments, Agencies and Public Universities to implement the recommendations of Parliament. These include entities with significant issues that did not get a qualified audit opinion.

Special Audits: The Treasury Memorandum on Value for money audits, Engineering audits, Information Systems audits, and Special verifications audits done under Central Government will be contained in a separate volume. These are listed in the table below;

SN	Special Audit	Responsible Entity
1	Engineering Audit of Selected Road and Building Projects in Kampala Capital City Authority (KCCA)	Kampala Capital City Authority (KCCA)
2	Information Systems Audit of Civil Aviation Authority	Civil Aviation Authority
3	Information Systems Audit of the Academic Management Information System (AIMS)	Ministry of ICT & NG
4	Information Systems Audit of Uganda National Land Information System (Ug-NLIS)	Ministry of Lands, Housing and Urban Development
5	Value for Money Audit on the Management of Government Investments by Uganda Development Corporation	Ministry of Trade, Industry and Cooperatives/Uganda Development Corporation
6	Value for Money Audit Report on The Afforestation and Restoration of Selected Central Forest Reserves (CFRs) by the National Forestry Authority (NFA)	National Forestry Authority (NFA)
7	Value for Money Audit on the Implementation of the Uganda Women Entrepreneurship Programme by the Ministry of Gender, Labour and Social Development (MGLSD)	Ministry of Gender, Labour and Social Development (MGLSD)
8	Value for Money Audit Report on the Management of Research Grants by Public Universities in Uganda	Ministry of Education and Sports
9	Value for Money Audit on The Management of MATIP-1 Markets by Municipalities	Ministry of Local Government
10	Prevention and Response to Incidents of Fire by Uganda Police Force.	Uganda Police
11	Value for Money Audit on the Performance of the Performance of the Agriculture Cluster Development Project	Ministry of Agriculture, Animal Industry and Fisheries
12	Follow up on the Value for Money Audit on the Compensation of Project Affected Persons under the Refinery Project	Ministry of Energy and Mineral Development
13	VFM Audit on the Implementation of the Uganda Reproductive Maternal and Child Health Services Improvement Project (URMCHSIP)	Ministry of Health

SECTION A: LINE MINISTRIES	
1.0 OFFICE OF THE PRESIDENT	
Query	**1.1 Existence of Strategic plans that are aligned to NDP-III**
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 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 and approve a strategic plan that was aligned with NDP III. It is from this strategic plan that the annual plans would be based to achieve the objectives of NDP-III. Through document review and interview with management, the audit noted that the entity had prepared a draft strategic plan which was submitted to align the plan to NDP III upon which the certificate of compliance will be issued.	
Recommendation	
The Accounting Officer was advised to prioritize addressing the comments from National Planning Authority so that the strategic plan can be certified and approved. This will facilitate the development of realistic annual work plans and the achievement of the NDP III objectives.	
Action	

The strategic plan was approved by NPA in May 2022.	
Query	**1.2 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 out of the budgeted revenue of UGX 525,000,000 for the year 2020/21; UGX 423,827,920 was collected representing the performance of only 80% of the target.

Out of the budgeted revenue of UGX 0.52bn for the year 2019/20; only UGX 0.20bn was collected representing performance of only 3.8% of the target.

Shortfalls in NTR collections at the vote level result in an aggregate revenue shortfall at the treasury level, which negatively affects the implementation of planned activities at a Government-wide level.

Performance of GoU receipts

The entity budgeted to receive UGX 202, 502,417,078 out of which UGX 202, 499,917,566 was warranted resulting in 100% performance.

The Accounting Officer attributed the performance on account that some items were extremely obsolete; for example, there were printers, fax machines and chairs among others, which were beyond repair hence failing to attract potential bidders.

Recommendation

Management was advised to liaise with the relevant stakeholders and put in place adequate arrangements for the collection of NTR in a timely manner.

Action

The Ministry of Finance, Planning and Economic Development will continue to support MDALGs to come up with realistic budgets for NTR.

Query	**1.3 Absorption of funds**

Observation

Out of the total warrants for the financial year 2020/21 of UGX 202, 499,917,566, UGX 201, 682,707,928 were spent by the entity resulting in an unspent balance of UGX 817, 209,638 representing absorption level of 99.6%. The unspent balance at the end of the financial year was subsequently swept back to the consolidated fund account.

Out of the total receipts for the financial year 2019/20 of UGX 2.17bn, UGX 2.11bn was spent by the entity resulting in an unspent balance of UGX 5.633bn representing an absorption level of 97.4%.

The funds that were returned to the Consolidated Fund were for undertaking the activities which were not implemented;

i) A report on the status of the implementation of recommendations and policies made to MDAs during the Apex Platform was not completed.

ii) Building capacity for 16 staff in Strategic leadership and 7 staff in various management-related fields were not undertaken.

iii) Holding the Annual Permanent Secretaries Retreat to discuss government strategy and one Joint Border Committee (JBC) meeting between Uganda and Kenya were not undertaken.

iv) A pool van and five laptops were not procured

The Accounting Officer explained that the under absorption was due to the continued restrictions/SOPs occasioned by the second wave of COVID-19 in the country and as a result, staff training, monitoring the performance of Patriotism Clubs, holding of the Permanent Secretaries' Retreat and JBC among others were not implemented.

Recommendation	
The Accounting Officer was advised to develop strategies to ensure that all released funds are utilised as budgeted even during the COVID-19 challenges.	
Action	
The Office in its work plan for FY 2021/22 adjusted downwards funds allocated to budget line items at the onset of COVID-19. For instance, allocations to Chart of Accounts items such as workshops and seminars, travel abroad and travel inland among others. The rest of the activities which were not implemented for example; monitoring Patriotism clubs, and holding Permanent Secretaries retreat among others were rolled over to the new financial year.	
Query	**1.4 Implementation of quantified outputs**
Observation The audit assessed the implementation of all the 19 out puts that were fully quantified with a total of 100 activities worth UGX 92.2 bn. and noted the following: • Twelve (12) outputs with a total of seventy-eight (78) activities worth UGX 62.1bn were fully implemented. • Four (4) outputs with a total of fifteen (15) activities worth UGX 16.0bn were partially implemented. • Three (3) outputs with a total of seven (7) activities worth UGX 14.7bn were not implemented at all. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the entity did not implement the following planned activities despite having received the required funds: i) The report on the status of the implementation of recommendations and policies made to MDAs during the Apex Platform was not completed.	

ii) Building capacity for 16 staff in Strategic leadership and 7 staff in various management-related fields were not undertaken.
iii) Holding the Annual Permanent Secretaries Retreat to discuss government strategy and one JBC meeting between Uganda and Kenya were not undertaken.
iv) A pool van and five laptops were not procured

The Accounting Officer attributed this to mainly the outbreak of COVID-19 and the lock-down that affected the implementation of planned activities.

Recommendation

The Accounting Officer was advised 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 unimplemented activities were identified and included in the subsequent Financial Year work plans.

Query	**1.5 Domestic arrears**

Observation

Analysis of domestic arrears

Section 21(2) of the Public Finance Management Act, 2015, as amended, provides 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. Further, Paragraph 10.10.17 of the Treasury 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".

A trend analysis of the domestic arrears showed a decrease in the payables in the last 2 years with arrears reducing by 20% (UGX 17, 246,934,980) between FY 2020 and FY 2021.

Domestic arrears totalling UGX 68,622,241,875 remained unsettled at the close of the year. Included in this amount is UGX 333, 191,233 which relates to outstanding property rates for the year. The remaining outstanding arrears still expose the entity to risks of litigation from its suppliers which may result in nugatory expenditure in the form of interest payments and costs.

The Accounting Officer explained that the bulk of the domestic arrears relates to Gratuity, Pension and classified commitments incurred by the Security Agencies under the Office of the President and expenditures including the related taxes for the former Commission of Inquiry into Land Matters whose operations were wound up in August 2020. As a result of continued engagement with the MoFPED in FY 2021/22, the Ministry has proposed a supplementary budget provision of UGX 11.60Bn for the settlement of the taxes and outstanding benefits to the former ISO staff.

Recommendation

The Accounting Officer was advised to continue lobbying the Ministry of Finance, Planning and Economic Development (MoFPED) and ensure that sufficient budget provisions are made for domestic arrears to enable their eventual settlement.

Management should implement the commitment control system of the Government to minimise the escalation of domestic arrears.

Action

During the year 2021/22 the Office had domestic arrears of UGX 68,622,241,875 and it transferred classified arrears of UGX 31,796,543,155 to the Internal Security Organisation which had attained vote status in FY 2020/21 leaving a balance of UGX 36,825,698,720.

The Office received UGX 14,198,846,223 in the FY 2021/22 for settlement of classified arrears and other arrears for; the former Commission of Inquiry into Land Matters, property rates for the Office of the President within the premises of KCCA. 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	**1.6 Supplementary Funding for COVID-19 activities**
Observation The audit examined supplementary funding received by the Office for COVID-19 interventions and observed anomalies which included under-absorption of the funds, failure to quantify activities implemented, inappropriate procurement methods and funds not accounted for. Specifically for management of quarantine centres, the audit observed that items were procured at varying prices and they were not taken on charge.	
Recommendation	
The Accounting Officer was advised to address the matters raised.	
Action	
Quantification of Outputs The Office provided detailed guidelines to RDCs where the deliveries were expected. These items were quantified with a breakdown of the resources against the various activities such as; fuel, imprest, and meals for surveillance teams. **Procurement Methods**	

Due to the COVID-19 lockdown, the requisite procurement methods were inapplicable. The items were procured using direct sourcing method. The items procured at the time were not immediately taken on charge because the country was still under lockdown. With the easing of restrictions, these items were taken on charge.

Similar items were procured at varying prices because they were sourced from different traders at different locations country-wide.

Unaccounted for Funds

All funds have now been fully accounted for.

Query	**1.7 Fleet Management**

Observation

Shortcomings were observed in the Ministry's fleet management which included incomplete recording of motor vehicles in the assets register, failure to use motor vehicle logbooks, lack of motor vehicle annual inspections, lack of adequate vehicles for allocation to RDCs, gaps in drivers' competences and failure to implement board of survey recommendations for disposal of motor vehicles.

Recommendation

The Accounting Officer was advised to address the matters.

Action

The asset register has been updated to include all motor vehicles, motor vehicle logbooks have been procured for each vehicle and drivers instructed to log the trips they make, drivers have been instructed to take the motor vehicles to the Chief Mechanical Engineer for annual inspections, all drivers were tested by the Chief Mechanical Engineer to assess their competences.

A total of 144 old motor vehicles were disposed off by public auction following board of survey recommendations. Additional 16 vehicles recommended for board off await the completion of the procurement of an Auctioneer.

In financial year 2021/22, Government provided UGX 11Bn for the procurement of 68 Double cabin pickups for RDCs and DRDCs.

2.0 MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION – (NOW UNDER THE OFFICE OF THE PRESIDENT)

Query	**2.1 Closure of the Ministry of Science, Technology and Innovation**

Observation

The GoU established the Ministry of Science Technology and Innovation in 2016, and it started its operations in 2017/2018 as Vote 023, with a mandate to oversee the overall contribution of the Science Technology and Innovation Sector towards attaining key objectives focused on mainstreaming Science, Technology, and Innovation in the development process of Uganda.

At the time of the transfer, the Ministry had the following subventions and independent projects in pursuit of its objectives;

i) Uganda National Council for Science and Technology (UNCST);
ii) The Presidential Initiative on Banana Industrial Development (PIBID); and
iii) Kiira Motors Corporation
iv) Uganda Industrial Research Institute (Vote 110), an agency under the ST&I Sector and self-accounting.
v) The commercialization of sericulture Technologies and Innovations (TRIDI)
vi) Presidential Scientific initiative on Epidemics (PRESIDE) is an umbrella organization for multiple scientific research organizations.

The Ministry was later abolished effective 1st July 2021, and its operations were transferred to the Office of the President. The Ministry's closure may slow down the developments in the above entities during re-organization.

The audit noted that there were also no transition plans for the merger and continuity of operations of the subventions. Lack of transition

arrangements could delay research projects, loss of assets and critical human resources.	
Action	
There was no written transition plan for the former Ministry of Science, Technology and Innovation at the time of the Audit. However, Parliament later passed a Resolution re-allocating the funds and mandate of the Ministry to the Office of the President and since then several meetings were held to harmonize the transition process. As a result, the disbursement of funds for the subvention and its independent projects was delayed. However, upon signing and clearance by the Attorney General of the MoU between the two entities, the Office of the President, and the Science, Technology and Innovation (STI), vote 001 started disbursing all the finances to the agencies under the STI by December 2021.	
Query	**2.2 Un-deployed Staff upon the Abolition of the Ministry**
Observation The Ministry had a structure with a total staff establishment of 154 positions, of which 136 positions had been filled and had a recruitment plan for another fifteen (15) staff of different cadres. As a result of the closure of the Ministry, the staff were rendered redundant and had not received their emoluments by the end of November 2021. In addition, 48 common cadre staff had been transferred back to the Ministry of Public Service, as the technical and support staff employed by the Ministry await their fate. It was noted that some staff were living under uncertainty, which may lead to redundancy escalation and high costs to the Government. Management explained that the Ministry of Public Service is reviewing the structure, and once it is approved, a validation exercise will be undertaken to determine those who fit in. Those that will not be absorbed will be handled in line with the public service standing orders.	
Action	

The Ministry of Public Service is reviewing the structure, and once approved, a validation exercise will be undertaken to determine those who fit in. Those not absorbed will be handled in line with the Public Service Standing Orders.	
Query	**2.3 Progress on the COVID-19 Vaccine, Diagnostics and Treatment Projects**
Observation The Ministry of Science, Technology and Innovation (MoSTI) was appropriated supplementary funding of UGX 31.033Bn, which was meant to support 23 selected projects of scientists and innovators engaged in CoVID-I9 scientific research, including the procurement of specialized machinery and equipment, development of vaccines, drug diagnostics and other operational costs. The funds were divided into the purchase of Equipment (UGX 15.787Bn) and Operational Costs (UGX 15.787Bn). As of 30th June 2021, the Ministry had received 86.5% of the Operational funds and 100% of the Equipment Funds. Of the 23 projects, five were for Diagnostics, four for the development of Vaccines, nine for the development of treatments, and five for material support to existing projects. Of the 23 projects initially selected and funded, 19 progressed while others stalled. Their progress was slowed down by the merger of the Ministry without transition plans and subsequent delays in funding. These delays affect the overall intention of the emergency initiative of averting the adverse effects of COVID-19 on the population.	
Action	

Whereas the Ministry of Science, Technology and Innovation (MoSTI) was closed in June 2021, H.E the President directed that the functions of the defunct MoSTI should be transferred to the Science, Technology, and Innovation Secretariat at the Office of the President (STI-OP). In January 2022, H.E. directed on a framework for STI at the Office of the President, focusing on eight (8) prioritized industrial value chains to fast-track the contribution of STI to our nation's productivity, import substitution and value-added export base.

The projects funded under the Supplementary for vaccine, diagnostics, and therapeutics development were domiciled under the Pathogen Economy Industrial Value Chain Bureau at STI-OP for the necessary institutional support and oversight. The projects have therefore continually been supported to date and have not lagged. The table below shows the projects which were approved/funded:

List of Projects

Category	Approved	Funded
Vaccines	4	3
Diagnostics	4	4
Therapeutics	10	7
Central Facilities	5	5
Total	23	19

In total, UGX 28.97 billion was released for the 19 projects. UGX 2.06 billion was not released to the scientists.

The following progress has been registered by the projects:

a) Vaccines

Management's strategy is to develop capacity for end-to-end development, manufacturing, and distribution of Vaccines for animals and humans.

Three of the four proposed projects were funded.

i) The country has developed three candidate human vaccines for acute respiratory tract infections. The next step is to complete some pre-clinical studies and take the vaccines through clinical trials, to start in FY 2023/24.
ii) STI-OP is in the process of constructing a pilot plant for human vaccine manufacturing to facilitate clinical trials.

iii) STI-OP has the capacity for the development of inputs to vaccine manufacturing, for example, monoclonal antibodies.

b) Therapeutics

Management has focused on transforming the nation's natural therapeutics through science so that they can compete globally by;

i) Conducting the first-ever clinical trial of a locally developed natural therapeutic, UBV-01 and setting up a state-of-the-art framework, Clinical Trials for Natural Therapeutics (CONAT) which is fast-tracking the country's therapeutics testing. CONAT is hosted by Makerere University Lung Institute but is a network of multiple universities, hospitals and researchers from across the country. On the African continent, only Uganda has such a system.
ii) Management has also identified multiple natural therapeutics which are currently pipelined for testing under CONAT, with 3 currently undergoing clinical trials.
iii) A facility has been established at Joint Clinical Research Centre (JCRC) for the preparation of Hyper Immunoglobulin as a therapeutic in acute diseases.
iv) STI-OP has established the Vitamin D reference standards for the Country. This will ensure more effective utilization of Vitamin D in the prevention and treatment of multiple diseases including diabetes, hypertension, Cancer, and COPD.
v) STI-OP also developed a special starch from Matooke, which is unique as an excipient in medicinal formulations and nutraceuticals.
vi) The entity has also developed state-of-the-art adjuvants for vaccines and therapeutics from nanoparticles extracted from banana weevils.

c) Diagnostics

Management embarked on a system that will enable the country to develop most of the diagnostics needed in the country, including PCR and antibody diagnostic kits for human, animal and plant diseases.

i) So far STI has developed 4 diagnostic tests (PCR and Rapid diagnostics kits) for human acute respiratory tract infections (humans).

ii) The entity has locally developed some of the reagents used in diagnostic processes;
iii) Currently, STI is in the process of constructing a pilot plant to locally manufacture all these diagnostics under internationally accredited conditions.

In addition, five national central facilities have been set up to support R&D for vaccines, diagnostics, therapeutics and other areas. These include:

i) A.BSL.3 laboratory animal house at College of Veterinary Medicine, Animal Resources and Biosecurity (CoVAB), Makerere University to conduct in vivo studies;
ii) The Biobank at School of Biomedical Sciences, Makerere University where patient samples are stored to support R&D.
iii) The Biomarker facility is located at CoVAB, Makerere University, which comprises state-of-the-art equipment that supports predictive molecular analysis of patients to guide diagnostics and therapy. Using this facility, our researchers can perform early prediction of disease;
iv) The Scanning Electron Microscope at the College of Engineering, Design, Art and Technology (CEDAT) at Makerere University supports research in material science, drug discovery and vaccines among others.
v) In addition, management has established a state-of-the-art laboratory for in l vitro testing of drugs at the Uganda Virus Research Institute (UVRI). This facility is critical for the development of the drug industry in the country.

3.0 STATE HOUSE

Query	**3.1 Revenue Performance**

Observation

NTR Performance

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 did not budget for NTR; however MoFPED projected that the entity would collect UGX 893, 000,000 for the year under review. Out of this, only UGX 319,620,000 was collected, representing a performance of 36% of the target.

Shortfalls in NTR collections at the vote level result in aggregate revenue shortfalls at the treasury level which negatively affects the implementation of planned activities at a Government-wide level.

The Accounting Officer attributed this to the Programme Budgeting System (PBS) budget tool which does not allow them to access the NTR field to enter estimates.

Performance of GoU receipts

State House budgeted to receive UGX 891.75Bn all of which was warranted. Therefore the entity did not have any revenue shortfalls.

Recommendation

The Accounting Officer was advised to liaise with MoFPED to have realistic estimates of NTR included in the subsequent budgets was noted.

Action

The Ministry of Finance, Planning and Economic Development will continue to support State House to come up with realistic and realisable budgets for NTR.

Query	**3.2 Quantification of outputs/activities**

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. It was reviewed that the extent of quantification of outputs and activities of thirteen (13) outputs with a total of forty-five (45) activities and expenditure of UGX 345,404,003,610 and noted the following;

i) Nine (9) outputs with a total of twenty-seven (27) activities and expenditures worth UGX 242,355,413,000 were fully quantified to enable assessment of performance.
ii) Three (3) outputs with a total of seventeen (17) activities and expenditures worth UGX 102,898,591,000 were insufficiently quantified. I observed that out of the seventeen (17) activities, ten (10) activities (58.8%) were fully quantified while seven (7) activities (41.2%) were not quantified to enable assessment of performance.
iii) One (1) output with a total of one (1) activity and expenditure worth UGX 150,000,000 was not quantified at all.

It was 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) Foreign dignitaries hosted
ii) Foreign investors mobilized;
iii) Trade-related functions officiated at,
iv) Individuals in need supported,
v) New investments commissioned;
vi) Local and international investors mobilized,
vii) Presidential donations paid to a number of beneficiaries,
viii) Assorted ICT equipment procured

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 given the nature of the supportive mandate of State House, it is not possible to quantify all the outputs at the planning level. For example, State House cannot know ahead of time with certainty and therefore quantify the number of foreign dignitaries (other than Heads of State) the President will host, the investors he will mobilize, the individuals he will support or the donations that will be paid. In such a case where quantification is difficult, the State House's role would then be to facilitate the President in the execution of that programme. In order to fully account for the resources obtained, State House reports the outputs at the outturn level, for example, 07 new investments, 02 tourism roads and 01 trade road were commissioned by the end of the Financial Year.	
Recommendation	
The Accounting Officer was advised that even in cases of uncertainty, it's possible to quantity activities based on the funds budgeted and past experience.	
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	**3.3 Implementation of Quantified Outputs**
Observation The audit assessed the implementation of nine (9) out puts that were fully quantified with a total of twenty-seven (27) activities worth UGX 242.4bn and noted the following: i) Six (6) outputs with a total of sixteen (16) activities worth UGX 161.8Bn were fully implemented.	

ii) Three (3) outputs with a total of eleven (11) activities worth UGX 80.56Bn were partially implemented. Out of the eleven (11) activities, three (3) activities were fully implemented (27%), six (6) activities were partially implemented (55%) while two (2) activities (18%) remained unimplemented.

Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the entity did not implement the following planned activities despite having received the required funds;

i) Attend 90 planned community functions,
ii) Train staff as planned,
iii) Attend the planned international meetings, among others.

The Accounting Officer explained that the inability to fully implement activities was due to disruptions that were brought about by the COVID-19 pandemic. It is however important to note that despite this lack of full implementation, some outputs performed over and above the planned level. For example, while State House planned to support the President to host 100 delegations, he hosted 169 delegations in smaller groups due to the need to restrict numbers in the prevailing circumstances.

There were also unplanned outputs that were undertaken that became costly to State House, for example; the costs of facilitation increased since the household staff needed to be quarantined for 14 days before their scheduled duty. This is in addition, to the fact that they became resident officers during the period of their duty.

Another increased cost that was incurred was the need to test all guests before they accessed State House. Additionally, the helicopter and jet crews that were on their mandatory training had to extend their stay due to the pandemic restrictions.

Recommendation

Accounting Officer was advised 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 unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**3.4 Domestic Arrears**
Observation UGX 116m was budgeted for domestic arrears during the year under audit despite failure to disclose outstanding domestic arrears in the previous years.	
Recommendation	
The Accounting Officer was advised to comply with the commitment control system.	
Action	
State House was provided with a budget of UGX 116m to pay domestic arrears in FY 2020/21. The funds were not utilised and returned to the Treasury.	
Query	**3.5 Vehicle Utilisation Report for the Year**
Observation A review of the Ministerial policy statement for the financial year 2020/21 revealed that the entity did not prepare a comprehensive vehicle utilisation report for the period as required by Section 15(h)) of the Public Finance and Management Act, 2015, as amended.	
Recommendation	
The Accounting Officer was advised to prepare a comprehensive vehicle utilisation report.	
Action	
A comprehensive vehicle utilisation report is now part of the Ministerial Policy Statement.	

4.0 OFFICE OF THE PRIME MINISTER	
Query	**4.1 Existence of Strategic plans that are aligned to NDP-III**

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 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 and approve a strategic plan that was aligned with NDP III. It is on this strategic plan that the annual plans would be based to achieve the objectives of NDP-III

Based on the procedures undertaken, it was noted that the entity had not prepared and approved a strategic plan that is aligned with the NDP-III at the time of the 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 management had procured an independent consultant to formulate the plan, and the strategic plan would be completed by 31st December 2021.

Recommendation

The Accounting Officer was advised to closely follow up with the consultant to prevent further loss of time. Once finalized, the plan should be submitted to NPA for certification.

Action	
The strategic plan was approved by NPA.	
Query	**4.2 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 1.051Bn during the year under review. Out of this, only UGX 0.319Bn was collected, representing a performance of 30% of the target.

Shortfalls in NTR collections at the Vote level result in aggregate revenue shortfalls at the treasury level, which negatively affects the implementation of planned activities at a government-wide level.

The Accounting Officer explained that the target was high and unrealistic for an entity like OPM; however, for Financial Year 2021/2022, OPM consulted MoFPED on the matter, and realistic NTR targets were set.

Performance of GoU receipts

OPM budgeted to receive UGX 139.625Bn, out of which UGX 120.365Bn was warranted, resulting in a shortfall of UGX 19.26Bn, which is 13.8% of the budget. Revenue shortfalls affect the implementation of planned activities. Some of the activities that were affected by budget cuts include;

i) Construction of a primary school in Bulambuli
ii) Regulating and coordinating 232 Refugee actors in the various refugee settlements in the country
iii) Relocating and resettling over five hundred (500) households to safer places from raising waters in Nakasongola and Bulisa districts.

iv) Establish and support (119) Parish Community Associations (PCAs) in the districts of Bugiri (06), Bugweri (12), Kamuli, Kayunga

v) Procuring and distributing iron sheets for institutions in areas affected by war and other vulnerable persons like widows, the elderly and PWDs

The Accounting Officer explained that the entity experienced budget shortfalls during budget execution which arose from the poor revenue collection due to the COVID-19 Pandemic and other internal and global developments.

Recommendation

The Accounting Officer was advised to engage the Ministry of Finance, Planning and Economic Development so that funds are availed to implement activities that were affected by budget cuts.

Action

The NTR budget for the Financial Year under review was too high for the entity. In the subsequent financial year in consultations with MoFPED, the NTR targets for OPM were adjusted.

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	**4.3 Absorption of funds**

Observation

Out of the total warrants of UGX 120.4Bn received during the financial year, UGX 117.9Bn was spent by the entity resulting in an unspent balance of UGX 2.5Bn representing an absorption level of 98%. 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) Conducting consultative meetings with various stakeholders on the legislative process ii) Phase-1 construction of five units in Kyaka and Rwamwanja refugee settlement The Accounting Officer explained that the absorption of funds was affected by the lockdown measure and movement restrictions instituted to curb the spread of COVID-19, which affected the execution of some of the planned activities.	
Recommendation	
The Accounting Officer was advised to consider rolling over the unimplemented activities to the subsequent period for implementation.	
Action	
The COVID-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**4.4 Off-budget receipts**
Observations Section 43 (1) of the PFMS 2015 states that all expenditures 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 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 OPM received off-budget financing to the tune of UGX 53.452Bn, which was never declared to the PS/ST, and as such, no supplementary appropriation was issued as guided by the PSST.	

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 contrary to the budget execution guidelines issued by the PSST. The Accounting Officer explained that this was due to the configuration of the PBS system, which could not capture off-budget financing; however, this has been addressed, and the Ministry is now capturing both on-budget and off-budget funding.	
Recommendation	
The Accounting Officer was advised to consult MoFPED in time in case of challenges relating to systems of financial management systems to avoid non-compliance with the law.	
Action	
The Programme Budgeting System (PBS) was upgraded to enable MDAs to capture all details relating to off-budget funding.	
Query	**4.5 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. The audit sampled thirty (32) outputs with a total of two hundred fifty-nine (259) activities and expenditure of UGX 115.242Bn for assessment. It reviewed the extent of quantification of outputs and activities and noted the following;	

- Twenty-nine (29) outputs with a total of two hundred fifty-five (255) activities and expenditures worth UGX 112.300Bn were fully quantified. That is, all the two hundred fifty-five (255) activities (100%) within these outputs were quantified to enable assessment of performance.
- One (1) output with a total of two (2) activities and expenditure worth UGX 2.103Bn was insufficiently quantified. It was observed that out of the two (2) activities, one (1) activity (50%) was quantified, and the other one (1) activity (50%) was not quantified to enable assessment of performance.
- Two (2) outputs with a total of two (2) activities and expenditures worth UGX 0.837Bn were not quantified at all. That is, all the two activities (100%) within these outputs were not clearly quantified to enable the assessment of performance.

It was 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) Funds transferred to the districts for LIPW subprojects under Disaster risk financing
ii) Coordination meetings held
iii) Contract Staff Salaries paid

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 at the time of setting the annual targets for some of these activities, the focus was more on the

intermediate-level outcomes of the vote intervention areas but not on the number of actions taken; however, improvements in this area towards the quantification of activities will be done.	
Recommendation	
The Accounting Officer was advised to ensure that all activities and outputs are fully quantified 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	**4.6 Implementation of quantified outputs**
Observation The audit assessed the implementation of twenty-nine (29) outputs that were fully quantified with a total of two hundred fifty-five (255) activities worth UGX 112.300Bn and noted that; ▪ Four (4) outputs with six (6) activities, and expenditure worth UGX 5.274Bn were fully implemented. That is all the six (6) activities within this output were fully implemented. ▪ Twenty-five (25) outputs with two hundred forty-nine (249) activities worth UGX 107.025Bn were partially implemented. Of the Two hundred forty-nine (249) activities, the entity fully implemented one hundred thirty-one (131) activities (53%), one hundred and four (104) activities were partially implemented (42%), while fourteen (14) activities (5%) remained unimplemented. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, OPM did not implement the following planned activities despite having received the required funds;	

i) Construction works for 8 educational infrastructures in the Karamoja sub-region
ii) Four regional NGO/PSO performance review and conferences were not conducted
iii) Four Technical Working Group meetings held to coordinate sector contributions to PRPD
iv) Funds transferred to LGs for implementation of PCA Model in 10 districts in northern Uganda
v) Monitoring of 352 PCAs
vi) Review of LRDP to assess its impact on the livelihoods

The Accounting Officer explained that these were not implemented due to the COVID-19 restrictions, which limited the implementation of activities.

Recommendation

The Accounting Officer was advised to ensure that all outputs are implemented as planned. The Accounting Officer was further advised that all unimplemented activities be considered for roll over for implementation in the subsequent period.

Action

The reason for the partial implementation of some planned outputs was due to the outbreak of the COVID-19 pandemic. Under the Affirmative Action programs, among the planned intervention areas for livelihood enhancement was the support to the Parish Community Associations (PCAs) and Micro Projects.

Before implementing the above Affirmative Action programs, some preliminary activities have to be undertaken including identification/screening of the groups or people to be supported, training of the selected beneficiaries, and appraisal of the sub-projects. All these activities could not be undertaken due to the lockdown measures and the Standard Operating Procedures (SOPs) that were in place to combat the spread of the Corona Virus.

The unimplemented activities were identified and included in the subsequent financial year work plans.	
Query	**4.7 Submission of Quarterly Performance Reports and Monitoring Plans**

Observation

Paragraph 8.12 (4,5,6) of the Treasury Instruction 2017, requires 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 nonfinancial 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 Q1, 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 the timely tracking and evaluation of performance.

The Accounting Officer explained that this was largely attributed to the Standard Operating procedures (SOPs) for containing the spread of the COVID-19 Pandemic, which required all MDAs to downsize staff attendance on duty, which greatly affected timely compilation, validation and consolidation of the reports.

Recommendation

The Accounting Officer's response was noted. He was advised that critical staff such as budget officers should be among the Ministry's essential staff to avoid delayed submission of performance information/reports in 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 preparation/submission of real-time quarterly electronic reports.	
Query	**4.8 Functionality of District Disaster Management Committees**
Observation The Office of the Prime Minister is mandated to build the capacity of District Disaster Management Committees (DDMC) to ensure that they are able to cope with and manage disasters such as floods and landslides. In line with this mandate, the Office of the Prime Minister trained sixty-three (63) DDMCs across the country during the year under review to empower them to respond to disasters in their districts. It was observed that despite the training, district disaster committees in all districts except for Bukedea, Mbale, Bulambuli and Bududa were non-functional. The audit found no evidence of such regular meetings, community sensitisation about disasters to suggest that these committees were functional. The non-functionality of these committees affects the ability of the districts to prevent and respond to disasters which increases the risk of loss of property and lives in the event of a disaster. The Accounting Officer explained that the functionality of these committees largely depends on the availability of funds to facilitate their operational activities. However, due to budgetary constraints faced by OPM, funding is not always available.	
Recommendation	
The Accounting Officer was advised to engage MoFPED to provide the required resources for the operations of these committees. In	

addition, the Office of the Prime Minister should strengthen the supervision of these committees as a way of making them effective.	
Action	
The functionality of these committees largely depends on the availability of funds to facilitate their operational activities. The budget constraints faced by OPM will be addressed through the appropriations process of Government.	
Query	**4.9 Delayed resettlement of encroachers on Apaa Game Reserve**
Observation Apaa game reserve is one of the game reserves under the management of Uganda Wildlife Authority. In 2018, Uganda Wildlife Authority attempted to evict squatters who had illegally encroached on the land without success which attracted the attention of His Excellency, the President. In August 2018, H.E. the President directed that an Inter-Ministerial Committee, chaired by the Rt. Hon Prime Minister to gather facts on the Apaa land conflict, engage relevant stakeholders to find an amicable solution and report back with a proposed way forward. The Inter-Ministerial Committee presented its findings to Cabinet, which approved a proposed resettlement package of UGX 10 million and twenty (20) iron sheets for each household in the reserve to enable them to move and settle somewhere else. Based on the above cabinet approval, OPM received funds amounting to UGX 2.8Bn in FY 2018/2019 to undertake the compensations and resettlement of affected persons. However, it was noted that by the time of writing this audit report (December 2021), UGX 2.5Bn was still held in the Office of the Prime Minister Compensation Account in Centenary Bank. The balance of the funds had been used for the procurement of 7,480 iron sheets.	

There is a risk that these funds may be diverted to other purposes other than that for which they were released. In addition, with the ever-increasing cost of compensation, the funds may be insufficient to compensate the affected persons. In the meantime, the communities are still on the land and continue to encroach on more reserved land. The Accounting Officer explained that H.E., the President of Uganda, appointed another committee and the Office of the Prime Minister awaits recommendations of the new Committee.	
Recommendation	
The Accounting Officer was advised to closely follow up on the matter and ensure that the new committee's recommendations are implemented promptly.	
Action	
The resettlement exercise was halted following the intervention by H.E. the President, who appointed another committee headed by the then Rt. Hon Deputy Speaker of Parliament. On 14th February 2022, Cabinet directed the Rt. Hon. Prime Minister to take up the matter to its conclusion. Discussions have already started and execution will proceed.	
Query	**4.10 Management of Akasiimo Gratuity Scheme**
Observation In 2008, the Government of Uganda earmarked UGX 30Bn to be paid out as “Akasiimo” in three consecutive years to persons who contributed to the liberation war efforts. The payments were to be made as follows; UGX 10,000,000 for each of the historical members of the National Resistance Council (NRC), UGX 5,000,000 for each of the leaders in the bush, while the other civilians were to be paid UGX 1,500,000 each as a one-off settlement. The funds were to be wired to	

the OPM Compensations Account number 0100301023512 in Centenary Bank for onward remittance to the beneficiaries.

During Financial Year 2020/2021, OPM transferred UGX 6Bn to Centenary Bank for paying Akasiimo beneficiaries. However, it was observed that at the time of the audit Office of the Prime Minister did not have a complete and detailed database of beneficiaries who have been paid (Name, contact, location, NIN and amount paid), and those that are yet to be paid since inception of the programme in 2008.

There is a risk of double payment, and the lack of a complete and detailed database complicates the process of planning and identification of unpaid beneficiaries.

The Accounting officer explained that the database for all those beneficiaries paid is available. Centenary Bank provides details of unspent balances within three (3) to six (6) months after disbursement, and the same is communicated to the Veterans Verification Committee for further management.

Recommendation

The Accounting Officer was advised that OPM undertakes a comprehensive review and verification of all eligible beneficiaries. This should be compared with the lists of those beneficiaries who have been paid so far to accurately establish the unpaid beneficiaries and streamline the management of this fund going forward.

Action

The Office of the Prime Minister has got in place information on all beneficiaries (84,918) who have been paid since 2008. This information is contained in 49 schedules, and the office has embarked on the process to transfer the data records on Akasiimo beneficiaries on to a computerized database.

In regard to entitled/pending beneficiaries, their names/details are partially available. This process is continuous as the Verification Committee constituted by H.E. the President, uses various sources of information including submissions from fellow combatants, and families of those who died during and after the liberation war. The Verification Committee has approved forms for 35,924 beneficiaries.	
5.0 MINISTRY OF PUBLIC SERVICE	
Query	**5.1 Existence 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. It was noted that the Ministry had prepared a strategic plan that is aligned to the NDP-III, and this was certified by NPA.	
Recommendation	
The Accounting Officer was commended for preparing the approved strategic plan and advised management to prepare annual work plans based on the approved plan and monitor the five-year plan.	
Action	

The Ministry Strategic Plan 2020/2021 - 2024/25 was approved and certified by NPA.	
Query	**5.2 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 0.7Bn during the year under review. Out of this, only 0.331Bn was collected, representing a performance of 43% of the target. Shortfalls in NTR collections at the vote level result in an aggregate revenue shortfall at the treasury level, which negatively affects the implementation of planned activities at a Government-wide level.

The Accounting Officer explained that the Non-Tax Revenue of the Ministry is obtained from the training fees charged from MDAs and LGs by the Civil Service College. The NTR target of UGX 0.7Bn was based on the assumption that a total of 4,000 persons would be trained. However, the actual was 2,474, representing 61.9% due to the COVID-19 pandemic, which affected the implementation of the training programmes in the year.

Performance of GoU receipts

The Ministry budgeted to receive UGX 30.04Bn out of which UGX 20.3Bn was availed, resulting in a shortfall of UGX 9.74Bn, which is 32.4% of the budget. Revenue shortfalls affect the implementation of planned activities.

The Accounting Officer explained that Government suppressed expenditure on workshops and seminars, travel inland, travel abroad and training to mobilize resources to fight the COVID-19 pandemic. This translated to a 40% non-release of funds to the Ministry, and hence the Ministry was operating at 60% of the approved budget.

Recommendation
The Accounting Officer was advised to come up with strategies for enhancing NTR collections following Government's relaxation of the COVID-19 restrictions to minimise the effects of inadequate NTR performance in the Ministry's operations.
Action
The Civil Service College - Jinja is the major source of NTR for the Ministry. The College has taken the following steps to enhance visibility as a means of attracting more clientele to use the facility; i. A Communications & Marketing Officer was recruited for the College with effect from July 2021. This has enhanced implementation of the marketing and publicity interventions (Newsletter, CSCU Training Calendar, Website, and Alumni engagement) hence attracting new clientele. ii. To enhance online learning, the College established an e-Learning Management System. This system has also now been enhanced with a multimedia studio established with the support of UNDP to facilitate development of materials for online learning, e.g. audio/video content, podcasts, facilitate e-documentation and act as a repository and resource centre. This facility is hired out to entities, which will contribute to the NTR collection. iii. Caravan (offsite) trainings are used as an advertising platform for CSCU and these have been stepped up. The MDALGs however still operate small training budgets and with the onset of COVID-19, these budgets have since dwindled. iv. Partnerships with entities that superintend over cadres with large numbers in the Service and others that continuously undertake trainings such as; the Ministry of Education & Sports, Ministry of Foreign Affairs, Office of the Prime Minister, Ministry of Agriculture, Animal Industry & Fisheries, Ministry of

Justice & Constitutional Affairs and Kampala Capital City Authority.

The above interventions have improved NTR collection at the College since reopening the economy post COVID-19.

Query	**5.3 Off-budget receipts**

Observation

Section 43 (1) of the PFMA 2015 provides 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 that the Ministry received off-budget financing to a tune of UGX 0.529Bn, 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, 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 UNDP funding was a spotlight initiative as an intervention to fight gender-based violence. Going forward, we shall seek Parliamentary approval for subsequent off-budget funding arrangements.

Recommendation

The Accounting Officer was advised to liaise with the PS/ST and ensure that in future, all funds received outside the approved budget are appropriated in supplementary funding.

Action	
The Ministry received funds from UNDP, which was a spotlight initiative as an intervention to fight gender-based violence. 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 authorization by the Minister of Finance, Planning and Economic Development. 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	**5.4 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 the 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 all the thirty-five (35) outputs with a total of two hundred twenty-three (223) activities and expenditures of UGX 19.1Bn and noted the following; • Eight (8) outputs with a total of thirty-seven (37) activities and expenditures worth UGX 2.09Bn were fully quantified. That is,	

all the thirty-seven (37) activities (100%) within these outputs were clearly quantified to enable the assessment of performance.

- Twenty-five (25) outputs with a total of one hundred eighty-six (186) activities and expenditures worth UGX 16.70Bn were insufficiently quantified. The audit observed that out of the one hundred eighty-six (186) activities, one hundred six (106) activities (57%) were quantified, while the balance of eighty (80) activities (43%) were not clearly quantified to enable the assessment of performance.
- The audit could not assess the level of quantification for two (2) outputs (outputs 134902 and 134999) because the activities under the two outputs were not detailed in the Ministerial Policy Statement. However, UGX 0.62Bn was provided as the budget for these outputs.

The audit 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;

- Inspection tools, manuals reviewed, printed and disseminated
- Government decisions on rationalisation of government agencies implemented
- Technical support provided to MDAs in the implementation of the reviewed system
- Change management activities conducted to increase the adoption and utilisation of HCM
- HCM integrated with key management systems
- Uganda public service standing orders disseminated
- Ministry staff training plan developed and implemented

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 for Output 134902: Upgrading of the Civil Service College facility, funds under the output were for the recruitment of six (6) new staff. The staff recruited include; Assistant Commissioner HRM, Principal Research Officer, Communications Officer, Principal HRO, ICT Officer and Assistant Secretary. Output 134999 was for the settlement of arrears.

Recommendation

The Accounting Officer was advised to consider rolling over the unimplemented 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.

Query	**5.5 Implementation of quantified outputs**

An assessment of the implementation of eight (8) outputs that were fully quantified with a total of thirty-seven (37) activities worth UGX 2.09Bn noted that;

- No output was fully implemented.
- Seven (7) outputs with thirty-six (36) activities worth UGX 2.09Bn were partially implemented. Out of the thirty-six (36) activities, the entity fully implemented fourteen (14) activities, nineteen (19) activities were partially implemented, and three (3) activities remained unimplemented.
- One (1) output (131007) was never implemented because no funds were allocated to it during planning.

Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the Ministry did not implement the following planned activities despite having received the required funds. • Draft public service pension fund regulations not prepared • Capacity building of the 4 staff of the PSPS reform team was not conducted • A client satisfaction survey on the effectiveness of decentralized management and payment of pension was not conducted The Accounting Officer explained that these were not implemented due to the COVID-19 restrictions, which limited gatherings and movements of staff.	
Recommendation	
The Accounting Officer was advised to consider rolling over the unimplemented activities to the subsequent budget for implementation.	
Action	
The COVID-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**5.6 Submission of Quarterly Performance Reports**
Observation Paragraph 8.12 (4,5,6) of the Treasury Instruction 2017, requires 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 Q1, Q2, Q3, and Q4 after the deadline given for submission of the reports as indicated in the table below;

No	Details	Deadline for submission	Actual date of submission	Comment (submitted in time/ delayed)
1	Quarter One	15/10/2020	17/11/2020	Delayed
2	Quarter Two	15/01/2021	31/01/2021	Delayed
3	Quarter Three	15/04/2021	29/04/2021	Delayed
4	Quarter Four	15/07/2021	30/07/2021	Delayed

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 on time and failure to prepare Monitoring Plans and reports contravene the Treasury Instructions and affect timely tracking and evaluation of performance.

The Accounting Officer explained that the failure to submit the quarterly reports on time was due to having 90% of staff working virtually, which affected the mobilisation of information and coordination of the reporting due to restrictions on movement and network issues.

However, the Ministry had to pick and drop the budget focal officers to prepare the report. Moving forward, all reports will be submitted on time.

Recommendation

The Accounting Officer was advised to ensure that there is timely preparation and uploading of the reports on the Program Budgeting System (PBS).

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.	
Query	**5.7 Failure to fill positions of persons on leave without pay**
Observation The Establishment Notice No. 4 of 2015 Leave without Pay (LWP) provides that the position whose incumbent has been granted leave without pay shall be declared for immediate filling by the responsible officer. This provision would, however, not apply to staff on international deployment whose positions would have their job protected until the expiry of the approved leave without pay. The audit noted that various MDAs had not filled the positions of officers who had been granted leave. Failure to fill positions could point to understaffing in these MDAs, or the positions are being preserved for the same officers. The practice of preserving positions for officers creates manpower gaps in the affected entities, which will, in the long run, affect the entities' abilities to deliver on their mandate effectively. The Accounting Officer explained that leave without pay is granted on condition that a Public Officer shall lay no claim to the post he/she holds at the time of the request. In this regard, Responsible Officers are supposed to declare posts of Public Officers who proceed on leave without pay to the appointing authorities for filling, except for Public Officers serving in International Organizations against a national quota of personnel vacancies for the country. This is also clearly indicated in the letters granting the leave without pay.	

The Ministry of Public Service will accordingly follow up with all MDALGs to ensure that positions for Officers who were granted leave without pay are declared to the appointing authorities for filling.	
Recommendation	
The Accounting Officer was advised to remind MDALGs of their responsibilities to fill positions of persons who are granted leave without pay to avoid creating unnecessary manpower gaps in the civil service.	
Action	
The Ministry has reminded Responsible Officers to fill positions of persons who have been granted leave without pay.	
Query	**5.8 Failure to utilise the appropriated salaries budget**
Observation Section 17 (3) of the Public Finance and Management Act, 2015 requires a vote that repays money under subsection (2) to revise its annual work plan, procurement plan and recruitment plan to take into account the unexpended money and the Minister responsible for the vote shall submit, as part of the Budget for the preceding year, the revised work plan, procurement plan and recruitment plan to the Minister of Finance, Planning and Economic Development, Planning and Economic Development. The audit observed over time that the Ministry of Public Service has not been absorbing funds allocated for the payment of salaries. The audit undertook an analysis of salaries budgets and payments for the last four (4) years and noted that the total salaries budget was UGX 20.7Bn, out of which UGX 17.9Bn was warranted. However, the Ministry could only absorb UGX 11.4Bn, implying that UGX 6.5Bn was not absorbed, which is 36% of what was warranted.	

Failure to absorb wage funds even after receiving warrants denies other entities resources that could be used for other budget priorities to enhance service delivery. The Accounting Officer explained that the under absorption of released funds was attributed to the failure to fill vacant posts within the approved establishment.	
Recommendation	
The Accounting Officer was advised to expedite the filling of existing staffing gaps.	
Action	
The total staff establishment has been revised from 325 to 348 with effect from 18th January 2022 and the annual wage estimate for the approved structure is UGX 3,023,337,967. Staff in-post have increased from 227 to 263 (15.86%) representing an increase from 69.8% to 75.58% of the current total establishment. The remaining vacant posts are expected to be filled and these have been declared to the Public Service Commission.	
Query	**5.9 Outstanding domestic arrears**
Observation Paragraph 10.10.17 of the Treasury 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". Trend analysis shows a continuous reduction in arrears over the last three years, reducing from UGX 1.14Bn in 2018/2019 to UGX 0.867Bn at the close of the year.	

Domestic arrears adversely affect budget performance in the subsequent year as outputs anticipated in the appropriated budget may not be attained due to the settlement of the arrears. This may also result in litigation for non-payment of services already consumed. The Accounting Officer explained that the Ministry had not accumulated any new arrears in the last three years save for ESAMI subscriptions. The list of outstanding arrears is submitted to MoFPED to allocate resources every financial year to settle these arrears. However, in the current year of audit, only UGX 122M was released.	
Recommendation	
The Accounting Officer was advised to continue engaging MoFPED to have all these arrears settled.	
Action	
The Ministry's domestic arrears have largely been international membership subscriptions to ESAMI. Annually the Ministry was paying US $60,000 as a member and because of a limited budget, it accumulated to UGX 1,128,713,841. The Ministry negotiated with ESAMI and this has been reduced to US $10,000 per year. This will greatly reduce the accumulation of arrears. IFMS has been upgraded to include the functionality for recording and tracking 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	**5.10 Lack of guidance on membership on government boards**
Observation	

The Ministry of Public Service had not given clear guidance on the number of boards on which a civil servant can represent Government. As a result of this, a number of civil servants were serving on more than three (3) boards which limited the amount of time they allocate to their substantive jobs. The absence of clear guidelines on membership of boards creates ambiguities and may result in civil servants abandoning their substantive jobs for representations on the various jobs. The Accounting Officer explained that the Ministry will develop guidelines for regulating membership on boards by civil servants.	
Recommendation	
The Accounting Officer was advised to expedite the development of the guidelines to streamline membership on government boards by civil servants.	
Action	
Consultations are ongoing and appropriate guidance shall be issued to the Service in the Establishment Notice on Guidelines on Payroll, Wage Bill, Pension, Gratuity and related Human Resource Management matters due to be issued on 1st July 2023.	
Query	**5.11 Irregular employment of staff and training of staff abroad**
Observation The audit noted some challenges in the management of recruitments into the service, such as; irregular employment of staff by Accounting Officers and the absence of a policy for the recruitment and selection of temporary staff. The audit also noted irregularities in overseas training for civil servants, such as the absence of a register of all civil servants who were away on training and some Officers who went abroad for training programmes offered by the different local universities in Uganda.	

Action	
The Ministry through quarterly technical support visits to the MDALGs does consider various Human Resource matters including recruitment wherein staff lists, among others, are reviewed to ensure that the right staff are recruited. Consultations are ongoing and appropriate guidance shall be issued to the Service in the Establishment Notice on Guidelines on Payroll, Wage Bill, Pension, Gratuity and related Human Resource Management matters due to be issued on 1st July 2023.	
6.0 MINISTRY OF FOREIGN AFFAIRS	
Query	**6.1 Revenue Performance**
Observation **Performance of NTR** The audit 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 UGX 1.793Bn for the financial year 2020/21, only UGX 0.102Bn was collected representing a performance of 5.7% of the target. Management explained that UGX 1.793Bn appearing in the estimated Non-Tax Revenue to be collected under this Ministry is a figure that the Ministry of Foreign Affairs did not participate in the setting the targets. This figure is far beyond what the Ministry can collect. However, the Ministry is now in consultation with setting targets for FY 2022/23. **Performance of GoU receipts** The Ministry budgeted to receive UGX 64.391Bn out of which UGX 44.506Bn was warranted, resulting in a shortfall of UGX 19.886Bn which is 30.9% of the budget. Revenue shortfalls affect the implementation of planned activities.	

Management explained that the shortfall of UGX 19.886Bn relates to the G77 Summit which had been planned to take place in that Financial Year. However, it was postponed due to the COVID-19 pandemic; hence the funds were never released to the Ministry.	
Recommendation	
The Accounting Officer was advised to liaise with MoFPED while setting NTR targets to ensure that they are realistic and realisable. Further, the Accounting Officer was advised to ensure follow-up with the MoFPED on the shortfalls in funding during the implementation of annual work plans.	
Action	
MoFPED will continue to support the entity to come up with more realistic and realisable NTR targets. 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	**6.2 Under absorption of funds**
Observation Out of the total receipts for the year of UGX 44.506Bn, UGX 41.079Bn was spent by the entity resulting in an unspent balance of UGX 3.426Bn representing an absorption level of 92.3%. 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 payments to cater for; • Pension for General Civil Service • Salaries for staff • Gratuity Expenses • Travel abroad	

- Computer supplies and Information Technology (IT)
- Maintenance – Vehicles
- Contributions to Autonomous Institutions (Wage Subventions)

Management explained that the cancellation of International events due to the global COVID-19 pandemic lockdowns affected the full absorption of the funds provided for travel abroad. The under absorption of funds for pension and gratuity was due to the death of some pensioners, a mismatch between the IFMS and NIRA data of some Pensioners, ongoing validation of foreign pensioners, and some members of staff resigned and joined active politics therefore, funds meant for their salaries could not be absorbed.

The under absorption of funds for procurable items was due to the failure to conclude some procurement processes since non-essential services had been closed as a result of the countrywide COVID-19 lockdown.

Recommendation

The Accounting Officer was advised to develop strategies to ensure that all released funds are utilised as budgeted even during the COVID-19 challenges.

Action

The COVID-19 pandemic disrupted the implementation of many aspects of the work plan. As a result, the entity could not fully absorb the GoU releases. The unimplemented activities were identified and included in the subsequent Financial Year work plans.

Query	**6.3 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.

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 the thirty-two (32) outputs with a total expenditure of UGX 34.722Bn, and noted the following;

- Ten (10) outputs with a total of twenty-eight (28) activities and expenditure worth UGX 17.539Bn were fully quantified.
- Seventeen (17) outputs with a total of one hundred thirty-two (132) activities and expenditure worth UGX 16.845Bn were insufficiently quantified.
- Five (5) outputs with a total of eight (8) activities and expenditure worth UGX 6.695Bn were not quantified at all to enable assessment of performance.

The audit observed that in cases where outputs were either partially or not quantified, management reported performance in generic ways as shown below:

- Developed and continuously updated an electronic tracker with MoUs and Agreements.
- Organized and chaired a stakeholders meeting to respond to the inquiries by the UN Panel of Experts on DPRK
- Coordinated and submitted a response to the UN Panel of Experts on S. Sudan

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. Management explained that some of the outputs pose challenges when it comes to quantification due to the nature of the work of the Ministry given that some of the final outputs are determined by other stakeholders. In addition, some of the outputs that seem to be generic statements are quantified outputs for example, the Ministry coordinated and submitted a response to the UN Panel of Experts on S. Sudan. Management will endeavour to improve the levels of quantifying the outputs.	
Recommendation	
The Accounting Officer was advised to quantify all outputs at the budgeting 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	**6.4 Implementation of quantified outputs**
The audit assessed the implementation of 10 out puts that were fully quantified with a total of 28 activities worth UGX 17.539Bn and noted the following; • Seven (7) outputs with a total of twelve (12) activities worth UGX 16.809Bn were fully implemented. • Three (3) outputs with sixteen (16) activities worth UGX 0.730Bn were partially implemented. • There was no quantified output that 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 entity: • Prepared and compiled thirty-eight (38) briefs on economic and commercial diplomacy with various countries out of the planned one hundred (100) briefs. • Facilitated ten (10) meetings with foreign dignitaries on issues of mutual economic interest out of the planned one hundred (100) meetings. • Did not promote Uganda's investment, tourism and trade at the planned five (5) international Expos. • Articulated Uganda's position on international economic issues expressed at four (04) international meetings out of the planned ten (10). • Facilitated only two (02) foreign visits of H.E. the President out of the planned ten (10). • Organized nine (09) farewell luncheons for Ambassadors/High Commissioners out of the planned twelve (12) • Handled ninety-four (94) VIP Lounge clearances out of the planned two hundred and sixty (260) • Procured nineteen (19) office chairs out of the planned twenty-two (22) Management explained that due to COVID-19 outbreak and subsequent lockdowns, it was not possible to implement all the outputs as had been planned.
Recommendation
The Accounting Officer was advised 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 unimplemented activities were identified and included in the subsequent Financial Year work plans.

Query	6.5 Preparation and submission of monitoring plans and reports
Observation Paragraph 58 of the Budget Execution Circular for 2019/20 requires the Accounting Officer to prepare and submit annual monitoring plans for government programs and or projects under his/her vote to the Office of the Prime Minister with a copy to the Ministry of Finance, Planning and Economic Development and National Planning Authority for harmonization to ensure proper coordination to avoid duplication and fatigue. The Accounting Officers are also expected to submit quarterly monitoring reports to the Office of the Prime Minister with a copy to the Ministry of Finance, Planning and Economic Development for the attention of the director budget. The audit noted that the Accounting Officer prepared and submitted the annual budget implementation plans and reports as required.	
Recommendation	
The Accounting Officer was advised to ensure that monitoring plans and reports are submitted.	
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.	
Query	**6.6 Analysis of domestic arrears**
Observations Section 21(2) of the Public Finance Management Act, 2015 provides that a vote shall not take any credit from any local company or body unless it has no unpaid domestic arrears from 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. Further, 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".

Analysis of the Ministry's domestic arrears over the past four years showed an increase by 34.2% from 2016/27 to 2020/21. The table below shows a breakdown of the arrears.

Liabilities	2016/2017	2017/2018	2018/2019	2019/20	2020/21
Contributions to International Organizations	60,808,112,355	64,334,324,977	63,568,858,230	37,375,249,243	49,763,055,123
OIC conference	366,356,590	366,356,590	-	0	
CHOGM Arrears	2,544,115,057	2,431,967,857	-	0	
Carriage, haulage and transport hire	97,989,667	97,989,667	-	0	
Salary arrears	-	-	668,615,952	0	
Other Arrears (cleaning services & rent for VIP lounge)				61,343,480	91,976,280
Total	**63,816,706,622**	**67,230,639,091**	**64,237,474,182**	**37,436,592,723**	**49,855,031,403**

Included in the total arrears position is a sum of UGX 49,763,055,123 that was verified by the Internal Audit Department as contributions to International Organisations.

Continued incurrence of domestic arrears adversely hampers budget performance in the subsequent years since outputs anticipated in the appropriated budget cannot be attained due to settlement of the arrears. The continued failure to pay contributions to International Organisations negatively impacts on Uganda's reputational risk.

Management explained that the Ministry has been accumulating domestic arrears over the years mainly due to inadequate budget provision for contributions to International Organizations. The continuous engagement with the Ministry of Finance, Planning and Economic Development to provide appropriate funding to clear all the outstanding arrears resulted in the provision of UGX 34bn in the current FY 2021/22, which has been paid out.

Recommendation

The Accounting Officer was advised to continue engaging MOFPED to provide a budget allocation to clear 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	**6.7 Under budgeting for arrears**

Section 13(10) (a) (iv) of the Public Finance Management Act, 2015 defines an annual budget as the financing estimates for the financial year to which the budget relates, including a plan for Government debt and any other financial liabilities for the financial year to which the annual budget relates.

The Ministry had outstanding commitments to the tune of UGX 37,436,592,723 from the previous year however; the audit observed that a sum of only UGX 6,356,885,823 (17%) was budgeted for settlement of domestic arrears in the current budget. It was noted that the funds provided to the Ministry towards the settlement of the arrears were inadequate.

Inadequate budgets to pay outstanding commitments to the Ministry imply that the Ministry risks litigation over non-payment, increase in the national debt and consequently affecting service delivery.

Management explained that they will continue holding similar engagements with the Ministry of Finance, Planning and Economic Development to provide an adequate budget to settle all arrears. However, the issue of domestic arrears will continue due to inadequate budgetary provision that has remained at UGX 9bn as opposed to the annual requirement of UGX 28Bn.

Recommendation

The Accounting Officer was advised to engage MOFPED to ensure an adequate budget provision for Contributions to International Organizations.

Action

In the Financial year 2021/22, the Ministry received 34 billion to clear outstanding obligations to various international organisations in which Uganda is a member.

Query	**6.8 Under staffing**

Observations

A review of the approved staff establishment of Ministry of Foreign Affairs revealed that out of the approved 362 staff positions, 344 positions representing 95% were filled while 18 positions representing 5% were vacant.

Understaffing overstretches the available staff beyond their capacity, creates job-related stress to the fewer staff and negatively affects the level of service delivery.

Management explained that the matter was presented to Ministry of Public Service and Public Service Commission, and some posts have been filled and the process is ongoing for the remaining ones.

Recommendation	
The Accounting Officer was commended for the actions taken so far and advised management to keep liaising with the Ministry of Public Service to have the matter fully addressed.	
Action	
The common cadre positions have been filled through posting from the parent line Ministries. The remaining positions are subject to the restructuring and rationalisation of Government Ministries and Agencies.	
7.0 MINISTRY OF JUSTICE AND CONSTITUTIONAL AFFAIRS	
Query	**7.1 Existence 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 (interviews), It was noted that the entity had prepared the strategic plan, but it had not been certified by the National Planning Authority for onward approval by the Minister.	

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 they were awaiting the completion of the governance and security programme (curving out the Administration of Justice and Legislative Programme) before submitting the revised Strategic Plan for certification by NPA.	
Recommendation	
The Accounting Officer was advised to follow up on the finalisation of this legislative programme and submit their strategic plan to NPA and the Minister for approval.	
Action	
The fifth Strategic Plan FY 2020/21-2024/25 was approved by NPA on 12th May 2022.	
Query	**7.2 Revenue Performance**
Observation **Performance of NTR** The NTR estimates, revenue sources and rates charged at vote level for the financial year 2020/2021 were reviewed and it was noted that the entity budgeted to collect NTR of UGX 0.112Bn. Out of this, UGX 0.233Bn was collected, representing a performance of 208% of the target. **Performance of GoU receipts** The Ministry budgeted to receive UGX 156.869bn out of which UGX 122.408bn was availed, resulting in a shortfall of UGX 34.461bn, which is 22% of the budget. Revenue shortfalls affect the implementation of planned activities.	
Recommendation	
The Accounting Officer was commended for the performance in NTR collection.	

Action	
Management re-assessed its revenue sources and adjusted the NTR target accordingly for FY 2023/24. The releases in the financial year were adversely affected by the COVID-19 pandemic and as a result, the budgets were suppressed and available funds were channelled to mitigate the effects.	
Query	**7.3 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 thirty-one (31) outputs with a total of sixty-eight (68) activities and expenditure of UGX 118.224bn and noted the following; • Thirteen (13) outputs with a total of twenty-nine (29) activities and expenditure worth UGX 88.157bn were fully quantified. That is, all the twenty-nine (29) activities (100%) within these outputs were clearly quantified to enable the assessment of performance. • Eighteen (18) outputs with a total of thirty-nine (39) activities and expenditure worth UGX 30.067bn were insufficiently quantified. It was observed that out of the thirty-nine (39) activities, seven (7) activities (18%) were quantified, while the	

balance of thirty-two (32) activities (82%) were not clearly quantified to enable the assessment of 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;

- 70% of disciplinary cases of private advocates to be disposed of.
- 70% of applicants for eligibility to be cleared for enrolment.
- 82% of Law firms comply with set standards.
- Court awards claimants to be paid.
- 3% of verified and approved compensation claims arrears to be paid.
- 3% of court awards arrears to be paid.
- 100% of requested Bills to be drafted and submitted to MDAs.
- 80% of assented to Acts to be authorised for publication.
- 90% of signed Statutory Instruments and Legal Notices to be authorised for publication.
- 70% of received Ordinances and Byelaws to be verified and submitted to Ministry of Local Government.
- 70% of legal defenses and other relevant documents to be filed on behalf of Ministries, Agencies and Local Governments (MALG).
- 80% of MALGs to be notified with notices of intention to sue, complaints, claims and pleadings.
- 80% of civil suits in the courts of Law, commissions and Tribunals to be defended on behalf of government and its allied institutions.
- Performance management enhanced
- Support supervision and monitoring carried out.

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 percentages were used rather than absolute numbers in cases where they did not have control over the input, such as the cases filed in Courts of Law or bills requested for drafting. In these cases, we used percentages and provided the cumulative absolute numbers during quarterly reporting.

Recommendation

The Accounting Officer was advised to ensure that all activities and outputs are quantified at the planning level to facilitate performance measurement.

Action

The upgraded PBS has features that make it mandatory for Accounting Officers to quantify outputs and targets to enable performance assessment.

Query	**7.4 Implementation of quantified outputs**

Observation

An assessment of the implementation of thirteen (13) outputs that were fully quantified with a total of twenty-nine (29) activities worth UGX 88.157 noted that;

- Two (2) outputs with two (2) activities and expenditures worth UGX 55.567bn were fully implemented. That is all the two (2) activities within this output were fully implemented.
- Eleven (11) outputs with twenty-seven (27) activities worth UGX 32.590bn were partially implemented. Out of the twenty-seven (27) activities, the entity fully implemented three (3) activities; twenty-two (22) 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, the Ministry did not implement the following planned activities despite having received the required funds:

- International meetings for central Government contracts and legal advice/opinion were not attended.
- Regional and International meetings for contracts and negotiations were not attended.
- 4736 out of 5000 new files were opened.
- 733 out of 1000 family disputes were resolved through mediation and arbitrations.
- 24 out of 48 compensation files for war claimants were processed.
- 3294 out of 3621 contracts, treaties, MoU and other types of agreements from MDAs and Local Governments were reviewed and advised upon within 14 days.
- 2906 out of 3262 contracts for the central government were reviewed and cleared.
- 112 out of 183 meetings with MDAs were attended.
- 3017 out of 3363 contracts for Local Governments were reviewed and advised upon in 14 days.
- 89 out of 122 legislations were drafted, supervised and presented to Cabinet and Parliament.
- 89 out of 122 legislations were published.
- 4470 out of 5080 requests for legal advice were responded to.

The Accounting Officer explained that the outputs that were not fully implemented resulted from the lockdown that was occasioned by the COVID-19 pandemic. Whereas the modality of working at home was adopted, some activities like opening files, reviewing submitted contracts, meetings with MDAs, and meetings of the Law Council, including Committees, could not be performed while at home.

Recommendation

The Accounting Officer was advised to ensure that all outputs are implemented as planned. Further, all unimplemented activities should be considered for rollover for implementation in the subsequent period.	
Action	
The COVID-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**7.5 Submission of Quarterly Performance Reports**
Observations Paragraph 8.12 (4,5,6) of the Treasury Instruction 2017, requires 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 all the performance reports after the deadline given for submission of the reports. In addition, Evidence was obtained 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 on time and failure to prepare monitoring plans and reports contravene the Treasury Instructions and affect timely tracking and evaluation of performance. The Accounting Officer explained that the late submission of reports was caused by the PBS which was opened in the last week of October 2020 thus reducing the time within which the report could be compiled, internet shutdown as a result of general elections and yet the system is only accessible through internet and MOJCA transfers	

funds to 17 other institutions and therefore could not complete its report before obtaining reports from the other institutions.	
Recommendation	
The Accounting Officer was advised to ensure that performance reports are prepared and submitted on time. In addition, the Accounting Officer should 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.	
Query	**7.6 Domestic arrears UGX 381,258,505,803**
Observations 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 debt 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 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". It was observed that domestic arrears decreased from UGX 399,878,533,281, in the previous year to UGX 381,258,505,803 as at 30th June 2021, representing a reduction in arrears by 4.6%. However, the outstanding balance on domestic arrears still remains significant. It would easily grow uncontrollably if not adequately managed and controlled, especially with the accrued interest on the delayed payment of court awards and compensations.	

The bulk of the arrears comprised unsettled court awards and compensations amounting to UGX 377,429,099,424, while other liabilities were for goods and services consumed, totalling UGX 3,829,406,379. The continued accumulation of domestic arrears poses a risk of litigation and payment of penalties and fines for delayed settlement The Accounting Officer explained that the Ministry would continue to engage the relevant stakeholders, including the Presidential Advisory Committee on Budget (PACOB), the committee on legal and parliamentary affairs and MoFPED, to provide sufficient budget provision to settle domestic arrears.	
Recommendation	
The Accounting Officer was advised to continue engaging the respective stakeholders to improve funding to enable settlement of the domestic 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	**7.7 Unpaid Court Awards and Compensations**
Observations 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 a debt 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. Similarly, paragraph 10.10.17 of the Treasury Instructions 2017 requires the Accounting Officer to ensure that no payments due in any financial year remain unpaid at the end of that year. The audit observed that MoJCA had outstanding Court Awards and Compensation that stood at UGX 377,429,099,424 as of 30th June 2021. The outstanding court awards and compensation have accumulated over the last ten (10) years, although the amounts slightly decreased in the previous year and the year under review by 3.8%. The delay in settlement of the court awards and compensation was attributed to insufficient budget provisions being made for their payment. The delayed settlement of the court awards and compensation has resulted in the government accumulating interest on the principal amounts, penalties and damages. The Accounting Officer explained that management will continue to engage the relevant stakeholders, including The Presidential Advisory Committee on Budget (PACOB), the committee on legal and parliamentary affairs and MoFPED, to provide sufficient budget provision to cater for settlement of domestic arrears.
Recommendation
The Accounting Officer was advised to continue engaging MoFPED to ensure that sufficient budget provisions are made to cater for settlement of outstanding domestic arrears.
Action
Management has engaged and will continue to engage the relevant stakeholders including the Committee on Legal and Parliamentary

Affairs of Parliament, MoFPED and the Presidential Advisory Committee on Budget (PACOB), for budgetary provisions to settle the court awards and compensations through the appropriations process.	
Query	**7.8 Lack of criteria for prioritising the settlement of court awards**
Observations A formal/documented criterion is an essential tool for rational prioritisation, promoting equal treatment, and explaining the basis of case settlement prioritisation. It was noted that the MoJCA had not put in place a documented criterion for prioritising the settlement of Court awards; thus, there is no policy or Law on the payment of compensations and court awards. In the year under audit, the Ministry had a committee in place chaired by the Accounting Officer that reviewed the verified schedule of court wards and compensation and made recommendations following a non-documented settlement criterion of first-in-first-out (FIFO), mandamus orders (certificate of orders), Human rights violation cases and High-interest rate cases and thereafter isolated cases to be considered for payment in a given period/quarter. However, by the time of the audit, this committee had been abolished. The lack of criteria implies that some awards take a long time to be cleared, and others are settled in a shorter time, sometimes less than a year from the judgment date, thus denying justice to some parties. The Accounting Officer explained that management shall fast-track policy and law formulation on payment and compensation of court awards.	
Recommendation	

The Accounting Officer was advised to fast-track the policy and law formulation on payment of compensations and court awards.	
Action	
The Ministry's guidelines for payment of court awards and compensations were issued. In addition, to the First in First out criteria, arrears are cleared as and when the funds become available and the committee also considers the following; high-interest cases, human rights, mandamus cases and medical grounds. Interest is awarded by court and the determination of interest rates payable is beyond the control of the Accounting Officer.	
Query	**7.9 Rising Trend of Government Liabilities due to Court Awards**
Observations Article 119(4) (c) of the Constitution of the Republic of Uganda 1995 mandates the Attorney General represent the Government in Courts, Tribunals and Commissions or any other legal proceedings in which the government is a party. Article 250(2) further advises that all civil proceedings by or against the government must be instituted by or against the Attorney General. While executing their work, MDAs accrue legal liabilities due to non-adherence to contractual obligations, negligent acts, and illegal, improper and unreasonable exercise of powers. Thus, suits are brought against the Attorney General, who, as the government's principal legal advisor, is also responsible for defending government in courts of Law. In the FY 2016/17, cabinet decided that Ministries, Departments, Agencies and Local Governments (MDALS) bear liabilities arising from	

court awards and compensations. It was also agreed that MoJCA settles all existing court awards and compensations up to 30th June 2016.

The Attorney General handles all ongoing court cases until such a time when they crystallise into actual liabilities. At this point, MDAs and Local Governments are then advised to take charge.

Although it was envisaged that the decentralisation of court awards would reduce the ever-increasing cases against government, the cases have continued to soar. The ongoing case file census in the Ministry covering the period up to 30th June 2021 shows significant provisions for contingent liabilities of approximately 4,693 cases and a considerable figure of actual liabilities.

Through interviews and document review, I observed that the increase in Government liabilities was attributed to a number of reasons as outlined below;

a) Inadequate budgets for court awards and compensation across Government

In a letter dated 13th June 2013, referenced MA/57/012/MAND, the then-Attorney General advised that Court awards and amounts are statutory in nature and should be charged directly on the consolidated account and does not require appropriation by parliament. In the same above regard, Section 19 of the Government Proceedings Act mandates that once a decree and certificate of order against the government for payment of money issued by a competent Court are served, the Treasury Officer of Accounts is duty-bound to effect payment and does not need approval from any other Government entity, including Parliament.

In the court decision of Baligobye & 2 Others v Attorney General & 3 Others (MISCELLANEOUS CAUSE NO. 376 OF 2019) [2020] UGHCCD 43, the court maintained the position that once a certificate of order against Government introduces a statutory charge on the consolidated Fund and therefore there is no need for an additional appropriation.

It was noted that, whereas this principle is applied to cases brought to the Secretary to the Treasury (ST) under Treasury Operations, the same is not done for cases being paid by MoJCA and other entities. As a result, a total of UGX 667,795,717,927 and USD. 95,077,553 remained outstanding for all Government institutions as per MoJCA file census, 2020.

Entities continue to accumulate liabilities because of under-budgeting; for instance, for the year under audit, MoJCA had outstanding court awards of UGX 377.4Bn, but only UGX 18.2Bn was provided for the settlement of the awards.

Additionally, there is a notable time lag between the time a case is decided and actual budgeting for the liability and entities usually do not budget for the liabilities until the office of the Attorney General communicates these to satisfy court orders.

b) Accumulation of interest

The court's award interest ranges from 2%, 6%-25% and even above for some of the cases ruled against Government through the courts' decision, Uganda Human Rights Commission or by consent of the Attorney General. Over time, the awards have accumulated interest because of the failure by government to settle these court awards on time. In some instances, the accumulated interest has exceeded the principal award. From a sample of case files verified for MoJCA, it was noted that court awards close to 10 years or more have never been considered for payment, while others were partly paid. As a result, interest totalling to UGX 110.6Bn with interest rates ranging from 4% to 24% per annum had accumulated over the years to 30th June 2021.

c) Non-disclosure of contingent liabilities by other MDAs

The Treasury Instructions 2017 provides that a contingent liability is a possible future obligation arising out of a past event whose occurrence depends on the uncertain future occurrence of an event outside the reporting entity's control. On the other hand, a provision is a liability of uncertain timing and amount.

The ongoing case file census by the Ministry covering the period up to 30th June 2021 revealed the stock of outstanding quantifiable legal proceedings against GoU and its MDAs

It was noted that although the Ministry notifies the concerned MDAs of their contingent liabilities through letters, the contingent liabilities are often not disclosed in the books of accounts of the respective entities. Thus, they are not planned for, consequently affecting the budgeting for the awards. In addition, there was no clear procedure or guidance for treatment and reporting of contingent liabilities after decentralisation.

d) Limited training of MDAs

In executing their work, MDAs accrue legal liabilities due to non-adherence to contractual obligations, negligent acts, and illegal, improper and unreasonable exercise of powers.

It was noted that MDAs and Local Governments do not have lawyers, Attorneys, or legal representatives. Also, no training has been planned or done on preventative approaches. As a result, MDAs and LGs continue to contribute to the accumulation of government liability. Yet to some extent, some of the decisions that lead to court cases are preventable if legal advice is sought beforehand.

Through interviews, the Audit noted that when the Attorney General is scheduled to represent the MDALGs in court, the MDALGs either have weak or no evidence to challenge claims when suits are filed. This has resulted in Government losing most of the cases brought against it.

e) New developments in the Law

It was noted that previously, no suit would be instituted against the government, a Local Government or a schedule of corporation until the expiration of 45 days after a written notice had been delivered.

However, the Supreme Court unanimously agreed with the Court of Appeal in Kampala Capital City Authority versus Kabandize & others SCCA No. 013 of 2014 that a Statutory Notice is no longer a mandatory requirement because of Articles 274 and 20(1) of the Constitution. Furthermore, in a recent decision of Robert Nampongo versus Attorney General, CP No. 3 of 2012, the Constitutional Court found Rule 11 of the Government proceedings (Civil Procedure) Rules that gave Government 30 days to file a defence in civil proceedings inconsistent with the Constitution. Henceforth government must file a defence within fifteen days.

With these new developments, MDAs and other affected entities are required to furnish instructions and evidence in the shortest time possible to MoJCA. These preparations are often delayed, and thus, the Attorney General cannot support the entities more efficiently.

The Accounting Officer explained that:

- The Ministry budgeting process for court awards and compensation is guided by the budget call circulars issued by MoFPED.
- Management will review the decentralisation of budgeting and payment court awards and compensations.
- Management will undertake to provide legal training of MDAs on preventative approaches and the common causes of legal liabilities
- The Ministry also noted that once the file is allocated to the officer/State Attorney to handle, the officer is instructed to seek instructions from line Ministry or local government depending on the cause of action. The letter specifies the information needed from the line Ministry, and the pleadings are also

attached to the letter. The Ministry issued circulars: one on timely instructions, provision of evidence and appearance of witnesses in suits against government and two on restriction on requests for approval of variations, change orders and contract management to government procurement contracts.
- The Ministry notifies concerned MDAs of their contingent liabilities through letters. Other mechanisms are being explored.

To limit the accrual of awards and liabilities, the Accounting Officer was advised to;
- Streamline the process of budgeting for court awards and compensation.
- Undertake an immediate review of the decentralisation approach, particularly regarding budgeting and payments of the awards, the results of which should inform a review of Government policy on managing court awards and compensations to avoid further escalation of the liabilities.
- Consider providing legal training to MDAs on preventive approaches and the common causes of legal liabilities
- Develop and formalise a mechanism that ensures that instructions and evidence by MDAs are furnished to the concerned parties in the shortest time possible to allow time for the evidence to be assessed before presentation to court.
- Develop and formalise a mechanism that ensures that contingent liabilities are communicated on time to the affected entities to enable planning.

Recommendation

The Accounting Officer was advised to continue engaging the respective stakeholders to improve funding to enable settlement of the domestic arrears.

Action

Ministries, Departments and Agencies (MDAs), sometimes delay or do not request the Office of the Attorney General to represent

Government in Court resulting in cases being heard ex-parte. The decentralization of Court Awards to MDAs has resulted in an improvement in the overall management of Court cases.

8.0 MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

Query	8.1 Analysis of Domestic Arrears

Observation

Analysis of domestic arrears over the past three years revealed a decrease of UGX 302Bn in the financial year 2019/20 from the amounts outstanding 2018/19 that was followed with an increase in the financial year ended in 2020/21 of UGX 139Bn representing 108%. The movements in the arrears were majorly due to write off and recognising of tax expenditures in the financial years 2019/20 and 2020/21 respectively.

The table below shows the details;

Category	2018/19 (UGX)	2019/20 (UGX)	2020/21 (UGX)
Subscriptions to international organizations	51,902,652,986	43,675,201,654	49,489,421,629
Tax Expenditure	368,422,413,913	71,506,763,114	212,147,757,818
Electricity subsidy	8,440,898,998	9,465,839,338	1,001,301,659
Others	2,305,048,558	4,362,858,350	6,294,085,064
Total	431,071,014,455	129,010,662,456	268,932,566,170

Overall, the tax expenditure continues to account for the biggest portion of the arrears at 78%, despite the write off of the tax arrears in the previous financial year. It was also noted that arrears relating to recurrent expenditure had increased over the year, which points to weakness in the commitment control system.

Audit of the domestic arrears revealed the following;

Continued Failure to pay membership and subscriptions to International Organizations

Uganda is a member of a number of International organizations whose continued membership is through annual subscriptions. Annual obligations for selected organisations are budgeted and paid for under the Ministry of Finance, Planning and Economic Development.

A review of the domestic arrears schedule attached to the financial statements revealed that the unsettled obligations in relation to the above stood at UGX 49.49Bn with some dating as far back as the financial year 2014/15. The table below refers;

SN	ORGANISATION	AMOUNT-UGX
1	International Fund for Agricultural Dev't	1,090,862,749
2	African Development Bank	2,781,904,677
3	UNDP Local Offices	12,026,834,257
4	African Capacity Building Foundation (ACBF)	-
5	ACP Secretariat	355,450,279
6	Trade and Development Bank	1,245,672,863
7	USAID Trust Fund	31,181,012,270
8	Common Wealth Fund for Technical Cooperation	807,684,533
	TOTAL	**49,489,421,629**

The continued delay or non-payment of these obligations could lead to penalties or eventual expulsion from such organizations. The delay in paying the arrears also continues to expose the government to foreign exchange losses.

Management indicated that, in the financial year 2019/20, an inter-Ministerial Taskforce was constituted to review and analyze the benefits and relevance of all International organizations to which Uganda subscribes. The report was concluded and the Ministry is awaiting guidance on the decisions of the report and the funding proposal. The accumulation of these arrears was attributed to budget constraints over the years.

Recommendation

The Accounting Officer was advised to follow up with the task force and ensure that the outstanding obligations are fully settled.

Action

The Ministry has been allocated UGX 7.5Bn to clear outstanding domestic arrears related to subscriptions to international organizations over the years. To avoid further escalation of arrears, the current obligations are funded within the annual budget. The Accounting Officer, through continuous engagements, secured UGX 13.4Bn in the FY 2022/23 to settle domestic arrears and continues to engage the relevant authorities to enhance the domestic arrears budget.	
Query	**8.2 Review of implementation of USD Cents 5/KWH electricity Subsidy**
Observation GoU, through MOFPED, offered a number of incentives to the manufacturers of the textile sector, including payment of VAT and import duty on inputs used by these manufacturers. In the financial year ended June 2018, an additional incentive to pay USD Cents 5/KWH for the Cotton, Textile and Apparels (CTA) industry was extended following the signing of memoranda of understanding with various players. During the financial year ended 30th June 2021, a total of UGX 3.36Bn was paid/refunded to two manufacturers while UGX 5.41Bn was part of the outstanding domestic arrears as at year end; Audit of the implementation of the subsidy revealed the following; i) Duration of the concession The memorandum of understanding stipulated that the concession would be granted every year depending on the performance of the textile firm. It was observed that whereas the benefit was granted every year, there were no documented criteria to define the performance of the beneficiaries to justify the renewals implying that the agreement is open-ended.	

In addition, the concession was not time-bound, which exposes Government to perpetual expenditure without value analysis.

ii) Provision of Insurance Bond /Guarantee

The memorandum of understanding required the beneficiaries to furnish an insurance bond/Guarantee equivalent to 10% of the annual power bill.

It was noted that none of the beneficiaries had furnished the Ministry with the required insurance bond despite the continued access to the benefit.

iii) Budgeting for the subsidy

Section 4.1 of the memorandum provided that government would budget for the financial resources required to implement the facility under the MOU each year. This has not been undertaken since all refunds effected so far are made from supplementary budgets and arrears observed where a total of UGX 5.41Bn remains outstanding as at 30th June 2021. This funding may not be sustainable.

iv) Performance targets

Further review of the memorandum of understanding signed with the beneficiaries revealed that performance targets were set to be achieved by 2020 and 2022. The targets were set around cotton lint consumption, sales turnover, exports, new/additional investments, employment levels, and electricity consumption, expenditure on clearing and logistics and payment of Pay as You Earn.

It was observed that there was no mechanism in place to monitor compliance with the set targets despite having reached the first milestone.

It was also noted that there were no defined criteria for the setting of the targets for the various beneficiaries as had different targets. This leaves room for subjectivity to the granting authority to decide the benefits given which limits transparency.

v) Absence of reporting obligations

It was also noted that the memorandum of understanding signed did not provide for reporting obligations for the beneficiaries. In the circumstances, there is no tracking mechanism for the fulfilment of the terms therein.

vi) Limited beneficiaries of the subsidy

It was observed that there was no evidence of publicizing the concession for the benefit of all eligible firms/persons. Currently, the concession is being utilized by only two firms which create competitive disadvantages to the other players in the industry.

In view of the above, it is apparent that the subsidy is being implemented with irregularities. Government is exposed to continued expenditure without due regard to the achievement of the intended objectives. Value for money may not be attained.

Government is exposed to continued expenditure without due regard to the achievement of the intended objectives. Value for money may not be attained.

The Accounting Officer explained that through the Domestic Revenue Mobilization Strategy (DRMS), the ministry identified a key challenge in the management and governance of such expenditures and has a Tax Expenditure Governance Framework (TEGF), with four key components:

i) Taking stock of all expenditures for reporting and accountability purposes
ii) To provide formal criteria for granting any Tax incentives
iii) Assessment of the Cost Benefit Analysis of the tax benefits before they are granted.

iv) Monitoring and evaluating the effectiveness of the Tax incentives	
Recommendation	
The Accounting Officer was advised to consider reviewing the Memorandum of Understanding with a view of addressing the issues/concerns raised, to enhance the effectiveness of the policy.	
Action	
Two companies benefited from the subsidy for they qualified by having fully integrated textile mills. The advert was run by the Uganda Manufacturers Association. (UMA) throughout the textile industry. Through the Domestic Revenue Mobilization Strategy (DRMS) the Ministry identified a key challenge in the management and governance of such expenditures. To this end, MoFPED developed a Tax Expenditure Governance Framework (TEGF), with four key components: • Taking stock of all expenditures for reporting and accountability purposes. • To provide formal criteria for granting any Tax incentives. • Assessment of the Cost Benefit Analysis of the tax benefits before they are granted. • Monitoring and evaluating the effectiveness of the Tax incentives. The Ministry equally instituted a committee to review the operations of the Cents 5/KWH electricity Subsidy and MOU. The committee has completed the review and forwarded the Report to Top Management for consideration.	
Query	**8.3 Lack of mutual agreement on the Marketing of the scheme to the**

	potential beneficiaries

Observation

The Uganda Agriculture Insurance Scheme (UAIS) is a Public Private Partnership between GoU and the Private Sector represented by the Uganda Insurers Association and insurance companies under the agro-Consortium. The purpose of the scheme is to hedge Ugandan farmers against natural calamities beyond their control.

However, a review of implementation revealed that there was a lack of a mutual agreement on the Marketing of the scheme to the potential beneficiaries and several conditions in the MoU are not yet fulfilled. This has limited its access to potential beneficiaries and also raised transparency concerns regarding how the current beneficiaries were identified.

Recommendation

The Accounting Officer was advised of the need to undertake periodic reviews to monitor and measure the effectiveness of the marketing activities undertaken by the Consortium to ensure the target beneficiaries are receiving the messages.

The Accounting Officer was advised to ensure that all conditions in the MoU are adhered with so as to enhance the effectiveness of the scheme.

Action

The Technical Working Committee comprised of key Stakeholders in the Agriculture and Insurance sectors developed a 5-year Marketing Strategy for the Uganda Agricultural Insurance Scheme.

i. The strategy provides for M&E framework, where the Key performance indicators are monitored and reported through technical working group meetings held every quarter.

ii. The Technical Working Committee has since held a series of meetings to review and monitor the operations of the Insurance scheme in line with the MOU. iii. A National Insurance Policy is being developed with the support of the Insurance Regulatory Authority and the World Bank. It is the view of stakeholders that Agricultural Insurance is incorporated in the National Insurance Policy. iv. A section on Agricultural insurance has been provided in the National Insurance Policy (NIP) framework. The Draft National Insurance Policy is under review.		
Query	**8.4 Failure to establish the Project Development Fund**	
Observation Section 29 of the Public-Private Partnership Act 2015, provides that there is to be established a Project Development Fund consisting of money appropriated by Parliament, grants and donations, levies or tariffs as may be imposed on a project and any other sources as may be authorized by the Minister. The moneys received in the said Fund shall be applied to support contracting authorities in the preparation phase of a project, the procurement process and project appraisal, support the activities of the unit and provide a source of liquidity to meet any contingent liabilities arising from a project. It was observed that the Fund has not been established by the minister. Failure to establish the fund may be a contributory factor to the slow uptake and limited feasibility studies of the Public Private Partnerships. The Accounting Officer indicated that although the Fund had been established, it was not operationalized given the absence of funding vis a via the competing priorities.		

Recommendation	
The Accounting Officer was advised to liaise with the relevant authorities to ensure that the Project Development Fund is funded as a tool to spur Public Private Partnerships envisaged in the NDPIII.	
Action	
The Project Development Fund was established but was not operationalized due to resource constraints.	
9.0 MINISTRY OF INTERNAL AFFAIRS	
Query	**9.1 Lack of an approved strategic plan that is aligned to NDP-III**
Observation The transition to NDP-III at the beginning of FY 2020-2021 shifted planning/budgeting from a sector-wide approach used in NDP II to a programme-based budgeting approach in which programmes replace sectors The Ministry was required to an approved strategic plan for the period 2020/21-2024/25, which set out both the long term and short-term targets to be achieved during the duration of the strategic plan. It was noted that whereas the management of the Ministry had approved the Draft Strategic Plan for the period 2020/21-2024/25, the draft plan had not yet been approved by the National Planning Authority. The Accounting Officer explained that the delay was caused by indecision regarding identifying the programme where the Ministry of Internal Affairs belongs, i.e., the Administration of Justice programme or the Governance and Security programme, considering that the Ministry's roles fall in both programmes. This issue has now been resolved, and the draft policy was submitted to the National Planning Authority pending approval.	

Recommendation	
The Accounting Officer was advised to follow up with the National Planning Authority and ensure that the strategic plan is approved and certified.	
Action	
The Ministry has since secured a certificate of approval for its Strategic plan from the NPA for FY 2020/21-2024/25 under the Governance and Security programme.	
Query	**9.2 Absorption of funds**
Observations Out of the total receipts for the financial year of UGX 51.5Bn, UGX 50.8Bn was spent by the Ministry, resulting in an unspent balance of UGX 0.7Bn representing an absorption level of 98.6%. The unspent funds were swept back to the consolidated fund account 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; • The entity did not pay general salaries amounting to UGX 0.196Bn. • The entity did not pay Pensions amounting to UGX 0.417Bn. 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. The Accounting Officer explained that the Ministry had suspended all payments to pensioners pending the conclusion of the verification and validation exercise of all the Ministry's pensioners, while funds for salaries could not be paid because the Ministry had vacant positions.	
Recommendation	
The Accounting Officer was advised to ensure that the verification and validation exercise of all the Ministry's pensioners is expedited. The	

Accounting Officer was also advised to follow up with the relevant authorities and ensure that the Ministry's vacant positions are filled.	
Action	
The unspent funds of UGX 0.7Bn were for staff Salaries, Pension and Gratuity. The under absorption was due to the delays in obtaining clearance from MoPS to recruit new staff and late submission of relevant documents for verification of pension and gratuity. The required clearances have been obtained and most vacant positions filled. The Ministry of Public Service is rolling out the Human Capital Management (HCM) system to replace the Integrated Payroll Payment System (IPPS) which has more robust features to manage both salary and pensions payrolls.	
Query	**9.3 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 forty-one (41) outputs with a total of one hundred and ninety-seven (197) activities and expenditure of UGX 37.7Bn for assessment. The audit also reviewed the extent of quantification of outputs and activities and noted the following; • Twenty-one (21) outputs with a total of fifty-nine (59) activities and expenditure worth UGX 11.30Bn were fully quantified. That is, all the fifty-nine (59) activities (100%) within these outputs were clearly quantified to enable the assessment of performance. • Nineteen (19) outputs with a total of one hundred thirty-seven (137) activities and expenditure worth UGX 26.1Bn were	

insufficiently quantified. It was observed that out of the one hundred thirty-seven (137) activities, one hundred one (101) activities (74%) were quantified while thirty-six (36) activities (26%) were not clearly quantified to enable assessment of performance

- One (1) output with one (1) activity and expenditure worth UGX 0.24Bn was insufficiently quantified.

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

- Assorted furniture procured
- Assorted computers procured
- Assorted ICT equipment procured
- Ministry Staff training in Monitoring and Evaluation conducted
- PPAD Staff trained in a Policy related course
- Ministry staff trained in basic computing (ICDL)
- NGO Bureau Staff recruited and inducted

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 attributed the inadequate quantification to users who were still struggling to properly use the newly introduced Program Budgeting System (PBS) for budgeting.

Recommendation

The Accounting Officer was advised to ensure that all users are properly trained in the use of the PBS to quantify all activities and outputs during the budgeting process.
Action
The introduction of the Program Budgeting System (PBS) ensures that all Key Outputs and targets are set quantitatively at a Vote Function Output level for every Sub Programme and Programme. However, given that the PBS system had been introduced in the year under audit, many users struggled with the new system. Capacity of the users has since been built up and the quantification of all outputs has been addressed in the Budget preparation for FY 2022/2023.

Query	**9.4 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
121702 Improved protection of victims of human trafficking	Support (medical, feeding, welfare) to 160 rescued victims (mainly females) of trafficking provided	During 2020/2021, the Ministry extended support in various forms to 299 victims of human trafficking. The Ministry provided services to these people, including providing medical support, feeding and ensuring their general welfare. On the other hand, the annual crime reports of Uganda Police for 2020 indicates that during the same period, there were 666 victims of human trafficking in the financial year 2019/2020. This implies that although services were extended to the planned number of victims by the Ministry, the total number of persons to whom support is offered

		stands at 45%. There is a need to improve overall service delivery in this respect.
121551 NGO Bureau	NGOs monitored for compliance	By the end of the year, the NGO bureau had registered a total of 2,249 Non-Government Organisations. Out of these, only 145 NGOs (or 6%) were monitored offsite, while only fourteen (14) or 1% of the registered NGOs were inspected for compliance during the year. The failure to regularly monitor and inspect NGOs may affect the Ministry's ability to effectively regulate the NGO operations in the country, or to provide a suitable environment that supports the operations of most NGOs in Uganda. Thus, the service delivery was only partially attained.
Output: 04 Improved Social reintegration and rehabilitation of offenders	10,000 offenders enrolled for case Management, 2000 home visits conducted, 1200 reconciliatory meetings held, 500 peer support persons.	Out of the total planned activities, 7,491 (or 75%) of the targeted offenders were enrolled for case management. Out of the planned home visits, only 1,563 (or 78%) of the planned home visits were carried out, and only 642 (or 54%) of the planned reconciliatory meetings were conducted. The planned outcomes from this service to the community <u>were largely achieved</u>. As a result, the registered rate of recidivism (the tendency of convicted criminals to re-offend) as reported by Uganda Prisons reduced from 15.1% in the previous year 2019/2020 to 14.7% in 2020/2021.

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

The Accounting Officer attributed the shortcomings to funding constraints, coupled with a shortage in manpower. In addition, the number of victims of trafficking in persons supported by the Ministry is limited to the number of victims that approach the Ministry for help, while field or community-based activities such as social reintegration were severely limited by the COVID-19 pandemic.

Recommendation

The Accounting Officer was advised to urgently address the anomalies/gaps noted in implementing these outputs to enable the community fully benefit from the project/programs implemented by the government.

Action

The Office for the Prevention of Trafficking in Persons has funding constraints, coupled with a shortage of manpower. The matter has been referred to the Ministry of Public Service to review its structure under the rationalization of Government Ministries, Departments and Agencies. The field and community-based activities such as social reintegration were severely limited by the COVID-19 pandemic.

The NGO Bureau has funding constraints to fully operationalize its mandate and staff structure to effectively monitor and inspect NGOs for compliance. The funding constraints of the NGO Bureau will continue to be addressed through the appropriation process.

Query	**9.5 Accumulation of 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 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 Ministry domestic arrears over the past three years shows that arrears increased from UGX 0.078Bn in 2019/2020 to UGX 1.45Bn in 2020/2021. Accrued domestic arrears adversely affect budget performance in the subsequent year as funds appropriated may be diverted to the settlement of the arrears. This may also result in litigation for non-payment of consumer goods or services. The Accounting Officer explained that the arrears accruing at the year-end were subsequently settled in the following financial year 2021/2022.
Recommendation
The Accounting Officer was commended for ensuring that the arrears were promptly settled. In future, management should adhere to the commitment controls to avoid incurring new domestic arrears.
Action
The upgraded IFMS has a new feature for capturing verified arrears details and it is only declared arrears that can be paid. The verified arrears are included in the subsequent budgets.

Query	**9.6 Unrecorded stores items**
Observation The Ministry paid for repair services worth UGX 13,237,877 without being certified by the responsible technical officer to confirm receipt of the services. It was noted that procurements worth UGX 88,844,071 were neither recorded in the stores' ledgers nor witnessed by internal audit or another third party on delivery, making it difficult to verify the deliveries. This was partly attributed to weak internal controls such as inadequate supervision surrounding the management of stores. Without a complete record of all goods and supplies delivered, there is a risk that items paid for may not be delivered to stores but directly	

to the end-users. It may also be impossible to reconcile payments for supplies with actual supplies made. The Accounting Officer explained that the Ministry had initiated several corrective actions, including is pre-audit and verification of deliverables by the Internal Audit team before any payments to suppliers are made.	
Recommendation	
The response by the Accounting Officer and await the outcome of this initiative was noted.	
Action	
During the time of the audit the entity did not have an in-house technical officer to certify IT equipment and to confirm receipt of the services. The Ministry now has an Information Scientist to certify such repairs. The management of stores has since been reviewed and with the introduction of IFMS-Fixed Assets Module, no procurement can be concluded without the stores ledger being updated.	
Query	**9.7 Staffing Gaps**
Observation The Ministry of Internal Affairs has an approved structure of 224 positions, out of which 105 are filled, resulting in a shortfall of 119 (representing 47%). It was noted that critical positions such as Commissioner Compliance, Assistant Commissioner Compliance, Senior Internal Auditor, Commissioner and Assistant Commissioner for the Social Integration department were vacant at the year-end. The Ministry performance is impacted by inadequate staffing, which results in extra workload on the existing staff. The Accounting Officer explained that staffing gaps were a result of inadequate resources to fund the wage bill. The Ministry is addressing the challenge through prioritising the recruitment of field-based community service officers.	

Recommendation	
The Accounting Officer was advised to continue liaising with all key stakeholders to ensure that resources are availed and plans are approved for the recruitment of staff to address the staffing gaps.	
Action	
The Ministry in coordination with the Ministry of Public Service and other relevant Stakeholders has filled some of the critical positions in the Ministry Structure. The establishment now stands at 155 out of 224 (representing 69.2%).	
10.0 MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT	
Query	**10.1 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 although the entity did not budget for NTR as per the approved budget, the appropriation statements revealed an NTR budget of UGX 5.500Bn during the year under review. Out of this amount, UGX 5.480Bn was collected, representing a performance of 99.6%. The Accounting Officer stated that it was true the entity did not include the budget for NTR in the Ministerial Policy Statement and noted it would be included it in the next financial year. **Performance of GoU receipts** The Entity budgeted to receive UGX 74.32Bn out of which UGX 71.13Bn was warranted, resulting into a shortfall of UGX 3.19Bn which is 4.29% of the budget. Revenue shortfalls affect the implementation of planned activities. The Accounting Officer explained that the underperformance was due to the failure by Government to release the entire approved budget.	
Recommendation	

The Accounting Officer was advised to always ensure that NTR is budgeted for as it provides a basis for accurate performance measurement. The Accounting Officer was advised to always liaise with Treasury to ensure that all budgeted for funds are released by the entity.	
Action	
The performance of NTR was below the budget and this is attributed to lockdown associated with COVID-19, which affected the revenue performance. 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	**10.2 Absorption of funds**
Observation Out of the total warrants for the financial year of UGX 71.128Bn, only UGX 69.131Bn was spent by the entity resulting into an unspent balance of UGX 1.995Bn representing an absorption level of 97.2%. The unspent balance at the end of the financial year was subsequently swept back to the consolidated fund account. The unspent funds were meant for activities that were not fully implemented by the end of the financial year, and these included; • Payment of insurance cover • Pension payments The Accounting Officer explained that the under abortion was mainly due excess pension funds and stated that the Ministry will update Ministry of Finance, Planning and Economic Development on the actual budget for the pensioners monthly requirement after further	

verification during the year 2021/22, Failure to undertake recruitment and the delay by the insurance company to compute the cover on time.	
Recommendation	
The Accounting Officer should always endeavour to spend the amounts as appropriated and released. In addition, the Accounting Officer should expedite the pension reconciliation exercise and the recruitment process for the vacant positions at the ministry.	
Action	
The Ministry returned UGX 1.99Bn to the Consolidated Fund. This comprised of UGX 0.47Bn for wage, UGX 1.12Bn of monthly pension, and others UGX 0.40Bn. The recruitment of staff was interrupted by the COVID-19 lockdown. The UGX 1.12bn was over and above the required annual pension budget and this has been reconciled with the Ministry of Public Service. Furthermore, the COVID-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent financial year work plans.	
Query	**10.3 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 the thirty-four (34) outputs with a total of one hundred and seventy-five (175) activities and expenditure of UGX 57.908Bn sampled for assessment and noted the following;

- Fifteen (15) outputs with a total of sixty-seven (67) activities and expenditure worth UGX 12.45Bn were fully quantified. That is, all the sixty-seven (67) activities (100%) within these outputs were clearly quantified to enable assessment of performance.
- Fifteen (15) outputs with a total of ninety-two (92) activities and expenditure worth UGX 42.35Bn. Were insufficiently quantified. It was observed that out of the ninety-two (92) activities, forty-nine (49) activities (53.3%) were quantified while Forty-three (43) activities (46.7%) were not clearly quantified to enable assessment of performance.
- Four (04) outputs with a total of sixteen (16) activities and expenditure worth UGX 3.11Bn were not quantified at all. That is, all the sixteen (16) activities (100%) within these outputs were not clearly quantified to enable assessment of 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. The ICT equipment or computer maintenance procured,
ii. Motor vehicles
iii. Equipment and buildings maintained
iv. Activities coordinated

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 most of the concerns raised in the management letter as earlier reiterated are mainly input processes that contribute towards the ultimate attainment of activity outputs such as supervision, Coordination, Public Sensitization, Monitoring, ICT Equipment, Furniture, Motor Vehicle Maintenance, Guard Services, Payment of pensions and gratuities, Utility bills among others.	
Recommendation	
The Accounting Officer was advised to 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.	
Query	**10.3 Implementation of quantified outputs**
Observation The audit assessed the implementation of fifteen (15) outputs that were fully quantified with a total of sixty-seven (67) activities worth UGX 12.45Bn and noted the following; • Three (3) outputs with a total of three (3) activities worth UGX 0.456Bn were fully implemented. The entity implemented all the three (3) activities (100%) within these outputs. • Twelve (12) outputs with a total of sixty-four (64) activities worth UGX 11.99Bn were partially implemented. Out of the sixty forty (64) activities, the entity fully implemented twenty-two (22)	

activities (34.4%) while Forty-two (42) activities (65.6%) remained partially implemented.

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 despite having received the required funds.

i. Production of 5 Cadastral maps (Border)
ii. Establishing the Land fraud unit.

The Accounting Officer acknowledged the shortcoming and attributed it to the lockdown due to COVID-19 and failure to receive all the planned funds for the year. The Ministry would continue to engage and dialogue with the MoFPED to ensure adherence to the approved plans and Budgets so as to avoid non-implementation of planned activities in the future.

Recommendation

The Accounting Officer was advised to prioritise all unimplemented activities in the subsequent period.

The Accounting Officer was also advised to liaise with MoFPED to adequately provide funds for the critical mandated activities not implemented during the year.

Action

Some activities were not implemented as a result of the lockdown due to COVID-19. The unimplemented activities were identified and included in the subsequent financial year work plans.

Query	**10.4 Payables of UGX 249,474,998,263**

Observation

The statement of financial position and the corresponding Note 24 revealed that the Payables amount increased by UGX

105,145,022,390 from UGX 144,329,975,873 in the previous year to UGX 249,474,998,263 in the current year. UGX 158,878,878,024 (63.6%) related to court awards and compensations, while UGX 89,656,958,764 (36%) related to Non-Produced Assets. The balance of UGX 939,161,475 (0.4%) related to utilities. A review of the expenditure documentation revealed that of the Payables of UGX 117,673,522,394 incurred, UGX 105,491,022,694 related to new compensations for land, while UGX 12,182,499,700 related to revaluations of land that had previously been fully compensated or had an outstanding payment. In addition, UGX 11,593,918,200 of the new compensations related to private persons that had been included among the ranchers to be compensated, but lacked ranch title number, area of land lost and other details recorded in the domestic arrears schedule. Furthermore, their names did not appear in the previous rancher's compensation schedule. The Accounting Officer explained that the revaluations were added up to increase the bulk of domestic arrears. The ministry already has a clear policy on revaluations of already paid claims, but most of it just comes as court orders and awards. The audit was not provided with any documentation relating to court awards and orders that led to the increase in the payables amount. In addition, the ministry's policy on revaluation of the already settled claims was not provided.
Recommendation
The Accounting Officer was advised to liaise with the relevant stakeholders and seek funding to clear the obligations in time to avoid court awards.

In addition, the purported ministry's policy on revaluation of the already settled claims should be revised with an objective of saving unnecessary costs arising from revaluation of already settled claims.	
Action	
Revaluations of UGX 11,593,918,200 relate to new compensations to private persons that had been included among the ranchers to be compensated. The land owners did not have demarcated plots and land titles. These were not ranches, thus no ranch numbers and title numbers.	
Query	**10.5 Irregular recognition of Pool House proceeds of UGX 1.7Bn**
Observation In a letter dated 30th May 2018, the PS/ST communicated an agreed instalment payment schedule with the Housing Finance Bank for making payments to the Consolidated Fund relating to proceeds from the sale of government pool houses. It was noted that, contrary to the modified accrual basis of accounting, the total revenue receivable (accrued NTR) from the sale of government houses under the jurisdiction of the MoLHUD was not recognized due to lack of comprehensive information from Housing Finance Bank. In addition, it was not clear whether the NTR recognized of UGX 1.7billion was interest earned during the year or it related to the debtors schedule of the pool houses. The Accounting Officer explained that the proceeds of UGX 1.7Bn from the sale of pool houses were treated as NTR in the FY 2020/2021. However, the detailed schedule of house debtors has not been availed to the ministry by the bank. The ministry wrote to the bank for detailed information. The response from the bank will guide whether to treat this transaction as a receivable or not.	

Recommendation	
The Accounting Officer was advised to liaise with MoFPED and Housing Finance Bank for appropriate information on the pool house debtors for meaningful analysis of receivables and NTR.	
Action	
The documentation of Pool Houses is available. The proceeds of UGX 1.7Bn from the sale of pool houses were treated as NTR in the FY 2020/2021.	
Query	**10.6 Failure to recognize Compensated land at Block 237 plots 29,48,56,59 and 67 Mutungo**
Observation The audit noted that in the prior year, a liability of UGX 26.4Bn relating to the compensation of a claimant of land at Block 237 plots 29,48,56,59 and 67 Mutungo was disclosed in the accounts. However, there was no corresponding adjustment in the Non-Produced Assets during the year rendering them understated. In addition, the Uganda Land Commission had initially recognized the same land, as a non-produced asset, and UGX 2.4 Billion had been part paid for it. The Accounting Officer explained that UGX 26.4Bn relating to the compensation of the above land was disclosed in the previous year. After consultation with ULC the Ministry has harmonized the position. ULC indicated that the asset was not recognized as a non-current asset in their books. A reconciliation of the assets registers from the Ministry and ULC is going to be undertaken to ascertain the entity which will recognize the asset.	
Recommendation	
The Accounting Officer was advised to expedite the reconciliation exercise and have the asset recognized in the books of account.	

Action	
A reconciliation of the assets registers from the Ministry and ULC was undertaken to ascertain the entity which will recognize the asset. The asset was recognised by Ministry of Lands, Housing and Urban Development.	
Query	**10.7 Ndeeba Land, Kibuga Block 7, plot 39 (formerly plot 749 and 750**
Observation The audit noted that Parliament approved a payment of UGX 3,802,500,000, as compensation for Ndeeba Land. An interim court order was issued on 12th July 2021, halting the payment to a private Company. At the time of concluding the audit, the audit could not confirm whether the court had issued any other order. However, this obligation has been disclosed as a quantifiable contingent liability as at 30th June 2021. The Accounting Officer explained that a supplementary funding of UGX 3.8Bn was approved and this payment was rejected by Ndeeba church owner. The funds were not paid out during the year, however, the Ministry has disclosed this transaction as contingent liability.	
Recommendation	
The Accounting Officer was advised to follow up the matter and have it resolved conclusively.	
Action	
A supplementary funding of UGX 3.8Bn was approved and this payment was rejected by the Ndeeba church land owner through an interim court order. These funds were paid to other land claimants.	
11.0 MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES	
Query	**11.1 Performance of Non-tax Revenue**

Observation The Ministry budgeted to collect UGX 0.072Bn but realised UGX 0.053Bn, hence a shortfall of UGX 0.019Bn representing 25.4% of the budget. This could be attributed to weak revenue collection efforts for nontax revenue. This undermines government efforts to improve service delivery. Management explained that like other Government agencies, the Ministry underperformed in NTR collections due to the impact of restrictions imposed by the Government to mitigate the effects of the COVID-19 pandemic.	
Recommendation	
Management was advised to review its strategy to enhance NTR collection amidst the changing environment.	
Action	
The Ministry launched the digital electronic single window for access and collection of trade data from traders. The digital electronic single window Tobacco and Timber modules are now operational. This has enhanced NTR collections from the sale of bid documents and trading licenses.	
Query	**11.2 Absorption of Funds**
Observation Out of UGX 230.417Bn released for various activities, UGX 229.123Bn was spent by the entity resulting into an unspent balance of UGX 1.294Bn representing an absorption level of 99% on these specific items. Under absorption of funds implies non-implementation of planned activities hence a delay in delivery of services to the beneficiaries. For example, part of the unutilised funds related to pension funds that was not paid to the beneficiaries.	

Management explained that the Ministry acknowledges AG's compliment for having made considerable efforts to implement the planned activities. The unspent balances of UGX 1.294Bn was unutilised pension and salaries swept off the Treasury General Account (TGA) by MoFPED.	
Recommendation	
Although the level of absorption was high, the Accounting Officer is further encouraged to always ensure full utilisation of availed funds so as to fully deliver the intended services.	
Action	
The unspent balances of UGX 1.294Bn was unutilised pension and salaries. The Ministry is the final process of verifying and migrating pensioners from IPPS before they are uploaded onto the Human Capital Management (HCM) system. This will facilitate management of the pensions and ensure utilization of pension funds. The Ministry made submissions to Public Service Commission to fill vacant posts.	
Query	**11.3 Un-spent amounts and budgeted programs that remained outstanding at year-end**
Observation Analysis of the vote performance revealed that a number of programmes remained outstanding at the year-end, leaving a total unspent balance of UGX 2.0726Bn. Management attributed the non-absorption to various reasons as indicated in the table below; Table Showing Un-Spent Amounts of programs that remained outstanding	

Sub-program	Program	Amount (UGX Bn)	Management Explanation
Rural Industrial Development Project (OVOP Project Phase III)	Industrial and Technological Development	0.001	These funds to be paid when Telecommunications services has been utilised and funds requested for.
Telecommunications	Industrial and Technological Development	0.0006	These funds to be paid when Telecommunications services has been utilised and funds requested for.
Internal Trade	Trade Development	0.003	Funds not enough to do a meaningful Advertisement
Advertising and Public Relations	Trade Development	0.0025	Funds not enough to do a meaningful Advertisement
HQs and Administration	Administration, Policy and Planning	0.980	Funds were not paid due to the fact that maintenance is done and requested for by the service provider.
Pension for General Civil Service		0.807	Funds for Pension and Gratuity Expenses not spent as verification pensioners was still ongoing.
Gratuity Expenses		0.156	Funds for Pension and Gratuity Expenses not spent as verification pensioners was still on-going
Maintenance Machinery, Equipment & Furniture		0.0087	Funds were not paid due to the fact that maintenance is done and requested for by the service provider.
Maintenance - Civil		0.0078	Funds were not paid due to the fact that maintenance is done and requested for by the service provider.
Retooling of Ministry of Trade and Industry		0.053	The funds were earmarked for procurement of ICT Equipment whose procurement process had not ended by the end of the financial year.
Rent (Produced Assets) to other govt. units		0.03	Property expenses paid as per agreement with Farmer's House.
ICT Equipment		0.023	The funds were earmarked for the procurement of ICT Equipment whose procurement process had not ended by the end of the financial year.
Total		**2.0726**	

Management attributed the non-absorption to various reasons. Unspent funds mean that the planned activities were not implemented, thus affecting service delivery.

Management acknowledged that there were few outstanding planned activities that had not been implemented and constitute less than 2% of the approved annual budgets. The bulk of the funds unspent relates to unutilised salary, pension and gratuity. The Ministry had planned to conduct the pension validation exercise that was interrupted due to inadequate funding in the budget and the effects of COVID-19 pandemic.

The other unspent balances were funds under ICT procurements and payments to suppliers that were not finalised at the closure of the financial year due to system technicalities at the transition to the new financial year.

These activities have been re-prioritised in the subsequent financial year.

Recommendation

Management was advised to ensure that the outstanding activities are reprogrammed for implementation in the subsequent periods to attain the intended objectives.

Action

The unimplemented ICT procurements (Computers & Cisco switch for internet connection) were rescheduled and implemented in the subsequent financial year.

Funds for pension and gratuity expenses are specific and restricted in nature. The Ministry has been conducting post COVID-19 verifications of pensioners. On completion of the verification, validation and migration exercise, the pensioners will be uploaded onto Human Capital Management system. This will reduce incidences of unspent pension funds.

Property expenses were subsequently paid as per agreement with Farmer's House to cover only user fees for regular maintenance and repairs.

Query	**11.4 Mischarged Expenditure**

Paragraph 10.10.16 of the Treasury Instructions 2017 requires all payments to be fully coded according to the chart of accounts to enhance expenditure classification and reporting.

Contrary to the above, the entity charged different expenditure codes for several expenditure items from those stipulated in the chart of accounts. This resulted in mischarging of expenditures worth UGX 81,083,608. This implies that funds were diverted from the intended activities without obtaining authorisation and following the due process governing re-allocation of funds from one budget item to another. Such a practice leads to misstatements in the financial statements.

Management acknowledged my observation and explained that, MoTIC majorly has three chargeable budget lines for costs to planned field activities, thus: Allowances, workshops and travel inland.

Most of the mischarges are charged on allowable budget items as below;

a) All categories of Payments, including rent, electricity, staff allowances and all procurements by AGOA are chargeable on the AGOA subvention budget item 13-060104-264101 held at the Ministry. These expenditures are not classified according to the chart of accounts & are reflected as mischarges.
b) Part of the appropriation for compensations includes activities of verifications of cooperatives to be paid. And therefore, fuel and other related costs are charged on that item.

c) Payments to departmental activity funds, including staff facilitation for approved planned activities, are charged on workshops instead of allowances items. Note that workshop item is constituted by other expensive items such as facilitation to staff, fuel, settlement of service providers etc. d) Staff allowances and facilitation for fieldwork was paid on travel inland instead of allowances item for the officer on field work. Note that the Minister's responsibility allowances and facilitation are not decentralised to departments and is charged on allowances as a priority, which is inadequate. The Ministry has also continued to suffer budget cuts in office operations and staffing cost.	
Recommendation	
The Accounting Officer was advised to ensure that funds are spent as appropriated or seek appropriate authorisation to re-allocate funds.	
Action	
African Growth and Opportunity Act (AGOA) is a budget subvention under the Ministry. All expenditures including office rent, Travel inland and abroad, electricity, staff allowances and procurements were charged to the subvention budget line. Other allowable expenditures for departmental activities, including staff facilitation for approved planned activities, were charged on workshops instead of allowances items. The Government Chart of Accounts has been revised to include new item codes and additional explanations where ambiguities existed in the composition of the item code.	
Query	**11.5 Analysis of Domestic arrears**
Observation	

Analysis of domestic arrears over the past three years has shown an upward trend in arrears from UGX 10.4Bn in 2018/19 to UGX 19.4Bn in 2020/21. The table below shows a breakdown of the arrears over the past three years.

The continued accumulation of debt implies that the Ministry has not fully implemented the commitment control system of Government. This may lead to further escalation of costs if the creditors opt to take up legal action against Government. Besides, it may also lead to denial of services by the international bodies whose subscriptions have not been settled.

It was observed that the Ministry had not paid verified domestic arrears worth UGX 16.743Bn.

It was also noted that the Ministry accrued domestic arrears worth UGX 242Mn during the financial year.

Management explained that the Ministry fully implements the commitment control system and has drastically reduced arrears due to domestic suppliers. The movement in arrears to local suppliers was due to low budget provision in the Ministry's MTEF ceiling to meet rent obligations/user fees. This was addressed in the subsequent financial year by providing adequate funds to meet user fees obligations.

Management also explained that it is true that at the time of the audit, the Ministry had not settled domestic arrears. This was attributed to inadequate funding. However, the Ministry submitted to MoFPED a request for supplementary funding to settle contribution to international organisations of UGX 18.783Bn as of 10th March 2021.

In the current financial year, MoFPED provided budgetary funding of UGX 12.265Bn to settle COMESA in the FY 2021/22, and so far, UGX 7.365Bn has been released and paid to COMESA

Management further explained that the accumulation of domestic arrears of UGX 242Mn resulted from inadequate budget funds under the property expenses and specifically user fees for the farmer's house where the Ministry is situated.

Recommendation

i) The Accounting Officer was advised to prioritise settlement of all verified arrears and also undertake further assessments of the International Organisations to determine the need for continued representation in all such bodies and make settlement of the dues accordingly.

ii) The Accounting Officer was also advised to ensure that funds are secured to clear outstanding arrears and to strictly adhere to the Commitment control system going forward.

iii) The Accounting Officer was further advised to continue liaising with the Ministry of Finance, Planning and Economic Development so as to secure funds to fully settle the outstanding domestic arrears

Action

i) The arrears to International Organizations have continued to accumulate due to limited funds for settlement of contributions to these Organizations. The annual members' assessments to International Organizations such as; COMESA, UNIDO, WTO, and South Centre far outstrip the annual budget allocations to the Ministry.

However, in the financial year 2021/22 UGX 12.265Bn was provided and paid. In the FY 2022/23 UGX 6.9Bn was provided for settlement of outstanding commitments to COMESA. The funding for contributions to International Organisations shall continue to be handled through the Government appropriation process.

ii) The accumulated domestic arrears of UGX 242,000,000 resulted from inadequate budget funds for property expenses specifically user fees for the Farmer's House where the Ministry is situated. However, in the subsequent year, adequate funds were released to settle user fees for Property Holdings Ltd.

Query	**11.6 Un-accounted for Funds**

Observation

Regulation 33(4) of the Public Finance Management Regulations 2016 states that any incomplete payment voucher due to unavailability of the necessary supporting accountabilities shall be regarded as a missing voucher.

However, it was noted that a total of UGX 159,543,267 paid to service providers and advances to various staff was not adequately supported with accountabilities and supporting documents such as requisitions, receipts, activity reports, minutes of meetings etc.

This is attributed to management's failure to institute effective mechanisms to follow up advances and accountability as required timely. In the absence of the accountabilities, the audit could not ascertain whether the funds were properly utilised for the intended purpose. Management acknowledged that several payments to service providers and staff advances had been partially or not fully accounted for, at the time of the audit, but had written strict instructions, sanctions and promised penalties to all staff with pending accountabilities.

Recommendation

The Accounting Officer was advised to establish a system to timely follow up and enforce accountability. Otherwise, the funds should be accounted for or recovered from responsible officers.

Action

The delay in filing full accountabilities by staff was occasioned by the total lock down and restrictions in movement due to COVID-19. However, with the easing of the restrictions, the activities were carried out and the funds accounted for. IFMS has been upgraded to include the functionality to facilitate Accounting Officers in recording and tracking advances and the corresponding accountabilities.	
Query	**11.7 Payments to Personal Accounts**
Observation The Accountant General introduced the e-cash platform strictly to facilitate cash pay-outs in Uganda Shillings. Access to the platform is restricted to only those transactions, where it is cumbersome to pay directly to the beneficiary bank accounts through an electronic funds transfer instruction generated off the Government of Uganda Integrated Financial Management System (IFMS). Generally, e-cash will be used to process the following cash payments; a) Facilitation allowances to participants attending workshops, seminars and trainings, who are not employees of paying vote. b) One-off cash payments where it's not practical to get account details for setup on IFMS and amount equal or below the threshold. Contrary to the e-cash guidelines, payments amounting to UGX 73Mn were advanced to personal accounts of staff to make onward payments to suppliers for services like office internet, hotels, workshop related expenditure, among others. In addition, most of these funds had not been accounted for with appropriate documentation such as; back to office reports, fuel accountabilities and a list of participants to whom allowances were paid. As a result, audit could not confirm whether these funds were used for the intended purpose. Advances to personal accounts may	

lead to loss of funds through miss use or even used by banks to offset any personal outstanding loan obligations. Management explained that these funds are advanced to officers as activity-based field facilitation paid to officers on the implementation of approved fieldwork on an exceptional basis with approved fieldwork in difficult to access rural areas with poor financial services. Payments to participants in rural areas present peculiar circumstances where many payees are not set up on IFMS. Part of the personal payments is activity-based allowances and consolidated allowances to staff. However, in compliance with Treasury Instructions, the Ministry consulted with Accountant General to set up an e-cash payment platform to eliminate advances to personal accounts.
Recommendation
The Accounting Officer was advised to ensure the use of the e-cash system and compliance with Treasury Instructions. Meanwhile, funds should be accounted for or institute measures to recover unaccounted for funds from non-compliant officers.
Action
The advances to personal accounts were for; fieldwork, inspections and field activities in the supervision and regulation of Cooperatives, Inspections and certification of Micro, Small and Medium Sized Enterprises (MSME), inspections and monitoring of Border Markets and Inspections of Industries. MoTIC has enrolled onto the e-cash platform as a measure to limit advances to personal accounts. e-cash is now used for the payment of; i) Facilitation allowances to participants attending workshops, seminars and trainings, who are not employees of paying vote.

ii) One-off cash payments where it’s not practical to get account details for setup on IFMS and amount equal or below the threshold.

Query	11.8 Failure to Verify War Loss Claims by Cooperatives

Observation

Section 45(2) of the Public Finance Management Act, 2015, states that in the exercise of the duties under this Act, an Accounting Officer shall, in respect of all resources and transactions of a vote, put in place effective systems of risk management, internal control and internal audit.

It was noted that as of 30th June 2021, several compensation claims worth UGX 165Bn by some Cooperative Societies had not been verified. There was also no evidence that verification teams had been constituted to undertake the verification exercise. Management contends that it has so far managed to verify only eighteen (18) war loss claims by Cooperatives worth UGX 168Bn out of thirty-nine (39) claims. This is a result of a lack of comprehensive plans to verify and pay the claimants. Unverified claims by Cooperatives make it difficult for Government to plan and budget funds for compensation.

Management explained that 18 out of 39 Cooperatives had indeed been verified at the time of audit. The verification exercise has been continuous and ongoing. There have also been new submissions from several Cooperative that suffered a loss due to the effects of the liberation war and other political instabilities. To date, the Ministry has 43 claimants for compensation.

Recommendation

Management was advised to ensure that all claimants are verified and submitted to the appropriate authority for approval and prepare a comprehensive payment plan to settle all Cooperatives.

Action

The verification process of the claims is being done in a phased manner subject to availability of funds to facilitate the Inter-Ministerial team to execute the exercise. The budget has always been inadequate to enable full verification. The Ministry is working with MoFPED to secure funds to verify all cooperative claims and cap the value of claims to Cooperative unions for compensation. This will inform the settlement plan for war loss.	
Query	**11.9 Compensation amounts in excess of original amounts claimed**
Observation Section 45(1) (a) of the Public Finance Management Act, 2015, States that an Accounting Officer shall control the regularity and proper use of money appropriated to a vote; Sub-section (2) also states that in the exercise of the duties under this Act, an Accounting Officer shall, in respect of all resources and transactions of a vote, put in place effective systems of risk management, internal control and internal audit. Examination of records revealed that for some Cooperatives, the amounts to be paid as compensation for war losses were in excess of the amounts originally claimed by the Cooperatives. The excess amounts worth UGX 74Bn represented a percentage of 968% of the total original claims of UGX 7.64Bn. The audit did not obtain evidence that warranted the excess amounts since the verification reports had not been finalised by the Inter-Ministerial verification teams. Furthermore, payments to the tune of UGX 6.227Bn had been paid to two Cooperative Societies, namely, Okoro Coffee Growers Cooperative Union (UGX 1,743,667,159) and Banyankole Kweterana Cooperative Union (UGX 4,483,865,050) without a complete verification report. Compensations made in excess of the actual value and without verification reports indicate a lack of due diligence and can result into loss of public funds.	

Management explained that the four cooperative unions, including; Okoro Coop Union Ltd; Banyankole Coop Union Ltd; West Mengo Cooperative Union Ltd and East Mengo Co-op Union Ltd had not been verified by the inter-ministerial committee. These four Cooperative Unions had all submitted revised claims for consideration of assets/stocks and property lost during the liberation war and political instabilities. At the time of the audit, these cooperative unions had not been verified to due budgetary constraints.	
Recommendation	
The Accounting Officer was advised to ensure that compensations are paid after comprehensive verification to mitigate any risk of loss of public funds. In addition, a detailed justification for the excess payments is awaited.	
Action	
The Cooperative Unions in question submitted original claims but subsequently submitted revised claims. The Ministry used the revised claims submitted by Cooperatives during the verification process to come up with approved verified amounts. The difference indicated a variance between the original and revised claims. This does not amount to payment in excess of compensation amounts. The four cooperative unions, including; Okoro Coop Union Ltd; Banyankole Coop Union Ltd; West Mengo Cooperative Union Ltd and East Mengo Co-op Union Ltd had not been verified by the Inter-Ministerial Committee The Inter-Ministerial verification teams finalised the reports for the above Cooperative Unions.	
Query	**11.10 Doubtful Payments to Cooperatives**
Observation	

Paragraph 10.6.1 of the Treasury Instructions 2017 states that in general, all Government payments processed through the Government Financial Management Information system (GFMIS) will be made by Electronic Funds Transfer (EFT) to the beneficiary bank accounts. It was noted that payments amounting to UGX 14Bn were made to persons and law firms other than the beneficiary Cooperative Societies. These were supposed to make onward payments to the individual cooperatives as beneficiaries. There was no evidence that the beneficiaries received the funds. Making such payments to third parties other than the intended beneficiary cooperative societies exposes the Ministry to a risk of double claims and possible loss. Management explained that traditionally, the Ministry is mandated to handle Registration of Cooperatives, supervision and guidance and policy formulation. Cooperatives are body corporates and independent business entities enacted under the Cooperative Societies Act, as amended in 2020. Through their Governance bodies and committees, cooperatives gave instructions and board resolutions to have their compensation for war debt claims paid through their legal representatives/law firms. The Ministry heeded the instructions and paid as guided by each respective Cooperative Unions. The Ministry also wrote to the Cooperative Unions that received compensation funds to acknowledge receiving funds for any particular payment. The Ministry awaits guidance from the Auditor General and other government agencies on the best practise to manage payment of compensation funds to Cooperative Unions.
Recommendation
The Accounting Officer was advised to always transfer money directly to the beneficiaries' accounts or institute measures to ensure that in event of payments through third parties, the payee submits evidence of the payment to beneficiaries to ensure that funds were remitted to bona fide claimants.

Action	
Cooperatives are body corporates that make decisions concerning their transactions including business, operational and financial. They independently decide which company to network with or retain for specialized and professional services. The cooperatives in respect to payment of compensations through third parties formally instructed the Ministry of Trade, Industry and Cooperatives to channel their funds through their legal representatives.	
Query	**11.11 Procurement Irregularities**
Observation A review of the procurement processes revealed that, for eight (8) procurements valued at UGX 282,626,237, the estimated market prices approved by the Accounting Officer on Form 5, were the same as those quoted by the best evaluated bidder and subsequently awarded. It was observed that the evaluation committee and Contracts committees did not detect the questionable coincidence. In the circumstances, it is probable that there was collusion between the PDU and the bidders to quote the same prices hence defeating the purpose of competition and transparency in the procurement process. Under such circumstances, value for money may not be attained. Management explained that it commits to taking corrective action from now on.	
Recommendation	
The Accounting Officer was advised to strengthen the procurement processes and ensure market price assessments are undertaken for all procurements. In addition, the Accounting Officer should follow up the procurements in question and take appropriate action on the responsible officers.	

Action	
The introduction of e-GP at MoTIC has enhanced controls and ensures market prices are assessed online and documented for audit trail. The Officer who handled the above procurements was reprimanded and disciplined. The Great Lakes Trade Facilitation Project Coordinator has taken on a more active role in the project procurements to enhance transparency.	
Query	**11.12 Acquisition of a lease on an existing land lease**
Observation Section 34(7) of the Public Finance Management Act, 2015, States that where a vote requires to acquire an asset by lease or hire purchase or to acquire a used asset, the Accounting Officer shall, prior to acquiring the asset by lease or hire purchase or acquiring a used asset, obtain the authorisation of the Secretary to the Treasury. Analysis of the current lawsuits at the Ministry revealed that on 18th December 2015, Uganda Investment Authority (UIA) leased land plots 2, 4 Ring road and plot 6 Third Ring road LRV 4196 situated in Luzira to the Ministry of Trade, Industry and Cooperatives for a paid-up consideration of UGX 216.78Mn. However, a review of the transactions and a brief from the State Attorney dated 1st March 2018 revealed that although Uganda Land Commission is registered on the land, holding it in trust for the Ministry of Trade Industry and Cooperatives, registered on 21st November 2016 for a lease term running from 18th December 2015 for a period of five (5) years. It was later in 2017, discovered that a private company had a running lease of 99 years registered on 5th August 2016 under leasehold register Volume KCCA 234 Folio 1, Plots 2, 4 and 6, First Ring road, Luzira. It was however noted that the hectares of 1,4620 referred to as the stated land size appear inaccurate (overstated).	

The above implied that there are two running leases on the same piece of land. It was noted however, that the private company is in possession of the land and has continued undertaking construction on the same land up to date. The Ministry, through its management, should have undertaken due diligence to ascertain the ownership of the land before taking the necessary steps to acquire the same.

There was also no evidence that the Ministry had sought authorization from the Secretary to Treasury to acquire the land, contrary to Section 34(7) of the Public Finance Management Act, 2015. In light of the above, Government stands to lose the funds involved.

Management explained that MoTIC acquired land at a cost of UGX 216.78Mn in Luzira from the Uganda Investment Authority (UIA). When the Ministry sought to use the land, a private company protested and sought a declaration from High Court Nakawa, to the effect that it had obtained a 5 year lease on the same land issued on 16th February 2012 and that it be issued a full-term lease of 99 years.

The matter was heard ex-parte as Government was not represented and the case was ruled in favour of the private company. Against this background, the Ministry instructed the Attorney General's chambers to have the ex-parte order set aside so that the matter is heard on merit to determine the rightful owner of the disputed land. All the legal arguments have been made, and the hearing of the case closed. The judgement, which is set to be given on notice, is awaited.

The Ministry further explained that, as regards the failure to carry out due diligence on the side of the Ministry, it should be noted that UIA, the vendor of the land and also a government agency, did not bring out any information as to the existence of an existing lease and neither did the Uganda Land Commission (ULC).

It should be noted that these two government entities (UIA and ULC) were privy to the earlier transactions on the same land since they had relevant files and did not disclose the existence of any encumbrances. The Ministry is waiting for the outcome of the case with a view to seek a refund from the Uganda Investment Authority if the court does not decide in their favour.
Recommendation
Management was advised to follow up on this matter and ensure that it is amicably settled to avoid further losses.
Action
It is true that at the time of audit, this land was still a matter of court proceedings. The court has since given its decision in Miscellaneous Application No. 758 of 2020, unfortunately in favor of M/s Taj Exports (U) Limited. Court declined to set aside the judgment as government failed to show reasonable cause as to why it did not file a defense in the main suit no. 108 of 2016 in which M/s Taj had been declared the rightful owner of the land and subsequently given longer term lease of 99 years. The Ministry has issued instructions to Attorney General to appeal against this decision and have the matter heard by court on its merit.

12.0 MINISTRY OF EDUCATION AND SPORTS	
Query	**12.1 Existence 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. It was noted that the Ministry's Strategic plan was not approved by the end of the financial year under review by National Planning Authority. 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 Ministry did not have an approved strategic plan at the time as it was going through a transition period from NDP II to NDP III (program-based approach) and being the head of the program of Human Capital Development Program it embarked on the preparation of Program Implementation Action Plans (PIAP) which has been finalised alongside the Ministry strategic plan that is aligned to NDP III.	
Recommendation	
Management was advised to urgently submit the draft strategic plan to NPA for approval and certification.	
Action	
The strategic plan under NDP III was approved by NPA.	
Query	**12.2 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 Ministry budgeted to collect NTR of UGX 6.3Bn during the year under review. Out of this, only UGX 0.128Bn was collected, representing a performance of only 2% of the target.	

Performance of GoU Receipts

The entity budgeted to receive UGX 388.4bn out of which UGX 369bn was warranted, resulting in a shortfall of UGX 19.4Bn which is 5% of the budget. Revenue shortfalls affect the implementation of planned activities.

The Accounting Officer explained that the Ministry had engaged MoFPED to adjust the estimates based on collections of the previous Financial Years and a realistic figure was to be reflected in the budget for FY 2022/23. She further explained that the Ministry continues to engage MoFPED for the release of a full budget for the Financial Year.

Recommendation

The Accounting Officer was advised to engage the Treasury to ensure that a realistic NTR budget is captured and to ensure that all budgeted for GoU funds are received by the entity.

In addition, the ministry should continue engaging MoFPED for total release of the budgeted funds.

Action

The Ministry's major source of Non-tax Revenue (NTR) is the sale of bid documents estimated at UGX 160M. MoFPED will continue to support entities to come up with realistic NTR estimates.

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	**12.3 Absorption of funds**

Observation

Out of the total receipts for the financial year of UGX 369Bn, a sum of UGX 343.6Bn was spent by the Ministry resulting in an unspent balance of UGX 23.3Bn representing an absorption level of 93%. 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; • Procurement of 13,600 copies of mathematics and English textbooks • Procurement of 6,810 copies of biology, physics and chemistry textbooks for the lower secondary curriculum • Procurement of 4,080 copies of Christian Religious Education, Islamic Religious Education, Geography, History and Political Education, Entrepreneurship, Physical Education and Kiswahili. • Remap lower secondary school teachers according to the new lower curriculum • Annual school census and SACMEQ V study • EMIS Policy launched and disseminated • Census Data verification survey and Validation of USE/UPOLET beneficiaries • Transport Equipment • National Teacher Council established in line with the implementation of the teacher policy. • Review of the Government White Paper. • Procurement of 180,000 Textbooks and teaching materials (for Primary Teacher Education Curriculum of 10 subjects and distributed to 46 PTCs The Accounting Officer explained that the under absorption was due to lockdown to curb the spread of COVID -19 which meant that the implementation of several activities was either delayed or suspended. The Accounting Officer further explained that all revisions in the work plan were undertaken after approval by MoFPED.
Recommendation

The Accounting Officer was advised to ensure that an analysis of all unimplemented activities is made and that those that are critical are prioritised in the subsequent planning period.	
Action	
The majority of the unabsorbed funds were meant for pension, salaries and domestic arrears. The unabsorbed pension arose out of the failure to present life certificates by some of the pensioners aged 75 years and above. COVID-19 disrupted the planned recruitment process during the year. The unabsorbed domestic arrears relate to an outstanding bill to Coil Ltd arising out of a court case that the Ministry was not able to settle because Uganda Revenue Authority contested the payment. Failure to absorb the remaining funds was attributed to delayed/incomplete procurements arising out of the COVID-19 lockdown. This resulted in the implementation of several activities being delayed/suspended.	
Query	**12.4 Implementation of Quantified Outputs**
Observation An assessed the implementation of twenty-three (23) outputs that were fully quantified with a total of sixty-four (64) activities worth UGX 274.4 Bn and noted that: • Ten (10) outputs with a total of twenty-seven (27) activities worth UGX 124.1Bn were fully implemented. The entity implemented all (20) activities (100%) within these outputs. • Nine outputs (9) outputs with a total of twenty-five (25) activities worth UGX 98.4Bn were partially implemented.	

- Four (4) outputs with a total of twelve (12) activities worth 51.83 Bn were not implemented at all. That is, the entity did not implement the (12) activities (100%) within the outputs.

Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained.
For example, the ministry did not implement the following planned activities despite having received the required funds;

i) Complete purchase of instructional materials for primary schools,
ii) Purchase of instructional Materials for Secondary Schools.
iii) Purchase of 180,000 Textbooks and teaching materials (for Primary Teacher Education Curriculum of 10 subjects and distributed to 46 PTCs),
iv) Review of the white paper among others.

The failure to implement all the planned activities and outputs fully was attributed to insufficient Funds, delayed procurements and suspension of learning due to the COVID-19 pandemic.

The Accounting Officer explained that some quantified outputs were not achieved due to the lockdown to curb the spread of COVID -19 which resulted in the suspension of several activities. However, the unimplemented activities were rolled over to the subsequent years.

Recommendation

The Accounting Officer was advised to prioritise all unimplemented activities in the subsequent period.

Action

Some quantified outputs were not achieved due to the lockdown to curb the spread of COVID-19 which resulted in the suspension of

several activities. However, the unimplemented activities were rolled over to the subsequent years.	
Query	**12.5 Outstanding Receivables**
Observation It was noted under Note 18 to the financial statements and the statement of financial position that the ministry had receivables totalling to UGX 10.64Bn at the beginning of the financial year which increased to UGX 11,684,417,736 at the closure of the year. The outstanding amounts are advances made to various educational institutions and District Local Governments which remained unaccounted for. Unaccounted-for advances pose a risk of loss of funds and failure to realise value for money.	
Recommendation	
The Accounting Officer was advised to ensure that all outstanding receivables are accounted for by the beneficiary institutions or else recovery measures should be undertaken.	
Action	
The receivables relate to unaccounted-for funds which were advanced to various Education Institutions to undertake construction works, and advance payments to suppliers for home learning materials. Construction works have been completed and all home learning materials delivered.	
Query	**12.6 Outstanding Payables: UGX 39.45Bn**
Observation A review of the Statement of Financial Position and the corresponding Note 24 indicated that payables decreased from UGX 50.19Bn in the FY 2019/20 to UGX 39.45Bn in the financial year under review representing a decrease of UGX 10.74Bn (21.4%).	

However, a review of the age analysis statement of the payables revealed that payables totalling UGX 29.79Bn (75.5%) of the outstanding amount have been outstanding for more than one year. The audit further observed that management did not make adequate budget provisions for domestic arrears during the financial year under review. Whereas the Ministry had outstanding obligations totalling UGX 50.19Bn at the beginning of the financial year, only UGX 16.69Bn was provided for in the budget resulting in a funding gap of UGX 33.51Bn. The failure to settle domestic areas may result in litigation costs in case the affected parties seek legal redress. The Accounting Officer explained that the amount of money released was not sufficient to cover all the payables in an ageing manner. The Accounting Officer further explained that there were payables such as Court orders that needed to be cleared regardless of age to avoid further accumulation of interest and contempt of Court.	
Recommendation	
The Accounting Officer was advised to continue engaging MoFPED and Parliament for sufficient budget allocation and ensure that outstanding payables are settled without further delay.	
Action	
UGX 16.6Bn was released to settle some arrears in the year under review. In the subsequent year FY 2021/22, an additional resource of UGX 9,925,185,244 was released and used to settle domestic arrears.	
Query	**12.7 Management of Government Scholarships**
Observation Section 42(1) of the Higher Education Students Financing Act provides that all scholarships offered by the Government of Uganda (GOU), including bilateral scholarships, existing immediately before the commencement of this Act shall vest in the Board.	

Subsection (2) further provides that the central scholarship committee of the Ministry of Education and Sports existing immediately before the commencement of this Act shall cease to exist on such date as the Minister may by Statutory Instrument publish in the gazette.

Contrary to the above, the audit noted that the Ministry of Education and Sports has not handed over the mandate of managing Government scholarships to the Board, but rather continued to carry out the shortlisting, interviewing, nominating and recommending successful candidates to the offering countries through the Central Scholarship Committee which was formed in 1999.

This has resulted in the procedure of accessing information on scholarships not being properly streamlined and consequently leading to low utilization of the scholarships available to the Country.

Despite the Central Scholarship Committee still being in charge of the management of Bilateral Scholarships, information on scholarships offered at the different Missions and other Government organizations was not available at the Secretariat.
As a result, the Ministry was not able to reconcile Scholarships at the different Missions and those known by the Central Scholarships Committee.
The audit further noted that Scholarship advertisements were run in only one media of wide circulation; the New Vision.

The failure to have information on all bilateral Scholarships offered to the country at the embassy level and inadequate publicity may lead to under-absorption of scholarship slots by the Country, thus limiting the benefits to the citizens.
A review of the Management of Scholarships at the Ministry of Education and Sports revealed that the Ministry does not have a scholarship Policy to guide its actions from negotiations, acceptance and subsequent management of Scholarships.

The lack of a scholarship policy limits the Country's ability to advance the interest of the Ministry and the Country at large when negotiating Bilateral Scholarships.

A review of Scholarships offered to Uganda during 3 years (2018/19, 2019/20 and 2020/21) revealed that out of a total of 280 scholarships offered, only 162 were filled resulting in an under absorption of 118 (42%) scholarships.
Under absorption of Scholarships denies the Country the opportunity to skill its citizens.

The Accounting Officer explained that the mandate of the Central Scholarship Committee was to shortlist, interview and nominate deserving candidates and presents these to the awarding Country and that it was the awarding countries that had the prerogative to select and award the nominated candidates following their set criteria.

Management explained that the Secretariat at the Ministry of Education and Sports has an active database on all the bilateral scholarships- in which Uganda has a Memorandum of Understanding with the country of the offer. However, some of the Embassies manage their scholarships on their own such as the Embassies of Japan and Russia

The Accounting Officer explained that the Ministry has not handed over the mandate of managing Government scholarships due to the restructuring process of the Ministry that started in 2015 and is still ongoing as well as the continued discussion on rationalization and merger of MDAs.

The Accounting Officer further explained that Cabinet had proposed to mainstream Higher Education Students Financing Board into the Ministry. The Accounting Officer indicated that once approved by Cabinet, the Government White Paper and Policy on Higher Education would address the overlaps in mandates.

Recommendation
The Accounting Officer was advised to; i) Ensure that scholarship administration in the Education Sector is streamlined for efficient and effective management. ii) Ensure that the Central Scholarships Committee obtains a complete Database of all Bilateral Scholarships Offers given at all Ugandan Missions and have this streamlined. iii) Initiate the process of developing a scholarship Policy to address the Gaps in the Management of Scholarships. iv) Streamline all the processes of identifying the candidates including reviewing the selection criteria to match the ones used by the awarding countries to be able to improve on the success rate.
Action
The Ministry of Education and Sports does not manage all scholarships that the Government of Uganda receives. Some scholarships are managed by other MDAs that solicit for them. For bilateral scholarships, some successful candidates turn down the offers for personal reasons such as marriage, employment and other opportunities when it is too late to replace them. Other than the bi-lateral scholarships; i) Some scholarship offers are partially covering tuition only and may require the beneficiaries to meet the other costs. Such scholarships are not attractive therefore some slots are not taken up. ii) Some scholarship offers to reach the Ministry of Education and Sports when it is already late for dissemination and application by interested students.

There are administrative guidelines on the management of the scholarships in the Ministry. The Ministry has developed a draft Higher Education policy which provides for the management of scholarships. This policy was approved by the Top Management of the Ministry and is due for presentation to the Cabinet together with the White paper on Higher Education.	
Query	**12.8 Unbudgeted for COVID-19 impacted expenditure of UGX 5.3Bn**
Observation A review of the expenditure for the year under review revealed that the Ministry spent UGX 5.3Bn as a COVID-19-related expenditure to cater for the printing and distribution of home learning materials and content writing for home learning materials which were not in the approved budget. Besides, there was no evidence of a supplementary availed for verification. Spending on the items that were not appropriated in the budget without authorisation in the form of a supplementary was irregular and it affects the implementation of the planned outputs. The Accounting Officer explained that the UGX 5.3Bn was incurred on home learning materials which were used as an intervention to ensure continuity of learning during the lockdown. The Accounting Officer further explained that it was not possible to seek a reallocation because the funds had already been released at the time the expenditure was made.	
Recommendation	
The Accounting Officer was advised to always seek for supplementary or reallocations when there is a change of priorities.	
Action	

The funds that were spent on home learning materials were initially budgeted for under instructional materials. Due to the COVID-19 lockdown, it was not possible to procure instructional materials and Top Management decided that home learning materials be procured for distribution to learners in their respective homes to ensure continuity of learning during the lockdown.

Home learning materials and instructional materials fall in the same category on the chart of accounts - Books, Periodicals and Newspapers.

Query	**12.9 Under absorption of Pension funds of UGX 9.71Bn**

Observation

During the year under audit, it was revealed that the Ministry's budget estimate and subsequent appropriation for pensions was UGX 28.52Bn. However, only UGX 18.81Bn was absorbed leading to under absorption of funds by UGX 9.71Bn. Similarly, funds totalling UGX 8. 03Bn remained unutilised in the prior year and were swept back to the consolidated fund account.

The above anomaly was attributed to management's failure to revise the Ministry's budget estimates downwards to reflect the Ministry's realistic budget needs regarding pension. Excess allocation for Pension funds exposes the Ministry to pension fraud. It also inhibits the Government's proper planning as these funds would otherwise have been allocated to other government or ministry activities.

The Accounting Officer attributed the under-absorption to; the suspension of payment for pensioners without life certificates, inconsistent bank details, invalid/inactive supplier numbers as part of the IFMS routine data clean-up, freezing of payment for pensioners who did not appear for validation by the Ministry of Public Service and the Inspector General of Government, failure to process retirement benefits for pensioners with inconsistency in dates of birth on the physical file and the IPPS.

It is noted that the Ministry had accumulated pension arrears totalling to UGX 1.47Bn due to delayed payment, despite the excess pension funding.
The failure to validate and pay pensioners in time not only contravened the regulations but also undermines the rights of the genuine pensioners.

The Accounting Officer attributed non-payment to missing documentation on the pensioners' files. However, the Accounting Officer indicated that the Ministry was making all efforts to reach out to these pensioners to submit the necessary documentation and have the arrears cleared by MoFPED within the Financial Year 2021/22.

The Accounting Officer further indicated that the Ministry was engaging with MoFPED and the Ministry of Public Service to have this matter resolved.

Recommendation

The Accounting Officer was advised to ensure realistic pension budgeting for the ministry.

The Accounting officer is advised to fast-track the validation exercise of the pensioners and pays those who are found genuine

Action

The under absorption of pension funds amounting to UGX 9,709,932,881 in FY 2020/21 was attributed to the following;

i) The Ministry has been undertaking re-validation and verification exercises of its pensioners. The payment of pension was suspended for pensioners aged 75 years and above without life certificates, and pensioners who did not appear for validation as part of the routine data cleanup.

ii) The Ministry was unable to process retirement benefits for pensioners with inconsistencies in the date of birth on the physical file and the IPPS.	
Query	**12.10 Interest on Court awards: UGX 4.69Bn**

Observation

A review of the court awards and payments made during the year revealed that out of the total verified outstanding court awards of UGX 10.18Bn, a sum of UGX 4.69Bn (46.1%) relates to accumulated interest costs arising from the delayed settlement of court awards.

The failure to timely clear court awards was attributed to budget constraints. It was noted that whereas the ministry had obligations to the tune of UGX 15.98Bn and other ongoing cases during the financial year, only UGX 1.66Bn was provided for court awards and compensations in the work plan for the financial year under review. Accumulation and payment of interest costs are a waste of government resources.

The Accounting Officer explained that despite the requests for a supplementary budget, the Ministry of Finance, Planning and Economic Development had always advised the Ministry to cater for these awards within the available budget which is already constrained. Accounting Officer further explained that the Ministry continues to engage MoFPED to give supplementary releases to settle the Court awards.

Recommendation

The Accounting Officer is advised to continue engaging MoFPED and Parliament for sufficient budget allocation and ensure that outstanding payables are always paid on time.

Action

The Ministry has outstanding Court awards, some of which have accumulated interest due to delayed payments. The accumulation of interest is caused by a lack of funds to clear the court awards as soon as they fall due. The Ministry always ensures that Court awards take the first call on the available budget for domestic arrears of the subsequent Financial Year.

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	**12.11 Unutilized UTSEP Project Funds of UGX 1.58Bn**

Observation

A review of the prior year's financial statements, certificate of balances and expenditure records revealed that the Project had cash balances totalling UGX 2.42Bn on the four (4) Project Accounts in the Bank of Uganda at the effective date of Project closure (31st July 2020). It was further established that the unspent balance arose out of foreign exchange gains and unpaid VAT which had been budgeted for but later cancelled due to the policy shift that exempted Projects.

During the Financial Year under review, a total amount of UGX 0.85Bn was used to undertake various activities for the Ministry resulting in an unutilised amount of UGX 1.58Bn as at the closure of the FY (30th June 2021).

The Accounting Officer explained that the money that remained in the account had been earmarked for 5 activities. Two of the activities which had been implemented and the other three relating to preparation activities for the Uganda Secondary Education Expansion Project (USEEP) were being implemented and the payments were to be effected upon completion of the activities.

Recommendation	
The Accounting Officer was advised to fast-track the implementation of the outstanding activities which have taken long since the project closure.	
Action	
The funds were meant for five activities which had been pending by project closure The two activities that were completed included; i) Renovation of Chebelat P/S, which has been completed. ii) Printing EGR primers for Amudat, and procuring P.3 and P.4 primers for both Nakasongola and Jinja Districts, which were completed. The three activities that were pending at the time of the audit included; iii) Three preparatory activities for USEEP (Geotechnical surveys, topographical and cadastral surveys; Environmental and social impact assessments/briefs for the first 60 schools), were also completed.	
Query	**12.12 Outstanding Advances to UBOS of UGX 3.9Bn**
Observation The Ministry of Education and Sports (MOES) signed a memorandum of understanding (MoU) with Uganda Bureau of Statistics (UBOS) on the 5th of August 2019. According to the MOU, Uganda Bureau of Statistics was to carry out data collection (enumeration) for the comprehensive Education Institutions baseline and complete the exercise by 30th April 2020. UBOS was also required to present the final accountabilities and completion report to the funding parties by July 2020 (the effective period end of the agreement). An advance of UGX 5.55Bn was transferred to UBOS and by the closure of the Project, 31st July 2020, a total amount of only UGX	

1.65Bn had been utilised and accounted for leaving an outstanding amount of UGX 3.9Bn. Given the challenges posed by COVID-19 and the fact that the schools have been closed for long, there is a risk that these funds may not be appropriately utilized and followed up. The Accounting Officer explained that the funds had not yet been spent by UBOS and the completion of the activity was dependent on the reopening of schools.
Recommendation
The Accounting Officer is advised to make a follow-up on the outstanding UBOS obligations and ensure that all available strategies are employed to have the baseline census concluded to achieve the intended objectives.
Action
UBOS wrote to the Ministry and presented a new costed strategy for conducting a baseline education exercise at a cost UGX 19.5Bn. Management of the Ministry held further discussions on the matter and resolved that the outstanding amount of UGX 3.9Bn be returned to the Ministry and be utilised to support the rollout of the Education Management Information System (EMIS). The EMIS will be used to collect the relevant information at a cheaper cost.

13.0 MINISTRY OF AGRICULTURE, ANIMAL INDUSTRY AND FISHERIES	
Query	**13.1 Existence of Strategic plans that are aligned to NDP III**
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 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 Ministry was expected to prepare and approve a strategic plan that was aligned with NDP III. It is from this strategic plan that the annual plans would be based to achieve the objectives of NDP-III. Based on the procedures undertaken, it was noted that the Ministry had prepared the Agro-Industrialization (AGI) Programme that guides the preparation of a strategic plan for 2020/21-2024/25. The strategic plan is yet to be approved. Management explained that the plan was still in draft form awaiting clearance from NPA. It's upon this basis that the plan will be approved.	
Recommendation	
The Accounting Officer was advised to liaise with NPA and ensure that the review process and certification assessment are concluded. This will facilitate the development of realistic annual work plans and the achievement of the NDP III objectives.	
Action	
The Strategic Plan was approved by NPA. MAAIF engaged NPA harmonised annual work plans and achievements with the NDP III objectives including aligning all Ministry interventions to the Agro-industrialisation Programme Implementation Plan.	
Query	**13.2 Revenue Performance**
Observation **Performance of NTR**	

The Auditor General reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2020/2021 and noted that the Ministry budgeted to collect NTR of UGX 8.97Bn during the year under review. Out of this, only UGX 2.15Bn was collected, representing a performance of 24% of the target. Shortfalls in NTR collections at the vote level result in aggregate revenue shortfalls at the treasury level which negatively affects the implementation of planned activities at a Government-wide level. The Accounting Officer explained that the underperformance was due to reduced economic activity in the sector especially in the first two quarters of the FY due to the COVID-19 pandemic and also due to reduced agribusiness activity among the private sector. The locust invasion also affected business activity in the Eastern part of the country and all these slowed agriculture business activities thus leading to less collection of NTR from the business community than earlier anticipated. **Performance of GoU receipts** The Ministry budgeted to receive UGX 175.29Bn out of which UGX 151.19Bn was warranted, resulting in a shortfall of UGX 24.10Bn which is 14% of the budget. Revenue shortfalls affect the implementation of planned activities. The Accounting Officer explained that the underperformance was due to significant cuts in releases caused by the effects of the COVID-19 pandemic and that unimplemented activities were rolled over and are being implemented in the subsequent financial year.
Recommendation
The Accounting Officer was advised to develop an agriculture disaster/contingency plan in collaboration with MoFPED to assist the agriculture sector absorb the shocks from natural disasters.
Action

MAAIF developed a National Strategy and Contingency Plan in relation to every pest outbreak for example Desert Locust Control Strategy and Contingency Plan which was the basis for a Cabinet Paper that was presented, approved and funds released for the control of the desert locust. The Ministry of Finance, Planning and Economic Development 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	**13.3 Absorption of funds**
Observation. Out of the total warrants of UGX 151.19Bn received during the financial year UGX 146.95Bn was spent by the entity resulting in an unspent balance of UGX 4.24Bn representing an absorption level of 97%. 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; • Recruitment of general and contract staff. • Pension Arrears for former MAAIF staff. • Gratuity arrears. Management explained that the under absorption of released funds was caused by failure to verify pension arrears on time and the failure to fill vacant positions at the Ministry by the Public Service Commission.	

Recommendation	
The Accounting Officer was advised to ensure that pensioners are verified timely and also liaise with PSC to undertake the critical recruitments in the subsequent year.	
Action	
Recruitment of staff was interrupted by the COVID-19 pandemic hence the under-absorption on wages. The process of recruitment of staff to fill the vacant positions is ongoing. Verification of Pensioners continues and payments were made for the verified ones.	
Query	**13.4 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 the Ministry received off-budget financing to the tune of UGX 1.78Bn 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 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. Management explained that moving forward, guidance given by the PS/ST shall be adhered to, to ensure that all funds received	

outside the approved budget are declared to the PS/ST for utilization. In FY 2021/22, the off-budget finances were captured in the Ministerial Policy Statement.	
Recommendation	
The Accounting Officer was advised to liaise with the PS/ST and ensure that in future, all funds received outside the approved budget are appropriated in a supplementary funding.	
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 authorisation by the Minister of Finance, Planning and Economic Development. Accounting Officers are always reminded in the Budget Call Circulars to ensure that all off-budget receipts are declared and included in the Appropriations bill. In the FY 2021/22, the Off-budget finances were captured in the Ministerial policy Statement	
Query	**13.5 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 Auditor General sampled sixty-five (65) outputs with a total of one hundred and sixty-seven (167) activities and expenditure of UGX	

98.2Bn for assessment. It reviewed the extent of quantification of outputs and activities and noted the following;

- Sixty-one (61) outputs with a total of one hundred and sixty (160) activities and expenditures worth UGX 89.6Bn were fully quantified. That is, all the one hundred and sixty (160) activities (100%) within these outputs were quantified to enable assessment of performance.
- Four (4) outputs with a total of seven (7) activities and expenditures worth UGX 8.6Bn were not quantified at all. That is none of the seven (7) activities within these out-puts were quantified at all.

The Auditor General 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;

- Provision of logistical support to the Office of the Agriculture Attaché in Rome.
- Effecting Quarterly Transfers to FAO under South to South Tripartite Arrangement;
- Designing and testing of assorted training material by an external consultant.
- Undertaking of Support Sample collection, testing and analysis of FMD and other priority diseases
- Promotion of Supplementary Animal Feeding Veterinary Public Health and Marketing systems"
- Land preparation for the registered oil palm smallholder farmers in Buvuma.
- Acquisition of Land by Government for the Oil Palm Project

Failure to plan and report on the quality/quantity of activities implemented makes 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 Auditor General 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, going forward, all captured outputs will be sufficiently quantified.	
Recommendation	
The Accounting Officer was advised to quantify all outputs at the budgeting 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	**13.6 Implementation of quantified outputs**
Observation The Auditor General assessed the implementation of sixty-one (61) outputs that were fully quantified with a total of one hundred and sixty (160) activities worth UGX 89.6Bn and noted that; • Thirty-four (34) outputs with seventy-five (75) activities and expenditure worth UGX 39.1Bn were fully implemented. That is all the seventy-five (75) activities within these outputs were fully implemented. • Twenty-seven (27) outputs with eighty-five (85) activities worth UGX 50.5Bn were partially implemented. Out of the eighty-five (85) activities, the Ministry fully implemented thirty-nine (39) activities (46%); forty-four (44) activities (52%) were partially implemented, while two (2) activities (2%) remained unimplemented.	

Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the Ministry did not implement the following planned activities; • Holding of 2 Semi-annual symposia for aquaculture projects with the aim of bringing together and attracting financiers and investors to Uganda • Building of capacity of 400 farmer groups in sustainable enterprise development under the value chain program. · Procurement of 2,000,000 doses of FMD vaccine • Provision of support vaccination of animals in 1 out of the 4 Basongola pastoral communities • Establishment of 1 small irrigation system for demonstration purposes • Acquisition of 274.7 acres of land for the proposed Achomai Irrigation Scheme Management explained that, in general, the failure to fully implement all planned activities and outputs was due to budget cuts caused by the COVID-19 pandemic effects on the Economy. The lockdowns caused limited movement and gatherings affecting the implementation of these planned activities.	
Recommendation	
The Accounting Officer was advised to consider rolling over the unimplemented activities to the subsequent budget for implementation	
Action	
The COVID-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**13.7 Management of Foot and Mouth Disease (FMD) Outbreaks**

Observation

It is the Mandate of MAAIF to regulate and control the prevalence of FMD within the country. Accordingly, the Uganda Government intervened by procuring FMD vaccines from Kenya Veterinary Vaccines Production Institute (KEVEVAPI) and Botswana Vaccines Institute (BVI) which were distributed to farmers across the country , especially in the areas where FMD has been reported previously.

In a minute dated 22nd June 2021, the Commissioner of Livestock Health informed the Accounting Officer that the country was faced with unprecedented outbreaks of FMD along the cattle corridor and accordingly the Government had procured FMD vaccines for ring vaccination in affected districts.

A review of the management of the outbreak revealed the failure of timely interventions as a result of challenges faced in the procurement of vaccines despite the availability of funds. Furthermore, the following shortcomings were noted;

- During the financial year (2019/2020), 700,000 doses of FMD were procured in November 2019, however, only 500,000 (70%) of the consignment was delivered and significantly late by 4 months.
- The subsequent order of 2,311,000 doses made during the same year in May 2020 was given to the same contractor (M/s KEVEVAPI) even though the supplier had substantially failed to deliver on the previous contract and despite the emergency situation and sensitivity of the disease.
- None of the procured 2,311,000 doses of FMD vaccines through letters of credit was delivered within the contract period i.e. 22nd July 2020, however 1,200,000 doses (52%) were delivered during the year 2020/21, 500,000 doses were delivered in 2021/2022 financial year while 611,000 doses (24%) are still outstanding.

Details are in the table below;

S/N	Contract Details	Doses Purchased	Remarks
1.	Supply of 500,000 doses of FMD Quadrivalent; Call Off Order dated 5/11/2019; M/s Kenya Veterinary Vaccines Production Institute (**KEVEVAPI)**	500,000	Contract delivery date was 15/12/2019; However, items delivered on 3/4/2020 – 3 1/2 months' delay. That is 70% of the vaccines delayed for 4 months
2.	Supply of 200,000 doses of FMD Quadrivalent; Call Off Order dated 4/02/2020; M/s Botswana Vaccines Institute (**BVI**)	200,000	Contract Delivery date by 04/04/2020 however delivered on 13/04/2020 -10 Days delay
	Total in FY 2019/20	**700,000**	
3.	Supply of 2,311,000 doses of FMD Quadrivalent; Call Off Order dated 22/05/2020; M/s Kenya Veterinary Vaccines Production Institute (**KEVEVAPI)**	2,311,000	Contract delivery date by 22/07/2020; However, no vaccines were delivered by end of the delivery period. The following was noted; -1,200,000 doses (52%) were delivered during the year i.e. on 25/08/2020 (500,000) and on 12/01/2021 (700,000) doses -On 22/07/2021, 500,000 doses were delivered. -By the time of this audit, September 2021 611,000 doses (24%) were yet to be delivered by the supplier.
	Total in FY 2020/2021	**2,311,000**	

It was noted that several delivery extension dates ranging from 19th July 2020 to 15th July 2021 were given to the supplier even though the contract agreement stipulated delivery within two months and by the time of this report the supplier had failed to fully deliver the 611,000 doses. The supplier cited challenges with sourcing and transporting test animals.

The continued presence of the FMD and the inadequate response in terms of vaccine availability has denied Ugandans opportunities to

export livestock and livestock products to the international market and significantly curtail the Ministry's ability to achieve its mandate. Management attributed the delays to the unprecedented effect of COVID-19 pandemic on international carriage and haulage which has affected deliveries of raw materials to vaccine manufacturers and the scarcity of aluminium hydroxide gel which is an adjuvant for both the FMD vaccine as well as the COVID-19 vaccine.	
Recommendation	
Management was advised to effectively and efficiently monitor such disease outbreaks within the country so as to curb the spread and prevent further loss to the Community. Further, research collaborations with NARO should be enhanced for the development of a local intervention.	
Action	
The Ministry regularly monitors outbreaks of FMD and other diseases and carries out necessary interventions promptly. However, during the year under review, the COVID-19 pandemic disrupted the international carriage, haulage, and manufacture of vaccines. This was exacerbated by the scarcity of aluminium hydroxide gel which is an adjuvant for both the FMD vaccine as well as the COVID-19 vaccine. Full delivery and distribution of the FMD vaccines were eventually done.	
Query	**13.8 Non-compliance of the Public Investment Plan projects to guidelines**
Observation The Development Committee Guidelines 2016 for the approval and review of the public investment plan (PIP) projects cited that Uganda's development agenda has in the past been undermined by weak	

processes underlying the identification, preparation and appraisal of projects. As a result, many projects that were not ready for implementation got admitted into the PIP which inevitably led to unnecessary delays in implementation, cost overruns, limited capacity to utilize foreign loans and its attendant escalation in commitment fees.

In order to strengthen the processes underlying public investment management, a new project approval framework was introduced with emphasis on the gradual development of project ideas through the mandatory stages of the project cycle. The framework introduced four levels of approval before a project can be admitted into the Public Investment Plan. The key approvals relate to:

- Requirement to prepare a project concept which demonstrates the alignment of the project idea to the national development plan,
- Requirement to prepare a project profile which demonstrates the key results to be delivered by the project and how these results shall be measured
- Requirement to undertake a feasibility study which demonstrates whether all alternative interventions have been evaluated and,
- Requirement to undertake a detailed pre-feasibility study for the option that contributes the greatest to the economy.

During the year under review, management implemented several development projects under the PIP. A review of the project activities revealed the following anomalies;

Projects with incomplete approvals

Paragraph 43 of the Budget Execution Circular 2020/2021 required the new projects that were given conditional approvals and issued codes to enable them access the budget for financial year 2020/2021 due to their strategic nature and finalization of negotiations for external financing to fast-track the completion of relevant approval stages in line with Public Investment Management System (PIMS) framework.

However, it was noted that three development projects did not complete the mandatory approval stages i.e. lacked a project profile, pre-feasibility study and a detailed feasibility study as shown in the table below;

Code	**Name**	**Start Date**	**End Date**	**Stage**
1663	China-Uganda South-South Cooperation Project Phase III	07/01/2020	30/06/2022	Concept
1696	Development of Sustainable cashew nut Value chain in Uganda	07/01/2020	30/06/2025	Concept
1698	Establishment of Value Addition and Processing Plants in Uganda	07/01/2020	30/06/2025	Concept

Failure to comply with this requirement will lead to the freezing of the respective project codes.

Management explained that the Ministry prepared the project profiles which will be submitted to MoFPED for approval.

Expiry of Project Duration

Section 4.4 further directs that a project shall exit the PIP upon the expiry of its end date or on recommendation by DC. Further, where it is evident that the time required to complete planned activities is bound to exceed the project timelines set in the PIP, the implementing agency should in writing formally notify the DC and submit a request for an extension by the end of July of the last financial year of implementation. All projects exiting the PIP shall be required to submit a completion report to the DC.

On the contrary, it was noted that two projects i.e. Support to Sustainable Fisheries Development Project (SSFDP) and improving access and use of agricultural equipment and mechanization through use of labour saving technologies did not exit the PIP upon expiry of the projects durations. Management did not provide any documentation evidencing the extension of the project duration by the development committee as required by the guidelines.

Irregularly maintaining projects with the expired duration on the PIP limits fiscal space for new projects. This could also lead to duplication of project activities leading to wasteful government expenditure.
Management explained that the Ministry submitted a letter requesting the extension of the above-mentioned projects and still awaiting a response.

Excessive Spending on Recurrent Items-SSFDP
Section 2.2 of the Development Committee Guidelines 2016 directs that for a project to be admitted into the PIP, its capital component shall account for at least 70% of the total project cost. Public investments are admissible into the PIP shall be limited to public spending to acquire or establish physical assets necessary to facilitate the production and delivery of economic, social and administrative services. Interventions that can be undertaken in the recurrent budget shall not be accommodated in the PIP.

During the year under review, management spent UGX 7,152,622,804 on Support to Fisheries Development Project (SSFDP) activities. However, it was noted that management irregularly spent up to UGX 5,951,443,945 representing 83% of the project funds on recurrent activities and only UGX 1,201,178,859 (17%) of the funds were spent on development activities such as the purchase of speed boat, supply of fishing vessel identification plates, procurement of 20 samples of fish and practical tools and equipment. No evidence of approved budget revision was provided. Refer to the table below;

Budget categorisation	Amount Spent	Percentage
Recurrent budget activities	5,951,443,945	83%

Development (Capital) budget activities	1,201,178,859	17%
Total	**7,152,622,804**	**100%**

Failure to spend within the set guidelines significantly weakens the internal controls in budget implementation and leads to failure to acquire or establish physical assets necessary to facilitate the production and delivery of economic, social and administrative services.

Management explained that the budget provisions were revised to cater for a Presidential Directive to accommodate the Fisheries Protection Force (FPU) to carry out fisheries enforcement operations in all major lakes of Uganda. The activity involved massive deployment and the Force had to be facilitated to safeguard the fish stocks and ensure sustainable utilisation.

Recommendation

The Accounting Officer was advised to undertake all the mandatory stages of project approvals and obtain Development Committee approval for these projects.

The Accounting Officer was advised to prepare project completion reports and exit the projects from the PIP or obtain approval for an extension from the development committee.

The Accounting Officer was also advised to ensure strict adherence to the Development Committee guidelines in the utilisation of the funds and request supplementary funding in case of unforeseen events like the above.

ACTION

The project profiles and the budget provisions were revised to cater for a Presidential Directive to accommodate the Fisheries Protection Force (FPU) to carry out fisheries enforcement operations in all major lakes of Uganda. The current project status is as shown in the table below;

Code	Name	Start Date	End Date	Stage	CURRENT STATUS
1663	China-Uganda South-South Cooperation Project Phase III	07/01/2020	30/06/2022	Concept	Approved and under implementation
1696	Development of Sustainable cashew nut Value chain in Uganda	07/01/2020	30/06/2025	Concept	Approved and under implementation
1698	Establishment of Value Addition and Processing Plants in Uganda	07/01/2020	30/06/2025	Concept	Pending

Query	**13.9 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.

Further, 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.

A trend analysis of the domestic arrears showed a decrease of 14% from UGX 12,956,698,113 in the prior year to UGX 11,133,496,602 in the year under review. The arrears remained unsettled at the close of the year.

The table below shows the trend analysis of the domestic arrears for the past four years:

No	Year End	Amount (UX)	Increase/ decrease
1	30th June 2018	27,064,751,206	---

2	30th June 2019	24,659,186,215	-9%
3	30th June 2020	12,956,698,113	-47%
4	30th June 2021	11,133,496,602	-14%

Continued incurrence of domestic arrears adversely affects budget performance in the subsequent year as outputs anticipated in the appropriated budget cannot be attained due to the settlement of the arrears.

The inability to significantly reduce the domestic arrears is a result of the low budgetary provision by the Ministry of Finance, Planning and Economic Development (MoFPED).

Recommendation

The Accounting Officer was advised to liaise and draw the issue to the attention of MoFPED so that sufficient budget provisions are made to cater for the settlement of outstanding domestic arrears.

ACTION

IFMS has been upgraded to include the functionality for recording and tracking 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	**13.10 Un-availed documents retained by the Inspectorate of Government**

Observation

The powers of the Inspector General of Government as enshrined in the Constitution and IG Act include to; investigate or cause investigation and access and search (enter and inspect premises or property or search a person or bank account or safe) among many others.

During the financial year 2019/2020, there was a desert locust invasion in the East African region reported since October 2019 and the invasion was reported in Uganda on 9th February 2020 through Amudat district. Management was advanced funds for preparedness and control of the outbreak for activities to be undertaken within three months although management implemented these activities across two financial years of 2019/2020 and 2020/2021. The Ministry also transferred funds to two Agriculture training institutions in respect of subventions and other activities under an internal memorandum of understanding.

It was noted that all documents pertaining to Contingency fund activities and transfers to agricultural institutions during the year worth UGX 11.95Bn were submitted to the IGG for investigations and the audit was unable to confirm whether the amount involved was applied to the intended purpose.

Further, contrary to Regulation 20 (2) of the PFMR 2016 requires an Accounting Officer to account for advance from the Contingencies Fund within sixty days after execution of the activity for which funds were released or at the end of the financial year whichever is earlier, no accountability report for the emergency funds advanced for the locust invasion activities was availed even though these activities were reportedly completed.

The Auditor General therefore could not confirm the authenticity of the payments included in the ministry expenditures of UGX 11.95Bn under the statement of financial performance and was unable to

confirm whether the amount involved was applied to the intended purpose. Management explained that all the documents relating to the dessert locust activities and transfers to the Institutions were officially requested for by the Inspectorate of Government and subsequently handed over and will be availed to audit as soon as received for verification.	
Recommendation	
The results of the IG investigation are awaited for inclusion in the Auditor General's next year's report and follow up.	
ACTION	
The documents were returned by IG and have been submitted to the Office of the Auditor General for audit.	
Query	**13.11 Failure to undertake monthly wage and pension performance analysis**
Observation Guideline 2.3 of the Establishment Notice No. 1 2020 guidelines on payroll, wage bill, pension and gratuity management require responsible officers to undertake monthly wage and pension performance analysis as well as monitor the wage, pension and gratuity budget performance and submit the mandated quarterly returns on payroll, wage bill, pension and gratuity. Responsible officers are further reminded that wage analysis and monitoring is a core function of the human resource management department (HRMD). Accordingly, Annex 1 of the guidelines outlines the Quarterly format for reporting on pension, gratuity, salary and pension management being A-Budget performance; B-Physical reporting; and C-Processing of pension files.	

However, the audit noted that management did not undertake monthly wage and pension performance analysis to reconcile the payroll generated through the IPPS with the payment information from the IFMS as required by the guidelines. This resulted into delays in granting clearance to recruit, inefficient wage and pension payroll management, accumulated arrears and non-absorption of pension and gratuity budget. Going forward, the Ministry committed to submit quarterly payroll, wage bill, pension and gratuity performance reports to the Ministry of Public Service.	
Recommendation	
The Accounting Officer was advised to undertake the mandatory quarterly returns in accordance with the reporting guidelines and this key performance indicator should be included in the human resource department performance plan.	
ACTION	
The monthly wage and pension performance reports are now prepared and submitted accordingly.	
Query	**13.12 Staffing at the Ministry**
Observation **Understaffing in the Core/Mandate Departments** A review of the Ministry's staff establishment revealed that out of 919 approved positions, only 595 had been filled and the rest of the positions (324) were still vacant representing 35% staffing gap. Notably, it was observed that the core departments are significantly understaffed with the crop resources directorate at 51% level of unfilled positions, animal directorate 49%, extension directorate 49% and Fisheries directorate 44%. The audit noted a number of unfilled substantive key positions such as directors, commissioners, assistant commissioners and principals in these key and core directorates.	

Understaffing adversely overstretches the available staff establishment and leads to work fatigue. As a result, the Ministry's strategic objectives will be impacted as all planned activities may not be adequately implemented thus failure to achieve its Mandate.

Management attributed the delay in filling the vacancies to a delay by the respective Service Commissions to conclude the recruitment process for the already declared vacancies and due to the ongoing restructuring of the Ministry, the filling of some vacancies has been deferred until the approval of the new Ministry structure. Further, the positions of Director had not been filled because of an ongoing Cabinet decision that halted their filling in the entire Public Service.

Failure to Undertake timely recruitments despite the availability of funds

During the year under review, management planned to spend UGX 13.033Bn on the payment of salaries and wages. It was noted that although UGX 13.033Bn was warranted, UGX 10.766Bn was spent with UGX 2.267Bn unspent at the end of the financial year and thus returned to the Consolidated Fund.

An interview with management revealed that the returned funds had been planned for staff recruitment during the year. Accordingly, it was noted that the staff were never recruited even though the funds for staff salaries and wages were received by the Ministry.

Failure to undertake necessary recruitments negatively impacts the Ministry's capacity to deliver on its mandate and contributes to the country's unemployment rates.

Management explained that they are engaging with the Ministry of Public Service to fast-track the restructuring exercise so that recruitment is conducted according to the revised Structure within the available wage.

Recommendation	
The Accounting Officer was advised to engage the relevant service commissions for fast-tracking recruitment of the already declared vacancies and restructuring of the Ministry. Further, the Accounting Officer was advised to draw the Minister's attention to the urgent issue of Director Vacancies for escalation to the Cabinet level.	
ACTION	
i) The Ministry had a wage shortfall and was therefore unable to recruit more staff to fill all the vacant positions. However, the staffing position of the Ministry has since improved following the appointment of 32 new staff and the promotion of 8 officers. ii) A request has been made to the Ministry of Public Service to provide the Ministry with funds for additional recruitment.	
14.0 MINISTRY OF LOCAL GOVERNMENT	
Query	**14.1 Existence 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 (interviews), it was noted that the Ministry had drafted a strategic plan (2020/2021 to 2025/2026) that was aligned with the NDP-III at the time of the audit. However, the plan had not been approved by top management since certification from NPA had not been obtained. 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 Ministry submitted the strategic plan to NPA to validate its alignment with NDP III. NPA has raised issues which the Ministry is addressing to obtain certification of the plan.	
Recommendation	
The Accounting Officer was advised to urgently follow up with NPA and ensure that the strategic plan is certified as required by the Planning regulations	
ACTION	
The strategic Plan was approved by the National Planning Authority in 2022 as required by the planning regulations.	
Query	**14.2 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 8.966Bn during the year under review. Out of this, only UGX 0.909Bn was collected, representing a performance of 10.1% of the target.	

Shortfalls in NTR collections at the vote level result in aggregate revenue shortfalls at the treasury level, which negatively affects the implementation of planned activities at a government-wide level. The Accounting Officer explained that the NTR target of UGX 8.966Bn was overstated because the Ministry's NTR activities are limited to the sale of bids and disposal of assets which could not raise such an amount of NTR. **Performance of GoU receipts** The Ministry budgeted to receive UGX 128.95Bn, out of which UGX 125.31Bn was warranted, resulting in a shortfall of UGX 3.64Bn, which is 2.82% of the budget. Revenue shortfalls affect the implementation of planned activities.	
Recommendation	
The Accounting Officer was advised to liaise with MoFPED while setting NTR targets to ensure that they are realistic and realisable. In addition, the Accounting Officer should also liaise with MoFPED to ensure that GoU funds are released as planned.	
ACTION	
The Ministry's NTR sources are limited to the sale of bids and disposal of assets. The NTR target of UGX 8.966Bn was overstated. The Ministry of Finance, Planning and Economic Development will continue to support entities for realistic budgeting of NTR. The unimplemented planned activities reported were not conducted due to COVID-19 restrictions, which adversely affected the cash inflows of the Government, both domestic and external.	
Query	**14.3 Absorption of funds**
Observation	

Out of the total warrants of UGX 125.31Bn received during the financial year UGX 121.37Bn was spent by the entity resulting in an unspent balance of UGX 3.94Bn, representing an absorption level of 96.86%. 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. Compiling statistics on ordinances, byelaws and administrative units not done ii. None of the forty town councils was monitored iii. One of forty-eight parish executive committees trained on local administration of justice iv. Only four local governments were supported in conflict resolution instead of the planned twenty Local Government v. Only three cities were monitoring of LED activities instead of the seven planned undertaken in three 3/7 cities, no municipality was monitored instead of the thirty-four originally planned. vi. Only UGX 112.5m instead of the 300m transferred to ULGA vii. Only 27 instead of 40 DLGs were supported and trained in local revenue enhancement initiatives It was further noted that the entity did not seek a revision of its budget and the work plan as provided for by section 17 (3) of the PFMA 2015. The Accounting Officer explained that the unimplemented planned activities reported were not conducted due to COVID-19 restrictions on-field activities, which limited the Ministry staff from implementing the planned activities.
Recommendation
The Accounting Officer was advised to ensure that the unimplemented activities are considered for rollover for implementation in the subsequent period.

ACTION	
The unimplemented planned activities reported were not conducted due to COVID-19 restrictions on-field activities, which limited Ministry staff from implementing the entire planned activities. These activities were rolled over to subsequent financial years.	
Query	**14.4 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 the 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 thirty-nine (39) outputs with a total of one hundred thirty-nine (139) activities and expenditure of UGX 121.37Bn and noted the following; • Fifteen (15) outputs with a total of twenty-eight (28) activities and expenditure worth UGX 52.47Bn were fully quantified. That is, all the fifteen (15) activities (100%) within these outputs were clearly quantified to enable the assessment of performance. • Twenty (20) outputs with a total of one hundred-eight (108) activities and expenditure worth UGX 65.35Bn, were insufficiently quantified. It was observed that out of the one hundred-eight (108) activities, forty-six (46) activities (43%) were quantified, while the balance of sixty-two (62) activities (57%) were not clearly quantified to enable assessment of performance.	

- Four (4) outputs with a total of three (3) activities and expenditure worth UGX 3.56Bn were not quantified at all. That is none of the three (3) 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. Policies to ensure sustainable service delivery in local governments developed
ii. Progress review workshops held
iii. Support supervision missions held
iv. Urban local councils monitored and supported ins service delivery
v. Support urban councils in human resource management and performance improvement
vi. Capacity of district liaison officers built
vii. Short-term consultancies undertaken to design interventions
viii. Relocation sites demolished and cleared
ix. New office furniture purchased for Ministry staff
x. Ministry registry equipped

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 gap and indicated that the Ministry was developing an output-based reporting tool that will quantify all activities implemented against planned interventions.	
Recommendation	
The Accounting Officer was advised to fast-track the development of this tool to facilitate total quantification of the Ministry's work plans and budgets.	
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.	
Query	**14.5 Implementation of quantified outputs**

Observation

An assessment of the implementation of fifteen (15) outputs that were fully quantified with a total of twenty-eight (28) activities worth UGX 52.47Bn and noted that;

- One (1) output with one (1) activity and expenditure worth UGX 0.006Bn was fully implemented.

- Fourteen (14) outputs with twenty-seven (27) activities worth UGX 52.46Bn were partially implemented. Out of the twenty-seven (27) activities, the entity fully implemented two (2) activities; twenty-two (22) activities were partially implemented, while three (3) activities remained unimplemented.

Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the Ministry did not implement the following planned activities despite having received the required funds.

i. 8 instead of 134 districts were inspected in areas environment, climate, HIV/Aids ii. 27 instead of 40 DLGS supported and trained in local revenue enhancement initiatives iii. None of the quarterly retreats for policy & planning department facilitated iv. One instead of seven sector working group meetings held v. 6 instead of 48 sector technical working group meetings held The Accounting Officer explained that due to COVID-19, most of the field activities were scaled down.	
Recommendation	
The Accounting Officer was advised to ensure that outputs are implemented as planned. Further, all activities that remained unimplemented should be rolled over for implementation in the subsequent period.	
ACTION	
The COVID-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**14.6 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 Q1, Q2 and Q3 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 explained that system failures of the PBS tool delayed the submissions of reports.	
Recommendation	
The Accounting Officer was advised to ensure that quarterly performance reports are submitted within timelines as required by the PFMR. In the event of system challenges, the Accounting Officer should always engage MoFPED for clearance to make manual submissions.	
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.	
Query	**14.7 Delayed procurement and delivery of motorcycles and bicycles**
Observation During the year under review, the Ministry undertook procurements for 2,127 units of motorcycles and 77,831 units of bicycles at a contract price of UGX 18,898,395,000 and UGX 24,580,946,613 respectively. A review of the contract terms and the expected delivery schedules for these items revealed delays in delivering the items. Delayed delivery of both the motorcycles and the bicycles resulted in delayed service delivery for the chairpersons in the respective Local Governments.	

The Accounting Officer explained that the delivery of motorcycles and bicycles was delayed due to the COVID-19 pandemic, which reduced the workforce of the manufacturing and shipping companies and the movement of goods and services.	
Recommendation	
The Accounting Officer was advised to closely follow up the contractors to ensure that the motorcycles and bicycles are delivered as soon as possible and distributed to the local council chairpersons without further avoidable delays.	
ACTION	
The delivery of motorcycles and bicycles was delayed due to the COVID-19 pandemic, which reduced the workforce of the manufacturing and shipping companies hence delays in the movement of goods and services. However, all motorcycles and bicycles were subsequently delivered and distributed to the beneficiaries.	
Query	**14.8 Delayed disbursement of funds meant for budget support**
Observation In March 2020, the Ministry of Local Government and the Ministry of Finance, Planning and Economic Development entered into a financing agreement with the European Commission to obtain budget support where non-PRDP and non-USMID Local Governments would benefit for three years effective FY 2020/2021. The budget support was intended to support implementing decentralised services within the Local Governments. The Ministry subsequently transferred UGX 22,143,607,222 to various Local Governments during the year. It was noted that most of the budget support funds for the Local Governments were disbursed very late, in the last two weeks of June	

2021, when the financial year was almost closing. Delayed disbursement of funds implies that the beneficiaries of Local Governments are deprived of time to implement planned activities. The Accounting Officer explained that MoFPED communicated the release of funds to MoLG on 3rd December 2020. The transfer of these funds to beneficiaries needed clearance from the Solicitor General, which came much later on 29th March 2021. Therefore, the disbursement commenced in the 4th quarter.	
Recommendation	
The Accounting Officer was advised to ensure that administrative arrangements with other Government entities should be undertaken in time to facilitate timely disbursement of funds to the beneficiary Local Governments for the implementation of planned activities.	
ACTION	
The transfer of these funds to the beneficiary MDA's needed clearance from the Solicitor General, which was obtained on 2nd March 2021 and disbursement commenced in the 4th quarter. The unspent balances were re-voted as supplementary in the next financial year.	
Query	**14.9 Delayed disbursement of start-up costs**
Observation The Ministry of Local Government receives and disburses start-up funds to selected local governments for specific start-up activities, including construction and renovation of office accommodation, procurement of office furniture and equipment, stationery, stores, and other immediate needs as spelt out in the respective memorandum of understanding (MoU). It was observed that during the financial year under review, the Ministry disbursed UGX 6.79Bn was disbursed to 125 Local Governments as start-up funds. It was however observed that most of the payments were made in the last two weeks of June and in some	

cases, as late as 29th June 2021. This implies that the beneficiaries of Local Governments were not given time to implement activities planned within the financial year.

The Accounting Officer explained that this was due to delays by most Local Governments to submit bank details and e-registration on IFMS.

Recommendation

The Accounting Officer was advised to ensure that all the required administrative arrangements with the respective Local Governments are finalised in time to avoid delayed disbursement of funds intended for implementing activities.

ACTION

This was attributed to delays by lower Local Governments to submit their bank details and TIN for e-registration on Integrated Financial Management System.

Query	**14.10 Outstanding domestic arrears**

Observation

Paragraph 10.10.17 of the Treasury 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".

An analysis of domestic arrears over three (3) years from 2018/19 to 2020/2021 revealed that domestic arrears are reducing, as shown in the table below.

Details/Year	2018/2019	2019/2020	2020/2021
Domestic arrears	39,898,862,261	35,180,397,389	33,058,569,873
Percentage decrease		**(11.8%)**	**(6%)**

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. The Accounting Officer explained that the Ministry has always declared domestic arrears to MoFPED, hoping that sufficient allocation would be made to clear these arrears. However, the allocations made to the Ministry have always been inadequate to reduce the stock of the accumulated arrears.	
Recommendation	
The Accounting Officer was advised to continue engaging the Ministry of Finance, Planning and Economic Development for additional resources to clear the outstanding arrears. The Accounting Officer was further advised to endeavour to avoid accumulating new 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.	
15.0 MINISTRY OF DEFENCE AND VETERAN AFFAIRS	
Query	**15.1 Under absorption of funds**
Observation Out of the total receipts for the financial year of UGX 5.316Tn, UGX 5.315Tn were spent by the entity resulting in an unspent balance of UGX 1.244Bn representing an absorption level of 99.98%. The unspent balance at the end of the financial year was subsequently swept back to the consolidated fund account.	

Under absorption of released funds results in the non-implementation of some planned activities. The Accounting Officer explained that the unspent balance was attributed to payments effected before the closure of FY to intended beneficiaries that bounced back after the closure of FY due to invalid bank accounts.	
Recommendation	
The Accounting Officer was advised to liaise with the Accountant General and the intended beneficiaries of the payments to ensure the payments are effected.	
ACTION	
The unspent balance of UGX 1.244Bn was attributed to payments effected towards the closure of the financial year to intended beneficiaries but bounced after the closure of the financial year due to invalid bank accounts. Moving forward payments will be effected early before the closure so that bouncing transactions are corrected and reprocessed before the closure of the financial year to avoid such occurrences.	
Query	**15.2 Quantification of Outputs/Activities**
Observation Paragraph 55 of the budget execution circular for the financial year 2020/2021 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.	

It was noted that all 13 outputs with a total of 26 activities and expenditure of UGX 2.843Tn sampled for assessment were not quantified to enable assessment of performance. Without clearly and fully quantified outputs, I 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 quarterly and annual performance reports have quantified the performance of the Ministry where possible. However, due to the nature of the institution, some outputs may not be quantified for security reasons	
Recommendation	
The Accounting Officer was advised to quantify all outputs at the budgeting level to facilitate performance measurement.	
ACTION	
The Programme Budgeting System (PBS) was upgraded to introduce the NDP-III Programme approach. The Programme Implementation Action Plans (PIAPs) form the basis for the quantification of outputs which is mandatory. In the Ministerial Policy Statement for FY 2023/24 from pages 37 - 42, the Ministry has quantified the outputs clearly showing the Performance Targets and the Work plans have been quantified.	
Query	**15.3 Outstanding Domestic Arrears**
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 and 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"

Analysis of domestic arrears over the past three years has shown a declining trend with arrears reducing by UGX 284.868Bn from 2019 to 2021.

The table below shows a breakdown of the arrears over the past three years:

Category	**2018/2019 UGX BN**	**2019/2020 UGX BN**	**2020/2021 UGX BN**
Pension and Gratuity	508.636	175.217	84.864
Goods and services	141.053	223.343	279.957
Total	**649.69**	**398.560**	**364.821**

The declining trend in arrears was majorly due to pension and gratuity dropping by 83% from 2019 to 2021 although arrears in goods and services increased by 98%.

The remaining outstanding arrears still expose the entity to risks of litigation from its suppliers which may result in nugatory expenditure in the form of interest payments and costs.

The Accounting Office explained that the Ministry will endeavour to continue reducing the stock of arrears. The sharp increase in the stock of goods and services arrears is attributed to the underfunding of key Ministry expenditure items in FY 2020/21.

In FY 2020/21, the Ministry presented a supplementary funding request to MoPFED to cover underfunding on critical expenditure items of food, fuel, and medical expenses among others which were not honoured yet these items were facing a lot of pressures attributed to anti-COVID-19 operations, election security operations, LDPs recruitment, training, deployment and integration. This

resulted in the accumulation of new arrears under the general goods and services category.	
Recommendation	
The Accounting Officer was advised to implement the commitment control system of Government to minimise the escalation of domestic arrears.	
ACTION	
The stock as at end 30th June 2022 had further reduced to UGX 314Bn from UGX 364.821Bn. 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	**15.4 Court awards and compensation claims**
Observation The Government of Uganda has over the years accumulated arrears arising from Court awards and compensations, and other liabilities. The Ministry had outstanding Court awards and compensation claims totalling to UGX 2.470Bn as at 30th June 2021. Whereas the Court awards and compensations have continued to accumulate over the years, the corresponding budget allocations and releases made do not match the outstanding obligations. MoDVA received a budgetary allocation of UGX 279.12 million during the year against the outstanding claim of UGX 3.537Bn resulting in a shortfall of 99.92%.	

Inadequate budgetary allocation by the MoFPED for court awards and compensations may lead to the accumulation and creation of more arrears as well as the accumulation of interest. The Accounting Officer explained that the Ministry inherited a stock of compensation and court awards following the decentralisation of this item to MDAs without corresponding funding allocation. The Ministry annually budgets for adequate allocation on this item however minimal allocation of UGX 279 Million is allocated by MoFPED. The Ministry will continue engaging Government for adequate budget allocations to settle the outstanding verified claims.	
Recommendation	
The Accounting Officer was advised to continue engaging Government for adequate budget allocations and ensure that verified outstanding claims are settled on time.	
ACTION	
The Ministry inherited a stock of compensation and court awards following the decentralisation of this item to MDAs without corresponding funding allocation. The stock of verified court awards and compensations arrears at close of FY 2020/21 was UGX 2,470,694,000. Financial Year 2021/ 022, compensation arrears worth UGX 1Bn were settled as domestic arrears, leaving an outstanding balance of UGX 1,191,574,000.	
Query	**15.5 Compensation of land situated at Kihumuro Village, Kabale District**
Observation The Auditor General observed that an individual paid a sum of UGX 1.085Bn as part payment of the total outstanding amount of UGX	

3.056Bn in respect of compensation for Kibanja land situated in Kihumuro village.

This was done contrary to section 4(b) of the contract on payment terms that provides that before payment of compensation is effected, the transferors shall submit to MoDVA the original copy of documents of proof of interest in the Kibanja Land. This proof of interest was not found on file.

A review of the valuation report Ref: VAL/114/01 dated 26th April, 2019 on the summary of individual assessments for project-affected persons showed that the individual was assessed on two different plots of land titled one of which was not titled at indicated below;

Titled plots	**Land size (Acres)**	**Valued of land (Kibanja) UGX Million**	**Value of crops/Trees UGX Million**	**Sub total UGX Million**	**30% disturbancee allowance UGX Million**	**Total UGX Million**
Plots 182, 255 , 252	29.441	883.23	1,752.85	2,636.08	790.824	3,426.904
Not titled	1.828	47.7	132.4	178.100	53.43	231.53
Totals	**31.269**	**930.93**	**1,885.25**	**2,814.18**	**844.254**	**3,658.434**

It was further noted that the compensation value of crops worth UGX 1.885Bn did not provide details of the crops compensated as well as the land coverage.
There is a risk that the value of land compensated was overstated by the value of crops/trees and disturbance allowance.

The Accounting Officer explained that the person in question's land was occupied by UPDF in Kabale for which compensation was paid by the Ministry. The Chief Government Valuer did not submit his

valuation work sheet which contains details of the crops and other properties valued. The Ministry has requested form details of the worksheets from the Chief Government Valuer indicating the numbers of trees and other items of value on the land that informed the value.	
Recommendation	
The Accounting Officer was advised to continue liaising with Chief Government Valuer and ensure that the information is availed. The status of the original copy of documents of proof of interest in the Kibanja Land is awaited.	
ACTION	
Mr. Batuma owned the land comprised in Plots 182, 255 and 252 valued at UGX 3,426,904,000. He also had a Kibanja holding interest which was separately assessed at UGX 231,530,000. His land all totalling to UGX 3,658,434,000 as valued by the Chief Government Valuer. Proof of ownership for the titled land and the Kibanja land is available and the detailed valuation work sheet indicating the number of trees, crops and other items of value on the land informed the valuation price.	
Query	**15.6 Land Grabbing and illegal activities on UPDF Land in Kaweweta**
Observation The MoDVA owns land in Kaweweta covering 36 Square Miles to which Kawewata Recruits Training School(KRTS), SFC Commando Training School and Oliver Reginald Tambo School of Leadership (ORTSL) occupies to carry out the training of recruits. During the audit, I observed that a number of illegal activities were being carried out on UPDF land in Kaweweta which include the following;	

Illegal acquisition and fencing of military land by veterans
NRA Kinyogoga Veterans Association fenced off a large chunk of land approximating to 3 Square KM to be used for cattle grazing. The association has illegally acquired a land title on UPDF land for 97.1270 Hectares on Bulemezi Block 997 Plot 27. The veterans have also applied through Nakaseke District land board for lease tenure of 49 years. I found this irregular.

Illegal leasehold registration
Two (2) individuals fraudulently obtained land titles and 49 years lease for 80.9370 hectares on the army land. It was also established that some UPDF officers applied through Nakaseke District Land Board and fraudulently obtained the certificate of land title for 83.5050 hectares.

Land encroachment
Army land boundaries are not marked and fenced hence exposing the land to encroachments. This has attracted the local population including the veterans who have continuously encroached on the army land for grazing their cattle.

Charcoal burning
This is largely carried out by different categories of people including UPDF officers, army veterans and the local people. This has largely led to environmental degradation as part of the training ground for recruits is totally destroyed.

Cattle grazing and construction of dams
It was established that soldiers both officers and men are involved in cattle grazing business on the Army land. These have further gone ahead to rent out army land to civilians to graze under the cover and protection of uniformed personnel. In addition, some individuals including the veterans who are illegally taking possession of army land have excavated large dams for water harvest for cattle during the dry seasons.

There is a risk of losing more land if management does not fence off and acquire titles for their land. In addition, the illegal activities named above endanger the environment and risk the lives of recruits who might end up drowning during night operations and training. The Accounting Officer explained that; The Veterans at Kinyogoga attempted to subdivide the UPDF land at Kaweweta with the view of obtaining Land Titles under their Veterans Association. The Ministry has however thwarted this attempt and the Registrar of Land Titles has since cancelled the subdivisions and reinstated the land to its original status. The Ministry recently carried out a search which indicates that the subject land is now free of encumbrance. In regard to marking the boundaries of UPDF land at Kaweweta, the Ministry has scheduled the fresh opening of the boundaries so as to put Mark-stones along the boundaries. In regard to the practice of burning charcoal on Army land, UPDF Leadership has strongly condemned this practice and the Chief of Defence Forces had directed all the Barracks Commanders to immediately stop this practice. In regard to cattle grazing in Army Land, Field Commanders have been directed to evict all the herdsmen on Army land.
Recommendation
The Accounting Officer was urged him to follow it up to its logical conclusion.
ACTION
The Veterans at Kinyogoga attempted to subdivide the UPDF land at Kaweweta with the view of obtaining Land Titles under their Veterans Association.

However, the Ministry thwarted this attempt and the Registrar of Land Titles has since cancelled the subdivisions and reinstated the land to its original status The Ministry carried out a search in March 2022, which indicates that the subject land is now free of encumbrance. In regard to marking the boundaries of UPDF land at Kaweweta, the Ministry opened the boundaries of Kaweweta in February 2022 and planted mark stones to demarcate the boundaries. The UPDF Leadership strongly condemned the noted practices of encroachment and charcoal burning and the Chief of Defence Forces directed all the Barracks Commanders to immediately stop these practices. In regard to cattle grazing on Army Land, this had also become a common practice on some Barracks land and this has also been stopped by the UPDF Top Leadership.	
Query	**15.7 Construction of the UPDF National Referral Hospital**
Observation On 6th October 2017, MoDVA signed a contract with an International Engineering Corporation to execute works on the construction of UPDF National Referral Hospital at Lower Mbuya and the works were to be undertaken in three (03) phases. • Phase 1 covering substructures, super structures and roofing of all buildings over a period of 12 months for up to UGX 35Bn payable in the 1st financial year. • Phase 2 covering finishing of all buildings without external works for a period of 14 months up to UGX 60Bn payable in the 2nd financial year. • Phase 3 covering all external works taking a period of 4 months up to UGX 9.77Bn payable in the 3rd financial year. Total	

contract price was valued at UGX 104.77Bn to be completed in 30 months upon the signing of the contract.

During the year under review, it was established that 14 interim certificates were paid to the contractor totalling to UGX 47Bn of the certified works. I carried out Audit inspections on 1st November 2021 and noted the following;

- The internal and external works are not complete.
- The time frame in which the hospital was supposed to be constructed had elapsed, an indication that the contractor has not delivered within the contract period.
- There was no construction works going on. Works had stalled and the place looked abandoned.

There is a high risk that the project will attract litigation costs in form of compensation for time lost to the contractor and some materials becoming obsolete due to long and poor storage.

The Accounting Officer explained that works slowed down because of management reviews of variation requests. The reviews have been completed and the works are expected to regain momentum and be completed by 31st December 2022.

Recommendation

The Accounting Officer was advised to monitor the construction works and ensure that the project is completed.

ACTION

The construction of the UPDF National Referral Hospital started in February 2018 with a planned completion date of 30th July 2020. The works slowed down due to COVID-19 Pandemic and management reviews of variation requests from the Contractor.

Works gained momentum in February 2022. The civil works are currently at 90% while mechanical, electrical and plumbing are at 65%. The completion date is scheduled for 30th June 2023.	
Query	**15.8 Abandoned water supply project**
Observation A company was awarded a contract worth UGX 6.645Bn to implement a water supply project at KRTS to which an addendum worth UGX 954.3 million was added bringing the new contract sum of UGX 7.599Bn. It was noted that payments worth UGX 6.625Bn equivalent to 87% had been paid to the contractor by the end of FY 2019/2020. The school is currently facing a water crisis due to 6,226 trainees occupying the facility. It was observed that all dormitory toilets, showers and the kitchen did not have water supply which has badly affected the smooth operations of the institution. The water project has been abandoned and no work was going on at the time of inspection. The major pending works included; • Water treatment plant is not yet functional as it lacks a transformer to operationalize. • Some flanges/joints connecting the water pipes are rusting and need painting to avoid further rusting. • The pump and operations houses are not yet complete and works have stalled. • The dam is complete with the pumping room but not connected to the treatment house. • The two major tank reservoirs have been installed but are not connected to the water supply.	
Recommendation	

The Accounting Officer was advised to address the bottlenecks affecting the completion of the project to enable the smooth operation of the training activities in the school.	
ACTION	
The contract included the following scope; Construction of a valley tank, filtration gallery, percolation well, Aerator, Sedimentation tanks, Rapid sand filtration chambers, 120 Cubic clear water well, Electro-Mechanical and pump installation, Reservoirs (Main and SFC), Pumping Main and water supply to Kaweweta Recruits Training School (KRTS) and Oliver Tambo Training School, transmission and distribution to SFC Waza, a training facility for SFC. The above scope of work was fully performed and the project was handed over for use by the school. However, this System was initially planned for a smaller number of trainees, which has since doubled in number. This required installation of more draw-off points (taps). The design was revised to provide for the extra taps and the Contractor is to install the additional requirements.	
Query	**15.9 Pending works on Phase 2 projects**
Observation The second phase involved the construction of 12 classroom blocks, 12 dormitories, 2 messes with a kitchen in between. It was observed that these projects had been handed over by the contractor before completion. The major pending works included; • All the 12 dormitories and Kitchen have not been connected to power since electrical distribution and reticulation works are still pending. • All dormitory toilets and washrooms lack water supply. • Toilet water system for the dormitories used by ladies is not connected to the drainage and has no water tanks.	

• Proscovia Nalweyiso kitchen corridor tiles are peeling off and the paint is also peeling off. • Salim Saleh 2 Messes had tiles not securely fixed as they were giving way/in the verge of breaking. One is temporarily being used as store. • Delays in the completion of works could hinder the operations of the recruits' training school.	
Recommendation	
The Accounting Officer was advised to ensure that the contractor completes all the pending works.	
ACTION	
The scope of works under phase 2 comprised 12 dormitories, 12 classroom blocks, 01 kitchen and electrical reticulation. These works were performed to practical completion and handed over for use in May 2020. The dormitories and kitchen were connected to power/electricity. The aqua-privy toilet system is designed to use water but not the common water flashing technology. For this reason, the aqua-privy toilets were not connected to the water system. The defects observed in the kitchen and the mess buildings were corrected as part of the routine maintenance since they arose after the defects liability period.	
Query	**15.10 Pending works on Phase 3 projects**
Observation The major pending works on Phase 3 projects included the following; • Construction of the main store had outstanding works of tilling, vents/mesh, electrical works and painting. • The quarter guard and cells were pending roofing, window/door installations, finishes and painting.	

• Sectorial fencing, landscaping and grass planting were still pending in some areas.	
Recommendation	
The Accounting Officer was advised to ensure that the contractor completes all the pending works.	
ACTION	
The scope comprised of 02 No. dining halls, 04 No. dormitory blocks, 02 No. Senior staff quarters, Armory, quarter master stores, 24 No. aqua-privy toilets, 08 No. bathing/laundry bays, quarter guard. 01 No. accommodation units block, a mess facility bloc, stores, electrical distribution, internal road network, walkways and drainage, Sector Fencing and Land-scaping and Pavilion Ground base The out-standing works that were observed during audit have partially been performed due to the adverse impact of COVID-19 and administrative reviews. The structures for the quarter guard and the detention cells have since been roofed. These works are expected to be fully completed by 30th June 2023.	
Query	**15.11 Road opening of 15km security road**
Observation During the year under review, it was noted that J2E embarked on road opening of 15km security road without a signed contract between the Ministry and the contractors. Audit inspections carried out noted that only 13kms out of 15kms had been opened up with balance of 2kms unfinished. Without the contract, the Auditor General could not confirm road specifications, cost and duration of the project as the contractor was not found on site.	

The Accounting Office explained that these works were procured under contract reference number MD/WRKS/2020 – 21/00001 amounting to UGX 9.491Bn and was dully signed on 24 December 2020; however, these documents were not availed for review.	
Recommendation	
The Accounting Officer was advised to ensure that all contracts have agreements duly approved by the Solicitor General before executing works.	
ACTION	
The Contract for these works was number MD/WRKS/2019-2022/00001, which was duly signed on 24th December 2020, following clearance of the Solicitor General with a scope that included opening of a 15 km road stretch and construction of 06 No. blocks for 54 housing Units for Staff accommodation. 13kms were opened at the time of audit due to a proposed change of design and scope. However, the 02 kms have since been completed.	
Query	**15.12 Tarmacking of 3kms Internal Road Network**
Observation It was observed that through direct procurement, the Ministry further engaged J2E in tarmacking of internal road networks of 3km at a contract sum of UGX 7.283 bn. Audit inspections carried out in F/Y 2019/20 revealed that 2.4kms had been completed with pending works on tarmacking parade ground working area. During the year under review, the contractor was paid UGX 4,799,518,653 in relation to tarmacking works. Audit inspections carried out on 21/10/2021 revealed that no further works had been undertaken on the project during the current financial year.	

Delays in completion of works could hinder the achievements of the recruits' training school.

Recommendation

The Accounting Officer was advised to ensure that the contractor completes all the pending works.

ACTION

i) The scope of the contract included tarmacking of a 2.4km road and 10,000 square meters for parking area on the parade ground.
ii) 2.4km length of the road was completed while the parking area was delayed due to a proposed change of scope and design to provide for extra road works to increase tarmac mileage.
iii) The remaining works are expected to be completed by 30th June 2023.
iv) The contract number MD/WRKS/2019-2020/00001 was signed on 2nd July 2020

Query	**15.13 Abandoned Dormitory blocks for female trainees and Aqua-privy toilets**

Observation

During the audit of FY 2019/20, it was reported that J2E had embarked on the construction of 5 No. Dormitory blocks for female trainees and 5 No. Aqua-privy toilets without a contract from the Ministry. Management promised that contract amendments would be approved and signed, but this was not done.

During audit inspections, it was observed that the contractor had abandoned works during the year and the completion status had remained the same from the previous year.

No.	Construction sites	Status of completion
i.	5No. Dormitory blocks for female trainees	5No. blocks stalled at roofing level

ii.	5No. Aqua-privy toilets	All stalled at roofing level while showers at sub-structure
iii.	2No. Ablution blocks	0%



There was no explanation given as to why the Ministry continues to award new contracts to J2E before the completion of the old projects. Execution of works without contractual agreements risks the Ministry to future litigation cases. Given that the contractor had abandoned site by inspection time, the Ministry stands the risk of future litigations and demand for further compensation from the contractor given past experience.

Recommendation

The Accounting Officer was advised to task the contractor to complete the pending works before any new contracts are awarded.

ACTION

The contract for these works was signed on 20th August, 2020 following approval of the Solicitor General, and extended by Change Orders for completion of outstanding works.

The project is progressing and works are expected to be completed by 30^{th} June 2023.	
Query	**15.14 Construction of 2No. Range Grounds**
Observation During the financial year under review, management signed an addendum with J2E on 24^{th} December 2020 to construct 2 range grounds at a contract price of UGX 970,059,120. During the year UGX 587,066,177 was paid to the contractor vide voucher no. COB08/06/21. Audit inspections indicated that no range grounds were constructed regardless of the 60% advance payment to the contractor. Delays in completion of works could hinder the achievements of the recruits' training school.	
Recommendation	
The Accounting Officer was advised to task the contractor to commence the project.	
ACTION	
i) The scope of the works included bush clearing, light grading, excavation for moving targets, stone pitching of the moving target trench and construction of bullet catcher. ii) The following works have been completed; bush clearing, light grading, excavation for moving targets and the bullet catcher, for which payment of UGX 587,066,177 was paid under interim certificate 02. iii) The remaining stone pitching works for the moving targets trench, is expected to be completed by 30^{th} June 2023.	
Query	**15.15 Accommodation**
Observation It was noted that accommodation is a very big problem in Kaweweta. While construction at the recruit training school was planned and has	

been on-going, it is unfortunate that the officers at the school have no accommodation and stay in an appalling state not befitting of an officer. Good shelter being a basic need of life, it is important that it’s provided for the officers so as to improve their health and living standards. Lack of adequate accommodation demotivates staff from efficiently currying out their duties. The Accounting Office explained that the contractor is undertaking the construction of 54 housing units for accommodating officers at the schools under Phase 3 contract. Progress of execution currently at 60% with expected completion date of 31st March 2022.	
Recommendation	
The Accounting Officer was advised to expedite the process of constructing housing units to improve on the accommodation challenges.	
ACTION	
The shortage of accommodation at the school is being addressed in phases starting with the 54No. housing units which are under construction. This number will serve a percentage of the school’s strength of instructors. However, more housing units will be given priority in the subsequent infrastructure development works for the school.	
Query	**15.16 Urgent need to renovate White House building at URDCC Headquarters**
Observation Audit inspections carried out at URDCC on 29/10/2020 revealed an urgent need to repair the white house building which was found to have a leaking roof in the mess and accommodation rooms.	

Management promised that funding was to be availed to address the leaking roof. Audit inspections carried out on 14/10/2021 revealed that no work had been undertaken to improve on the conditions of the building although funds were allocated during the year under review. I also observed that the buildings have further deteriorated due to the continuous heavy rains and leakages	
Recommendation	
Failure to repair the leaking roof has continuously led to the collapse of the ceiling boards. The Accounting Officer explained that funding amounting to UGX 300M has been committed to this project this FY and is scheduled to start in Jan 2022 and the expected completion date is 30th Mar 2022.	
ACTION	
There was a delay in the renovation of the "White House" at URDCC. However, the renovation works started in January 2022 and were completed in May 2022 and the facility is fully functional.	
Query	**15.17 UPDF Legal Training Centre**
Observation UPDF Legal Training Centre which was started in 2014 has been funded by Netherlands Government with no government involvement; however, in 2020 the project ended with USD. 51,000 bank balance which was agreed to be used to construct a multipurpose building for the centre. Audit inspection carried out on this project indicated that works have stalled because the funds were exhausted from the account with no indication of resuming. Government has not made any provision to have this centre completed.	

There is a risk that if no funds are allocated to the centre, this project will not be completed and all the funds so far injected will be wasted. The Accounting Officer explained that funding amounting to UGX 345M is planned for in FY 2022/23 budget to complete the works on the multipurpose building.	
Recommendation	
The implementation of the Accounting Officer's commitment is awaited.	
ACTION	
The Netherlands Government contributed funding amounting to USD 51,000 towards construction of a Multi-purpose building at the centre against a total requirement of UGX 531,468,920 for completing the building. The scope of works included the following; 2No. classrooms, computer laboratory, Kitchen and a mess. The project commenced on 9th December, 2020. The USD 51,000 contribution achieved the following works: substructure, super-structure, roofing and plastering. The Ministry allocated UGX 345,894,500 for completion works in this FY 2022/23 and works are on-going with an expected completion date of 30th May 2023.	
Query	**15.18 Fencing land forces' headquarter Bombo with concrete perimeter wall**
Observation During the financial year under review, Commander Land Forces was paid UGX 200M to commence the phased concrete perimeter wall fencing at the land forces HQ in Bombo. Audit inspections carried out on 28/10/2021 revealed that the total coverage of land that requires the perimeter wall fence is 5.6km. The total funds received of UGX 200M during the year were meant to cover 600meters but due to extra	

drainage works, 525 meters of the concrete wall was constructed making a total coverage of 1km inclusive of the existing walls. This implies that 4.6kms remain outstanding to complete the perimeter wall. During the financial year 2021/2022, UGX 400M was allocated to cover an extra 1KM during the financial year although, by inspection time, no funds had been released hence project had stalled Failure to provide funds to continue with the construction will affect the achievement of the project's objectives.
Recommendation
The Accounting Officer was advised to ensure that the project is completed and put to the intended purpose.
ACTION
The total length of the perimeter wall is 5.8km and is being constructed in phases. A total of 3km has been completed. The remaining 2.8km will be considered under FY 2023/24 Budget. The project scope included the construction of a 1,000-seater auditorium, Offices, renovation of the Chief of Operation's building, external works, fencing with chain link and construction of a 6-stance aqua privy toilet. Construction works were completed and commissioned in FY 2021/22. The Structure below is the completed building is in the photo below;

Query	**15.19 Construction of Marine Pier at Ntokolo Landing site Magamaga**

Observation

Commander Engineering Brigade has been undertaking a construction of Marine Pier at Ntokolo landing site in Magamaga since F/Y 2020. The contract amount paid was UGX 1.4Bn to construct 150-meter natural gravel landing site for marine base.

During the financial year 2019/2020, it was observed that water levels had increased on Lake Victoria prompting the constructing engineers to revise the distance into the water from 150 meters to 120 meters there by completing the project.

Audit inspections carried out on 13/10/2021 revealed that water levels on Lake Victoria had dropped back to normal hence making it difficult for the marine boats to fully utilise the docking area due to shallow waters. It was observed that only half of the docking area was utilised contrary to the original plan.

This could have resulted from the reduction from the agreed 150 meters to 120 meters with the temporary water increment on the lake. This implies that the marine pier is not fully serving the purpose for which it was constructed. The Accounting Officer explained that the pier was originally planned for a length of 150M. However, with the rising water levels, the length was reduced to 130Metres. Plans are underway to increase the length to the original length of 150Metres.	
Recommendation	
The Accounting Officer was advised to expedite the plans of expanding on the constructed 120 meters into the water to enable full utilisation of the pier.	
ACTION	
i) The pier was originally planned for a length of 150M. However, with the rising water levels, the length attained was only 130 Metres which has since proved to be sufficient enough for maritime operations. ii) The Ministry has further expanded Port Alice Pier in Entebbe as an alternative maritime solution. iii) Additionally, a floating Dock was installed in the waters at Ntokolo, in case of future overwhelming port demands.	
Query	**15.20 General issues in Magamaga Cantonment**
Observation Inspection at Magamaga was carried out and the following challenges were found to affect the cantonment: **Lack of Stores** Magamaga which houses the defence general stores does not have sufficient storage space. The stores were seen to be clogged with no aeration. The supplies in the stores are greatly affected by humidity.	

While there were three (3) stores constructed in Magamaga cantonment during the year under audit, they were all given to IGME.

There is an urgent need for the construction of stores to facilitate decent storage to safeguard against spoilage.
The Accounting Officer explained that in FY 21/22, 2 stores each measuring 525 square metres, are under construction. The expected completion date is 30th March 2022. More 3 stores are planned for in FY 22/23 budget.

Land
It was noted that the firing range occupied by the UPDF has no land title which makes it susceptible to grabbing by the locals as is the case now. The land initially measured approximately 1 square mile, however due to encroachment, only about 600 meters is left. This kind of environment antagonizes the forces and the local community.

The Accounting Officer explained that the shooting range is not yet titled; however, it is going to be surveyed in January 2022, for processing of the land title. The range is as well being used by UPDF for their operations.

Water
The cantonment initially had three pumps to facilitate water pumping to the reservoirs; however, at the time of the audit, there was only one functional pump which couldn't pump all the water needed to run the entire cantonment.
The Accounting Officer explained that 2 pumps of capacity 18.5KW, pumping head of 180 metres (model CR 3210) are being procured. The pumps are expected to be fixed by 30th December 2021.

Poor road network
The road network in the cantonment is impassable which makes transportation to and within difficult. While Magamaga has stones

which can be crashed and utilised to improve the roads, this option has not been utilised.
The Accounting Officer explained that the roads measuring 25KMS within the cantonment were re-gravelled in FY 19/20 as part of mechanized routine road maintenance. The next scheduled routine mechanised road maintenance will be carried out during FY 22/23.

Lighting

The lighting system at the stores both internal and external was found insufficient. This affects security at the stores as monitoring dark places is harder. It was also noted that those being general stores with various supplies, solar would be the best lighting system other than electricity which can be aggressive and destroy stores in case of an electrical catastrophe.

The Accounting Officer explained that a survey has been undertaken to install 5 stand-alone solar systems at a cost of UGX 75M in FY 22/23.

Accommodation

This has been a long-standing problem to the extent that soldiers have resorted to buying iron sheets to put up a shelter for themselves. Other soldiers are renting outside and this comes with problems such as possible information flow within the community due to the close interaction, chances of loss of uniforms and guns given the limited security outside, and general indiscipline by the soldiers, among others.
The Accounting Officer explained that in 2019, the Ministry developed a bankable project to construct 30,000 houses as phase 1 in order to address the accommodation challenges. Government has this FY 2021/22 commenced funding towards this project starting with 700 of housing units. As additional funding is availed to the Ministry, more housing units will be constructed in various Barracks including Magamaga.

Health centre The health centre at the cantonment has since time immemorial been a health centre II, it was noted that this health Centre serves the entire area including the local community and hence needed to be uplifted to a health centre III to improve its functionality. The Accounting Officer explained that the existing health centre is at level III as upgraded in FY 15/16. However, given the numbers its serving, the centre needs to be upgraded further to level IV status. This will be achieved with funds allowed in future. **Sanitation** It was noted that all the toilets in the stores were not functional and this greatly affects the health and safety of staff. There is a need for the construction of water-borne toilets to solve the existing problem at the cantonment. The Accounting Officer explained that their toilets within the vicinity of the stores, though not very near the stores, were being used by the staff. However, the Ministry plans to construct 2 stance toilets near the stores in this FY 2021/22.
Recommendation
The Accounting Officer should act on the above challenges.
ACTION
Lack of Stores i) Construction of Storage facilities across the UPDF is a priority in the Defence Strategic Infrastructure Investment Plan (DSIIP) in line with NDP. ii) 08No. stores have been completed and are in use at Magamaga and an additional 02No. stores are under construction this FY 2022/23.

Land

i) The size of the Shooting range ground is approximately 6.6 acres and not 01 square mile as quoted in the query.
ii) The Ministry surveyed the land in February 2023 and the process of obtaining a land title has been initiated and is expected to be completed by August 2023.

Pumps to facilitate water pumping to the reservoirs;

On the issue of water supply, 02No water pumps of capacity 18.5KW, pumping head of 180 metres (model CR 3210) were installed to alleviate the water supply challenges.

Poor road network

i) The roads measuring 25Kms within the cantonment were re-gravelled as part of mechanized routine road maintenance which is undertaken after every two years.
ii) The next scheduled routine mechanised road maintenance will be carried out in May 2023.

Lighting

Lighting was partly worked on, a survey was undertaken to install 05No stand-alone solar system at a cost of UGX 75,212,625 in FY 2022/23 and installation will be completed by 30 May 2023.

Accommodation

i) In 2019, the Ministry developed a bankable project to construct 30,000 houses to address the accommodation challenges for soldiers.

ii) Government in FY 2021/22 commenced funding towards this project starting with 700No housing units. Construction of Housing Units is on-going in some Barracks and as additional funding is mobilized, more housing units will be constructed in other Barracks including Magamaga.

Health centre The existing health centre is at level III as upgraded. However, given the numbers it is serving, the centre needs to be upgraded further to level IV status. Sanitation There are toilets within the vicinity of the stores being used by the staff. However, the Ministry plans to construct more 02 stance toilets near the stores due to an increase in population in the Cantonment.	
Query	**15.21 Inadequate Fuel supply for Air Force training**
Observation Air Force received fuel for the training of pilots for the period worth UGX 12Bn. However, it was noted that the fuel allocation is controlled by the Ministry. Whenever there is a need for fuel for the jet, management writes to the Ministry to issue a call-off order. After a certain period, bills are passed to the Ministry for payment. The Auditor General further observed that Air Force is not allocated fuel for operations but the same fuel allocation for training is used for other operations and yet the trainers have specific performance contracts. When their contracts expire, they have to leave regardless of the fact that the trainees had not completed their courses due to the limited logistics. It was also noted that Air Force was merged with the Air Defence unit with the later bringing on board equipment which requires fuel for service and keeping them functional but no additional fuel allocation was made. This has led to a shortage of fuel for the smooth operations of the Air Force. Diversion of fuel to other operations affected the training program and as a result, a pilot who should have flown more times in a week had	

the flights reduced and this resulted in a longer training period than anticipated. The Accounting Officer explained that the inadequate allocation of fuel to the Air Force is occasioned by the limited budget allocation to the Ministry. In Financial Year 2020/2021, the Ministry requested for Supplementary budget from the Ministry of Finance, Planning and Economic Development. This request was approved by Parliament and it includes fuel for Pilot Training and Air force operations. A provision for Air Defence equipment fuel has also been made in the additional funds allocated.	
Recommendation	
The Accounting Officer should act on this matter.	
ACTION	
UPDF-AF fuel allocation for both training and operations is inadequate due to budget constraints. Budget allocations to the UPDF-AF will continue to be addressed through the appropriations process.	
Query	**15.22 Purchase of fuel at pump price**
Observation It was noted that although Air Force prequalified fuel companies namely; Total, Mogas including Hared that supply jet fuel for training, the fuel is purchased at pump price. Given the quantities of fuel used, this becomes cost ineffective as so much money is committed to buying fuel yet the army could have imported their fuel cheaply. It was further noted that while there are reserve tanks in Nakasongola and Jinja, these have not been utilised. These would be utilised to avoid exorbitant pump prices.	

The Accounting Officer explained that the companies that supply Jet-A1 have got frame work contracts with the Ministry. The contracts have got a provision that those companies advise the Ministry on a monthly basis about obtaining the fuel using the PLATTS formula. The Ministry has made efforts to establish how feasible and economical it is to utilise the four tanks at Nakasongola which were constructed in 1970. The finding is that it is not economical. The Ministry is still pursuing this through a partnership with a private company that can make this venture more economical.	
Recommendation	
The Accounting Officer was advised to consider more efficient ways such as importing fuel for the forces other than buying at pump price as this will greatly reduce the fuel budget. Meanwhile, Government should consider renovating its own reserve fuel tanks.	
ACTION	
The Ministry has framework contracts with local suppliers who provide unit prices that are revised on a monthly basis based on PLATTS Formula. The order prices are always lower than the prevailing pump prices. The Ministry made efforts to establish the feasibility and economical utilisation of the four tanks at Nakasongola which were constructed in 1970. This was found not to be economical. The Ministry is in the process of constructing internal fuel storage facilities in selected UPDF installations in a phased manner starting this FY 2022/23. The Ministry will also explore a partnership with UNOC on the possibility of importing its own fuel and storing it at Jinja National Reserve facilities.	
Query	**15.23 Ground-Based Air Defense Group (GBAD) routine funds**

Observation During the inspection, it was established that Air Defence receives only UGX 2M as imprest funds per month but they did not have funds allocated for maintenance of infrastructure. The GBAD equipment that includes the Air defence system, Rockets, and drones among others does not have funds for their maintenance. It was also noted that some of this equipment is seated on people's private land and as such there are land wrangles cropping out of this. Failure to adequately maintain this equipment affects its functionality and the security of the country in the long run.	
Recommendation	
The Accounting Officer should act on this matter.	
ACTION	
Most of the GBAD equipment is newly acquired and is still under guaranteed maintenance by the suppliers. The Ministry has embarked on the process of compensating individuals whose land has been taken by UPDF for the installation of Radars.	
Query	**15.24 Creation of 206 commando brigade under SFC**
Observation The audit revealed that despite the creation of 206 brigades comprising bases in Ruhengyere Mbarara District, Karugutu in Ntoroko District and in Nebbi, to-date there is no funding allocated to facilitate their day-to-day running. There were no offices in place, no imprest at all even for basic activities like the purchase of stationery. It is not clear how these establishments will be run without funding at all even for day-to-day activities. There is a risk that the purpose for which they were established may not be achieved since they are not facilitated to perform their duties.	

The Accounting Officer explained that the unit is not sufficiently funded due to the inadequate funding of the Ministry. However, logistical items like clothing, food and fuel among others are provided to the brigade. An administration block was also recently constructed for office accommodation for Ruhengyeri. The Ministry's future plans will cover Karugutu and Nebbi.	
Recommendation	
The Accounting Officers should act on this matter.	
ACTION	
The Brigade's allowances are not sufficiently funded due to budgetary constraints. However, logistical items like clothing, food and fuel among others have been provided to the Brigade. An administration block was also recently constructed for office accommodation for the Brigade at Ruhengyeri.	
Query	**15.25 Centralized system of resource allocation at the General Military Hospital- Bombo (GMHB)**
<u>Observation</u> It was noted that the resources that run the hospital are not controlled at the hospital. Because the hospital has no vote, management has to wait for facilitation from the centre even when there are emergency circumstances. A case in point is one soldier who needs an implant but the process of acquisition has taken a whole year. It is important to note that a fracture worked on after such a long time may have a un desirable outcome as this period of waiting leads to limb shortening or may cause the limb never to join again due to infections.	

The Accounting Officer stated that management holds in high esteem the lives and health of soldiers and their immediate families hence the effort that is made for the provision of health services in UPDF health facilities and referrals to other hospitals both locally and abroad.	
Recommendation	
The Accounting Officer was advised to prioritize the health and well-being of people and consider a largely decentralized system for the hospital.	
ACTION	
Although primarily a Military facility, over 75% of the patients attending General Military Hospital-Bombo are civilians from the neighbouring districts and beyond. Faced with the dilemma of a high patient burden against limited resources, management instituted stringent measures to optimise the allocated resources and these include centralised controls. While this approach has improved the overall management of health care resources, it also has some shortfalls such as delays in responding to facility and patient needs. To address the challenge of shortages and delays, the Ministry has this year 2022/23, allocated an additional budget of UGX 2.5 Bn to GMHB for medical supplies. On the issue of a separate vote for the facility, the Ministry has considered that GMHB will become part of the UPDF National Referral Hospital being constructed at Mbuya.	
Query	**15.26 Inadequate medical supplies at the General Military Hospital-Bombo (GMHB)**
Observation It was noted that the General military hospital's allocated budget for medical supplies at the National Medical Stores (NMS) is UGX 110M per cycle of two months. This translates into approximately UGX 1.8M	

for the entire hospital or about UGX 3,800 for each of the 180 patients and 300 outpatients attended per day on average. Consequently, patients are to provide their own medical consumables including basic ones such as gloves, syringes and gauze in addition, to carrying out diagnostic tests from private service providers regardless of their entitlement category. The rampant stock out of pharmaceutical products has now become a common source of discontent among patients seeking health care, especially the uniformed beneficiaries who vehemently contest the practice, with a belief that the medicines are stolen wholesomely by the health workers. This situation could culminate in deterioration and loss of lives. The Accounting Officer explained that the inadequate medical supplies are attributed to insufficient NMS allocations to the Ministry coupled with an influx of civilian patients to UPDF health facilities. The Ministry will continue engaging MoFPED and MoH to elevate the NMS allocations to UPDF health facilities Bombo GMH inclusive.
Recommendation
The Accounting Officer was advised to continue liaising with MoFPED and MoH to increase the NMS allocations to UPDF health facilities.
ACTION
i) General Military Hospital-Bombo, which is the top referral hospital in the current UPDF/MoDVA health care organisation is rated as a Regional Referral Hospital by the MoH. Although primarily a military hospital, the facility mostly attends to civilian patients from the neighbouring districts and beyond who constitute over 75% of the patient numbers.

ii) The allocation of resources to the hospital however does not take into consideration its dual status as a military facility whose services are mostly consumed by civilian patients hence the over-utilization of allocated supplies by these patients at the expense of the primary beneficiaries.

iii) The Government has progressively been increasing the Ministry allocation at NMS from UGX 1.5Bn in FY 2010/11 to UGX 4.64Bn in FY 2021/22 but this is still inadequate to meet the needs of the ever-rising patient numbers. MoDVA has this FY 2022/23, allocated an additional budget of UGX 2.5Bn to GMHB for medical supplies as a short-term measure to address the inadequate allocations from NMS.

Query	**15.27 Under-utilization of hospital equipment at the General Military Hospital - Bombo (GMHB)**

Observation

It was established that the hospital equipment is working at approximately 40% due to a lack of consumables. Because of this shortage, Hospital Management has been forced to refer patients for ailments that can be managed at the hospital but are not done due to a lack of the necessary consumables. For example, despite having X-ray machines, the hospital continues to refer patients due to a lack of screens. This cost is too high and unsustainable for patients.

These referrals have seen a rise of the hospital's referral bill to approximately 2bn monthly, translating into between 20-25BN annually. This expenditure drains resources that would have otherwise been invested in capacity and capability enhancement. Utilizing a fraction of this money at the GMH would significantly improve the quality of services, eventually reducing the financial burden accruing to patient referrals.

This has consequently resulted in nugatory expenditure costing the government much more than would have been had it been treated at the military hospital. According to the Accounting Officer, the inadequate consumables are attributed to insufficient NMS allocations to the Ministry coupled with an influx of civilian patients to UPDF health facilities. The Ministry will continue engaging MOFPED and MOH to elevate the NMS allocations to UPDF health facilities Bombo GMH inclusive.
Recommendation
The Accounting Officer was advised to prioritize hospital facilitation other than paying high referral bills which will save lives and greatly cut down on hospital bills.
ACTION
i) The underperformance of medical equipment at General Military Hospital Bombo and other UPDF/MODVA facilities is a result of the inadequate provisions for consumable supplies from the NMS owing to budgetary limitations. Faced with competing demands most of the allocated resources are concentrated on drugs and sundries creating a considerable shortfall in equipment consumables. ii) Equipment consumables have accordingly been prioritised under the UGX 2.5 Bn shillings additional budget allocated for medical consumables this FY and it is expected that considerable improvements will be realised in this area.

Query	**15.28 Crowded hospital premises at the General Military Hospital-Bombo (GMHB)**
Observation It was established that the hospital is overcrowded given that the civilians in the area also receive medical services from the hospital, and these were found to form about 75%-80% of the patients received	

at the hospital. While the number of patients has been growing over the years, the infrastructure is not growing in tandem.

With the physical infrastructure, equipment, supplies and running budget not expanding in tandem and the MOH extending no additional support, these patient numbers are overwhelming and posing a big challenge.

Recommendation

The Accounting Officer was advised to have the matter addressed.

ACTION

i) General Military Hospital- Bombo like any other UPDF/MODVA health facility in the country is facing a challenge of civilian patients whose numbers range between 75%-80% of all patient numbers which translates into overcrowding.

ii) The budgetary constraints notwithstanding the Ministry continue to use all possible avenues to expand its health care infrastructure such as; the construction of a new 30-bed Maternity ward, a new Officers' ward and ICU building at GMHB, the expansion of the Hospital at Masindi, the renovation of the 4th Division Hospital, and construction of Health Centres at Unit and Brigade levels.

iii) The completion of the UPDF National Referral Hospital at Mbuya will go a long way in decongesting GMHB. Similarly, the entity has increased its engagements with the MOH to ensure that UPDF/MODVA facilities also benefit from infrastructure-related programmes under the MOH. These efforts have for example seen GMHB benefit from an Oxygen plant house and improvement of the ICU being undertaken currently by the MOH. Under the same arrangement, the facility is expecting a new Radiology/ Imaging block equipped with a CT scan like has been done for other Regional Referral Hospitals.

16.0 MINISTRY OF WORKS AND TRANSPORT

Query	16.1 Existence of a Strategic plan that is 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, it was noted that the entity had prepared a strategic plan. However, this had not been approved by NPA by the end of the year under review.

There is a risk that activities implemented during the FY 2020/21 were not aligned to NDP III, which negatively affects the achievement of NDP III objectives.

The Accounting Officer pledged to work closely with NPA in-order for the strategic plan to be approved.

Recommendation

The Accounting Officer was advised to follow up with NPA for the approval of the Strategic plan to ensure the achievement of the NDP III objectives.

ACTION

The Ministry Strategic Plan 2020/2021-2024/2025 was approved by NPA.	
Query	**16.2 Revenue Performance**
Observation **Performance of NTR** The audit reviewed the NTR estimates, revenue sources and rates charged at the vote level for the financial year 2020/2021 and noted that MoWT did not budget to collect NTR during the year under review. However, the review of financial statements indicated that NTR amounting to UGX 6,995,230,920 was collected during the year under review. 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. The Accounting Officer explained that the NTR figures were not captured because PBS was not formatted to capture NTR estimates. **Performance of GoU receipts** The Ministry budgeted to receive UGX 1,818Bn (including donor funding) out of which UGX 1,4905Bn (UGX 1,280Bn GOU warrants and UGX 210Bn donor funding) was warranted/availed resulting in a shortfall of UGX 327.625Bn, which is 18% of the revised budget. Revenue shortfalls affect the implementation of planned activities.	
Recommendation	
The Accounting Officer was advised to always ensure that NTR collection is budgeted for.	
ACTION	

The Ministry of Finance, Planning and Economic Development will continue to support MDALGs to come up with realistic and realizable 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	**16.3 Absorption of funds**
Observation Out of the total warrants of UGX 1,280Bn received during the financial year, UGX 1,068Bn was spent by the entity resulting in an unspent balance of UGX 212Bn representing an absorption level of 83.4%. 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. 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.	
Recommendation	
The Accounting Officer was advised to ensure that all funds availed are absorbed. Where reallocations are found necessary, the Accounting Officer was advised to seek revision of the entity's budget and work plan.	
ACTION	
The COVID-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent financial year work plans.	

The Ministry was unable to fill the approved vacant positions due to the COVID-19 pandemic hence the unspent funds under the wage component.	
Query	**16.4 Implementation of quantified outputs**
Observations The audit assessed the implementation of thirty-seven (37) outputs that were fully quantified with a total of one hundred and sixty-eight (168) activities worth UGX 779.621Bn and noted that; • Four (4) outputs with seven (7) activities and expenditure worth UGX 543.224Bn were fully implemented. That is all seven (7) activities within these outputs were fully implemented. • Thirty (30) outputs with one hundred and fifty-seven (157) activities worth UGX 236.397Bn were partially implemented. Out of the one hundred and fifty-seven (157) activities, the entity fully implemented forty-seven (47) activities, seventy-two (72) activities were partially implemented while thirty-eight (38) activities remained unimplemented. • Three (3) outputs with four (4) activities worth UGX 0.0Bn were not implemented. That is none of the four (4) activities was implemented at all because budgeted funding was not availed. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the MoWT did not implement the following planned activities despite having received the required funds; i) Bridge inventory Data for BMS not collected. ii) Bridge management System (BMS) Software not procured iii) Upgrading to Bitumen Standard Sebbowa road (1.0km) in Makindye Ssabagabo Municipal Council was not implemented. iv) Study for the determination of design load factors and traffic capacity assessment on selected roads in Adjumani and Moyo under the Development Initiative for Northern Uganda (DINU) not undertaken.	

The Accounting Officer explained that the implementation of the majority of the above activities was affected by the COVID-19 pandemic and the nationwide lockdown during quarters two and three of the financial year.	
Recommendation	
The Accounting Officer was advised to ensure that outputs are implemented as planned and where funds are not availed, to seek for revision of the entity work plan.	
ACTION	
The Ministry has collected Bridge Inventory Data from districts of Mukono, Buikwe, Kayunga, Luwero, Nakasongola, Lira, Dokolo, Gulu, Kitgum, Amuru, Busia, Mayuge, Mbarara, Sheema, Ntugamo, Buhweju and Bushenyi among others. However, the Ministry has not been able to procure a consultant to develop the Bridge Management System (BMS) due to inadequate budget provisions. When the project profile for Rural Bridges Infrastructure Development was approved, it was envisaged that the project would receive funding to implement the approved activities. However, 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. This affected the procurement of the consultant to develop the BMS. With regard to the project of upgrading Bitumen Standard Sebbowa Road, the funding will be addressed through the appropriations process.	
Query	**16.5 Long outstanding advances**
Observation	

Review of Receivables in the Statement of Financial Position and Note 19 revealed that the Ministry had receivables worth UGX 1,570,776,843 out of which those worth UGX 623,855,947 were outstanding at the end of the previous year. The likelihood of eventual clearance of the receivables that have been outstanding for over a year, therefore, seemed remote. The Accounting Officer explained that the figure included the loss which was incurred in 2008, where the MoFPED staff that were attached as IT support, created a fictitious company on IFMS.
Recommendation
The Accounting Officer was advised to follow up on the clearance of the advances as soon as possible.
ACTION
It is true that Note 19 includes receivables amounting to UGX 623,885,947. This figure includes the loss which was incurred in 2008, where the MoFPED Staff who were attached as IT support, created a fictitious company on IFMS leading to a loss. All the suspects were arrested and arraigned in Courts of Law under criminal case number 0224 of 2008. However, during prosecution, police failed to present sufficient evidence and consequently the trial magistrate dismissed the case. The UGX 43,829,934 is in respect of double payments which occurred in 2018/19 and recoveries were made. In the letter dated 9th May 2019, the Permanent Secretary/Secretary to Treasury (MoFPED) wrote to the MoWT requesting for documents to be submitted under the Treasury Memorandum for further action by Parliament after PAC recommendations on FY 2017/18. Since the court dismissed the case the figure should be written off.

Query	16.6 Failure to maintain district road equipment
Observation The inspection of the Ministry's Regional Mechanical Workshops during August and September 2021 revealed that twenty-one (21) units of district road equipment had been lying in the workshops' yards for more than a year without repair. The equipment included: thirteen (13) motor graders of different models; four (4) bulldozers; One (1) pickup; two (2) dump trucks, and one (1) wheel loader. In addition, requests for 136 tyres for running district road equipment were not honoured during the year. This means that the districts that own the concerned equipment could not maintain their roads and deliver such critical service to the country as planned. In addition, the cost of repair is escalating because other parts also become faulty when the equipment is grounded for a long time. The Accounting Officer explained that the amount budgeted and received to maintain road equipment represents 30% of the total funds (UGX 44.6bn) required for equipment maintenance. Hence, during the FY 2020/21, the Ministry prioritized mainly the servicing of the newly acquired equipment from Japan leaving out the older equipment (from China) that requires major repairs but have no budget. Maintenance of district equipment is one of the critically underfunded activities in the Ministry. The Accounting Officer also said that it is true that a number of road equipment in the districts lack tyres. This is mainly due to an inadequate maintenance budget for the equipment.	
Recommendation	

The Accounting Officer was advised to liaise with the responsible authorities to obtain the necessary funding for the full maintenance of the equipment so that it operates and serves the Districts.	
ACTION	
The Ministry has four (4) Regional Mechanical Works shops located at Bugembe, Gulu, Mbarara, and Kampala. The Ministry has endeavoured to reduce the turn-around time for the repair of equipment. However, it is constrained by the limited available maintenance budget. While the maintenance funding requirement currently is UGX 44 billion, only UGX 11.6Bn is catered for in our MTEF, leaving a funding gap of UGX 33Bn. Notwithstanding the fact that routine maintenance for the machines is necessary, most of them have clocked in excess of 10,000 hours of service and are due for boarding off.	
Query	**16.7 Grounded aircraft used for training**
Observation Audit inspection and review of the East African Civil Aviation Academy (EACAA) in Soroti; and review of the Academy's assets register and aircraft annual serviceability status report of 06/09/2021 revealed that 3 out of the 9 aircraft were grounded due to non-repair and maintenance. The aircraft were (registration numbers): 5X-RWE grounded due to a defective fuel injector pump; 5X-UAN grounded for mandatory structural modification and 5X -YKM grounded for a propeller overhaul. It was further noted that their certificates of airworthiness (C and A) had expired. This made it difficult for the Academy to offer practical training. Management explained that this was due to reasons beyond their control such as delay by the foreign contractor to commence repairs of 5X-UAN 310 due to the closure of the borders immediately after the signing of the contract.	

Management further stressed that the academy had challenges in the procurement of spares for the aircraft due to global delays due to the effects of COVID-19.
Recommendation
The Accounting Officer was advised to follow up with the contractor to ensure that the aircraft is repaired as soon as the situation normalizes.
ACTION
5X-RWE: The aircraft has since been serviced with a new engine and under going online, certification for airworthiness by the regulator. **5X-UAN:** The Cessna 310 Mandatory modifications for the wing spar re-enforcement kits were completed by the contractor. This followed a major structural repair that entailed the replacement of structural ribs adjacent to the wheel well. Engine data monitoring management display unit/instruments were also completed (this was a modification to improve safety features). The 5X-UAN aircraft underwent a rejuvenation programme that involved a corrosion prevention and control program, a repainting job, an overhaul of seat frames and structures, transparent plastics (windscreens & windows), and upholstery systems. During the routine annual inspection of the aircraft to return it to service after the above repairs, the landing gear actuator failed the retraction-extension functional checks during normal/routine testing. A serviceable part has since been obtained from the supplier. This snag stalled the annual inspection and thus the aircraft remains grounded.

The Aircraft is a very old model (1971) and parts are no longer available on the market. The Academy has to make special orders from the manufacturer and this takes a long time. Delays in the acquisition of parts (lead times). **5X-YKM:** The aircraft propellers were overhauled and installed on the aircraft. Also, a standby propeller was procured to manage future propeller TBO issues. The aircraft is serviceable/operational, fully airworthy and certificated by the regulator, and currently undergoing a routine maintenance check/inspection.	
Query	**16.8 Delayed compensation of PAPs for the development of the New Kampala Port in Bukasa**
Observation Paragraph 11 of the land acquisition procedure of Appendix 1 in the Guidelines for Compensation Assessment under Land Acquisition (GCALA) of June 2017 states that the period from final report approval to payment of compensation awards shall not exceed 6 months. The valuation report for 2,378 PAPs with a total compensation sum of UGX 29.2 billion was approved by the Chief Government Valuer in October 2018. The review of documents indicated that a total of 1,253 PAPs with a total compensation value of UGX 19.5 billion had been paid by 30th June 2021. As a result, a total of 1,125 PAPs with a total compensation value of UGX 9.7 billion have remained unpaid for about three years. Delayed compensation of PAPs delays the implementation of the project leading to the escalation of the project cost.	

The Accounting Officer explained that the Ministry budgeted for the remaining funds UGX 9.7Bn in the FY 2021/22 was approved by the Ministry of Finance, Planning and Economic Development. The Ministry has compensated 1,704 PAPs out of 2,378 PAPS as at 30th October 2021. The remaining 674 PAPS will be compensated this FY 2021/22.
Recommendation
The Accounting Officer was advised to ensure that the budgeted funds are realised so that compensation is completed and works start in the FY 2021/2022.
ACTION
The compensation of Project Affected Persons (PAPs) for Bukasa port has been delayed majorly due to an inadequate budget for compensation which was in a total of UGX 29.236Bn. The original valuation report which was approved by the Chief Government Valuer (CGV) in October 2018 identified 2,378 PAPs with a total compensation amount of UGX 29.23Bn. However, during implementation, the Ministry received numerous complaints from the PAPs regarding the undervaluation of their properties. Consequently, a technical site verification exercise was conducted, and Supplementary Valuation Report No.1 was prepared and approved by the Chief Government Valuer (CGV) in December 2021. The Supplementary Valuation Report increased the total compensation sum from UGX 29.23Bn to UGX 34.27Bn. So far, 1,676 PAPs out of the verified 1,704 have been verified and approved for payment with a total compensation amount of UGX 29.99Bn. Of these, 1,538 PAPs worth UGX 27.28Bn have been compensated as of April 2023. The remaining PAPs have not been compensated due to lack of funds.

The Ministry has engaged MoFPED to provide additional funding to compensate the remaining PAPs. Also, the Ministry has budgeted for UGX 2Bn towards compensation of Bukasa PAPs during the FY 2023/24.	
Query	**16.9 Implementation of unplanned procurements**
Observation Section 15(1) of the PFMA, 2015 provides that "after approval of the annual budget by Parliament, the Secretary to Treasury shall issue the annual cash-flow plan of Government, based on the procurement plans, work plans and recruitment plans approved by Parliament". In addition, section 21(1) provides that "an Accounting Officer shall, based on the annual cash-flow plan issued by the Secretary to the Treasury under section 15, plan and manage the activities as indicated in the policy statement of the vote". A review of procurement records revealed that procurements worth UGX 1.77Bn which were not planned were implemented by the Ministry. Implementation of unplanned procurements is not only contrary to the PPDA Act, but it negatively affects the implementation of planned procurements and defeats the purpose of procurement planning. Although the Accounting Officer explained that the procurements were planned, the audit was not availed evidence to support the assertion.	
Recommendation	
The Accounting Officer was advised to always implement the budget based on the procurement plans and work plan as approved by Parliament.	
ACTION	

Unplanned procurements which were implemented

The highlighted procurements were planned under the financial year 2019/20 and their procurements commenced in the same financial year but were not completed. Currently, all procurements that are planned and not completed in a given financial year are rolled over in the subsequent budget, work plans and procurement plan.

Query	16.10 Delayed completion of road construction project

Observation

The review of procurement reference number MoWT/WRKS/2018/19/00191 indicated that the Ministry entered into a contract with M/s Probase Manufacturing SDN BHD and Abubaker Technical Services and General Supplies Limited JV on 16th May 2019 for piloting the use of probase technology for the construction of roads in Uganda. The contract was for designing and building Kayunga - Nabuganyi and Nansana – Kireka - Bbira roads at a total cost of UGX 45.35Bn The contract provided that the works were to be completed by 01/07/2020.

However, the examination of records indicated that the contract spilled over into the year under review and payments amounting to UGX 10.91Bn was made during the year.

The intended objective of piloting the technology in Uganda was not achieved.

The Accounting Officer explained that the contract implementation spilled over to the year under review due to the following reasons;

i. The contractor encountered unforeseen adverse physical conditions along the swamp section on the Kayunga – Nabuganyi road (20.2km) such as soft ground high water table measuring up to a length of 4.65km which necessitated special treatment such as the use of rockfill, geosynthetics, and embankment construction to avert possible premature defects and failure of the road. The extra works required extra time for

both construction and also allow for consolidation of the new fill sections to warrant stability. ii. The employer required additional works. iii. The outbreak of the COVID-19 pandemic across the world led to difficulty in site operations, worker movements and general mobility of supplies. For instance, the factories manufacturing inputs for the technology (Probase TX-85 soil stabilizers and Probase PB-65 sealants) in Malaysia were closed to curb the spread of the virus for some time and upon reopening the factories, shipping schedules became a challenge.	
Recommendation	
The Accounting Officer was advised to closely supervise the contract to ensure that the project is completed by the extended timeline.	
ACTION	
The project time of completion of Kayunga – Nabuganyi road (20.2km) was extended from 12th January 2023 to 20th May 2023. Physical progress of works is currently at 68%. The Contractor is expected to resume working expeditiously when interim certificate payments are made to ensure timely completion and ensure that the project benefits are attained.	
Query	**16.11 Planned procurements not implemented – UGX 7,465,000,000**
Observation Section 15(1) of the PFMA, 2015 provides that "after approval of the annual budget by Parliament, the Secretary to Treasury shall issue the annual cash-flow plan of Government, based on the procurement plans, work plans and recruitment plans approved by Parliament". In addition, section 21(1) provides that "an Accounting Officer shall, based on the annual cash-flow plan issued by the Secretary to the Treasury under section 15, plan and manage the activities as indicated in the policy statement of the vote".	

A review of the procurement plan and the procurement reports to PPDA indicated that procurements worth UGX 7,465,000,000 which were planned were not implemented. The Ministry did not manage the procurement activities as indicated in the policy statement and hence not all planned services were delivered. The Accounting Officer explained that some procurements were not implemented due to budget cuts and thus lack of funds.	
Recommendation	
The Accounting Officer was advised to always liaise with the responsible authorities to ensure that the Ministry's approved budget is fully availed.	
ACTION	
Unimplemented planned procurements. The highlighted procurements were not implemented due to financial constraints that affected their implementation. However, some of the procurements under review were planned, budgeted for and implemented in the financial year 2021/2022.	
Query	**16.12 Delayed acquisition of land for the Right of Way (RoW) for the SGR project**
Observation Objective 1 of the project strategic plan for 2016-2020 was to acquire 5200 acres of land free of encumbrances at an estimated cost of UGX 534,600,000,000 for the Right of Way (ROW) for the construction of the Kampala – Malaba SGR route by October 2016. However, the review of documents indicated that only 1,295.98 (24.9%) acres of land had been acquired at a cost of UGX 95,361,767,388 (18%) as of September 2021. It was further noted that the project had not acquired titles for the pieces of land already paid for.	

Delayed acquisition of the Right of Way is likely to delay project implementation. As a result, the intended objectives of the project may not be achieved. The Accounting Officer explained that currently, land acquisition is one of the core activities of the project. Valuation reports for the section between Tororo-Mayuge and Kakubansiri village in Buikwe district and Fish Ponds worth UGX 139.35bn were approved by the CGV starting in 2016. The amount paid to Project Affected Persons (PAPs) as compensation for land and property is directly dependent on the approved budgets and subsequent releases to the project. The releases however have been going down in comparison to the annual budgets. For example: in 2016/2017, UGX 46.8bn was released out a budget of UGX 113.5bn; in 2017/2018, UGX 25.5bn was released out of a budget of UGX 72.5bn; in 2018/2019, UGX 25bn was released out of a budget of UGX 39.2bn and in 2019/2020, UGX 16.8bn was released out of a budget of UGX 20bn. It is only in 2020/2021 that the budget was UGX 19bn and all of it was released. The Accounting Officer further explained that due to the passing of time from 2016 when the assessment and valuation of PAPs in the section between Jinja-Kampala was done, reassessment and revaluation are ongoing as advised by the CGV on this section where the compensation estimate was UGX 432.47bn in 2016.
Recommendation
The Accounting Officer was advised to obtain and transfer land titles to Government for the land paid for and expedite the acquisition of all the land needed for the project.
ACTION

The Project plan was to acquire 5,200 acres of land free of encumbrances at an estimated cost of UGX 534.60Bn for the construction of the Kampala – Malaba SGR route by October 2016. However, by September 2021, only 1,295.98 (24.9%) acres of land had been acquired at a cost of UGX 95.36Bn. The performance is due to limited budgets released to the Project.

To date, the Project has acquired 1,321.08 acres at a cost of UGX 102.14 bn. The Project budget has been raised to UGX 80bn for FY 2023/2024 from UGX 26bn in FY 2022/2023 and UGX 19bn in FY 2021/2022.

17.0 MINISTRY OF ENERGY AND MINERAL DEVELOPMENT

Query	**17.1 Existence of a Strategic Plan that is 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 noted in the year under review, that the entity did not have an approved sector development plan (strategic plan) 2020/21.
This implies that in the year under review, the annual planned activities (work plans and budgets) are not set towards the realization of the National Development Plan objectives.

In addition, effective monitoring and evaluation of the progress of implementation of the strategic plan and therefore achievement of objectives of the National Development Plan would be impaired due to the absence of an approved SDP at the time of preparation of the Budget Framework Paper and Ministerial Policy Statement. 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 strategic Plan was prepared and is aligned with the NDP III, however, the approval of the plan was delayed due to management transition.	
Recommendation	
The Accounting Officer was advised to urgently approve the strategic plan to facilitate the preparation of annual work plans and the achievement of the NDP objectives.	
Action	
The Ministry's Strategic Plan 2020/2021-2024/2025 was approved by the National Planning Authority and is now being implemented.	
Query	**17.2 Revenue Performance**
Observation **Performance of NTR** The audit reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2020/21 and noted that the entity budgeted to collect NTR of UGX 19.9Bn during the year under review. Out of this, only UGX 13Bn was realized, representing a performance of 65.3% of the target. Shortfalls in NTR collections affect the implementation of planned activities.	

The Accounting Officer acknowledged that NTR did not perform as expected due to COVID Pandemic that greatly affected businesses in the Country. In some of the cases, the defaulting companies wrote requesting for either a reduction or waiving off their rent arrears. We wrote to the Attorney General to help us recover all the uncollected NTR.

Performance of GoU Receipts

The entity budgeted to receive UGX 371.5Bn out of which, UGX 342.3Bn was warranted, resulting in a shortfall of UGX 29.2Bn which is 8% of the budget. Revenue shortfalls affect the implementation of planned activities

The Accounting Officer explained that the Ministry shall continue to engage the Permanent Secretary/Secretary to the Treasury to ensure that all appropriated funds are released.

Recommendation	
The Accounting Officer was advised to devise mechanisms for ensuring that fees are collected from the defaulters in the mining sector. Engagements should continue to ensure additional revenue collection. The Accounting Officer was also advised to continue engaging with MoFPED to ensure the adequate release of budgeted funds.	
Action	
The year under review was affected by the COVID-19 pandemic. The Ministry gets most of its non-tax revenue from the mineral sector companies which were not operating and hence few new licenses were issued and few renewals made.	
Query	**17.3 Absorption of Funds**
Observation	

Out of the total warrants for the financial year of UGX 342.3Bn, UGX 336.9Bn was spent by the entity resulting in an unspent balance of UGX 5.4Bn representing an absorption level of 98%. The unspent balance at the end of the financial year was subsequently 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) Acquisition of geophysical data in Moroto-Kadam Basin ii) Purchase of specialized Machinery and Equipment iii) Capacity Building for Staff iv) Regional Sectoral Committee meetings v) Compensation of Project Affected Persons vi) Delayed procurement due to the administrative review and activities affected by the COVID-19 pandemic. 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 acknowledged that the Ministry did not spend UGX 5.4bn due to the COVID-19 pandemic, administrative reviews of some procurements and unspent salaries due to unfilled positions.
Recommendation
The Accounting Officer was advised to 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.
Action
The Ministry did not spend UGX 5.4bn as at the closure of the financial year. The bulk of the unspent funds was UGX 3.4bn earmarked for the procurement of Infra-sound equipment that did not materialize due to an administrative review at the PPDA Tribunal.

The remaining funds could not be utilised due to COVID-19 pandemic restrictions. For example, the recruitment process could not be conducted under such circumstances.	
Query	**17.4 Outstanding Domestic Arrears of UGX 17,126,234,795**
Observation A trend analysis of the domestic arrears disclosed under Note 24 to the financial statements indicated the movement of domestic arrears from UGX 18.29Bn in the previous year to UGX 17.13Bn in the current year, a decrease of only 7%. Long outstanding domestic arrears may lead to Unsustainable risks of litigation and related costs in the form of interest penalties. It was further noted that despite the significant amount of outstanding domestic arrears brought forward, the ministry only budgeted for UGX 1,183,487,746 towards their settlement. The Accounting Officer explained that the Ministry continues to engage MoFPED to provide sufficient funds to settle the arrears. In addition, domestic arrears are not part of the vote's ceiling and the budget for arrears is a responsibility of the Ministry of Finance, Planning and Economic Development.	
Recommendation	
The Accounting Officer was advised to continue engaging MOFPED and Parliament for sufficient budget allocation and ensure that outstanding payables are settled without further delay. In addition, management is advised not to commit government beyond the available funds.	
Action	
The Ministry had domestic arrears of UGX 17.6bn and was allocated a budget of UGX 1.1bn in the FY 2021/2022. This figure was used to reduce on the Ministry's liability to Uganda Revenue Authority, an	

obligation that was incurred in 2015 for stamp duty fees that were not fully paid at that date. In the financial year 2022/2023 the Ministry was allocated UGX 772.8m which was paid to URA. Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets.	
Query	**17.5 Outstanding Mineral Sharing Deposits of UGX 433,816,100**
Observation Section 98 (2) of the Mining Act, 2003 states that royalties shall be shared by the Government, Local Governments, and owners or lawful occupiers of land subject to mineral rights in a ratio of 80%, 17% and 3%, respectively. The audit noted that the Ministry received UGX 1.39Bn into the Mineral Royalties Sharing Fund account during the period, in addition, to the closing amount of UGX 433.82Mn from the previous period. However, only UGX 1.39Bn was paid leaving an outstanding balance of UGX 433.82Mn which has been correctly disclosed as payables as at year end. Management explained that the challenge for non-payment of royalties included: disputed district boundaries, inactive bank accounts, and unknown land owners, among others.	
Recommendation	
The Accounting Officer was advised to ensure that the identified bottlenecks are resolved on a case-by-case basis and the amounts released to the intended beneficiaries in accordance with the law.	
Action	

The challenge of not transferring all mineral royalties were mainly land disputes between the two districts of Kamwenge and Kitagwenda, inactive bank accounts and unknown land owners. Going forward, the ministry will engage the affected parties to identify and demarcate clear boundaries. Funds for the two districts have accumulated overtime and if the issue is not resolved by end of this FY 2022/2023, they will be transferred to the Uganda Consolidated Fund Account in accordance with the PFMA 2015.	
Query	**17.6 Long Outstanding Receivables of UGX 4,494,005,610**
Observation Included in the receivables amount of UGX 14.287Bn in the statement of financial position and under Note 19, to the financial statements is an amount of UGX 4.494Bn receivables (UGX 4.288Bn and UGX 206Mn relating to annual mineral rent/royalties and sale of goods and services, respectively) which has been outstanding for over four years. The delayed recovery of arrears of revenue affects implementation of government programs due to inadequate funding. In addition, this could lead to bad debts resulting into loss of government funds. The Accounting Officer explained that efforts are being made by the Ministry to recover the arrears and that a schedule of defaulters has been submitted to the Attorney General for prosecution in Court. However, even before commencement of the court process UGX 1.1Bn has been collected.	
Recommendation	
The Accounting Officer was advised to continue engaging with the relevant stakeholders to ensure that the outstanding amount is collected. In addition, management should conduct an aging analysis	

of the receivables and consider making provision for bad debts for amounts whose recovery is doubtful.

Action

The Ministry wrote to the Attorney General to recover UGX 4.2bn from defaulters and during the year UGX 1.lBn was collected.

The Ministry will continue to engage the office of the Attorney General to recover the above revenue The balance of UGX 3.1 bn still stands uncollected and we shall continue engaging Government debt collecting measures.

Query	**17.7 Delayed Acquisition of Land for Karuma Reservoir Area**

Observation

The Ministry of Energy and Mineral Development contracted a service provider in December, 2019 to undertake a RAP study and RAP implementation exercise of Karuma Reservoir area at a cost of UGX 1.05Bn which was supposed to be completed in December 2020. The audit noted significant delay in the RAP implementation and land acquisition for the project. The contract has been extended several times with the new completion date set for 23rd June 2022. It was established that a RAP survey and valuation report was submitted by the Consultant in April 2021, but, as at 30th June 2021, compensation of the PAPs had not yet commenced.

Land acquisition in the reservoir area is a critical path activity for the completion and commissioning of the Karuma HPP, and as such, the delays in the implementation of this contract will affect the completion of the Plant.

The Accounting Officer attributed the delays to a shortfall in availability of funds. The Ministry has sought a supplementary budget from Ministry of Finance, Planning and Economic Development and once funds are availed, the Ministry will fast-track the compensation process and the reservoir will be acquired in time for full load testing and commissioning.

Recommendation

The Accounting Officer was advised to expedite the compensation of Project Affected Persons once the funding is availed by MoFPED.

Action

MEMD commenced compensation of Project Affected Persons (PAPs) and to date 80.4% of the consenting PAPs have been paid. The Rapid Assessment Programme (RAP) consultant has submitted an additional batch of consenting PAPs. Its clearance for payment is ongoing and upon payment the status will be at 85.7%.

The Ministry received 15 copies of the original titles (out of the 25) which the RAP consultant commenced on their subdivision process. The remaining tittles will be collected prior to compensation of the PAPs. MEMD and the RAP consultant will continue to sensitize and distribute eviction notices to all paid PAPs to vacate the project land to pave way for reservoir filling and demarcation exercises.

Delays in completion of RAP have been attributed to among others: lack of proper documentations from PAPs, court cases, grievances, absentee landlords and others rejecting the Chief Government Valuer (CGV) approved rates. MEMD has continued to carry out mobilization and sensitization of PAPs in the Project Affected Areas to ensure that all PAPs do consent and are fully compensated.

The Ministry ran a media advert calling upon all absentee PAPS to come for final disclosures at their respective Sub County Headquarters and a number of them turned up and consented for payment.

MEMD has also established a Grievances Resolution Committee comprising of representatives from MEMD, the RAP Consultant and

Local Government from District, Sub County, Parish and village levels to resolve grievances as they arise. To date a number of grievances have been resolved and submitted for payments. The consultant is preparing a supplementary report for all PAPS that require revaluation and upon completion the report will be forwarded to the Chief Government Valuer for approval.	
Query	**17.8 Staffing Gaps**
Observation A review of the Department of Geological Survey and Mines staff establishment revealed that out of 127 approved positions, only 85 positions were filled leaving 42 positions vacant representing a staffing gap of 33%. Some of the key vacant positions are; Director Geological Survey, Commissioner Geological Survey, Assistant commissioner (Geophysics and Engineering), Assistant Commissioner (Geo Data), Principal Seismology, Principal Mineral Dresser, Principal Geophysicist, Principal Engineer (reservoir), Principal Engineer (Mining), Principal Geoscientist and among others. Failure to fill the approved structure affects performance by creating extra work for the current staff and may lead to demotivation and eventual staff turnover. The Accounting Officer explained that some of the Key vacant positions listed have been filled. However, the Ministry is liaising with other stakeholders to increase the wage bill so that all vacant positions are filled.	
Recommendation	
The Accounting Officer was advised to liaise with appropriate authorities to ensure that the approved structure is filled.	
Action	

The Ministry received clearance from MoPS to fill positions and to date, 91 positions have been submitted to the Public Service Commission for filling and the Commission has already started the recruitment process.	
18.0 MINISTRY OF GENDER, LABOUR AND SOCIAL DEVELOPMENT	
Query	**18.1 Revenue Performance**
Observation **Performance of NTR** The audit reviewed the NTR estimates, current items and rates charged at vote level for the financial year 2020/2021 and noted that the Ministry did not carry out its own internal assessment of expected revenue. No NTR was stated in the approved budget. The Ministry of Finance, Planning and Economic Development (MoFPED) set a target of 1.058 billion to be collected as NTR. The ministry collected UGX 1.712 billion during the financial year representing performance of 162% of the target. The entity was able to remit the collected amount to the consolidated fund. There is likelihood that the revenue target was not realistic since no internal assessment was done by the MoGLSD. The Accounting Officer explained that the NTR budgeted for are normally generated by MoFPED with limited entity consultation. Management will engage the Ministry to ensure that realistic budgets are captured accurately. **Performance of GoU receipts** The entity budgeted to receive UGX 153.01Bn out of which UGX 148.47 Bn was warranted, resulting in a shortfall of UGX 4.54 Bn which is 2.97% of the budget. Revenue shortfalls affect the implementation of planned activities.	

The Accounting Officer stated that the Ministry will continuously engage Ministry of Finance, Planning and Economic Development to map Vote 018 as an NTR Vote to capture NTR projections on the Performance Budgeting system (PBS) so that these resources can be budgeted for or applied as appropriation in Aid separately.	
Recommendation	
The Accounting Officer was advised to continue engaging MoFPED on the appropriate procedures for NTR budgeting. The Accounting Officer was advised to engage MoFPED to ensure that funds are released as appropriated by Parliament.	
ACTION	
The Ministry of Finance, Planning and Economic Development 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	**18.2 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.	

It was noted that the Ministry received off-budget financing to a tune of UGX 11.598Bn including UGX 0.844Bn from previous year off-budget balances, which was not declared to the Treasury and, therefore, not appropriated to the entity by Parliament. These funds were received directly from development for undertaking activities not budgeted for. 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 there was still a challenge in inputting these funds into the PBS as some donors were hesitant to have their funds commingled. The Accounting Officer further stated that the different budgeting cycles for GoU and the donors also made it difficult to determine the anticipated financing.
Recommendation
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. In addition, further consultations with the Accountant General should be undertaken to ensure practicability of the guidance given the circumstances noted.
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, Planning and Economic Development.

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	**18.3 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 sixteen (16) outputs with a total of Thirty (30) activities and expenditure of UGX 105.4Bn and noted the following; ▪ Fifteen (15) outputs with a total of twenty nine (29) activities and expenditure worth UGX 105.44Bn were fully quantified. That is, all the twenty seven (27) activities (100%) within these outputs were clearly quantified to enable the assessment of performance. ▪ One (01) outputs with one (01) activity and a planned expenditure worth UGX 12.67Bn, was insufficiently quantified. It was observed that the activity was not clearly quantified to enable the assessment of performance. It was observed that in cases where output was not quantified, management reported performance in generic ways that Management and Gender Based Violence Prevention and Response Project. 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 promised continuous improvement in quantification of the activities to reflect accurate planned activities going forward and had since reviewed its Budget and work plans both annual and quarterly to ensure the quantification of outputs and activities.	
Recommendation	
The Accounting Officer was advised to always ensure that all activities and out-outs are fully quantified at planning level to facilitate performance measurement	
ACTION	
The Ministry has reviewed its budget and work-plans both annual and quarterly to ensure the quantification of outputs and activities. 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 quantification of outputs/activities.	
Query	**18.4 Implementation of quantified outputs**
Observation The audit assessed the implementation of fifteen (15) out puts that were fully quantified with a total of twenty-nine (29) activities and expenditure worth UGX 105.4Bn and noted the following;	

• Five (05) outputs with a total of six (06) activities and expenditure of UGX 32.89Bn were fully implemented. The entity implemented all the six (06) activities (100%) within these outputs. • Ten (10) outputs with a total of twenty-three (23) activities and expenditure of UGX 72.51Bn were partially implemented. The entity partially implemented all the twenty-three (23) activities. The Accounting Officer explained that this was due to shortfalls in the releases during the period and the effect of COVID-19 that led to lock down in the 4th quarter.	
Recommendation	
The Accounting Officer was advised to prioritise all the partially implemented activities in the subsequent period.	
ACTION	
All partially implemented activities were rolled over/reprogrammed to the FY 2021/2022. The partial implementation of activities was due to; i) Traditional leaders; Kabaka of Buganda declined the offer, while two traditional leaders of Bugishu and Bugwere passed on. ii) The COVID-19 lockdown restriction measures hindered implementation of activities like dispute settlements and registration of labour unions.	
Query	**18.5 Accumulation of Payables of UGX 37,394,048,164**
Observation Review of Note 24 of the statement financial position as at 30th June 2021 revealed that the Ministry had payables of UGX 37,394,048,164 of which UGX 36,075,485,050 (96.5%) arose during the year and related to funds not remitted to elderly persons under the Social Assistance Grant and Empowerment (SAGE) programme. As a result,	

a total of 270,203 elderly persons had not been paid as at 30th June 2021. The Accounting Officer attributed the shortfall to the inadequate release of funds by the Ministry of Finance, Planning and Economic Development. Out of the SAGE budget of UGX 120.7Bn, only UGX 62.88Bn was released leading to a funding gap of UGX 57.82Bn. In addition, the Ministry secured funding from Development Partners to commission an independent programme evaluation that would inform discussion on the programme's sustainability by Cabinet.	
Recommendation	
The Accounting Officer was advised to liaise with the relevant stakeholders to ensure that the outstanding payables are cleared in a timely manner.	
ACTION	
In the FY 2022/2023, UGX 14.4Bn was provided as domestic arrears and paid to elderly persons. It should be noted that some elderly persons died and the arrears reduced to UGX 5.1Bn as at April 2023. The budget constraints will be addressed through the appropriations process.	
Query	**18.6 Failure to realize timely recovery of Youth Livelihood Programme (YLP) Funds of UGX 37,961,111,424**
Observation The audit noted that the Ministry made a cumulative total disbursement of UGX 113,227,986,429 by 30th June 2021 to 13,095 Youth groups. However, out of the expected recoverable funds of UGX 78,100,248,066, only UGX 40,139,136,642 (51%) had been recovered, leaving an outstanding amount of UGX 37,961,111,424 (49%). The failure to recover the amounts due in a timely manner affects further disbursements to eligible groups.	

The Accounting Officer explained that the Ministry has continued to engage the technical and political authorities in the districts, cities and municipalities on their obligation and responsibility to recover the funds advanced to the beneficiary groups. In a number of local governments, recovery of funds is still on-going albeit very slowly.	
Recommendation	
The Accounting Officer was advised to follow up with Local Governments to ensure the amounts are fully recovered and revolved according to the programme objective.	
ACTION	
Local Governments have been provided with institutional support funds for operations of YLP. This has yielded an increase in recoveries by over UGX 452,668,277. These operational funds coupled with initiatives like the circulars and constant engagements with LGs is expected to yield more recoveries.	
Query	**18.7 Failure to Transfer of Recovered YLP Funds to Recovery Account with Bank of Uganda of UGX 2,548,008,841**
Observation A review of bank statements and recovery reports obtained from the Ministry revealed that Local Governments recovered UGX 40,139,136,642 (51%) but only UGX 37,591,127,801 was transferred to the recovery account in BOU, leaving a balance of UGX 2,548,008,841. The failure by Local Governments to remit all recovered amounts to the recovery account leads to insufficient funds for revolving. The Accounting Officer explained that the Ministry has continuously engaged LGs to transfer all funds recovered into the YLP Central Funds Recovery account in Bank of Uganda as well as to put in place standing orders to automatically transfer funds recovered. A number	

of Local Governments have instituted standing orders to automatically transfer funds, and the Ministry is continuing to engage those that are yet to do so.	
Recommendation	
The Accounting Officer was advised to liaise with Local Governments to ensure timely remittance of recovered funds to BoU.	
ACTION	
All the funds recovered by the programme have been transferred to BoU Central Recovery Account. Circulars have also been written to LGs to ensure that all recovered funds are swept within seven (7) days and this has greatly improved transfer of recovered funds.	
Query	**18.8 Delays in Revolving of YLP Recovered Funds of UGX 17,656,417,721**
Observation The audit noted that out of the total UGX 37,591,127,801 received on the revolving fund account in Bank of Uganda, only UGX 19,934,710,080 was revolved to other Youth Interest Groups. The balance of recovered funds totalling UGX 17,656,417,721 was not revolved. The Accounting Officer explained that the delays in revolving funds are caused by the lack of operational funds for Local Governments to facilitate project generation, processing and training of beneficiaries. These are mandatory activities that must be undertaken to trigger release of funds. Without operational funds, local governments have not been able to undertake these activities thus the delay in revolving of funds. In addition, the Ministry in April 2021 received a circular from the Ministry of Finance, Planning and Economic Development halting disbursement of funds from the recovery account as one of the	

measures to pave way for the integration of the programme into the Parish Development Model.	
Recommendation	
The Accounting Officer was advised to consider creating a robust information system to support timely submission and processing of applications from the districts to the ministry. In addition, all bottlenecks hindering efficient processing of applications should be assessed and resolved as they will equally be required in the Parish Development Model.	
ACTION	
Local Governments have been facilitated with institutional support funds to undertake beneficiary selection, enterprise development, desk and field project appraisals, approval at Lower Local Governments levels and final submission to the MoGLSD. The number of Youth Interest Group projects that have been submitted increased and the lead time for approval shortened.	
Query	**18.9 Budget Performance of the Uganda Women Entrepreneur Programme (UWEP)**
Observation A review of UWEP progress report indicated that out of the initial budget estimate for the rolling programme of UGX 188Bn for the period of five years from financial year 2015/16 to 2019/20, only 135Bn (72%) had been released over the same period leading to a budget shortfall of UGX 53Bn (28%). Limited funding of the budgeted programme activities hinders the attainment of programme objectives. The Accounting Officer explained that the Ministry engaged the MoFPED to release the budgeted funds to the programme. For FY 2020/2021, the first year of the second phase, the entire budget was released to support the Programme.	

Recommendation	
The Accounting Officer was advised to follow up the issue of programme funding with the MoFPED to ensure that all the funds allocated for the programme are released.	
ACTION	
In the second phase of the programme covering financial years 2020/21 to 2022/23 the budget appropriated was 100% released.	
Query	**18.10 Recovery of Uganda UWEP Funds of UGX 7,422,551,581**
Observation A review of bank statements and recovery reports obtained from the Ministry revealed that a sum of UGX 27,614,547,544 was due for recovery by 30th June, 2021. However, UGX 20,191,995,963 was recovered leaving a balance of UGX 7,422,551,581, thus indicating a recovery rate of 73%. The Accounting Officer explained that the Ministry has been enforcing adherence to the financing agreement and repayment schedule. Every Local Government filed the recovery template that shows the recovery status of every group for easy follow up and monitoring. In addition, the Ministry developed and is rolling out UWEPMIS (uwepimis.mglsd.go.ug) which will enhance recovery. However, some women groups had low recovery due to; the drought period, quarantine due to foot and mouth disease, Covid 19 pandemic break out, oscillation in prices of the products and the floods.	
Recommendation	
The Accounting Officer was advised to review the recovery procedures to ensure effective compliance so as to make funds available under the revolving mechanism.	
ACTION	

Funds recovery is being handled through a number of initiatives including the provision of technical support supervision to LGs. Additionally, circulars have been written to LGs to reiterate on the need to enforce and remit the funds to the Bank of Uganda (BoU) account.

As of March 2023, a total of UGX 30.48bn had been recovered. This is an increase of over UGX 7bn in comparison to the UGX 23.3bn captured in the report.

Query	**18.11 Un-tagged district recovery Deposits on UWEP National Recovery Account of UGX 2,639,629,822**

Observation

A review of the bank reconciliation statement for the recovery account in Bank of Uganda revealed that receipts amounting to UGX 2,639,629,822 could not be tagged to specific Local Governments and individual women groups. This figure has increased by UGX 592,488,003 (22%) from UGX 2,047,141,819 in the previous year. The anomaly was attributed to poor maintenance of recovery ledgers, inadequate training of the women groups and the failure by the districts and the ministry to carry out timely reconciliations.

The Accounting Officer attributed the anomaly to some Local Governments which submit incomplete narration when transferring funds to the central recovery account. The Ministry has however taken measures to reconcile deposits made on the UWEP Central Recovery Account with the various Local Governments. Finance officers of Local Governments have been engaged to submit Bank Account Statements wherever funds are transferred, and ensuring correct narrations on RTGs and EFTs to ease reconciliation. Arising from the above efforts, the un-reconciled figure has been reduced to UGX 502,979,548 as at 19th October, 2021.

Recommendation

The Accounting Officer was advised to ensure that reconciliations are undertaken to establish the source of the deposits and have the recovery ledgers updated.	
ACTION	
The Ministry has made efforts in reconciliation of untagged recovery. The efforts include writing to the BoU requesting for the source of untagged funds on recovery account, physical verification of bank statements from Local Governments, Telephone calls and E-mails especially focusing on LGs where the name of the LG has been abbreviated. Arising from the above efforts, as at March 2023 untagged amounts reduced to UGX 675,799,065 from UGX 2.64Bn which indicates a reconciliation of UGX 1,964,200,935 (74%).	
Query	**18.12 Non-Functional Labor Advisory Board**
Observation Section 21(1) of the Employment Act, 2006 requires the establishment of a Labour Advisory board which shall be composed of (a) Chairperson (b) the Commissioner in charge of labour as an ex-officio member;(c) public officers, and representatives of employers and employees not exceeding ten in total, as the Minister may from time to time appoint, by notice published in the Gazette among others. The functions of the Board shall include advising the Minister on any matter falling under this Act and on any other matters affecting employment and industrial relations as may arise from time to time. The audit noted that the Labour Advisory Board (LAB) did not function in the financial year under review to deliberate on matters affecting workers. This meant that no advisory services were extended to Government on matters of employment and industrial relations. The Accounting Officer explained that the failure of the Board to function was due to funding gaps. In addition, it was noted that a Cabinet Memorandum for appointment of the Members of LAB was	

prepared, submitted and an engagement with MoFPED for funding is on-going.	
Recommendation	
The Accounting Officer was advised to continue liaising with MoFPED to ensure that funding for Board activities is availed. In addition, the appointment of the full Board should be expedited.	
ACTION	
i. The term of Office of the members of the LAB expired on 24th May 2019. ii. The process for appointment of a new LAB commenced but has been delayed by nominating institutions, security vetting process and clearance.	
Query	**18.13 Inadequacies of the Medical Arbitration Board**
Observation Section 13 (1) of the Workers Compensation Act cap 225 states that if the final assessment of disability made by a medical practitioner after a medical examination, made in accordance with Section 11, is disputed by the employer or the worker, the employer or the worker may apply to the labour officer to request that the dispute be referred to the Medical Arbitration Board (MAB). The audit noted that the MAB met only in one quarter during the entire financial year (February 2021) despite having over 150 pending cases awaiting arbitration as at 30th June 2021. The audit further noted that some cases have been pending for over 9 years. There is a risk that many affected victims never receive their due compensations and many are delayed leading to suffering of the affected workers. The Accounting Officer explained that MAB could not convene on a quarterly basis due to financial constraints and the expiry of term of office of the board members, however, a new MAB has been constituted and allocation has been made to facilitate its activities	

Recommendation	
The Accounting Officer was advised to ensure that the committee convenes at least quarterly and that pending cases are handled in a timely manner.	
ACTION	
i) In FY 2021/22, the MAB held 3 meetings and disposed of 47 disputes out of the 95 cases reviewed. Some of the individuals were referred for further treatment and re-assessment before final decision and award by the Board. ii) In FY 2022/23, MAB held one meeting in February 2023 and disposed 60 disputes. iii) The MAB is experiencing funding constraints which will continue to be addressed through the appropriations process.	
Query	**18.14 Limited Bilateral Agreements for Labour externalization**
According to the International Labour Organization (ILO), an effective collaboration mechanism is needed between countries of origin and destination in the form of Bilateral Labour Agreements (BLA). These are formal agreements or memoranda of association to ensure that migration takes place in accordance with agreed principles and procedures, to provide close contact with both countries of origin and destination, and to protect the interests of migrant workers. The audit noted that Uganda has only three signed bilateral agreements with Saudi Arabia, the Hashemite Kingdom of Jordan and the United Arab Emirates. However, a review of the Minister's report on external labour revealed that Ugandan migrants are mostly employed in the Gulf Countries - Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, and Bahrain. Other destination countries are Afghanistan, Iraq, Somalia, and the Hashemite Kingdom of Jordan. There were no bilateral agreements signed with these other countries. Lack of duly signed bilateral agreements with destination countries	

puts the lives of Ugandan workers in these countries at a balance in case their human rights are violated. The Accounting Officer explained that the BLA between the government of Uganda and the state of Qatar is ready for signing. In addition, in consultation with Ministry of foreign affairs, the Ministry is in discussions with all the destination countries, including Oman, Bahrain, Kuwait, Turkey and Israel to ensure that BLAs are signed. A visit to UAE by the Hon. Minister and technical officers was done, which will be followed up with another visit to Qatar on operationalization of the BLAs. Engagements with other destination countries are on-going. Furthermore, joint implementation committees of the BLA have been constituted, and the BLAs for Saudi Arabia and Jordan are being revised.	
Recommendation	
The Accounting Officer was advised to expedite the processes of signing bilateral agreements with all destination countries, so as to safeguard the rights of the citizens.	
ACTION	
Negotiations to sign Bilateral Labour Agreements with other countries are yet to be concluded. Travels abroad was restricted due to COVID-19 lockdown yet negotiating and signing BLAs involves frequent travels abroad. Funding for negotiation and signing of BLAs is being handled through the appropriations process.	
19.0 MINISTRY OF WATER AND ENVIRONMENT	
Query	**19.1 Existence of Strategic plans that are aligned to NDP-III**

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 had not prepared the strategic plan 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 with the onset of NDP III, votes were to replace the Sector Development Plans (SDP) with five - year Programme implementation Action plans (PIAP) to actualize the NDP III. These were in place and available. The ministry also had a strategic investment plan (2030) that informed the sector contribution to NDP III as well as the PIAP.
Recommendation
The Accounting Officer was advised to develop a strategic plan which is aligned to NDP III, to guide implementation of the annual work plans.
ACTION
NPA issued guidelines and format for preparing NDP III aligned strategic plans on FY 2021/22. In compliance, the Ministry has since prepared a draft that is due for finalization and submission to NPA.

Query	19.2 Revenue Performance
Performance of NTR The Auditor reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2020/2021 and the Ministry had an NTR estimate projected by Ministry of Finance, Planning and Economic Development of UGX 8.97 billion. Of this, UGX 1.39 Bn representing performance of 15.5% of the target was collected on behalf of the Ministry by URA. However, it was noted that the Ministry did not indicate the NTR estimates in its statement of Appropriation, but rather recorded the actual collection. Shortfalls in NTR collections at the vote level result in an aggregate revenue shortfall at the treasury level, which negatively affects the implementation of planned activities at a Government-wide level. **Performance of GoU receipts** The Ministry budgeted to receive UGX 457.52Bn out of which UGX 452.01Bn (98.8%) was warranted, resulting in a shortfall of UGX 5.52Bn (1.2%) of the budget. The Accounting Officer explained that the NTR Estimate was given to the Ministry by MoFPED to be realized hence the disparity. The NTR Collections were affected by the COVID-19 pandemic, however, once the economy stabilizes; the ministry expects to hit the estimated budget	
Recommendation	
The Accounting Officer was advised to always ensure that NTR is properly budgeted and collected.	
ACTION	
The Programme Budgeting System has been upgraded and votes supported to input realistic estimates.	

The trend analysis below indicates the total revenues collected over a 3-year period from FY 2018/19 to FY 2020/21;

FY	2018/19	2019/20	2020/21
NTR Budget			
NTR Collections	1,040,014,136	864,678,719	1,387,736,469
Percentage			

The collections for FY 2019/20 were adversely affected by COVID-19 lockdown.

Query	**19.3 Absorption of funds**

Out of the total receipts for the financial year of UGX 452.01 billion, UGX 446.94 billion was spent by the ministry resulting in an unspent balance of UGX 5.07 billion representing an absorption level of 98.9%.

The unspent balance at the end of the financial year was subsequently 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. Staff salaries
2. NSSF staff contributions.
3. Bank charges and other related costs
4. Small office equipment
5. Procurement of Water resources and Environment Management

The Accounting Officer explained that the unspent funds by the end of the FY were mainly, the Wages and salaries for the officers whose recruitment was still on - going but was continuously affected by Covid 19 pandemic. In addition, some payments bounced back at the end of the FY. A number of item s could not be supplied, implemented due to the supply chain breakdowns especially supply of office equipment as documentation and luggage was highly discouraged to avoid transmission, bidding in some cases was postponed due to the lockdown.

Recommendation

The Accounting Officer was advised to roll-over and expedite the implementation of pending activities in the subsequent period to ensure all planned and funded priorities are achieved to deliver service.	
ACTION	
The unspent funds by the end of the FY were mainly wages and salaries for the officers whose recruitment was still on-going but was interrupted by the COVID-19 pandemic.	
Query	**19.4 Quantification of outputs/activities**
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 Auditor observed that in cases where outputs were either partially or not quantified, management reported performance in generic terms. Some of the activities that were not sufficiently quantified were; • Department operations supported through, the purchase of small office equipment, and computer supplies, • Retention for completed schemes paid • Advocacy meetings conducted in the LGs, where projects are implemented The 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, I 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 partial implementation of construction of surface water reservoirs was due to COVID - 19 restrictions, funding shortfalls as a result of prioritizing outstanding payments and the resultant effects of the multi - year nature of the works. The Auditor reviewed the extent of quantification of the Thirty-seven (37) outputs with a total of seventy two (72) activities and budget of UGX 388.26Bn and noted the following; ▪ Twenty-three (23) outputs with a total of fifty-five (55) activities and budget of UGX 370.249 Bn were fully quantified. That is, all the Fifty-five (55) activities (100%) within these outputs were clearly quantified to enable assessment of performance. ▪ Fourteen (14) outputs with a total of seventeen (17) activities and budget of UGX 18.01 Bn were not quantified at all. That is, all the seventeen (17) activities (100%) within this output were not clearly quantified to enable assessment of performance.	
Recommendation	
The Accounting Officer was advised to ensure that all activities and out-outs are fully quantified at planning level to facilitate performance measurement.	
ACTION	
The upgraded PBS has features that make it mandatory for Accounting Officers to quantify outputs and targets to enable performance assessment.	
Query	**19.5 Implementation of quantified outputs**

The Auditor assessed the implementation of Twenty-three (23) outputs comprising fifty-five (55) activities that were fully quantified with a budgeted of UGX 370.249Bn and noted the following; ▪ Fifteen (15) activities representing 27.3% were fully implemented. ▪ Thirty-eight (38) activities representing 69.1% were partially implemented, while; ▪ Two (02) activities (3.6%) remained unimplemented. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the Ministry did not implement or partially implemented the following planned activities despite having received the required funds; i) Drilling 285 hand pumps as planned. ii) 70 large diameter wells focusing on the least served districts of Buvuma, Buyende, Bundibugyo, Kakumiro, Kamuli, Kassanda, Kisoro, Kyegegwa, Mubende, Rakai, Wakiso, Yumbe, Kiruhura, Lyantonde and Sembabule iii) Construction of water surface reservoirs iv) Construction of 20 mini solar-powered piped systems The Accounting Officer explained that out of the planned activities; 246 out of 285 boreholes fitted with hand pumps were drilled, 58 out of 70 large diameter wells were drilled and 20 out of the 20 mini solar powered piped systems were constructed as planned. The shortfall in the number of hand pumps drilled and that of large diameter wells drilled was due to budget shortfalls occasioned by COVID-19 pandemic.
Recommendation
The Accounting Officer was advised to liaise with MoFPED to secure funding and ensure that pending activities are prioritized and implemented as planned.

ACTION	
The COVID-19 pandemic disrupted the implementation of many aspects of the work plan. However, the unimplemented activities were included in the subsequent Financial Year work plan.	
Query	**19.6 Interest Payment of UGX 103,632,504**
Observation A review of payment documents indicated that a contractor was paid UGX 103,632,504 (USD 32,218) in interest arising from the delayed payment of an interim certificate on the construction of phase 1 of Bukedea gravity flow scheme supplying parts of the Kapchorwa, Bulambuli, Sironko, and Bukedea districts at a contract sum of UGX 42,067,468,118. Management explained that delayed payments were due to inadequate resources to meet the co-financing obligations of Government. However, efforts have been made to clear outstanding certificates under this contract so as to avoid/minimize expenditure on interests accruing from delayed payments.	
Recommendation	
The Accounting Officer was advised to always comply with contractual terms to avoid payment of unnecessary costs.	
Action	
The delayed payment to the contractor was due to inadequate resources to meet the co-financing obligations by GoU. The Contractor invoked a section in the contract that provides for interest on delayed payments and the Ministry had to oblige. However, all efforts have been made through the budget appropriation process to pay certificates in time.	

Query	19.7 Outstanding Payables of UGX 114,519,482,491
It was noted in the statement of financial position and under Note 24 to the financial statements that the Ministry's Payables amount significantly increased from UGX 64.3 billion in the previous year to UGX 114.5 billion in the current year. Management explained that the arrears referred to relate to multi-year projects whose funding is spread across the project period yet in most cases the contractors perform over and above the annual targets, which in turn creates arrears. In some instances these are as a result of budget cuts by MoFPED which affects cash projections in the year and yet the works cannot be stopped since the contracts are already signed and the contractors are on site.	
Recommendation	
The Accounting Officer was advised to engage the MoFPED and other stakeholders to streamline budgeting, release of funds, and financial reporting in regard to multi-year projects.	
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	**19.8 Outstanding Receivables of UGX 22,427,303,825**
It was noted in the statement of financial position and under Note 19 to the financial statement that the Ministry's Receivables amount significantly increased from UGX 1.3 million in the previous year to UGX 22.4 billion in the current year. This was attributed to prepayments made to contractors (UGX 19.3 billion) and the	

outstanding letters of credit (UGX 3.1 billion) for on-going projects in the Ministry.	
Recommendation	
The Accounting Officer was advised to fast-track the implementation of the project and ensure that prepayments and letters of credit are fully discharged during the settlement of service providers.	
ACTION	
The advance of UGX 19.3Bn was issued to operationalize the UK Finance Export loan. The advance is tied to performance of the 4-year project - Irrigation for Climate Resilience. The project faced a few snugs related to land access but has since taken off. The Letter of Credit of UGX 3.1Bn in favour of ZHUHAI YUNZHOU Intelligence Tech was to be delivered in November 2022 as per the contract requirement. However, this contract condition has not been met to-date due to the COVID-19 restrictions in China. The first client inspection visit was only completed in August 2022, delaying the progress by almost one year. The new delivery date is September 2023, and the Ministry has written to Bank of Uganda for extension of new closure of the Letter of Credit as per the revised terms with the contractors.	
Query	**19.9 Untitled Land for Piped Water Schemes**
It was noted that the Ministry has not yet completed titling of the land where different piped Water Supply Systems were being constructed. The Accounting Officer explained that the respective local governments are being engaged to speed up titling of land where the government investments are situated. In addition, the Chief Government Valuer has been engaged to begin the process of evaluating different facility sites. Upon completion of the valuation process, the Management will budget for acquisition of the land.	

Recommendation	
The Accounting Officer was advised to liaise with the relevant authorities to accelerate the completion of the titling process.	
ACTION	
The Ministry has embarked on the process of titling of land and among the titles acquired is land in Padibe Town Council. To hasten the process, the Ministry has requested for support from the Ministry of Lands, Housing and Urban Development and the Office of the Attorney General seeking for the secondment of a Legal Officer to offer support in the process of titling of land.	
Query	**19.10 Delayed Completion of Water Projects**
The MoWE signed a contract with various contractors to undertake construction works of several water projects. However, at the time of audit in September 2021, it was noted that some projects had been delayed. Delayed completion of Projects denies the citizens the intended benefits of the projects. The Accounting Officer explained that the delay was due to the Covid 19 pandemic and delayed payments to contractors.	
Recommendation	
The Accounting Officer was advised to liaise with MoFPED and secure funding, and expedite the completion of the project to ensure timely flow of benefits to the citizens.	
ACTION	
The expansion of Kabuga TC piped water supply and sanitation scheme was completed and commissioned in September, 2022. The construction of Nyakatonzi-lgando Solar Mini systems was also completed and commissioned in January, 2023.	

The construction of Buyojwa small schemes in Isingiro delayed because the Ministry had not effected advance payment. The construction resumed and the scheme is now at 95% complete. The hydraulic improvement of Agoro irrigation scheme delayed because the Ministry had not effected advance payment and subsequent interim payment certificates. Payments were made and work progress is currently at 74%.	
Query	**19.11 Outstanding Revenue Collection at Umbrellas of UGX 2,254,986,777**
The water Umbrellas' objective No.2 under the thematic goal of the Strategic Business Plan for the period 2020 – 2025 is to increase collection efficiency. However, a review of the revenue reports revealed that there were revenue arrears in some Umbrella organisations. The Accounting Officer explained that failure to adequately collect revenue arrears in the period was due to the COVID-19 pandemic, and stated that management had instituted collection mechanisms. In addition, the increasing arrears were due to the errors in the data migration to PEGASUS system.	
Recommendation	
Management was advised to perform a reconciliation of arrears and rectify the errors in the system so as to reflect the true picture of arrears. In addition, Management should formulate a comprehensive debt recovery mechanism and ensure that all revenue arrears are collected.	
ACTION	
The errors in the PEGASUS system were corrected. A debt recovery mechanism is being formulated, and capacity building of staff in the Umbrella organizations has been undertaken to ensure that all revenues are collected and recorded.	

Query	19.12 Staffing levels at Umbrella and Regional Facilities

During field inspection of Umbrellas, Facilities, and Water Management Zones, the audit noted that some critical positions in the management of water schemes, such as plumbers, Engineering Assistant, and Commercial Assistant were not filled, yet their services were needed at all times in case of water problems like broken pipes, repairs and connection of consumers.

The Accounting Officer explained that they are in the process of recruiting staff to fill the available vacancies within the Umbrellas. However, the process was delayed due to the COVID-19 administrative lock-downs and staff restrictions.

The Accounting Officer explained that they are in the process of recruiting staff to fill the available vacancies within the Umbrellas. However, the process was delayed due to the COVID-19 administrative lock-downs and staff restrictions.

Recommendation

Management was advised to expedite the recruitment process of the critical positions to improve service delivery.

ACTION

Staffing levels at Umbrellas and the regional facilities have sufficiently been filled.

20.0 MINISTRY OF INFORMATION, COMMUNICATION AND NATIONAL GUIDANCE

Query	20.1 Performance of GoU receipts

Observation

The entity budgeted to receive UGX 46.401Bn from Treasury; out of this amount, UGX 43.586Bn was warranted, resulting into a shortfall of UGX 2.81Bn, which was 6% of the budget. It was 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. Revenue shortfalls affect the implementation of planned activities. The Accounting Officer explained that the Ministry had always engaged MoFPED to release all the budgeted amounts to enable them to fulfil all planned activities. However, they were informed that in the period under review, there were significant shortfalls in National revenue which resulted in general budget cuts across governments, Ministries and Departments.	
Recommendation	
The Accounting Officer was advised to continue engaging MoFPED to ensure that the budgeted resources are released as planned. 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	**20.2 Under absorption of funds**
Observation Out of the UGX 43.6bn warranted for the Ministry's use in the financial year under review, UGX 42.0Bn was spent by the Ministry, resulting into an unspent balance of UGX 1.6Bn representing an absorption level of 96%. The unspent balance at the end of the	

financial year was subsequently swept back to the Consolidated Fund Account. Under absorption of released funds resulted into non-implementation of planned activities such as; payment of pension for the former East African/UPTC employees and payment of Gratuity arrears. The Accounting Officer explained that the un-spent balance of the Ministry in the FY 2020/21 was UGX 1.6Bn, and this was partly due to the delayed receipt of the pension payroll from the Ministry of Finance, Planning and Economic Development.	
Recommendation	
The Accounting Officer was advised to ensure these activities are reprogrammed and implemented in the next activity period.	
ACTION	
The unspent balance of UGX 1.6Bn were funds meant for payment of former employees of the defunct UPTC. However, verification of the pensioners was still ongoing by close of the financial year 2020/21 hence transferring it back to the Treasury account. Management has since received a report of the verified pensioners from OAG and payment of the employees of the defunct UPTC is ongoing.	
Query	**20.3 Irregular use of Framework Contract worth UGX 144,862,064**
Observation Under Regulation 18 (1) of the PPDA (Contracts) Regulations, 2014, Procuring and Disposing Entities (PDEs) are required to use Framework Contracts where requirements are needed repeatedly at an agreed price over a period of time but where the quantity and timing of the requirements cannot be defined in advance.	

The Regulation specifically requires that under a framework contract, a bidder shall indicate the unit rate for each item. PPDA guideline 10 (7.2) of 2014 provides that where the framework agreement has been entered into with several providers for several items at different prices, the Procuring and Disposing Entity shall issue a call-off order to the provider for only the item(s) with the lowest price. However, it was noted that the Ministry issued call off orders to two firms in three separate procurements of office furniture worth UGX 144,862,064 under a framework contract where the items and prices on the call off orders were different from what was agreed on in the signed framework contract. Some of the items on the call off orders were never agreed upon and included in the framework contract. Ordering for items that were not subjected to a competitive process may deter competition and value for money may not be achieved. The Accounting Officer regretted the omission and undertook to strictly follow the terms of the framework contracts going forward.	
Recommendation	
The outcome of the Accounting Officer's commitment is awaited.	
ACTION	
The Ministry has improved on its compliance with the PPDA Act and Regulations in the management of framework contracts.	
21.0 MINISTRY OF TOURISM, WILDLIFE AND ANTIQUITIES	
Query	**21.1 Under-Performance of GOU Receipts**
Observation The entity budgeted to receive UGX 27.408bn out of which UGX 22.934bn was warranted, resulting into a shortfall of UGX 4.474bn which is 16.3% 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. Revenue shortfalls affect the smooth implementation of planned activities. In response the Accounting Officer explained that during the financial period under review, they had engaged the PS/ST on the need to release all the funds appropriated to the Ministry; however, the response was not positive.	
Recommendation	
Management was advised to continuously engage with 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	**21.2 Receivable of UGX 13Bn**
Observation The Ministry of Tourism, Wildlife and Antiquities entered into an MOU with a foreign company on 5th February 2020 to enable Uganda host the 2020 edition of MTN Africa Music Awards (MAMA) on 13th June 2020. The agreed sponsorship fee was **USD: 3,500,000** (equivalent to **UGX : 12.6Bn**).	

The first installment of **UGX : 10.4Bn** was paid on 12th March 2020. However, due to the COVID-19 pandemic which came about in March 2020, staging of the event could not take place as earlier planned. On the November 2020 an addendum was signed between MoTWA and the company to modify the function so that it is held virtually on 20th February 2021. Thereafter a second installment of **UGX : 2.596Bn** was paid on 19th January 2021. However, due to a heightened electoral season, the grand finale did not take place. Consequently, the organizers announced cancellation of the function on 14th June 2021.
Recommendation
The attention of the Accounting Officer is drawn to Note 19 of the financial statements in which management has made a provision to reduce the receivable amount from UGX 13Bn to UGX 3.2Bn given the preliminary findings by a company engaged to assess recoverability of the funds.
ACTION
The event was cancelled by Viacom International Media Networks Africa (VIMNA) on 14th June 2021. Consequent to the cancellation of the function on 14th June 2021 by VIMNA, the Ministry invoked Clause 11.4 of the contract and engaged M/s. PriceWaterhouse Coopers seeking a review, reconcile, audit of the expenditures already incurred by VIMNA and to determine the balance due to the Ministry. PWC confirmed a balance of USD897,235.97 due to the Ministry. The Ministry thereafter reduced the recoverable amount from VIMNA in the Financial Statements of FY 2020/21, from 13Bn to 3.2Bn, using an exchange rate of 1US$ to UGX 3,566.508 as at 30th June 2021.

Consequently, a draft settlement agreement was made and submitted to the Solicitor General for clearance before signing by the parties. However, the Solicitor General requested that the same be submitted to the Auditor General for his expert opinion before clearance could be given. The matter was submitted to the Auditor General who is currently reviewing it and will submit a report, upon which the agreement will be signed and the balance will be remitted to the Consolidated Fund.	
Query	**21.3 Staffing Gaps**
Observation The Ministry of Tourism, Wildlife and Antiquities has an approved staff ceiling of 334 staff which are anticipated to effectively and efficiently enable the ministry to execute and achieve its mandate. The audit noted that out of the approved staffing level of 334, only 201 positions were filled (60.2%) leaving a staffing gap of 139 positions (39.8%). Included in the unfilled positions are key ones (1 Director, 3 Asst. Commissioners and a Principal). Inadequate staffing results into heavy workloads on existing staff and affects the Ministry's performance which in turn affects the overall service delivery objective. Management explained that most of the vacancies are in the Uganda Hotels and Tourism Training Institute (UHTTI) and Uganda Wildlife Research and Training Institute (UWRTI), which Institutions are currently affected by the ongoing restructuring process designed to enable more efficient and effective delivery of the Ministry's mandate. On the other hand, the Department of Museums and Monuments is also in the process of being upgraded to the level of a Directorate. These undertakings are being superintended over by the Ministry of Public Service and are expected to be completed in due course.	
Recommendation	

The outcome of the ongoing initiatives by the Ministry of Public Service is awaited.

ACTION

The Ministry has 201 positions filled out of the 334 reflected in the approved staffing structure. Most of the vacancies are in the Uganda Hotels and Tourism Training Institute (UHTTI), and Uganda Wildlife Research and Training Institute (UWRTI).

Filling of the vacant posts in UHTTI and UWRTI was put on hold pending the restructuring process designed to make them more efficient and effective in the delivery of their mandate.

The restructuring process superintended over by the Ministry of Public Service was completed and the new structures approved for both UHTTI and UWRTI. These positions will be filled in the FY 2023/24.

An update on the vacant positions that have been filled in MoTWA as shown in the table below:

S/n	Key vacant position	Station	Remark
1.	Director Tourism, Wildlife and Antiquities	Director of Tourism, Wildlife and Antiquities	Position filled
2.	Assistant Commissioner Tourism	Tourism Development Department	Position was internally filled by promotion
3.	Assistant Commissioner Planning and Partnership	Wildlife Conservation Department	The incumbent who was on leave without pay was reinstated
4	Assistant Commissioner Sites and Monuments	Sites and Monuments Department	Position filled
5.	Principal	The Hotel and Tourism Training Institute	UHTTI restructuring process is still ongoing
6.	Deputy Principal		UHTTI restructuring process is still ongoing

22.0 MINISTRY OF EAST AFRICAN COMMUNITY AFFAIRS

Query	**22.1 Existence of Strategic plans that are aligned to NDP-III**

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.

Through document review and interviews, the audit noted that the entity had a draft strategic plan. NPA had not issued a Certificate of Compliance (CoC) to prompt to management of the Ministry approve the strategic plan.

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.

Management explained that it had commenced the preparation of the Strategic Plan for the NDP III period of FY 2020/21 to FY 2024/25. All the necessary steps have been under taken. The final draft Strategic Plan is yet to be submitted to NPA for verification upon which a certificate of compliance will be issued.

Recommendation

The Accounting Officer was advised to ensure that the Strategic Plan is finalised and submitted to NPA for certification.

The certified plans will facilitate the development of realistic annual work plans and achievement of NDP III objectives.	
Action	
The Strategic Plan was finalised and approved by NPA.	
Query	**22.2 Revenue Performance**
Observation **Performance of NTR** The audit 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 UGX 699,000,000 for the financial year 2020/21, only UGX 12,100,000 was collected representing performance of 1.731% of the target. The entity was able to collect and remit the collected amount to the consolidated fund. There is likelihood that the revenue budget was not realistic. Management explained that the budget estimates for NTR were generated by Ministry of Finance, Planning and Economic Development and that MEACA wrote to MoFPED requesting for an estimate of NTR at UGX 16m unfortunately UGX 699m was instead estimated. MEACA only collects revenues from sell of bids. Going forward, the Ministry has further engaged Ministry of Finance, Planning and Economic Development to ensure that accurate/ realistic figures are captured i.e. UGX 13m in the forthcoming Budget. **Performance of GoU receipts** The entity budgeted to receive UGX 60.906Bn out of which UGX 47.011Bn was warranted, resulting in a shortfall of UGX 13.895Bn which is 22.81% of the budget. Revenue shortfalls affect the implementation of planned activities.	

Recommendation	
The Accounting Officer was advised to liaise with MoFPED while setting NTR targets to ensure that they are realistic and realisable.	
Action	
The Ministry of Finance, Planning and Economic Development will continue to support MDALGs to come up with realistic and realisable 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	**22.3 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 fourteen (14) outputs with a total of ninety-nine (99) activities and expenditure of UGX 33.4Bn sampled for assessment I reviewed the extent of quantification of outputs and activities and noted the following; • Twelve (12) outputs with a total of sixty-four (64) activities and expenditure worth UGX 32.77Bn were fully quantified. That is, all the sixty-four (64) activities (100%) within these outputs were clearly quantified to enable assessment of performance.	

- Two (2) outputs with a total of thirty-five (35) activities and expenditure worth UGX 0.63Bn were insufficiently quantified. It was observed that out of the thirty-five (35) activities, twenty-four (24) activities (69%) were quantified while eleven (11) activities (31%) were not clearly quantified to enable assessment of performance.

The audit observed that in cases where outputs were either partially or not quantified, management reported performance in generic ways such as:

- Coordinate the domestication of Regional Laws and policies within MDAs,
- Progress reports on negotiations of the Tripartite and Continental Free Trade Area Produced,
- Enhanced good governance, peace and security,
- Identified issues for action on implementation of the Common Market, Protocol related to Free Movement of Goods and Services and Capital generated,
- Efficient and Effective Monitoring of implementation of EAC Decisions and Directives.

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.

Management explained that the Ministry has over the years made improvements in the quantification of all outputs and activities. Management pledged to improve in the subsequent FY.

Recommendation	
The Accounting Officer was advised to quantify all outputs at budgeting 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	**22.4 Implementation of Quantified Outputs**

Observation

The audit assessed the implementation of twelve (12) out puts that were fully quantified with a total of sixty-four (64) activities worth UGX 32.77Bn and noted the following:

- Eight (8) outputs with a total of thirty-two (32) activities worth UGX 3.29Bn were fully implemented. The entity implemented all the thirty-two (32) activities (100%) within these outputs.

- Four (4) outputs with a total of thirty-two (32) activities worth UGX 29.48Bn were partially implemented. Out of the thirty-two (32) activities, the entity fully implemented twenty-six (26) activities (81%), five (5) activities (16%) were partially implemented while one (1) activity (3%) was not implemented.

Partial implementation of planned activities implies that the expected services to the beneficiary communities were not fully attained.

Management explained that the Ministry experienced a release shortfall of approximately UGX 5.567Bn under Non-Wage and UGX 276M under the Development component. This affected implementation of some of the planned interventions/ activities.

Recommendation	
The Accounting Officer was advised 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 unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**22.5 Preparation and Submission of Monitoring Plans and reports**
Observation Paragraph 58 of the Budget Execution Circular for 2019/20 requires the Accounting officer to prepare and submit annual monitoring plans for government programs and or projects under his/her vote to the Office of the Prime Minister with a copy to Ministry of Finance, Planning and Economic Development and National Planning Authority for harmonization to ensure proper coordination to avoid duplication and fatigue. The Accounting Officers are also expected to submit quarterly monitoring reports to the office of the prime minister with a copy to the Ministry of Finance, Planning and Economic Development for the attention of the director budget. Contrary to this, it was noted that: • The entity did not prepare and submit the annual monitoring plans to MoFPED and NPA as required. • Also, the entity did not prepare and submit quarterly monitoring reports to the Office of the Prime Minister and MoFPED as required.	

This practice is not only contrary to the circular instructions but also hinders efforts of timely monitoring of the implementation of the budget. Management explained that going forward, they have constituted a Monitoring Team to monitor the financial and physical implementation of the budget on a quarterly basis and submit the M&E results to OPM and NPA. The M&E Committee is being coordinated by the Ministry's Planning Unit.	
Recommendation	
The Accounting Officer was advised to ensure that accurately prepared performance reports are drafted and submitted to the relevant authorities within the required timelines.	
Action	
A Monitoring and Evaluation Team headed by Planning Unit handles monitoring and evaluation of the budgetary and physical performance of activities. 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	**22.6 Analysis of domestic arrears**
Observation Section 21(2) of the Public Finance Management Act, 2015, as amended, provides 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. Further, 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".

Analysis of domestic arrears over the past four years has shown a downward trend from 2017 to 2021. The table below shows a breakdown of the arrears over the past four years.

Category	**2018/2019 (UGX Bn)**	**2019/20 (UGX Bn)**	**2020/21 (UGX Bn) as per draft accounts**
Pension and Gratuity	18.505	11.316	13.002
Goods and services (sundry Creditors)	21.130	6.149	0
Rent	0.521	0	0
Contributions to international organisations	21.130	0	0
Total		**17.465**	**13.002**

Included in the arrears of UGX 13,002,369,510 is an outstanding gratuity for former employees of East African Airways amounting to UGX 11,102,173,409 and pension and gratuity for former employees of EAC amounting to UGX 1,900,196,101.

Management explained that the Ministry was not able to pay off the above arrears because most of the beneficiaries did not turn up for verification by the inter-Ministerial Committee despite efforts made to trace them; such as adverts in the print media and the various engagements with their leaders.

In addition, most of the files lacked of supporting documentation. The consent judgment binds Government to pay off these claimants hence the need to keep disclosing them in the financial statements until they are fully settled.

Recommendation

The Accounting Officer was advised to follow up with the inter-Ministerial Committee and ensure that the exercise is concluded and its recommendations should form the basis for the subsequent budget.

Action	
The arrears of UGX 31 bn were for pension and gratuity for former employees of the defunct East African Community. The Ministry was unable to pay off the above arrears because most of the beneficiaries could not be traced for validation. Efforts to trace them through adverts in the print media were futile and therefore, payments could not be made to them. The Ministry has, however, continued to undertake validation of all claimants with guidance from the Inter Ministerial Committee on Pension.	
Query	**22.7 Under staffing**
Observation A review of the approved staff establishment of MEACA revealed that out of the 103 approved staff positions, 72 positions representing 70% were filled while 31 positions representing 30% were vacant. The above implies that the available staffs are overstretched in working to achieve the Ministry's mandate and could lead to job-related stress to the current staff and also negatively affect the level of service delivery. Management took up the matter with Ministry of Public Service and Public Service Commission, and some posts have been filled and the process is ongoing for the remaining ones.	
Recommendation	
The Accounting Officer was commended for the actions taken so far and management was advised to keep liaising with the Ministry of Public Service to have the matter fully addressed.	
Action	

Clearance to recruit was received from the Ministry of Public Service. Submissions were made to Public Service Commission and interviews have taken place.

23.0 MINISTRY OF HEALTH	
Query	**23.1 Implementation of the approved budget**
Observation The Auditor General noted that the ministry provided a revised budget of UGX 1,531.477 trillion out of which UGX 1,029,645Bn(67%) was warranted. The ministry planned to accomplish 118 outputs with a revised total budget of UGX 1,169,119,779,000 representing 77.9% of the total revised budget. **Revenue performance** The Auditor General noted that the ministry had not budgeted for NTR but collected the sum of UGX 7.205bn in the financial year under review. The Auditor General advised the ministry to always ensure that NTR estimates are included in the budgeting system and the ministry engages MoFPED to ensure adequate financing for the achievement of the objectives. The Accounting Officer informed the Committee that previously the ministry was not an NTR collecting entity until the advent of covid-l9 pandemic which forced Government to begin collecting NTR through the provision of testing services at border entry points. The Committee observed that in the previous year, the ministry had collected the sum of UGX 459,651,669 which amount was obtained from miscellaneous revenue.	
Recommendations	

The Committee recommends that the ministry should continuously generate NTR through a host of activities undertaken. For example, through procurement among others. The ministry should be able to collect substantial revenue to enrich the Consolidated Fund.	
Actions	
The Ministry of Finance, Planning and Economic Development will continue to support MDALGs to come up with realistic budgets for NTR.	
Query	**23.2 Performance of Government receipts**
Observations The Auditor General noted that the ministry received the sum of UGX 376.837bn thus a shortfall of UGX 47m (0.012%) of the approved budget. The Auditor General noted that any shortfall in the provision has a negative effect on the implementation for planned activities and the Committee agrees. The Committee however observed from the financial statement that the ministry budgeted for UGX 147bn which was revised to UGX 376.884bn, out of which UGX 376.837bn was released and UGX 374.555bn was spent, implying an under absorption of UGX 2.28bn	
Recommendation	
The Committee recommends therefore, that the MoH should budget for what it can utilize.	
Action	
The unspent funds were meant for salaries of health workers whose recruitment was interrupted by the COVID-19 pandemic.	
Query	**23.4 Management of COVID-19 Funds and Donations**
Observation During the financial year 2020/21, Parliament appropriated a total of UGX 253.6bn which was made available for MoH to manage the	

COVID-19 pandemic. Government in addition, received financial and in kind support from both local donors and international development partners. MoH received USD 21,598,939 from World Bank and USD 14,296,340 and global fund USD 7,662,559; 15,249,490 vaccines from GAVI-The vaccine alliance, and 2,975,028 masks from local sources in respect of COVID-19 response. The Auditor General observed that MoH did not designate a specific officer to handle and report on COVID-19 response interventions. Accordingly, information regarding COVID-19 responses remained fused with other COVID-19 documentations within the Ministry premises with no one centralized point to the necessary records The Auditor General further observed that although the Ministry planned to produce bi-weekly, monthly, quarterly, bi-annual and annual COVID-19 performance reports, these were not prepared. The Ministry only prepared the report for the period July-September 2020 and provided no evidence of the reports for the subsequent quarters for the FY 2020/21 The Committee observes that failure to produce timely reports undermines transparency, affects planning and accountability	
Recommendations	
The Committee recommends that the Auditor General should expedite the request by Parliament to conclude the comprehensive audit on COVID-19 funds.	
Actions	
The Forensic Audit was undertaken by OAG and the report submitted to Parliament. MoH appeared before PAC and discussed the report.	
Query	**23.5 Non-compliance with the PPDA Regulatory Framework**
Observations The Ministry conducted procurements worth UGX 105,937,028,042 in the FY 2019/20 out of which, UGX 92,960,878,888 had been paid by 30th June 2021. During the year under review 2020/21, procurements worth UGX 191,254,414,946 were conducted out of	

which UGX 184,690,133,633 was paid by 30th June 2021 using funds received as COVID-19 response. The Committee observed that the MoH did not request UNBS to routinely supervise the COVID-19 masks. The Committee also observed that there was no evidence that MoH had requested UNBS to do quality assurance and inspection of delivered products.	
Recommendation	
The Committee recommends that; • Management should always ensure that delivered items or supplies are certified by a competent authority for conformity of set quality standards • MoH should request UNBS to pick samples from the market/community for conformity of set quality standards	
Action	
At the onset of the COVID-19 pandemic, UNBS did not have a standard for COVID-19 masks. Subsequently, the companies that supplied the masks were accredited by UNBS. All items procured were checked for quality, quantity and were issued with certificate of compliance.	
Query	**23.6 Accumulation of Domestic Arrears**
Observations The Auditor General observed that the analysis of domestic arrears over the last two years revealed a downward trend of 24% between 2019/20 and 2020/21. However, it was noted the over the last three years, some domestic arrears remained outstanding over the period. The Committee observed that, the Accounting Officer contravened section 21 (2) of the PFMA, 2015 which states that a vote shall not take any credit from any local company or body unless it has no unpaid domestic arrears in the previous financial year and it has capacity to pay expenditure on the approved estimates as	

appropriated by Parliament for that FY. Further, para 10.10.17 of the Treasury Instructions 2017, states that an Accounting Officer should ensure that no payment due in any FY remain unpaid at the end of that financial fear The Auditor General observed that over the last three years, domestic arrears to a tune of UGX 29,022,459,139Bn remained outstanding. The Committee observed that the Accounting Officer did not comply with the PFMA 2015 and TAI 2017 and further notes that non-payment of domestic arrears affects budgets and subsequent performance of the entity. The Committee also observed that failure to release sufficient funds to various Government entities, is not limited to MoH as planned and budgeted leads to accumulation of domestic arrears	
Recommendation	
i. The Committee recommends that the Ministry of Finance, Planning and Economic Development should ensure that it releases funds to settle domestic arrears with interest **ii.** The MoH should continuously engage the MoFPED to ensure that funds are released to settle	
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	**23.7 Non-deduction of PAYE on hardship allowances UGX 626,630,608**
Observation The Auditor General noted that PAYE amounting to UGX 626,630,608 was not deducted by MoH from various officials' hardship allowance. Both the income tax act (sect 116(1)) and the Public Service Standing Order 2010 (E-a) require every employer to withhold tax from a	

payment of employment income to an employee prescribed by the regulations made pursuant to sec 164 of the Income Tax ACT.

Under Sec 124 (1) of the act, a withholding agent who fails to withhold tax in accordance with the act is personally liable to pay the should tax that is recoverable. The effect of the failure to deduct tax creates addition liability in form of fines and penalties

The AO explained that in wake of the COVID-19 crisis, the payment of facilitation to health workers exposed to the risk of managing positive cases was a way of motivating them in the fight against the pandemic to the risk of managing positive cases was a way of motivating them in the fight against the pandemic thus the payment of UGX 80,000, UGX 60,000 and UGX 50,000 for high, moderate and low risk cases respectively. The AO further explained that levying a tax on the said amount risked the steady fight against the pandemic thus the omission to withhold the said tax of 30% that subsequent to discussions with MoFPED, and guidance from the PSST, the Accounting Officer begun withholding the said tax

The Committee observed that the duty to pay and to withhold is a statutory one over which the Accounting Officer had no discretion but to comply with.

The Committee is equally conversant of the important role played by the health workers as frontline officers in the struggle against the pandemic and agrees that the deduction of tax could have caused disruption in the steady fight against the pandemic. The solution would have been a co-ordinated discussion between the two ministries concerned with a possible crisis that would arise from any potential strike from medical workers whose service was a matter of life and death.

The committee noted that the amount in issue as against the country at the time was not substantial.

The committee observed that the patriotism displayed by the health workers in this fight against the COVID-19 pandemic was phenomenal.

Recommendations
The committee recommended therefore that the Ministry responsible for Finance together with the Commissioner General of URA commence the process of waiving the same tax retrospectively in accordance with Sec 91(1) (b) which permits the Commissioner to disregard a transaction that doesn't have a substantial economic effect.
Actions
The Permanent Secretary Ministry of Health has been advised to initiate the process for the retrospective tax waiver. As per the Income Tax Act, the Minister responsible for Finance will subsequently lay the request before Parliament for approval.

SECTION B: ENTITIES WITH QUALIFIED AUDIT OPINION	
24.0 EMBASSY OF THE REPUBLIC OF UGANDA IN ABUJA-NIGERIA	
Basis for Qualified Opinion **Diversion/Mischarges** The Government Chart of Accounts defines the nature of expenditures for each item code. The intention is to facilitate a better classification of financial transactions and also track budget performance per item. The audit noted that funds to the tune of NGN. 17,725,188.28 (equivalent to UGX 169,307,170) 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, but it negatively affects the delivery of services and negates the purpose of budgeting. The Accounting Officer committed to adhere to budgetary provisions to avoid such in future and will seek authority for reallocations in case of need.	
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	**24.1 Implementation of the Mission Charter**
Observation The overall Government National Development Plan (NDP II) expired at the end of the financial year 2019/20. In line with the NDP II, the Embassy had an approved Mission charter for the period 2015/16 - 2019/20, which set out both the long term and short term targets to be achieved during the duration of the Mission charter.	

This being the last year of implementation of the embassy's mission charter, the Auditor General undertook an assessment of the achievement of the Mission charter targets/goals. Out of a sample of nine (9) strategic activities/targets from the Mission Charter for review, it was noted that by the end of the period, no target had been fully achieved, four (4) were partially achieved while five (5) were not achieved. The strategic goal that was not achieved was the Economic Cooperation frameworks signed with the 15 countries of accreditation. Failure to achieve projected targets undermines the overall Government National Development Plan and hence service delivery. The Accounting Officer explained that the Mission failed to achieve its planned targets due to the COVID-19 Pandemic.	
Recommendation	
The Accounting Officer was advised to ensure that in future, strategic objectives in the Mission charter are set realistically and should reflect the set goals in the NDP III.	
Action	
The COVID-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans. One of the unattained targets was the presentation of credentials and this was fulfilled in FY 2020/2021.	
Query	**24.2 Revenue Performance**

Observation
Performance of NTR The NTR estimates, revenue sources, and rates charged at vote level for the financial year 2019/2020 were reviewed, and noted that the entity budgeted to collect NTR of UGX 2.09bn during the year under review. Out of this, UGX 0.164Bn was collected, resulting in a shortfall of UGX 1.926Bn which represents only 8% performance. Shortfalls in revenue collections affect the implementation of planned activities. **Performance of GoU receipts** The entity budgeted to receive UGX 2.82Bn out of which UGX 2.821Bn was warranted, resulting into 100% release of the budget. The Accounting Officer explained that the shortfall in NTR was as a result of the COVID 19 Pandemic that affected travels from Nigeria to Uganda.
Recommendation
The Accounting Officer was advised to liaise with the Ministry of Finance, Planning and Economic Development (MoFPED) to ensure that the NTR budgets for the Mission are realistic and achievable.
Action
The shortfall in NTR was due to the onset of the COVID-19 pandemic and the resultant effects like airport closures and lock downs which meant few or no travels from Nigeria to Uganda. This affected NTR Revenue collection from visas. In the subsequent financial years, the mission has been able to set a more realistic annual target for NTR collections and these has been achieved.

Query	**24.3 Over absorption of funds**
Observation.	

Out of the total receipts for the financial year of UGX 2.821Bn UGX 2.901Bn was spent by the entity resulting in an excess expenditure of UGX 0.081Bn representing an absorption level of 102.8%. Excess expenditure of funds results in payables that if not honoured in time may lead to litigations. The Accounting Officer explained that the additional revenue was as a result of foreign exchange gains as a result of favourable rates received.	
Recommendation	
The Accounting Officer's response was noted.	
Action	
The mission is now operating on official rates to avoid the circumstances of excess expenditure arising from exchange rate differences.	
Query	**24.4 Implementation of quantified outputs**
Observation There was an assessment of the implementation of three (3) outputs that were fully quantified with a total of 7 activities worth UGX 2.90bn and noted that three (3) outputs with seven (7) activities worth UGX 112.77Bn were partially implemented. Out of seven (7) activities, the entity fully implemented 0 activities (0%), four (4) activities were partially implemented (57%) while three (3) activities (43%) remained unimplemented. Partial and non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. Examples of activities that were partially implemented and not fully implemented include: Partially implemented: • Negotiate or sign Multilateral cooperation frameworks • Foreign Tourism promotion engagements • Negotiate or sign Bilateral cooperation frameworks	

- Issue visas to foreigners travelling to Uganda

Not implemented:

- Secure scholarships for Ugandan students
- Access export markets for Ugandan products.
- Facilitate official visits cooperation frameworks

None or partial implementation of planned activities denies the beneficiaries the intended benefits.

The Accounting Officer explained that planned activities would be implemented in the subsequent periods.

Recommendation

The Accounting Officer was advised to consider rolling over the unimplemented activities to the subsequent period.

Action

The planned activities that were impacted by COVID-19 were embarked on by the mission in FY 2020/2021 and they were implemented.

Query	**24.5 Preparation and submission of Monitoring plans and reports**

Observation

Paragraph 58 of the Budget Execution Circular for 2019/20 requires the Accounting officer to prepare and submit annual monitoring plans for government programs and or projects under his/her vote to the Office of the Prime Minister with a copy to Ministry of Finance, Planning and Economic Development and National Planning Authority for harmonisation to ensure proper coordination to avoid duplication and fatigue.

The Accounting Officers are also expected to submit quarterly monitoring reports to the Office of the Prime Minister with a copy to the Ministry of Finance, Planning and Economic Development for the attention of the Director Budget.

Contrary to this, it was noted that although the entity prepared and submitted quarterly monitoring reports to the Office of the Prime Minister and MoFPED as required, the entity did not prepare and submit the annual monitoring plans to MoFPED and NPA. This practice is not only contrary to the circular instructions but also hinders efforts of timely monitoring of the implementation of the budget. The Accounting Officer explained that going forward, the Mission will ensure that the monitoring reports are submitted in accordance with the budget execution circular.	
Recommendation	
The outcome of the Accounting Officer's commitment to address the issue is awaited.	
Action	
The COVID-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent financial year work plans. However, the Mission is currently implementing planned activities as per the annual and quarterly work plans.	
Query	**24.6 Submission of Quarterly Performance Reports**
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 following quarter. It was noted that the entity submitted performance reports for Q1, Q2, Q3, and Q4 after the deadline given for submission of the reports.	

Delays to submit performance reports in time is not only contrary to the circular standing instructions but it also affects the timely evaluation of performance. The Accounting Officer explained that management will ensure that performance reports are submitted in time.	
Recommendation	
The outcome of the Accounting Officer's commitment to address the issue is awaited.	
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 preparation/submission of quarterly reports.	
Query	**24.7 Irregular payment of Education Allowance**
Observation Section (E - e) Paragraphs 19 and 20 of the Public Service Standing Orders 2010 state that the Education allowance will be payable direct to the school and reimbursement from the officer for his or her personal share will be made at source. In addition, the allowance must be approved by the responsible officer and must be accompanied by a certificate by the officer's Head of Mission certifying that the circumstances described by the officer such as the period of education to be covered; the date of birth of the child; as well as evidence of child parenthood/adoption are correct. Contrary to the above, the Embassy paid NGN. 4,524,060 (equivalent to UGX 43,204,725) in respect of education allowances direct to its officials instead of their respective education institutions or schools. It was not	

confirmed that the payment of the education allowance was made for the intended purpose.

The Accounting Officer explained that education allowance was paid to all the eligible officers as per their entitlements and as per birth certificates proving biological parenthood/legal adoption of the children.

The response by the Accounting Officer was unsatisfactory as the Public Service Standing Orders have not been amended to cater the direct payment of the education allowance to the officers.

Recommendation

The Accounting Officer should liaise with the ministries of Foreign Affairs and Public Service to address the matter. The Accounting Officer should comply with the Public Service Standing Orders.

Action

The decision to pay education allowance is contained in a circular from Ministry of Public Service dated 16th June 2011. This position was ratified in the amended Public Service Standing Orders, 2021.

Query	**24.8 Irregular Medical Refunds**

Observation

Section M (m-a) (14) of the Public Service Standing Orders, 2010 requires Foreign Service Officers, while serving in a mission abroad, to be covered by full medical insurance. This should cover both in-patient and out-patient treatment. Medical insurance should also be provided for the spouse and up to four children.

Contrary to the above requirement, the audit noted that the Embassy spent N.2,418,559 (equivalent to UGX 23,097,233) on refunds for medical expenses to its officers. These may result into misuse of the funds meant for medical purposes.

The Accounting Officer explained that she has ensured that all staff of the Mission are able to get all medical services/ treatment provided by Nizamiye Hospital. In the past, the Mission used to pay medical insurance through insurance companies but had to stop this due to challenges with Nigerian Insurance companies. Instead of paying medical insurance to insurance companies, the Mission opted for a prepaid arrangement and MOU with Nizamiye hospital due to fraud in Nigerian Medical Insurance companies. Companies used to get the money but would fail to pay the hospitals and in turn hospitals used to refuse to treat our staff.	
Recommendation	
The Accounting Officer should liaise with the ministries of Foreign Affairs and Public Service to ensure that the challenge is addressed.	
Action	
The Mission now has an MOU with Nizamiye hospital and NISA Premier hospital for provision of medical services to staff of the Mission under a pre-paid arrangement. Services not accessed at Nizamiye hospital can be accessed at NISA Premier hospital.	
Query	**24.9 Under Staffing**
Observation A review of the approved staff establishment of Uganda Embassy in Abuja revealed that the Mission/Embassy has an approved staff structure of 5 home based staff positions. Out of the approved staff positions, 4 (80%) were filled leaving 1 (20%) vacant. It was further noted that out of 13 staff reported as locally engaged, the Mission paid social security benefits for only 9 people leaving 4 people unpaid for. This may result into fines and penalties from the Social Security body.	

Under staffing overstretches the available staff and could lead to job-related stress thereby negatively affecting the level of service delivery.

The Mission will liaise with the responsible authorities and ensure that the vacant positions are filled. The Mission has already started paying social security benefits for all staff.

Recommendation

The outcome of the Accounting Officer's commitment to address the issue is awaited.

ACTION

The vacant position for the Deputy Head of Mission has since been filled with the appointment of a Deputy Head of Mission by H.E the President.

25.0 THE EMBASSY OF THE REPUBLIC OF UGANDA IN JUBA-SOUTH SUDAN

Basis for Qualified Opinion

Un disclosed prepayments in the financial statements

The review of the financial statements and the transactions of the Mission, noted that the Mission made prepayments amounting to UGX 399,145,310 during the period in form of rent to landlords; however, this amount was not disclosed in the financial statements under assets. Details are in the table below:

Description	Amount USD	Amount UGX	Period prepaid
Rent for Head of Chancery	7,000.00	26,112,310	Prepaid for July & August 2020 (2 months)
Rent for Official Residence	40,000.00	149,213,200	Prepaid rent for July to October 2020 (4 months)
R for Chancery/ Mission offices	60,000.00	223,819,800	Prepaid rent for July to November 2020 (5 months)
Total	**107,000.00**	**399,145,310**	

This implies that the balances of the assets are understated by this amount.

The Accounting Officer explained that the Mission prepaid rent for the three (3) properties because funds had been saved as a result of Covid – 19 lockdowns and in order to avoid the budget shortfall in the next financial year occasioned by the transfer of another officer (Deputy Head of Mission) from Addis Ababa to Juba.

The Accounting Officer further explained that though this position existed in the staff plan of the Mission, it was not given additional funding to cater for his emoluments and rent. However, since the opinion from Auditor came in after the accounts were already consolidated by Accountant General and submitted to Auditor General, the adjustments could not be made this financial year but rather the adjustments shall be made in the current Financial Year (2020/21).

Recommendation

The Accounting Officer was advised to make full disclosure of all balances in the financial statements for the financial year 2020/2021.

Action

The comparative figures in the financial statements for FY 2020/21 were adjusted and full disclosure of the prepaid rent as at 30th June 2020 was made.

Query	**25.1 Implementation of the Mission Charter**

Observation

The overall Government National Development Plan (NDP II) expired at the end of financial year 2019/20. In line with the NDP II, the Mission had an approved strategic plan for the period 2018/2019 -2019/20, which set out both the long term and short term targets to be achieved during the duration of the strategic plan.

This being the last year of implementation of the Mission charter, the audit undertook an assessment of the achievement of the mission charter targets/goals. Seven (7) strategic activities/targets from the Mission charter were selected for review and noted that by the end of financial year, two (2) targets had been fully achieved, five (5) were partially achieved, while none was not achieved at all. Failure to achieve projected targets undermines the overall Government National Development Plan and hence service delivery. The Accounting Officer explained that moving forwards, management will adhere to the set targets while executing its budget.	
Recommendation	
The Accounting Officer was advised to devise strategies to enable achieve the strategic objectives of the Mission Charter.	
ACTION	
The unachieved strategic objectives have been rolled over in the subsequent Mission Charter.	
Query	**25.2 Revenue Performance**
Observation **Performance of NTR** The NTR estimates were reviewed, revenue sources and rates charged at vote level for the financial year 2019/2020 and noted that the entity budgeted to collect NTR of UGX 3.14Bn during the year under review. Out of this, UGX 0.543Bn was collected, resulting in a shortfall of UGX 2.56Bn which represents 17.3% performance. Shortfalls in revenue collections affect the implementation of planned activities.	

Performance of GoU receipts The entity budgeted to receive UGX 7.078Bn out of which UGX 7.078Bn was warranted, resulting into 100% funding of the budget. The Accounting Officer explained that the shortfall was also due to global COVID-19 pandemic which caused lockdowns and thereby affecting NTR collection. The Accounting Officer was optimistic that the Mission will perform much better in the next financial year since the borders have been opened.	
Recommendation	
The Accounting Officer was advised to liaise with MoFPED while setting NTR targets to ensure that they are realizable and realistic.	
ACTION	
The Ministry of Finance, Planning and Economic Development will continue to support the Mission in setting NTR targets that are realizable and realistic.	
Query	**25.3 Over absorption of funds**
Observation Out of the total receipts for the financial year of UGX 7.624Bn, UGX 9.11Bn was spent by the entity resulting into an over absorption of UGX 1.48Bn representing an absorption level of 119%. This is an indication that management of the embassy may have utilised NTR collected at source or they may not have remitted unspent balances of the previous financial year. The Accounting Officer explained that the over absorption was a result of use of funds that were in our project account in Juba South Sudan. The funds in the said accounts were meant for the construction of a market in the Host Country but its purpose was changed by Cabinet to the construction of the Chancery.	

Recommendation	
The Accounting Officer was advised to develop strategies to ensure that all released funds are utilized as budgeted.	
ACTION	
The extra absorption was a result of use of funds that were in our project account in Juba South Sudan. The funds in the said account were meant for the construction of a market in the host country. However, the mission was advised to utilize the funds for the construction of the Chancery.	
Query	**25.4 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. The Mission planned to implement five (5) outputs with a total of thirty activities (30) activities and expenditure of UGX 7.078Bn. The audit selected all the outputs for assessment, reviewed the extent of quantification of outputs and activities and noted the following; • Four (4) outputs with a total of eighteen (18) activities and expenditure worth UGX 6.69Bn were fully quantified. That is, all the eighteen (18) activities (100%) within these outputs were clearly quantified to enable assessment of performance. • One (1) output with a total of twelve (12) activities and expenditure worth UGX 0.39Bn were insufficiently quantified. It was observed that out of the twelve (12) activities, seven (7) activities (92%) were quantified while five (5) activities (8%) were not clearly quantified to enable assessment of performance. There was no output that was totally not quantified.	

It was 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 included;

- Assist the South Sudanese in application for scholarships.
- Participated in the monthly Diplomatic Forums held in Juba.
- Participated in the Diplomatic Security briefings organized by the United Nations Mission in South Sudan. (UNMISS).
- The Mission participated in the opening session of the South Sudan Ambassadors Conference held in Juba the Capital of South Sudan.
- Participated in the bidding farewell to the Chairperson of the Joint Monitoring and Evaluation Commission (JMEC)

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.

Recommendation

The Accounting Officer was advised to quantify all outputs at budgeting 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.

Query	**25.5 Implementation of quantified outputs**

Observation

The audit assessed the implementation of five (5) outputs that were fully quantified with a total of eighteen (18) activities worth UGX 6.64Bn and noted the following:

- Two (2) outputs with two (2) activities worth UGX 2.55Bn were fully implemented. The entity implemented all the two (2) activities (100%) within these outputs.
- Three (3) outputs with twenty-eight (28) activities worth UGX 4.09Bn were partially implemented. Out of twenty-eight (28) activities, the entity fully implemented five (5) activities (18%), three (3) activities were partially implemented (11%) while twenty (20) activities (71%) remained unimplemented.

Partial and non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. Examples of activities that were not fully implemented included:

- National Coordination policy operationalized
- Coordinate presentation of all letters of credential for Head of Mission to accredited area.
- Coordinate VIPs visits.
- Provide protocol services to entitled dignitaries.
- Train of Mission staff in protocol service provision.
- Hold and celebrate National days
- Host the Diaspora during the National days.
- Deploy security personnel to protect the goods market and maintain peace in South Sudan.
- Update and maintain the Mission website
- Update the website of the Mission to provide relevant information.
- Avail Diplomatic, Protocol services to dignitaries from Uganda to South Sudan and verse versa.
- Maintain a data base of Ugandan Diaspora in South Sudan
- Identify and register Ugandans in Diaspora.
- Attend social gatherings and meetings
- organized by the Diaspora community

• Verification of documents like academic, birth and death. • Issue visas, emergency travel documents and facilitate renewal of passports for Ugandans living in South Sudan" • Train officers (Diplomatic and Home Service officers) in consular service provision • Assist the South Sudanese in application for scholarships. • Disseminate information investment climate and bankable projects to stakeholders. • Organize investment delegations. • Carry out due diligence on the investors. • Facilitate bilateral exchanges of the tourism stake. • Seek funding for the road infrastructure connecting the two countries of Uganda and South Sudan. • Provide market information on potential product for export. • Conclude the MOU on power connectivity to supply electricity of 300kva to JUBA, Nimule and Elegu. • Follow up the construction of a border market at Elegu / Nimule • Initiate an MOU on the strengthening of the banking sector in South Sudan. • Follow on the pending trade issues. • Engage officials of both governments (Uganda and South Sudan) on trade disputes. • Settle outstanding payments to Ugandan traders. • Facilitate the participation of Sudanese traders in trade expos/exhibitions.
Recommendation
The Accounting Officer was advised 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 unimplemented activities were identified and included in the subsequent Financial Year work plans

Query	25.6 Diversion/Mischarges

Observation

The Government Chart of Accounts defines the nature of expenditures for each item code. The intention is to facilitate a better classification of financial transactions and also track budget performance per item.

It was noted that funds to the tune of USD. 17,382.29 (equivalent to UGX 64,841,678) 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, but it negatively affects the delivery of services and negates the purpose of budgeting.

The Accounting Officer explained that the mischarge was the only way to be able to pay landlords who do not accept delays in payment. This mischarge was also to lessen the anticipated shortfall as a result of posting of Deputy Head of Mission who was posted without budget. He promised that moving forward they will adhere to budgetary provisions and seek for reallocations where need be.

Recommendation

The Accounting Officer was advised to seek for authority from the Minister prior to spending funds on items not budgeted for.

ACTION

This mischarge was as a result of posting of Deputy Head of Mission who was posted without a corresponding budget increase. The subsequent budget was adjusted to include a budget for the Deputy Head of Mission.

Query	25.7 Submission of Quarterly Performance Reports

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 following quarter. The AG noted that the entity submitted performance reports for Q1, Q2, Q3, and Q4 after the deadline given for submission of the reports. Delays to submit performance reports in time is not only contrary to the circular standing instructions but also affects the timely evaluation of performance The Accounting Officer explained that the Mission did submit all its quarterly performance reports but due to the system network connection challenges that it faces in the country of accreditation, it finds difficulties in accessing the PBS website from Juba.	
Recommendation	
The Accounting Officer was advised to ensure that there is timely preparation and uploading of the reports on the Program Budgeting System (PBS).	
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	
Query	**25.8 Accuracy of Performance reports submitted**
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 following quarter. These reports should clearly 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. From my review of the annual cumulative performance reports and verification of performance, it was noted that some cases of material inaccuracies and inconsistencies in the level of performance reported. The report indicated that the Mission only budgeted and spent UGX 7.029Bn during the period yet the financial statement indicated UGX 7.078Bn was budgeted, received and spent during the period. This creates inconsistency in the information disclosed by management to users of the financial statements. The Accounting Officer explained that moving forwards, management will adhere to requirements of the budget execution circular.	
Recommendation	
The Accounting Officer was advised to ensure the report is corrected to reflect the actual balances as stated in the financial statement	
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	
Query	**25.9 Cash in transit reported under cash and cash equivalents**
Observation The Auditor General observed that the Embassy reported a balance of UGX 328,779,539 as cash in transit under note 17. This amount has been in the books of the Embassy for more than three financial years and the funds have never been credited to the Consolidated Fund. This may imply that the funds were lost. The assets of the Embassy are therefore being overstated by such a balance that does not exist.	

The Accounting Officer explained that the amount in question has been reported in the financial statements for over 5 years and attempts to trace for the receipts have failed. The Accounting Officer further explained that on the 28th March 2021, a letter was written to the office of the Accountant General requesting that the amount be written off from the Mission books of account so that it shows a clear picture of the financial worth and the response is still being awaited.

Recommendation

The Accounting Officer was advised to follow-up on the matter to its conclusion.

ACTION

The Accounting Officer was advised to pass an adjustment journal in the subsequent financial statements.

Query	**25.10 Delay to transfer end of year balances to the Consolidated Fund**

Observation

According to Section 30 (1) of the Public Finance Management Act, 2015, all revenues or other money raised or received for the purpose of the Government shall be paid into and shall form part of the Consolidated Fund.

It was observed that the Mission had total collections including balance brought forward from previous year of UGX 884,552,695. At the closure of the period, UGX 180,503,771 had been transferred to the Treasury for onward transfer to the Consolidated Fund leaving a balance UGX 704,048,924 not remitted as indicated in the table below:

Description	Amount
Bal b/f from the expenditure account	0
Bal b/f from the NTR /Revenue account	12,680,375

Cash in transit b/f	328,779,539
Cash Imprest b/f	0
Expenditure account b/f	0
Collections during the year	543,092,781
Cash Imprest closing balance	0
Total due to the Consolidate Fund	**884,552,695**
Less: Transfer to the Consolidated Funds prior year	0
Less: Transfer to the Consolidated Funds current period	180,503,771
Funds not transferred to the Consolidated Fund	**704,048,924**

The practice amounts to a violation of the PFMA/R and could lead to misuse of the Embassy's funds.

The Accounting Officer explained that the Mission was not able to remit funds to the consolidated fund at the close of the financial year because the global effect of Covid 19 comprising lockdowns which made access to banks impossible. However, the Mission was able to remit the funds on the 20th October 2020 after the lockdown was lifted.

Recommendation

The Accounting Officer was advised to ensure that in future all NTR collected during the financial year is transferred in time to the consolidated fund.

ACTION

The Mission was able to remit the funds on the 20th October 2020 after the lockdown was lifted.

Query	**25.11 Irregular payment of Education Allowance**

Observation

Section (E - e) Paragraphs 19 and 20 of the Public Service Standing Orders 2010 states that the Education allowance will be payable direct to the school and reimbursement from the officer for his or her personal share will be made at source.

In addition, the allowance must be approved by the Responsible Officer and must be accompanied by a certificate by the officer's Head of Mission certifying that the circumstances described by the officer such as the period of education to be covered; the date of birth of the child; as well as evidence of child parenthood/adoption are correct.

Contrary to the above, the Embassy paid USD. 25,000.00 (equivalent to UGX 93,258,250) in respect of education allowances direct to its officials instead of their respective educational institutions or schools. Details in the table below:

Document No.	**Description**	**Amount USD**
PV-8371	4 Children's Education Allowance	10,000.00
PV-8372	1 Child's Education Allowance	2,500.00
PV-8373	4 Children's Education Allowance	7,500.00
PV-8380	Education Allowance (2 Children)	5,000.00
	Total	**25,000.00**

The may result into misuse of the funds.

The Accounting Officer explained that in the earlier years the Government used to pay fees to the Schools but due to high fees rates in the various schools, Government resolved that the officer be paid the money rather than the school fees. So, the government contributes part of the education fees to the parent of the children in form of Education Allowance. This decision was implemented by circular from Ministry of Public service on 16th June 2011.

The response by the Accounting Officer was found unsatisfactory as the Public Service Standing Orders have not been amended to cater the direct payment of the education allowance to the officers.

Recommendation	
The Accounting Officer was advised that in future to ensure compliance to the Standing Orders.	
ACTION	
The decision to pay education allowance to staff is contained in a circular from Ministry of Public Service dated 16th June 2011. The omission of attaching birth certificates on payment is noted and going forward, the birth certificates for the children will be attached to payments.	
Query	**25.12 Un recovered expenses for staff telephone bills**
Observation Section H (h-e) (12) of the Public Service Standing Orders, every public officer at the mission shall be responsible for the cost of lighting and water consumed in any house allocated to him or her. It further states that when a Foreign Service Officer has an official telephone in his/her house at mission, one third (1/3) of the cost of untimed calls will be paid by the Government and two thirds (2/3) by the officer. All public officers will meet all personal international calls and the cost of calls made on Authorisation by either the Head of Mission or the Head of Chancery will be met by Government. The audit also observed that expenditure amounting to USD. 1,613.00 (equivalent to UGX 6,017,022) out of which USD. 1,076.00 (equivalent to UGX 4,013,835) representing 2/3 of the amount should have been recovered from the respective staff which was incurred on the payments for telephone bills during the period. The recovery was not affected implying that the funds were lost. There is a risk that the Embassy deliberately incurred illegal expenditure on personal utility bills.	

The Accounting Officer explained that in South Sudan, there are no desk phones, and the Mission buys airtime on each staff's phone to ease office coordination.	
Recommendation	
The Accounting Officer was advised to adhere to the requirements of the Public Service Standing Orders. The Accounting Officer was advised to ensure that while paying bills, an appropriate ratio is applied to apportion the bills. The challenges encountered should be brought to the attention of the Ministry of Foreign Affairs.	
ACTION	
There are no desk phones in South Sudan. The Mission purchases airtime on staff mobile phones for Office coordination	
Query	**25.13 Under Staffing**
Observation A review of the approved staff establishment of Juba Mission revealed that the Mission has an approved staff structure of 6 staff positions. Out of the approved staff positions, 5 (83%) were filled leaving 1(17%) vacant. Understaffing overstretches the available staff and could lead to job-related stress thereby negatively affecting the level of service delivery. The Accounting Officer explained that the Mission will liaise with both Ministry of Foreign Affairs and the Ministry of Finance, Planning and Economic Development on filling vacant position and increase the Mission budget to facilitate the staff's emoluments respectively. However, the Mission would also like to inform that it has a financial Attaché (of U4 Upper salary scale) posted from the Ministry of Finance, Planning and Economic Development.	
Recommendation	

The Accounting Officer was advised to continue liaising with the Permanent Secretary Ministry of Foreign affairs to address the matter.

ACTION

The Mission has taken note of the observation and will liaise with both Ministry of Foreign Affairs and the Ministry of Finance, Planning and Economic Development on filling vacant position and increase the Mission budget to facilitate the staffs emoluments respectively.

26.0 THE EMBASSY OF THE REPUBLIC OF UGANDA IN BEIJING

Query	26.1 Failure to transfer of year end balances to the Consolidated Fund

Observation

According to Section 30 (1) of the Public Finance Management Act, 2015, all revenues or other money raised or received for the purpose of the Government shall be paid into and shall form part of the Consolidated Fund.

Section 17(2) of the Public Finance Management Act, 2015 also states that a vote that does not expend money that was appropriated to the vote for the financial year shall at the close of the financial year repay the money to the Consolidated Fund.

It was observed that the Mission had total collections including balance brought forward from previous year of UGX 1,507,641,144. At the closure of the period, UGX 6,031,961 had been transferred to the Treasury for onward transfer to the Consolidated Fund leaving a balance UGX 1,501,609,183 not remitted as indicated in the table below:

Description	Amount (UGX)
Bal b/f from the expenditure account	11,269,624
Bal b/f from the NTR /Revenue account	4,513,033
Cash at Hand b/f	27,843
Cash in transit b/f	337,545,875

Cash at hand	0
Cash in transit at year end	331,862,936
Collections during the year	2,391,278
Balance on expenditure account at year end	820,030,555
Total due to the Consolidate Fund	**1,507,641,144**
Less: Transfer to the Consolidated Funds	(6,031,961)
Funds not transferred to the Consolidated Fund	**1,501,609,183**

The practice amounts to a violation of the PFMA/R and could lead to misuse of the Embassy's funds.

The Accounting Officer explained that the unspent balance of UGX 37,678,690 related to student's relief fund was sent on 03rd November 2020 and UGX 755,175,425 (USD. 205,366.36) was sent to Bank of Uganda on 23rd July 2021. All NTR collections during the year were transferred to the consolidated fund except for Cash in transit of UGX 331,862,936 which was carried forward from previous financial years resulting in an entry in FY 2015/2016.

The Accounting Officer's explanation was found unsatisfactory because the total amount explained as transferred to the Consolidated Fund does not reconcile with the amount queried of UGX 1,501,609,183.

Recommendation

The Accounting Officer was advised to reconcile the two positions and ensure that all NTR collected during the financial year and any unspent balances are transferred to the Consolidated Fund in line with PFMA.

ACTION

The reconciliation was made and comparative figures in the financial statements for FY 2020/21 were adjusted.

Query	26.1 Over expenditure and non-disclosure of capital expenditure

Observation

A review of the Statement of Stores and Other Assets (physical assets) as at the end of the financial year 2019/2020 revealed that additions during the year relating to ICT equipment, constructions and furniture and fittings were disclosed as UGX 49,526,311. However, a review of the expenditure records revealed that the Embassy procured items amounting to RMB. 131,059 (equivalent to UGX 69,081,985) implying that items worth UGX 19,555,674 were not disclosed in this statement thus understating the Statement of Stores and Other Assets (physical assets). Details are in the table below

Posting Date	Doc. No.	Bank Account No.	Description	Amount
23/04/2020	PV-5963	BANK-02	Purchase of 2 printers & stationeries	8,859
24/06/2020	PV-6120	BANK-02	Purchase of curtains for official residence	88,000
24/06/2020	PV-6122	BANK-02	Payment for a set of dining tables and Chairs	23,000
29/06/2020	PV-6124	BANK-02	Payment for 3 office work desks	11,200
	Total			**131,059**

It was also observed that the Embassy had a capital expenditure budget of UGX 50,000,000. However, management of the Embassy procured items worth UGX 69,081,985 resulting into an over expenditure of UGX 19,081,985. This action was not authorised contrary to financial regulations that require that authority is sought from the Minister before committing public funds beyond the budget ceiling.

Besides, the procured assets were not included in the assets register.

There is a risk of the Mission accumulating arrears by entering into non-budgeted commitments.

The Accounting Officer explained that there was no development budget under ICT, the budget allocated for the specialized machinery (conference facilities) was not sufficient and, the Embassy had very old furniture at the reception and therefore there was need to procure new items. The Accounting Officer further explained that there were balances on the items for VAT refunds and hire of venue. Never the less the Vote should have included them in the stores ledger & assets register.	
Recommendation	
The Accounting Officer was advised to always seek authority before spending and also ensure that all procured assets in the Statement of Stores and Other Assets (physical assets) and assets register.	
ACTION	
Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars to comply with all applicable laws and regulations. The procured assets have been included in the Statement of Stores and Other Assets (physical assets) and Assets register.	
Query	**26.2 Implementation of the Mission Charter**
Observation The overall Government National Development Plan (NDP II) expired at the end of financial year 2019/20. In line with the NDP II, the Mission had an approved strategic plan for the period 2015/16 -2019/20, which set out both the long term and short term targets to be achieved during the duration of the strategic plan. This being the last year of implementation of the embassy's mission charter, the audit undertook an assessment of the achievement of the mission charter targets/goals. The audit sampled eight (8) strategic activities/targets from the Mission charter for review and noted that by the end of financial year,	

three (3) targets had been fully achieved, three (3) were partially achieved, while two (2) were not achieved as summarised in the table below Failure to achieve projected targets undermines the overall Government National Development Plan and hence service delivery. The Accounting Officer was optimistic that the objectives would be achieved in future as planned.	
Recommendation	
The Accounting Officer was advised to devise strategies to enable achieve the strategic objectives of the Mission Charter.	
ACTION	
The failure to achieve strategic objectives of the Mission Charter was due to the outbreak of the COVID-19 pandemic that led to stringent restrictions and extended lockdowns. With easing of restrictions and eventual opening up of China, the strategic objectives can be achieved.	
Query	**26.3 Revenue Performance**
Observation **Performance of NTR** The audit reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2019/2020 and noted that the entity had budgeted to collect NTR worth UGX 4.18Bn during the year under review. UGX 0.002Bn was collected from administrative fees and miscellaneous revenue resulting into a shortfall of UGX 4.17Bn. This is a performance of 0.05%. Shortfalls in revenue collections affect the implementation of planned activities. The Accounting Officer explained that the Mission did not budget for NTR. **Performance of GoU receipts**	

The entity budgeted to receive UGX 5.031Bn out of which UGX 5.031Bn was warranted. Therefore, they were financed 100%.	
Recommendation	
The Accounting Officer was advised to liaise with MoFPED while setting NTR targets to ensure that they are realizable and realistic.	
ACTION	
The Ministry of Finance, Planning and Economic Development will continue to support the Mission to come up realistic and realizable NTR estimates.	
Query	**26.4 Under absorption of funds**
Observation Out of the total receipts for the financial year of UGX 5.031Bn, UGX 4.276Bn was spent by the entity resulting in an unspent balance of UGX 0.755Bn representing an absorption level of 84.99%. The unspent balance at the end of the financial year was subsequently swept back to the Consolidated Fund account. Under absorption of released funds results in non-implementation of planned activities. Some of the activities that were affected included: • Payment of allowances • Payment of medical expenses to employees • Advertising & public relations • Workshops & seminars • Hire of venues • Payment of rent • Travel in land and abroad The Accounting Officer explained that the failure to absorb funds was mainly due to the COVID-19 pandemic, which affected the implementation of certain activities and disrupted the Mission's normal plans.	

Recommendation	
The Accounting Officer was advised to develop strategies to ensure that all released funds are utilized as budgeted even during the COVID-19 challenges.	
ACTION	
The COVID-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**26.5 Off-budget receipts**
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 his or her vote are included in the vote budget estimates, appropriated by Parliament. It was noted that the Embassy received off-budget financing from the Contingency Fund to a tune of UGX 227,318,724 which was not appropriated by Parliament. These funds were received as a relief fund for students locked down in Wuhan. 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 these funds were received as a relief fund for students locked down in Wuhan during the Covid 19 breakout in the area.	
Recommendation	

The Accounting Officer was advised to always seek for a supplementary budget in case of such emergencies.	
ACTION	
The financing from the Contingencies Fund that the Embassy received was appropriated by Parliament to finance students who were locked down in Wuhan China. This is therefore not off-budget financing.	
Query	**26.6 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 five (5) outputs with a total of twenty-two (22) activities and expenditure of UGX 4.28Bn sampled for assessment, I reviewed the extent of quantification of outputs and activities and noted the following; • One (1) output with a total of twenty (20) activities and expenditure worth UGX 4.23Bn were fully quantified. That is, all the twenty (20) activities (100%) within these outputs were clearly quantified to enable assessment of performance. • Two (2) outputs with a total of two (2) activities and expenditure worth UGX 0.05Bn were not quantified to enable assessment of performance. It was 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 purchase of machinery and equipment and purchase of furniture and fixtures. 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 promised to fully quantify and report on activities in future.	
Recommendation	
The Accounting Officer was advised to quantify all outputs at budgeting 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 quantification of outputs/activities.	
Query	**26.7 Implementation of quantified outputs**
Observation The audit assessed the implementation of three (3) outputs that were fully quantified with a total of twenty (20) activities worth UGX 4.23bn and noted the following: • All three (3) outputs with twenty (20) activities worth UGX 4.23Bn were partially implemented, 9 (45%) activities were fully implemented, 2 (10%) activities partially implemented and 9 (45%) activities remained unimplemented. • Partial and non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. Examples of activities that were not fully implemented include: • Meeting with Funding Institution - $250m to be secured • 1 investor facilitated for an investment License. • 1 tourism promotion event to be organized or participated	

- 1 bilateral agreement or MOUs on tourism cooperation.
- 1 Diaspora Event/Meeting.
- 1 cooperation agreement to be signed
- 1 Media statement.
- 1 publication to be authored
- 1 cultural event to be organized or attended

Recommendation

The Accounting Officer was advised to consider rolling over the unimplemented activities to the subsequent budget for implementation.

ACTION

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

Query	**26.8 Diversion/Mischarges**

Observation

The Government Chart of Accounts defines the nature of expenditures for each item code. The intention is to facilitate a better classification of financial transactions and also track budget performance per item.

The audit noted that funds to the tune of UGX 20,000,000 were irregularly diverted from purchase of specialized machinery and equipment for which they were budgeted to purchase of curtains without seeking and obtaining the necessary approvals.

Diversion of funds is not only contrary to the Public Finance and Management Act, but it negatively affects the delivery of services and negates the purpose of budgeting.

The Accounting Officer explained that the budget allocated for the specialized machinery (conference facilities) was not sufficient. The Finance Committee decided to top it up on curtains for the official

residence because the old curtains were worn out and did not portray a good image for the Country.	
Recommendation	
The Accounting Officer was advised to seek for authority from the Minister prior to spending funds of items not budgeted for.	
ACTION	
Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars to comply with all applicable laws and regulations.	
Query	**26.9 Preparation and submission of monitoring plans and Reports**
Observation Paragraph 58 of the Budget Execution Circular for 2019/20requires the Accounting officer to prepare and submit annual monitoring plans for government programs and or projects under his/her vote to the Office of the Prime Minister with a copy to Ministry of Finance, Planning and Economic Development and National Planning Authority for harmonisation to ensure proper coordination to avoid duplication and fatigue. The Accounting Officers are also expected to submit quarterly monitoring reports to the Office of the Prime Minister with a copy to the Ministry of Finance, Planning and Economic Development for the attention of the Director Budget. Contrary to this it was noted that; • The entity did not prepare and submit the annual monitoring plans to MoFPED and NPA as required. • Further, the entity did not prepare and submit quarterly monitoring reports to the Office of the Prime Minister and MoFPED as required. This practice is not only contrary to the circular instructions but also hinders efforts of timely monitoring of the implementation of the budget.	

The Accounting Officer will adhere to the requirements of the circular going forward.	
Recommendation	
The Accounting Officer was advised to ensure that accurately prepared performance reports are drafted and submitted to the relevant authorities within the required timelines.	
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 enable the preparation/submission of real-time quarterly electronic reports.	
Query	**26.10 Submission of Quarterly Performance Reports**
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 following quarter. It was noted that the entity submitted performance reports for Q1, Q2, Q3 and Q4 after the deadline given for submission of the reports. Delay to submit performance reports in time is not only contrary to the circular standing instructions but also affects the timely evaluation of performance. The Accounting Officer will submit the reports on time in future.	
Recommendation	
The Accounting Officer was advised to ensure that there is timely preparation and uploading of the reports on the Program Budgeting System (PBS).	

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 enable the submission of real-time quarterly electronic reports.	
Query	**26.11 Accuracy of Performance reports submitted**
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 following quarter. These reports should clearly 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. From the review of the annual cumulative performance reports and verification of performance, it was noted that 20 cases of activities that were not reported on, were disclosed in quarter 2 and quarter 3 reports but not disclosed in the cumulative quarter 4 performance report of the mission. Such deters the users of the reports from having a complete understanding of the affairs that took place in the period at the entity. The Accounting Officer explained that the PBS system has provision for limited words that can be entered, so it is not possible to enter all activities.	
Recommendation	
The Accounting Officer was advised to ensure complete and accurate reporting of the entity's performance. Meanwhile, the challenge should be brought to the attention of MOFPED.	
ACTION	
The Programme Budgeting System (PBS) was upgraded and a number of new features included. Training and capacity building of Accounting	

officers and their staff was also carried out. Accounting Officers are expected to review the reports for completeness and accuracy before submitting them to Ministry of Finance, Planning and Economic Development.	
Query	**26.12 Payment for un-budgeted domestic arrears**
Observation Section 13 (10) (a) (iv) of the Public Finance Management Act, 2015 defines an annual budget as the financing estimates for the financial year to which the budget relates, including a plan for Government debt and any other financial liabilities for the financial year to which the annual budget relates. The Mission had outstanding commitments to a tune of UGX 7,720,207 from the previous year. However; the audit observed that no budget was provided for settlement of domestic arrears in the current budget but the arrears were paid. Failure to sufficiently budget for domestic arrears creates spending pressures on planned activities and hampers budget performance in the year given that outputs anticipated in the appropriated budget cannot be attained due to settlement of arrears. The Accounting Officer will adhere to the provisions of the PFMA going forward.	
Recommendation	
The Accounting Officer was advised to continue liaising with Treasury and ensure that sufficient budget provisions are made for domestic arrears to enable their eventual settlement.	
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	Involvement of the Contracts Committee in the Procurement Process

Observation

Sec 28 of the PPDA Act 2003 states that a Contracts Committee shall be responsible for:

i) Adjudication of recommendations from the PDU and award of contracts,
ii) Approving evaluation committees
iii) Approving negotiation teams
iv) Ensuring that the procurement is in accordance with the approved procurement plans
v) Approving bidding and contract documents, among others.

It was observed that the contracts committee was not involved in the procurement processes. This amounts to non-compliance to the requirements of the PPDA.

The Accounting Officer explained that the Procurement Officer did write an internal memo to the Acting Chairperson contracts committee and he responded that he is the only one present and therefore lacked quorum to hold a meeting.

Recommendation

The Accounting Officer was advised to devise ways of ensuring that procurement procedures are adhered to even during times of Covid 19 pandemic.

ACTION

In all subsequent procurements, the Contracts Committee is fully involved in procurements.

Query	26.13 Maintenance of an updated Fixed Assets Register

Observation

Para 16.6.1 of the 2017 Treasury Instructions require that an electronic or manual register shall be maintained of all assets and all such assets shall also be appropriately marked or engraved to ensure easy identification as government assets. The register should contain date of purchase, supplier details, type of assets, asset code, estimated useful life, condition of the asset, maintenance costs, date of disposal where applicable, among other details. It was noted that the fixed assets register maintained by the entity was not updated. A number of assets in the Board of Survey Report such as fax machine, television sets, sofa sets and other furniture were not included in the Assets register. It was further noted that the Assets Register maintained was not in the format prescribed in the Treasury Instructions. The following details were missing: maintenance cost, asset code and estimated useful life. Absence of an updated fixed assets register exposes the entity's fixed assets to loss and misuse. The Accounting Officer will update the assets register going forward.	
Recommendation	
The Accounting Officer was advised to put in place and maintain an updated fixed assets register for the entity at all times.	
ACTION	
The Mission has updated its Assets register.	
Query	**26.14 Irregular Medical Refunds**
Observation Section M (m-a) (14) of the Public Service Standing Orders, 2010 requires Foreign Service Officers, while serving in a mission abroad, to be covered by full medical insurance. This should cover both in-patient and out-	

patient treatment. Medical insurance should also be provided for the spouse and up to four children.

Contrary to the above requirement, the audit noted that the Embassy spent RMB. 154,898 (equivalent to UGX 81,538,197) on refunds for medical expenses to its officers. The criteria for paying could not be justified. This may result into loss of Government funds.

The Accounting Officer explained that the efforts by the Mission to procure group medical insurance had not been concluded during the period under review majorly because of high premiums above the budgetary allocation. Under the circumstances, medical claims from eligible beneficiaries were refunded after presentation of supporting documents.

Recommendation

The Accounting Officer was advised to ensure that payment of medical expenses for the Mission staff is in accordance with Public Service Standing Orders.

ACTION

At the time of the audit, the Mission had insufficient budget to procure medical insurance services. Subsequently, the Mission medical budget was enhanced the Mission procured medical insurance for staff and the refunds ceased.

Query	**26.15 Unrecovered expenses on staff telephone usage**

Observation

Section H (h-e) (12) of the Public Service Standing Orders states that when a Foreign Service Officer has an official telephone in his/her house at mission, one third (1/3) of the cost of untimed calls will be paid by the Government and two thirds (2/3) by the officer.

Furthermore, section 13 states that public officers will meet all personal international calls. The cost of calls made on authorisation by either the Head of Mission or the Head of Chancery will be met by Government.

It was observed that expenditure amounting to RMB. 118,327 (equivalent to UGX 62,287,491) out of which RMB. 78,885 (equivalent to UGX 41,524,994) representing 2/3 of the amount should have been recovered from the respective staff which was incurred on the payments for telephone bills during the period. The recovery was not effected implying that the funds were lost.

The Accounting Officer explained that the telecom bills that relate to staff were paid during the outbreak of the COVID 19 pandemic to enable staff to continue to work online while at their residences.

Recommendation

The Accounting Officer was advised to comply with Standing Orders.

ACTION

The telecom bills paid for staff were for officers to work online at home during paid the COVID-19 pandemic.

27.0 EMBASSY OF THE REPUBLIC OF UGANDA IN BERLIN - GERMANY

Basis for Qualified Opinion

Diversion/Mischarges

The Government Chart of Accounts defines the nature of expenditures for each item code. The intention is to facilitate a better classification of financial transactions and also track budget performance per item.

It was noted that funds to the tune of EUR.22,056.39 (equivalent to UGX 92,053,888) 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, but it negatively affects the delivery of services and negates the purpose of budgeting. The Accounting Officer promised to ensure that in future, sufficient funds are allocated to each budget line and budget controls adhered to.	
Recommendation	
The implementation of the Accounting Officer's promised action is awaited.	
Action	
The diversion of funds was in relation to EUR.22,056.39 (equivalent to UGX 92,053,888) that was paid for rent using the budget line for medical expenses. In the subsequent financial year the shortfalls under the budget line item for rent was corrected through the appropriations process.	
Query	**27.1 Un reconciled amounts**
Observation According to Treasury Instructions 2017 section 7.7, one of the key accounting control objectives is regular, complete and up-to-date bank reconciliations. The reconciliation should be prepared within 10 days after the end of each month to allow time for review by Head of Finance and Accounts and timely preparation of monthly financial statements. A review of the cashbook closing balance revealed an amount of Eur.8,442.77 (equivalent to UGX 35,283,771) while the bank statement closing balance revealed Eur.53,180.48 (222,250,267) resulting into un-reconciled difference of Eur.44,737.71 (equivalent to UGX 186,966,496). This un-reconciled balance misstated the cash and cash equivalents in the Statement of Financial Position.	

The Accounting Officer explained that the cashbook balance was reconciled. The Accounting Officer further explained that the net balance of EUR.8,442.77 was sent to the Consolidated Fund and a General Receipt No. 98841 dated 8th September 2020 of UGX 36,484,002 issued. The Accounting Officer's response was found unsatisfactory as the explanation was not supported with the details of the un-credited payments.	
Recommendation	
The Accounting Officer was advised to follow up the matter and ensure that the reconciliation is undertaken and the funds transferred to the Consolidated Fund.	
ACTION	
The closing balance as at 30th June 2020 was EUR 53,180.48. The amount of EUR 44,737.71 was uncredited payment as at 30th June 2020. The figure of EUR 44,737.71 has since been reconciled in the July 2020 monthly bank reconciliation statement.	
Query	**27.2 Implementation of the Mission Charter**
Observation The overall Government National Development Plan (NDP II) expired at the end of financial year 2019/2020. In line with the NDP II, the Mission had an approved charter for the year 2019/2020, which set out annual targets to be achieved during the duration of the charter. The audit undertook an assessment of the achievement of the Mission charter targets/goals financial year 2019/2020. The audit reviewed twenty-one (21) strategic outputs/targets from the Mission charter and noted that by the end of financial year, four (4) outputs/targets had been fully achieved, eleven (11) were partially achieved, while six (6) was not achieved.	

The Mission did not achieve all the targets set in the Mission Statement for the period under review. Failure to achieve projected targets undermines the overall Government National Development Plan and hence service delivery. The Accounting Officer explained that the Mission has a large area of accreditation (9 countries and 11 UN agencies) compared to the resources allocated and as such, the Mission is not able to effectively engage with all the countries at a bilateral level or engage all the UN agencies at a multilateral level. In addition, trade and investment depends on factors beyond the Mission such as Non- Tariff Barriers (NTBs), demand and supply factors as well as the inability of Ugandans to fully exploit the vast opportunities under the various market access opportunities that have been acquired through bilateral and regional engagements and agreements.	
Recommendation	
The Accounting Officer was advised to review the Mission Charter in line with the NDPIII and ensure that the goals/targets planned for are achievable.	
ACTION	
The Mission has a large area of accreditation (9 countries and 11 UN agencies) compared to the resources allocated. The Mission has developed a Strategic Plan for 2020/21-2024/25 with more realistic goals and targets.	
Query	**27.3 Revenue Performance**
Observation **Performance of NTR** The audit reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2019/2020 and noted that the entity had budgeted to collect NTR worth UGX 2.62Bn during the year under review.	

However, only UGX 0.012Bn was collected resulting in an under collection of UGX 2.608Bn. This represents performance of 1%. This may lead to loss of government revenues and compromise implementation of planned activities. The Accounting Officer explained that the Mission is not able to collect large amounts of visa fees as Uganda introduced the e-visa application system whereby travellers now apply and pay for visas directly online. In addition, the Mission does not receive fees for passports as all passports are printed in Kampala by the Directorate of Citizenship and Immigration. Applicants send their applications directly to Kampala. The money collected for NTR is only for certification of documents and renouncing of citizenship which is not done in big numbers. **Performance of GoU receipts** The entity budgeted to receive UGX 5.77Bn out of which all UGX 5.77Bn was warranted, resulting in 100% performance.	
Recommendation	
The Accounting Officer was advised to ensure that NTR sources are adequately assessed and subsequently budgeted for.	
ACTION	
The Ministry of Finance, Planning and Economic Development will continue to support the Mission to come up with realistic budgets for NTR.	
Query	**27.4 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 three (3) outputs with a total of sixteen (16) activities and expenditure of UGX 5.72Bn sampled for assessment, the audit reviewed the extent of quantification of outputs and activities and noted the following;

- Two (2) outputs with eight (8) activities and expenditure worth UGX 5.38Bn were fully quantified.
- One (1) output with eight (8) activities and expenditure worth UGX 0.34Bn were partially quantified at 50% quantification.

It was observed that in cases where outputs were not quantified, management reported performance in generic ways. The activities that were not sufficiently quantified included;

- Lobby for inward transfer of investments for a 2% change in the value of Foreign Direct Investment inflow.
- Establish partnerships between Germany, Austria and Poland and Ugandan SMEs.
- Participate in tourism promotional engagements.
- Identify appropriate technology from Germany and other areas of accreditation in areas of renewable energy, agro processing and Oil and Gas.

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.

Recommendation	
The Accounting Officer was advised to ensure that all outputs and activities are always quantified 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.	
Query	**27.5 Implementation of quantified outputs**
Observation The audit assessed the implementation of two (2) output that was fully quantified with eight (8) activities worth UGX 5.38Bn and noted the following: • Both outputs with eight (8) activities and expenditure worth UGX 5.38Bn were partially implemented by end of the financial year. • Out of 8 activities, 3 (37.5%) activities were fully implemented, 3 (37.5%) activities were partially implemented and 2 (25%) activities were not implemented at all Failure to implement all planned activities denies the users the intended benefits. The Accounting Officer explained that lack of enough funds continues to hinder the Mission from participating in the planned meeting and activities especially those geared towards promoting trade, tourism and education.	
Recommendation	
The Accounting Officer was advised to ensure that all planned activities are fully implemented.	
ACTION	

The limited budget and the lockdown of 2020 hindered the ability of Mission to implement all its activities as planned. The budget of the Mission has since been enhanced from 5.7Bn in 2019/20 to 6.9Bn in 2022/23 to enable the Mission carry out its activities.	
Query	**27.6 Submission of Quarterly Performance Reports**
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 following quarter. It was noted that the entity submitted performance reports for Q1, Q2, Q3 and Q4. However, there was no evidence for submission before elapse of the deadline as shown in the table below; Delay to submit performance reports in time is not only contrary to the circular standing instructions but also affects the timely evaluation of performance. The Accounting Officer acknowledged the issue and promised to submit reports in time going forward.	
Recommendation	
The implementation of the Accounting Officer's promised action is awaited.	
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 preparation/submission of real-time quarterly electronic reports.	
Query	**27.8 Condition of the entity's assets**

Observation
It was observed that a number of the entity's assets were old and due for boarding off. This exposes these assets to loss of value and high maintenance costs. The Accounting Officer undertook to board off these items to avoid further loss of value.
Recommendation
The implementation of the Accounting Officer's promised action is awaited.
ACTION
The Mission has since boarded off all the old assets that were due for disposal in the last financial years.

Query	**27.9 Irregular payment of Education Allowance**

Observation

Section (E - e) Paragraphs 19 and 20 of the Public Service Standing Orders 2010 states that the Education allowance will be payable direct to the school and reimbursement from the officer for his or her personal share will be made at source.

In addition, the allowance must be approved by the Responsible Officer and must be accompanied by a certificate by the officer's Head of Mission certifying that the circumstances described by the officer such as the period of education to be covered; the date of birth of the child; as well as evidence of child parenthood/adoption are correct.

Contrary to the above, the Embassy paid EUR.11,252.55 (equivalent to UGX 47,026,319) in respect of education allowances direct to its officials instead of their respective educational institutions or schools as shown in the table below:

Name	Designation	No of Children	Amount (Euros)

Ambassador Tibaleka	HOM	2 Children	4,501.02
Mr. Moses Mukhooli	Consular	2 Children	4,501.02
Ms. Hope Nakibowa	Administrative Attaché	1 Child	2,250.51
Total			**11,252.55**

This may result into misuse of funds.

The Accounting Officer explained that education allowance was paid to the above mentioned officers because they had individually paid full fees to the schools at the beginning of the academic years. Paying the allowances directly to the officers saves the Mission from unnecessary bank charges it would have met if it transferred these funds directly to the schools. That said, management takes note of the concerns raised and will endeavour to follow the guidance given on the matter.

Recommendation

The Accounting Officer was advised to always ensure compliance with the Standing Orders.

ACTION

The decision to pay education allowance is contained in a circular from Ministry of Public Service dated 16th June 2011. This position was ratified in the amended Public Service Standing Orders, 2021.

Query	**27.10 Irregular Medical Refunds**

Observation

Section M (m-a) (14) of the Public Service Standing Orders, 2010 requires Foreign Service Officers, while serving in a Mission abroad, to be covered by full medical insurance. This should cover both in-patient and out-patient treatment. Medical insurance should also be provided for the spouse and up to four children.

Contrary to the above requirement, it was observed that the Embassy spent EUR.74,105.28 (equivalent to UGX 309,698,564) on medical bills and refunds for medical expenses to its officers. This may result into loss of public funds. The Accounting Officer explained that the Mission procures comprehensive medical insurance for its entire staff and pays a monthly premium per staff member. The Insurance companies require officers to sometimes pay for medical services and request for refund. The Embassy processes the requests and when the monies are sent from the Insurance companies, the money is paid out as a refund to the officer. He further explained that where the medical insurance places a limit on coverage, the Embassy pays for the percentage not covered. The response of the Accounting Officer was found unsatisfactory as the Public Service Standing Orders have not been amended to cater for the payment of top-ups for medical expenses.	
Recommendation	
The Accounting Officer was advised to follow the requirements of the Public Service Standing Orders.	
ACTION	
The Mission did not make any irregular refund of medical expenses. The Mission procures comprehensive medical insurance for its entire staff and pays a monthly premium per staff member. The premiums cost EUR 67,157.21. The medical insurance has a limit on coverage and the Embassy pays for the percentage not covered.	
Query	**27.11 Allowances paid during lock down**
Observation According to Paragraph (E-a)1 – 2 of the Public Service Standing Orders (PSSO), an allowance in the Public Service is a payment in cash additional	

to salary payable to an officer to facilitate the proper execution of an assignment or duty. An allowance is paid to a Public officer for two main reasons;

- To compensate an officer for extra exertion on his or her part arising out of the additional duties or responsibilities he or she may be required to carry out or shoulder over a period of time; and
- To meet out of pocket expenses that a public officer may incur from time to time in the course of official duties in furtherance of public interest.

The Embassy paid allowances to staff in form of per diems totalling to EUR.37,847.45 (equivalent to UGX 158,170,928). These payments were made during the period when Germany was under lockdown (March to June, 2020). The audit could not establish the genuineness of the expenditure.

The Accounting Officer explained that Germany and a major part of Europe were in lockdown in the period March to June 2020. However, in May 2020, the lockdown measures were eased to allow people return to office and hold meetings in small numbers of people with social distance. Travels across Europe were also permitted and as such the Mission undertook several activities in May and June 2020 while observing the necessary precautions.

Recommendation

The Accounting Officer's response was not supported with waivers for Mission staff to travel and the accountability for the travels. In absence of such waivers and specific activities undertaken, the funds remain unaccounted for.

ACTION

The Mission did not make irregular payment of allowances. The Mission paid EUR 37,847.45 as per diem to officers who travelled for official work. Travels across Europe were permitted and as such the Mission undertook

several activities in May and June 2020 while observing the necessary precautions.	
Query	**27.12 Under Staffing**
Observation A review of the approved staff establishment of Uganda Embassy Berlin revealed that the Embassy has an approved staff structure of 8 positions. Out of the approved staff positions, 5 (62.5%) were filled leaving 3 (37.5%) vacant. Under staffing overstretches the available staff and could lead to job-related stress thereby negatively affecting the level of service delivery. The Mission continues to face the challenge of staffing that is not adequate to cover the large area of accreditation. This has indeed affected the level of service delivery with each staff managing a huge portfolio. However, the limited budget does not permit the Mission to have more staff or even recruit additional local staff. Management will continue to liaise with the Permanent Secretary of the Ministry of Foreign Affairs on this matter.	
Recommendation	
The Accounting Officer was advised to continue liaising with the Permanent Secretary Ministry of Foreign Affairs to address the matter.	
ACTION	
The Mission lacks one staff at the level of Second Secretary. However, the structure of the Mission has to be reviewed to accommodate the three Ambassadors currently in post.	
28.0 EMBASSY OF THE REPUBLIC OF UGANDA IN DOHA - QATAR	
Basis for Qualified Opinion **Undisclosed prepayments** A review of the Embassy's expenditure bank account ledger entries for the year revealed that the Mission made upfront payments for rent of QR.	

424,000 (equivalent to UGX 431,046,880) beyond the financial year but did not disclose the same as prepayments in the Statement of Financial Position for the year. This implies that the Mission's net worth is understated. The Accounting Officer explained that tenancy agreements require tenants to make advance payments for rent and the Mission budgeted accordingly based on this information. As regards the adjustments to the Financial Statements, on advice of the Accountant General, this shall be affected in the current FY 2020/21 as prior year adjustments as consolidated Financial Statements were already submitted.
Recommendation
The Auditor General explained to the Accounting Officer that failure to disclose material prepayments in the financial statements results into a qualification matter. Full disclosure of all account balances at closure of the period should be undertaken.
Action
The prior year adjustments were made in the financial statements of FY 2020/21, the pre-payments were disclosed.

Query	**28.1 Revenue Performance**
Observation **Performance of NTR** The Auditor General reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2019/2020 and noted that the entity budgeted to collect NTR of UGX 1.57Bn during the year under review out of which UGX 0.023 was collected, resulting in 1.45% performance. Shortfalls in revenue collections affect the implementation of planned activities.	

Recommendation	
The Accounting Officer was advised to engage MoFPED during the budgeting process to ensure that the budgeted approved NTR is realistic.	
ACTION	
The MoFPED continues to support all MALGS to harmonize NTR estimates and reflect realistic and realisable figures.	
Query	**28.2 Under absorption of funds**
Observation Out of the total receipts for the financial year of UGX 3.293Bn, UGX 2.64Bn was spent by the entity resulting in an unspent balance of UGX 0.653Bn representing an absorption level of 80.2%. The unspent balance at the end of the financial year was not immediately swept back to the consolidated fund account. Under absorption of released funds results in non-implementation of planned activities. The Accounting Officer explained that absorption of funds was affected by COVID-19 challenges and promised to ensure that released funds will be utilised to implement planned activities going forward.	
Recommendation	
The Accounting Officer was advised to develop strategies to ensure that all released funds are utilized as budgeted even during the COVID-19 challenges	
ACTION	
The COVID-19 pandemic disrupted the implementation of many aspects of the approved work plan. The unimplemented activities were included in the subsequent financial years' work plans.	
Query	**28.3 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 five (5) outputs with a total of seven (7) activities and expenditure of UGX 2.64Bn sampled for assessment, the audit reviewed the extent of quantification of outputs and activities and noted the following; Two (2) out of the five (5) outputs with a total of two (2) activities and expenditure worth UGX 0.06Bn were not quantified. The audit was unable to assess performance of these two outputs. It was observed that in cases where outputs were not quantified, management reported performance in generic ways. The activities that were not sufficiently quantified included the purchase of Specialised Machinery and Equipment and purchase of furniture and fixtures. 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 Auditor General could not ascertain the level of achievement of these outputs. The Accounting Officer promised to quantify all outputs and activities at the planning level moving forward.
Recommendation

The Accounting Officer was advised to quantify all outputs at budgeting 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	**28.4 Implementation of quantified outputs**
Observation The Auditor General assessed the implementation of three (3) outputs that were fully quantified with a total of five (5) activities worth UGX 2.58bn and noted the following: • One (1) output out of the three (3) outputs with two (2) activities worth UGX 2.02Bn was fully implemented. The Embassy implemented all the two activities (100%) within these outputs. • Two (2) outputs out of the three (3) outputs with three (3) activities worth UGX 0.56Bn were partially implemented. • One (1) activity representing 33.3% of the total activities was not implemented while two activities were partially implemented representing 66.6% of the activities Partial implementation of planned activities implies that the expected services to the beneficiary communities were not attained. The Accounting Officer explained that half of the FY 2019/20 was impacted by COVID-19 related restrictions which hindered the Missions implement fully the planned activities.	
Recommendation	
The Accounting Officer was advised 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 unimplemented activities were identified and included in the subsequent financial year work plans. The Mission received additional staff from headquarters, and this improved the ability to achieve planned activities.	
Query	**28.5 Preparation and submission of monitoring plans and reports**
Observation Paragraph 58 of the Budget Execution Circular for 2019/20 requires the Accounting officer to prepare and submit annual monitoring plans for government programs and or projects under his/her vote to the Office of the Prime Minister with a copy to Ministry of Finance, Planning and Economic Development and National Planning Authority for harmonization to ensure proper coordination to avoid duplication and fatigue. The Accounting Officers are also expected to submit quarterly monitoring reports to the Office of the Prime Minister with a copy to the Ministry of Finance, Planning and Economic Development for the attention of the Director Budget. Contrary to this it was noted that; • The Embassy did not prepare and submit the annual monitoring plans to MoFPED and NPA contrary to the requirement. • Further, the entity did not prepare and submit quarterly monitoring reports to the Office of the Prime Minister and MoFPED contrary to the requirement. This practice is not only contrary to the circular instructions but also hinders efforts of timely monitoring of the implementation of the budget. The Accounting Officer committed to comply in subsequent submissions**.**	
Recommendation	

The Accounting Officer was advised to always ensure reports are prepared and submitted 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, to facilitate the preparation/submission of real-time quarterly electronic reports.

Query	**28.6 Submission of Quarterly Performance Reports**

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 following quarter.

It was noted that the Embassy submitted performance reports for Q1, Q2, Q3 and Q4 after the deadline given for submission of the reports as indicated in the table below;

Table

Delay to submit performance reports in time is not only contrary to the circular standing instructions but also affects the timely evaluation of performance.

The Accounting Officer explained that the delays in this case were due to understaffing at the Mission hence the team was over stretched and the latter half of the year was impacted by COVID-19. He promised that moving forward, they will endeavour to submit reports in time.

Recommendation

The Accounting Officer was advised to ensure that performance reports are submitted in time as stipulated by the execution guidelines.

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 preparation/submission of real-time quarterly electronic reports.	
Query	**28.7 Irregular medical refunds**
Observation Section M (m-a) (14) of the Public Service Standing Orders, 2010 requires Foreign Service Officers, while serving in a mission abroad, to be covered by full medical insurance. This should cover both in-patient and out-patient treatment. Medical insurance should also be provided for the spouse and up to four children. Contrary to the above requirement, audit noted that the Embassy spent QR.11,481 (equivalent to UGX 11,671,814) on refunds for medical expenses to its officers. The criteria for the refunds could not be established. This could have led to loss of public funds. The Accounting Officer explained that medical refunds were to Mission staff who had not yet been enrolled to the Medical Insurance scheme as they were unable to complete the required tests for eligibility.	
Recommendation	
The Accounting Officer was advised to comply with the Public Service Standing Orders regarding medical expenses of staff at the Mission.	
ACTION	
The medical refunds are to cater for staff who are unable to be enrolled for full medical insurance as required by the standing orders due to their pre-existing medical conditions.	
Query	**28.8 Irregular payments for staff telephone bills**

Observation Section H (h-e) (12) of the Public Service Standing Orders, every public officer at the mission shall be responsible for the cost of lighting and water consumed in any house allocated to him or her. It further states that when a Foreign Service Officer has an official telephone in his/her house at Mission, one third (1/3) of the cost of untimed calls will be paid by the Government and two thirds (2/3) by the officer. All public officers will meet all personal international calls and the cost of calls made on authorisation by either the Head of Mission or the Head of Chancery will be met by Government. It was observed that expenditure amounting to QR.43,652 (equivalent to UGX 44,377,496) out of which (2/3) amounting to QR.29,101 (equivalent to UGX 29,584,659) should have been recovered from the respective staff but was never recovered when making payments for telephone bills during the period. The recovery was not affected implying that the funds were lost. The Accounting Officer explained that all staff including local staff are provided airtime to facilitate their communication as the costs of communication is high in Qatar.	
Recommendation	
The Accounting Officer was advised to adhere to the requirements of the standing orders until amendments to cater for such scenarios are made.	
ACTION	
Staff, including local staff are provided with mobile phone airtime to facilitate their communication as the costs of communication is high in Qatar. This is based on the available budget and the staff top-up as the amounts provided are usually insufficient.	
Query	**28.9 Procurement Method**
Observation	

Regulation 6 of the PPDA 2014 for PDEs outside Uganda requires a procuring and disposing entity to determine the method of procurement using the value prescribed by the Authority within the guidelines. Contrary to the above, it was noted that all the three (3) sampled procurements were undertaken using direct procurement method but no justification was given by the Mission for using this method. Using the wrong procurement methods limits competition and achievement of value for money by the procuring entity. The Accounting Officer explained that the Mission has requested for additional support from MoFA HQ to build capacity in this regard.	
Recommendation	
The Accounting Officer was advised to adhere to the requirements of the Regulations.	
ACTION	
At the time of the audit, the staff numbers were limited. With the posting of additional staff, the Mission endvours to abide by the PPDA Act and Regulations.	
Query	**28.10 Appointment of Contract Managers**
Observation Rag 52(1) of the 2014 PPDA Contract Management Regulations requires that a user department shall nominate to the Accounting Officer a member of the user department with appropriate skills and experience or who is supervised by a member of the user department who has the appropriate skills and experience to be appointed as a contract manager. It was noted that for the reviewed procurements above, there was no evidence of any contract manager being appointed to oversee these procurements.	

Absence of contract managers exposes contracts to the risk of poor performance, delayed implementation of corrective actions and failure to achieve value for money from the procurement. The Accounting Officer explained that additional staff have been requested from MoFA to enhance the Mission team. This recommendation will be implemented moving forward.	
Recommendation	
The Accounting Officer was advised to always appoint contract managers to oversee the implementation of contracts awarded.	
ACTION	
At the time of the audit, the staff numbers were limited. With the posting of additional staff, the Mission is now in position to abide by the PPDA Act and Regulations. Contract Managers are now appointed to oversee the implementation of contracts awarded	
Query	**28.11 Under Staffing**
Observation A review of the approved staff establishment of the Embassy revealed that the Embassy has an approved staff structure of fifteen (15) staff positions. Out of the approved staff positions, 9 (60%) were filled leaving 6 (40%) vacant. Under staffing overstretches the available staff and could lead to job-related stress thereby negatively affecting the level of service delivery. The Accounting Officer explained that additional staffs have been requested from MoFA to enhance the Mission team.	
Recommendation	
The Accounting Officer was advised to continue following up with the Ministry of Foreign Affairs to address the challenge.	

Action
The Mission requested additional funding to recruit staff to fill the vacant positions.
29.0 PERMANENT MISSION OF THE REPUBLIC OF UGANDA TO THE UNITED NATIONS, NEW YORK
Basis for Qualified Opinion **Over expenditure and non-disclosure of ICT and furniture and fittings** The Statement of Stores and Other Assets (physical assets) as at the end of the financial year 2019/2020 disclosed additions during the financial year relating to ICT equipment and furniture and fittings as UGX Zero (0). However, a review of the expenditure records revealed that the Embassy procured items amounting to USD.178,561.72 (equivalent to UGX 665,143,450) implying that items worth UGX 665,143,450 were not disclosed in this statement thus understating the Statement of Stores and Other Assets (physical assets). It was also observed that the Embassy had a capital expenditure budget of UGX Zero (0). However, management of the Embassy procured items worth UGX 665,143,450 resulting into an over expenditure of UGX 665,143,450. This action was contrary to financial regulations that require that authority is sought from the Minister before committing public funds beyond the budget ceiling. The Accounting Officer explained that the items identified were part of the Mission small office equipment and maintenance budgets. Due to the fact that the accounts were already consolidated by Accountant General, submitted to Auditor General and an audit opinion issued, prior year adjustments will be made in the current Financial Year (2020/21).
Recommendations
The Accounting Officer was advised to ensure that the adjustments are made in the financial statements for the year 2020/2021.

Action	
The financial statements for the subsequent financial year 2020/21 have been adjusted by including the assets in the Statement of Stores and Other Assets (physical assets).	
Query	**29.1 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 four (4) outputs with a total of ten (10) activities and expenditure of UGX 16.77Bn sampled for assessment, the audit reviewed the extent of quantification of outputs and activities and noted that all four (4) outputs with a total of ten (10) activities and expenditure worth UGX 16.77Bn were not quantified. It was observed that all the activities were not clearly quantified to enable assessment of performance.

It was observed that in cases where outputs were not quantified, management reported performance in generic ways. The activities that were not sufficiently quantified included;

- Uganda and regional positions reflected in the outcomes of UN General Assembly, ECOSOC and other UN organs.
- Uganda's obligations to international legal instruments and protocols fulfilled.
- Visas and emergency certificates issues.
- Provided protocol, consular and diplomatic services
- Ugandans in Diaspora mobilized for national development.
- Follow up on the work of Security Council
- Participated in the Reform of the UN security council
- Lobbied for projects and programs supported by UN organs
- Mobilized resources from UN agencies and organs
- Promotion of Uganda's trade, investment, tourism, and education potential

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.

The Accounting Officer explained that outputs had been quantified in the New Strategic Plan from which annual outputs will be derived from.

Recommendation

The Accounting Officer was advised to quantify all outputs and activities at budgeting 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	**29.2 Diversion/Mischarges**

Observation

The Government Chart of Accounts defines the nature of expenditures for each item code. The intention is to facilitate a better classification of financial transactions and also track budget performance per item.

It was noted that funds to the tune of USD.16,155 (equivalent to UGX 60,182,706) 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, but it negatively affects the delivery of services and negates the purpose of budgeting.

The Accounting Officer explained that management is committed to ensure that going forward; expenditures are incurred in accordance with the Public Finance and Management Act.	
Recommendation	
The Accounting Officer was advised to always seek for authority from the Minister prior to spending funds on items not budgeted for.	
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 desist from diverting funds.	
Query	**29.3 Preparation and submission of monitoring plans and reports**
Observation Paragraph 58 of the Budget Execution Circular for 2019/20 requires the Accounting officer to prepare and submit annual monitoring plans for government programs and or projects under his/her vote to the Office of the Prime Minister with a copy to Ministry of Finance, Planning and Economic Development, and National Planning Authority for harmonization to ensure proper coordination to avoid duplication and fatigue. The Accounting Officers are also expected to submit quarterly monitoring reports to the Office of the Prime Minister with a copy to the Ministry of Finance, Planning and Economic Development for the attention of the Director Budget. Contrary to this, the audit noted that; • The entity did not prepare and submit the annual monitoring plans to MoFPED and NPA as required. • Further, the entity did not prepare and submit quarterly monitoring reports to the Office of the Prime Minister and MoFPED as required. This practice is not only contrary to the circular instructions but also hinders efforts of timely monitoring of the implementation of the budget.	

The Accounting Officer explained that these reports are always submitted through PBS reporting system which is accessed by both MoFPED and NPA through the online system of PBS.	
Recommendation	
The Accounting Officer was advised to ensure that accurately prepared performance reports are drafted and submitted to the relevant authorities within the required timelines.	
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 preparation of real-time quarterly electronic reports.	
Query	**29.4 Submission of Quarterly Performance Reports**

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 following quarter.

The audit noted that the entity submitted performance reports for Q1, Q2, Q3, Q4 after the deadline given for submission of the reports as indicated in the table below;

No	Details	Deadline for submission	Actual date of submission	Comment (submitted in time/ delayed)
1	Quarter 1	31/10/2019	15/11/2019	Delayed
2	Quarter 2	31/01/2020	20/02/2020	Delayed
3	Quarter 3	30/04/2020	02/06/2020	Delayed
4	Quarter 4	31/07/2020	04/08/2020	Delayed

Delay to submit performance reports in time is not only contrary to the circular standing instructions but also affects the timely evaluation of performance.

The Accounting Officer explained that the delays are commonly caused by systems failures which affect the timely submission.	
Recommendation	
The Accounting Officer was advised to ensure that there is timely preparation and uploading of the reports on the Program Budgeting System (PBS).	
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 submission of real-time quarterly electronic reports.	
Query	**29.5 Delay to transfer end of year balances to the Consolidated Fund**
Observation According to Section 30 (1) of the Public Finance Management Act, 2015, all revenues or other money raised or received for the purpose of the Government shall be paid into and shall form part of the Consolidated Fund. Section 17(2) of the Public Finance Management Act, 2015 also states that a vote that does not expend money that was appropriated to the vote for the financial year shall at the close of the financial year repay the money to the Consolidated Fund. It was observed that the Mission had total collections including balance brought forward from previous year of UGX 13,431,978,161. At the closure of the period, UGX 3,957,841,655 had been transferred to the Treasury for onward transfer to the Consolidated Fund leaving a balance UGX 9,474,136,506 not remitted as indicated in the table below:	

Description	Amount (UGX)
Bal b/f from the expenditure account	2,782,237,531
Bal b/f from the NTR /Revenue account	254,267,314
Cash at Hand b/f	0
Cash in transit b/f	9,095,030
Cash at hand	0
Cash in transit at year end	41,772,235
Collections during the year	8,099,466,280
Balance on expenditure account at year end	2,245,139,771
Total due to the Consolidate Fund	**13,431,978,161**
Less: Transfer to the Consolidated Funds	(3,957,841,655)
Funds not transferred to the Consolidated Fund	**9,474,136,506**

The practice amounts to a violation of the PFMA/R and could lead to misuse of the Embassy's funds.

The Accounting Officer explained that that all NTR and unspent balances were later transferred to the Consolidated Fund.

Recommendation

The Accounting Officer was advised to ensure that all NTR collected during the financial year is transferred to the Consolidated Fund in line with PFMA.

Action

The NTR collected during the financial year was subsequently transferred to the Consolidated Fund.

Query	**29.6 Payment of un-budgeted domestic arrears**

Observation

Section 13(10) (a) (iv) of the Public Finance Management Act, 2015 defines an annual budget as the financing estimates for the financial year to which the budget relates, including a plan for Government debt and any other financial liabilities for the financial year to which the annual budget relates.

The Mission had outstanding payables to a tune of UGX 208,571,725 as the end of June 2019 as per the Statement of Financial Position. The details relating to the arrears were also not provided for audit verification. According to the Statement of Outstanding Commitments on **page 36**, the arrears are reported as having been paid as at 30th June 2020. However, it was observed that no budget was provided for settlement of domestic arrears in the current budget as per Statement of Appropriation Account (based on nature of expenditure) on **page 11**. This is an indication that funds were diverted from the budgeted items without authority contrary to the financial regulations. It was also noted that the domestic arrears paid during the year were not disclosed in the Cash Flow Statement on **page 8**. This statement is misleading. Failure to sufficiently budget for domestic arrears creates spending pressures on planned activities and hampers budget performance in the year given that outputs anticipated in the appropriated budget cannot be attained due to settlement of arrears. The Accounting Officer explained that the domestic arrears relate to an outstanding commitment from FY 2015/2016 which was to secure the occupancy certificate for Uganda House. Due to failure by the contractor to complete the works and termination of the same, management had to cancel the invoice from the system to avoid misleading statements in future financial statements.
Recommendation
The Accounting Officer was advised to adhere to the budget commitment control measures and only spend on the items that were budgeted for.
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	**29.7 Revenue arrears**
Observation A review of the Statement of Financial Position on page 7 of the financial statements revealed that the Embassy had accumulated arrears of revenue to the tune of UGX 3,801,562,591 out of which UGX 2,932,243,479 (77%) relates to revenue arrears accumulated in the prior years and remains uncollected. The details relating to the arrears were also not provided for audit verification. It was also noted that the Statement of Arrears of Revenue did not disclose opening balance of arrears of revenue, arrears of revenue collected during the year and arrears of revenue for the year. This makes the statement misleading. Management risks loss of revenue if the arrears of revenue are not properly disclosed and collected. The Accounting Officer explained that the arrears of revenue not collected arose as a result of the failure by the tenants at the Mission properties not paying on time. The Mission sent periodic demand notices to these tenants reminding them to pay their outstanding as well as their current rental obligation on time. The Mission continues to engage these tenants and many have promised to pay their outstanding. Subsequently some of the tenants have so far partly paid.	
Recommendation	
The Accounting Officer was advised to consider taking further action on the tenants to have these revenues recovered.	
Action	

The mission has stepped up the collection of revenue of tenants including issuing demand notices to tenants and in some cases opting for legal redress.	
Query	**29.8 Irregular payment of Education Allowance**
Observation Section (E - e) Paragraphs 19 and 20 of the Public Service Standing Orders 2010 states that the Education allowance will be payable direct to the school and reimbursement from the officer for his or her personal share will be made at source. In addition, the allowance must be approved by the Responsible Officer and must be accompanied by a certificate by the officer's Head of Mission certifying that the circumstances described by the officer such as the period of education to be covered; the date of birth of the child; as well as evidence of child parenthood/adoption are correct. Contrary to the above, the embassy paid UGX 134,726,559 in respect of educational allowances direct to its officials instead of their respective educational institutions or schools. This may lead to loss of public funds. The Accounting Officer explained that the payment of Education Allowance was based on the Public Service circular (letter) dated 16th June 2011 on the review on Foreign Service Allowance and categorization of Mission which require Officers to declare their four children which was revising the provisions of the Standing Orders, Section 9E-e) relating to Education Allowance Annex (iv) and the circular standing instruction no. The response by the Accounting Officer was found unsatisfactory as the Public Service Standing Orders have not been amended to cater the direct payment of the education allowance to the officers.	
Recommendation	

The Accounting Officer was advised to liaise with the Ministries of Foreign Affairs and Public Service to address the matter. In the meantime the Accounting Officer should comply with the Public Service Standing Orders.	
Action	
The decision to pay education allowance is contained in a circular from Ministry of Public Service dated 16th June 2011. This position was ratified in the amended Public Service Standing Orders, 2021.	
Query	**29.9 Irregular Medical Refunds**
Observation Section M (m-a) (14) of the Public Service Standing Orders, 2010 requires Foreign Service Officers, while serving in a mission abroad, to be covered by full medical insurance. This should cover both in-patient and out-patient treatment. Medical insurance should also be provided for the spouse and up to four children. Contrary to the above requirement, audit noted that the Embassy spent UGX 145,667,183 on refunds for medical expenses to its officers. The Accounting Officer explained that the medical insurance in the New York is based on a co-insurance system where the insurance company pays for the share of the bill and the patient co-pays the remaining share. Due to the difficulties in pre-determining the exact cost of services, officers are required to co-pay and submit requests for refund. The response by the Accounting Officer was unsatisfactory as the Public Service Standing Orders have not been amended to cater for partial medical refunds.	
Recommendation	
The Accounting Officer was advised to liaise with the Ministries of Foreign Affairs and Public Service to address the matter. In the meantime the Accounting Officer should comply with the Public Service Standing Orders.	

Action	
Medical Insurance in New York is based on a co-insurance model between the insurance company and the mission. It is difficult to determine in advance the portion to be paid for by the mission. Officers are advised to pay the medical fees and seek for refund from the mission.	
Query	**29.10 Procurements**
Observation Sec 58(1) of the PPDA Act 2003 requires that a procuring and disposing entity shall in each financial year, by a date determined by the Secretary to the Treasury, prepare and submit to the Secretary to the Treasury and to the Authority its annual procurement plan for the following financial year. It was noted that the Mission prepared an approved procurement plan for the financial year 2019/2020. However, procurement reports and procurement files were not availed for audit. In the circumstances, the audit was unable to carry out the audit of procurements undertaken during the year. The Accounting Officer explained that going forward, all reports would be generated and submitted.	
Recommendation	
The Accounting Officer was advised to ensure that all procurement records should always be available for audit.	
Action	
The mission regrets the omission and in future, all procurement files will be availed for audit purposes.	
Query	**29.11 Staffing at the Mission**

Observation

A review of the approved staff establishment of the Permanent Mission of Uganda to the United Nations, New York, revealed that the Mission has an approved staff structure of 9 staff positions. Out of the approved staff positions, 8 (88%) were filled leaving 01 (12%) vacant. It was also noted that the Mission had two (2) excess staff.

Title	Approved Position	No. filled	No. excess	vacant
FSO Gr. I /HOM	1	1	0	0
FSO Gr. I/ DHM	1	1	0	0
FSO Gr. I	1	1	0	0
FSO Gr. II	1	2	1	0
FSO Gr. III	1	0	0	**1**
FSO Gr. IV	1	1	0	0
FSO Gr.V	1	1	0	0
FSO Gr. VI	1	2	1	0
Principal Personal Secretary	1	1	0	0
Total			**2**	**1**

Under staffing overstretches the available staff and could lead to job-related stress thereby negatively affecting the level of service delivery. While overstaffing defeats the intentions of a structure and puts a strain on the financial resources.

The Accounting Officer explained that management will continue to liaise with the Ministry of Foreign Affairs to address the matter.

Recommendation

The Accounting Officer's commitment to address the issue is awaited.

Action

The mission is awaiting for a posting instruction from Ministry of Foreign Affairs.

30.0 EMBASSY OF THE REPUBLIC OF UGANDA IN KINSHASA

Basis of Qualified Opinion

i) Error in the Statement of appropriation based on services

A review of the Statement of Appropriation on page 26 revealed an error in the reported amounts. UGX 241,949,940 was reported as the variance between the approved budget/warrants and the actual expenditure. UGX 241,949,940 was reported instead of UGX 3,564,587. The source of UGX 241,949,940 could not be established.

This misleads the users of the financial statements.

The Accounting Officer explained that the error could not be adjusted in the financial statements following a communication from the Accountant General's Office that the accounts were already consolidated and hence prior year adjustments will be made in the financial year 2020/21.

ii) Reporting of revenue collected during the year

A review of the statement of revenue in the financial statements in comparison with statement of performance and the NTR estimates for the year revealed different amounts were budgeted for as NTR for the year, that is;

- UGX 700,000,000 in the Statement of Performance,
- UGX 2,090,000,000 in the NTR estimates book,
- UGX 245,514,528 in the Statement of Appropriation (based on services voted) and
- UGX 245,514,528 in the Statement of revenue collected during the year.

The budget of revenue during the year in the Statement of Appropriation (based on services voted) and the Statement of revenue were under stated. This misleads the users of the financial statements.

The Accounting Officer explained that the Mission budgeted to collect UGX 700,000,000 out of which, a total of UGX 245,514,528 was collected

during the financial year. This was due to the reduction in rent collections following expiry of tenancy agreements for two of the tenants of Uganda House and reduced issuance of visas due to travel restrictions during COVID-19 pandemic lockdown. The response of the Accounting Officer was found unsatisfactory as the budgeted amounts were not accurately recorded in the Statement of Appropriation (based on services voted) and the Statement of revenue collected.	
Recommendations	
The Accounting Officer was advised to ensure that the amendments are made and properly reflected in the financial statements of the financial year 2020/2021.	
Action	
Error in the Statement of appropriation based on services The Embassy notes the error of UGX 241,949,940, the correct variance is UGX 3,564,587. The financial statements have been adjusted accordingly. **Reporting of revenue collected during the year** The Embassy budgeted to collect UGX 700m as per its Statement of Performance on Page 44 and the Approved Annual workplan out of which, a total of UGX 245,514,528 was collected during the financial year under review. The comparative NTR budget figures in the financial statements have been adjusted accordingly.	
Query	**30.1 Implementation of the Mission Charter**
Observation The overall Government National Development Plan (NDP II) expired at the end of financial year 2019/20. In line with the NDP II, the Mission had an approved strategic plan for the period 2015/16 -2019/20, which set out both the long term and short term targets to be achieved during the duration of the strategic plan.	

The Mission had a charter spanning over three financial years i.e. 2017/2018 to 2019/2020 however it was not approved.

This being the last year of implementation of the embassy's mission charter, the audit undertook an assessment of the achievement of the Mission Charter targets/goals.

The audit reviewed eight (8) strategic activities/targets from the Mission charter and noted that by the end of financial year, all eight (8) targets had been partially achieved as summarised in the table below,

The extent of achievement of 2017/18 - 2019/2020 Mission Charter

No	Level of performance by the end of 2019/2020	No of strategic goals/ objectives	% of total number of strategic objectives
1	Fully achieved	0	0
2	Partially achieved	8	100
3	Not achieved	0	0
	Total	**8**	**100**

Failure to achieve projected targets undermines the overall Government National Development Plan and hence service delivery.

The Accounting Officer explained that regional insecurities, political instability and the COVID-19 pandemic were the major hindrances to the achievement of the planned targets. He promised to take the necessary action towards achieving all the planned strategic objectives in NDP III.

Recommendations

The Accounting Officer was advised to devise strategies to enable achieve the strategic objectives of the Consulate charter even during COVID-19 challenges.

Action

Although the Mission Charter referred to has never been approved, the implementation of activities in the financial year under review was based on the Mission's Approved Annual work plan.

The targeted outputs were partially achieved due to COVID-19 interruptions.

Query	30.2 Revenue Performance

Observation

Performance of NTR

The audit reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2019/2020 and noted that the entity budgeted to collect NTR of UGX 2.090Bn during the year under review. Out of this, UGX 245,514,528 was collected, resulting in a shortfall of UGX 1,844,485,472 which represents 11.75% performance. Shortfalls in revenue collections affect the implementation of planned activities.

Shortfalls in revenue collections affect the implementation of planned activities.

Performance of GoU receipts

The entity budgeted to receive UGX 4.12Bn out of which UGX 4.12Bn was warranted and released.

The Accounting Officer explained that as per the Mission's Budget Framework Paper for FY 2019/20, the Mission budgeted to collect UGX 700,000,000. At the time of budgeting, this target was realistic following previous trends in visa issuance and rental collections in previous financial years.

However, this target was not realised due to;

- The reduction in rent collections following expiry of tenancy agreements for two of the tenants of Uganda House who were occupying the ground and first floors plus non-payment of rent by one defaulting tenant who has since been evicted.
- Reduced issuance of visas due to travel restrictions during COVID-19 pandemic lockdown.

Recommendations	
The Accounting Officer was advised to liaise with MoFPED while setting NTR targets to ensure that they are realisable and realistic.	
Action	
The shortfall in performance was as a result of reduced issuance of visas due to travel restrictions during the COVID-19 pandemic lockdown, and the vacant rental space experienced at Uganda House during the period.	
Query	**30.3 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 three (3) outputs with a total of six (6) activities and expenditure of UGX 4.13Bn. I reviewed the extent of quantification of outputs and activities and noted the following;

- Two (2) outputs with a total of four (4) activities and expenditure worth UGX 1.21Bn were fully quantified. That is, the four activities (100%) within the outputs was clearly quantified to enable assessment of performance.

- One (1) output with a total of two (2) activities and expenditure worth UGX 2.91Bn were insufficiently quantified. I observed that out of the two (2) activities, one (1) activity (50%) was quantified while another (1) activity (50%) was not clearly quantified to enable assessment of performance.

It was observed that in cases where outputs were either partially or not quantified, management reported performance in generic ways.

The activity that was not sufficiently quantified was the number of Multilateral cooperation frameworks negotiated or signed. 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 Mission will ensure that all outputs at the Planning Level are quantified.	
Recommendations	
The Accounting Officer was advised to liaise with MoFPED while setting NTR targets to ensure that they are realisable and realistic.	
Action	
In the annual work plan of FY 2021/22 all the outputs were quantified. 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	**30.4 Preparation and Submission of Annual Monitoring Plans**
Observation Paragraph 58 of the Budget Execution Circular for 2019/20 requires the Accounting officer to prepare and submit annual monitoring plans for government programs and or projects under his/her vote to the Office of the Prime Minister with a copy to Ministry of Finance, Planning and Economic Development and National Planning Authority for harmonization to ensure proper coordination to avoid duplication and fatigue.	

The Accounting Officers are also expected to submit quarterly monitoring reports to the Office of the Prime Minister with a copy to the Ministry of Finance, Planning and Economic Development for the attention of the Director Budget. Contrary to the above, it was noted that; • The entity did not prepare and submit the annual monitoring plans to MoFPED and NPA as required. • Further, the entity did not prepare and submit quarterly monitoring reports to the Office of the Prime Minister and MoFPED as required. This practice is not only contrary to the circular instructions but also hinders efforts of timely monitoring of the implementation of the budget. The Accounting Officer explained that management considered the quarterly performance reports submitted on the Programme Based Budgeting (PBS) Tool to be the performance monitoring tools. The Accounting Officer shall ensure subsequent submission of the annual monitoring plans and reports.
Recommendation
The Accounting Officer was advised to ensure that accurately prepared performance reports are drafted and submitted to the relevant authorities within the required timelines.
Action
The Embassy has been supported and capacity has been built to facilitate the preparation and submission of monitoring plans. Furthermore, 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	**30.5 Submission of Quarterly Performance Reports**

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 following quarter.

It was observed that there was delay in submitting some of the quarterly performance reports as indicated in the table below:

No	Details	Deadline for submission	Actual date of submission	Comment (submitted in time/ delayed)
1	Quarter 1	31/10/2019	10/11/2019	11 days delay
2	Quarter 2	31/01/2020	15/01/2020	In time
3	Quarter 3	30/04/2020	07/05/2020	7 days delay
4	Quarter 4	31/07/2020	16/07/2021	In time

Delay to submit performance reports in time is not only contrary to the circular standing instructions it affects the timely evaluation of performance.

The Accounting Officer explained that management will ensure that future submissions are done on time.

Recommendation

The Accounting Officer was advised to ensure the timely preparation, and uploading on the Program Budgeting System (PBS).

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 preparation/submission of real-time quarterly electronic reports.

Query	**30.6 Irregular payment of Education Allowance**

Observation

Section (E - e) Paragraphs 19 and 20 of the Public Service Standing Orders 2010 state that the Education allowance will be payable direct to the school and reimbursement from the officer for his or her personal share will be made at source.

In addition, the allowance must be approved by the Responsible Officer and must be accompanied by a certificate by the officer's Head of Mission certifying that the circumstances described by the officer such as the period of education to be covered; the date of birth of the child; as well as evidence of child parenthood/adoption are correct.

Contrary to the above, the Embassy paid UGX 83,932,425 in respect of education allowances direct to its officials instead of their respective educational institutions or schools as shown below;

Date	Document No.	Payee	Description	Amount(USD) Rate = 3,730.33
10/02/2020	PV-5537	James Mbahimba	Education Allowance '2020-Amb. James Mbahimba	10,000.00
10/02/2020	PV-5538	Chihandae Julius	Education Allowance '2020-Chihandae Julius	5,000.00
10/02/2020	PV-5539	Nsamba Richard	Education Allowance '2020-Nsamba Richard	7,500.00
		TOTAL		**22,500.00**

This may lead to loss of public funds.

The Accounting Officer explained that Section E-e of the Public service standing orders was amended accordingly by the circular standing Instructions No. No: COM 95/100/01 dated 16th June 2011 which provided for USD 2,500 and USD 2,000 per eligible child per year for Group A Missions and Group B Missions respectively. By that circular, education Allowance was standardised as an allowance and not a procurement.

The response by the Accounting Officer was found unsatisfactory as the Public Service Standing Orders have not been amended to cater for the direct payment of the education allowance to the officers.	
Recommendation	
The Accounting Officer was advised to liaise with the ministries of Foreign Affairs and Public Service to address the matter. In the meantime the Accounting Officer should comply with the Public Service Standing Orders.	
Action	
The decision to pay education allowance is contained in a circular from Ministry of Public Service dated 16th June 2011. This position was ratified in the amended Public Service Standing Orders, 2021.	
Query	**30.7 High Cash Imprest Float**
Observation Instruction 17.22 of the Treasury Instructions 2017 requires votes to maintain a petty cashbook for the petty cash imprest and a specific ledger for each special imprest for the payment of small incidental expenditures such as postage and other office costs. The instruction further requires that a petty cash float is maintained at a specific amount and is replenished at regular intervals on the basis of vouchers showing the payments which have been made. A reconciliation of the Petty Cashbook along with a Petty Cash Replenishment Request form should be submitted to the Head of Finance and Accounting Officer for review and approval. During the year, USD.45,232 (equivalent to UGX 168,730,287) was spent on purchases/allowances. These are not small incidental expenditures such as postage and other office costs as guided by the Treasury Instructions 2017. I found this irregular. The Accounting Officer explained that DRC is generally a cash economy, and most suppliers prefer to be paid in cash. Additionally, the high bank	

charges incurred on transfer of payments on both sides of the payee and payer has been luring the Embassy to want to limit the bank charges and reduce complaints from respective recipients. The Accounting Officer further explained that management has since then embarked on implementation of systems to limit the use of cash in payment of suppliers and or allowances.	
Recommendation	
The Accounting Officer was advised to expedite the implementation of the system of limiting the use of cash in payment of suppliers and or allowances.	
Action	
DRC is a generally a cash economy with high trust deficiencies in that most suppliers prefer to be paid in cash. The Embassy embarked on systems to limit the use of cash for non-small incidental expenditures. However, factoring in the time it takes to process payments, and the high bank charges incurred on transfer of payments the Embassy has experienced some challenges. For example, a case in point is when the Embassy's utility van was held by the supplier until maturity of the cheque after implementation of these procedures.	
Query	**30.8 Allowances paid during lock down**
Observation According to Paragraph (E-a)1 – 2 of the Public Service Standing Orders (PSSO), an allowance in the Public Service is a payment in cash additional to salary payable to an officer to facilitate the proper execution of an assignment or duty. An allowance is paid to a Public officer for two main reasons; • To compensate an officer for extra exertion on his or her part arising out of the additional duties or responsibilities he or she may be required to carry out or shoulder over a period of time; and	

- To meet out of pocket expenses that a public officer may incur from time to time in the course of official duties in furtherance of public interest.

The Embassy paid allowances to staff in form of COVID-19 allowances totalling to USD.3,100 (equivalent to UGX 11,564,023). These payments were made during the period when DR Congo was under lock down (March to June, 2020).

The audit could not establish the genuineness of the expenditure.

The Accounting Officer explained that given the unprecedented times where there was hoarding of goods, uncertainty and limited movements due to the effects of the COVID-19 pandemic, management decided to cushion its staff with a package to help them sail through the hard times.

Recommendation

The Accounting Officer was advised to always seek the relevant authority before payment of such allowances to staff is effected.

Action

There were restricted movements due to the effects of the COVID-19 pandemic. Staff were facilitated to enable them work from home and the occasional costs to enable them move to the office as and when necessary.

Query	**30.9 Irregular Procurements**

Observation

Sec 58 (1) of the PPDA Act 2003 requires that a procuring and disposing entity shall in each financial year, by a date determined by the Secretary to the Treasury, prepare and submit to the Secretary to the Treasury and to the Authority its annual procurement plan for the following financial year.

It was noted from the review of the payment file and the annual work plan that some procurement worth UGX 54,649,335 were undertaken outside the approved procurement plan. Details in table below;

Date of purchase	**Document No.**	**Description**	**Amount(USD) Rate = 3,730.33**
22/06/2020	PV-5672	Supply & Installation of ACs	7,800.00
28/08/2019	PV-5385	Office Furniture	1,637.00
23/06/2020	PV-5673	Purchase of IT Equipment	5,213.00
		Total	14,650.00

Procurements outside the approved procurement plan are a diversion of funds and result in failure to implement other planned activities.

The Accounting Officer explained that the Embassy's Finance Committee recommended the purchase of ACs, IT Equipment and furniture using the available funds on account of two reasons:

- The Embassy has been using computers that were bought in 2008 and have since become very old and obsolete as reported by the Board of Survey report for FY 2018/19. Additionally, 9 ACs of 18000BTU had broken down beyond repair hence requiring urgent replacement considering the high humidity experienced in DRC.
- The Embassy also received a Financial Attaché who needed a work station.

It was further noted that the Embassy procured medical insurance for staff worth UGX 71,495,505 using a direct procurement method with no justification.

The Accounting Officer promised that the Mission will endeavour to adhere to the approved procurement plans in undertaking procurements.

The Accounting Officer further explained that the Mission has maintained medical insurance cover for the home-based staff in UAP Old Mutual Insurance LTD since the year 2014. In the year under review, renewal was due, and thus the direct method of procurement was used to this end.

Recommendation	
The Accounting Officer was advised to ensure that all procurements are undertaken in accordance with PPDA Laws and regulations.	
Action	
The procurements outside the plan were to replenish the old and obsolete computers and Air Conditioners, and also furnish the workstation for the new Financial attaché who had just reported at the Embassy. The Embassy shall ensure that future procurements be made within the procurement plan and permission obtained from the Secretary to the Treasury for any revisions to the plan. The Embassy maintained/renewed its Medical Insurance cover with UAP Old Mutual Insurance Ltd worth UGX 71,495,505. The direct method of procurement was therefore the most appropriate in these circumstances.	
Query	**30.10 Management of Mission Assets**
Observation Para 16.6.1 of the 2017 Treasury Instructions require that an electronic or manual register shall be maintained of all assets and all such assets shall also be appropriately marked or engraved to ensure easy identification as government assets. The register should contain date of purchase, supplier details, type of assets, asset code, estimated useful life, condition of the asset, maintenance costs, date of disposal where applicable, among other details. It was observed that the entity had a fixed asset register detailing all of the mission's assets but did not have some of the information above for example date of purchase, estimated useful life, maintenance costs and the expected date of disposal.	

Lack of all information in the assets register may expose the assets to abuse and likely.

The Accounting Officer explained that the Mission has since embarked on an exercise to amend and update the assets register, which will be available by the end of the current financial year (2020/21).

It was further observed that a number of the entity's assets were not well maintained and utilized as shown in the table below:

No	Asset details	User section	Audit observation
1	2 Leather sofas	Consular	Old
2	Leather Office chair	Administration	Very old
3	12 Air conditioners	General stores	Very old
4	Leather office chair	Uganda house	Very old
5	Wooden office desk	Uganda house	Very old

This exposes these assets to loss of value and high maintenance costs.

The Accounting Officer explained that the Mission is in the process of disposing off the unserviceable assets that were identified by the board of survey for the Financial year 2019/20, especially those for which replacements have been secured.

Recommendation

The Accounting Officer was advised to expedite the process and ensure that the assets register is maintained and update accordingly.

The Accounting Officer was advised to ensure that the implementation of the board of survey recommendation is expedited.

Action

The Embassy has since updated its Asset Register using the format recommended by the Accountant General, and now keeps the assets in good working condition through regular servicing and repairs.
Where the need arises, considers disposal of the very old assets.

Query	30.11 Under Staffing

Observation

A review of the approved staff establishment of Kinshasa revealed that the Mission has an approved staff structure of 21 staff positions. Out of the approved staff positions, 18 (85.7%) were filled leaving 3 (14.3%) vacant. The vacancies relate to 2 drivers and a bi-lingual secretary.

Under staffing overstretches the available staff and could lead to job-related stress thereby negatively affecting the level of service delivery.

The Accounting Officer explained that the Mission is in the process of filling the vacant posts.

Recommendation

The outcome of the Accounting Officer's promised action is awaited.

Action

The Embassy has engaged the Ministry of Foreign Affairs to take the necessary arrangements to fill the vacant posts.

31.0 UGANDA HIGH COMMISSION IN CANBERRA - AUSTRALIA

Basis for Qualified Opinion

Undisclosed prepayments

A review of the Embassy's Expenditure Bank account ledger entries for the year revealed that management of the High Commission made upfront payments for rent of AUD.43,096.67 (equivalent to UGX 109,469,851) beyond the financial year but did not disclose the same as prepayments in the Statement of Financial Position for the year.

This implies that the High Commission's net worth is understated.

The Accounting Officer explained that tenancy agreements in Australia require tenants to always make advance payments for rent. He further explained that the Accountant General advised that for any audit issue that requires adjustments of the financial statements, it shall be effected in the current FY (2020/21) as a prior year adjustment, since the consolidated financial statements were already submitted to Auditor General.	
Recommendation	
The Accounting Officer was advised to make adjustments to the financial statements and reflect the amounts as comparatives in the financial statements of the financial year 2020/2021.	
Action	
The financial statements were adjusted to reflect rent prepayments as advised.	
Query	**31.1 Implementation of the Mission Charter**
Observation The overall Government National Development Plan (NDP II) expired at the end of financial year 2019/20. In line with the NDP II, the High Commission had an approved strategic plan for the period 2015/16 - 2019/20, which set out both the long term and short term targets to be achieved during the duration of the strategic plan. However, the entity did not provide strategic performance reports and the High Commission charter provided was not signed by the office of the Minister in charge of Foreign Affairs, thereby lacking authenticity. The audit could not undertake an assessment of the achievements of the Mission charter targets/goals. The Accounting Officer explained that the Mission charter was forwarded to MoFA for signing and the Mission will follow up.	

Recommendation	
I advised the Accounting Officer to follow up with MOFA for approval of the Charter and devise strategies to enable achieve the strategic objectives of the High Commission Charter.	
Action	
The Ministry of Foreign Affairs is still harmonizing approval of all Mission Charters.	
Query	**31.2 Revenue Performance**
Observation **Performance of NTR** The audit reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2019/2020 and noted that the entity budgeted to collect NTR of UGX 1.05Bn during the year under review. The entity collected UGX 0.05Bn resulting in a shortfall of in performance of UGX 1.00Bn (95.2%). Shortfalls in revenue collections affect the implementation of planned activities. **Performance of GoU receipts** The entity budgeted to receive UGX 4.84Bn and received UGX 4.84Bn, all of it was warranted leading to 100% budget release. The Accounting Officer explained that the Mission has never budgeted to collect UGX 1.05Bn in NTR and will engage MoFPED to ensure realistic estimates are made and approved.	
Recommendation	
The Accounting Officer was advised to liaise with MoFPED while setting NTR targets to ensure that they are realistic and realisable.	

Action	
The MoFPED will continue to support the Mission in regard to NTR Estimates. The Missions no longer directly collect NTR from visas after introduction of online Visa applications.	
Query	**31.3 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 three (3) outputs with a total of nine (9) activities and expenditure of UGX 4.84Bn sampled for assessment, the audit reviewed the extent of quantification of outputs and activities and noted the following;

All the three (3) outputs were not quantified. That is, all the nine (9) activities (100%) within these outputs were not quantified to enable assessment of performance.

It was observed that management reported performance in generic ways and the activities that were not sufficiently quantified included;

- Initiate and sign more MoUs/ agreements, Bilateral Frameworks in various areas of Cooperation concluded for trade.
- Travel documents issued and consular assistance extended to Ugandans, non-Ugandans living in Australia, New Zealand, Fuji, PNG and Samoa.
- Existing trade and economic relations consolidated and new opportunities secured.

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 will endeavour to quantify the outputs in the subsequent submissions.	
Recommendation	
The Accounting Officer was advised to quantify all outputs at budgeting level to facilitate performance measurement.	
Action	
Annual Outputs for the Mission have since been quantified to facilitate performance measurement. 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	**31.4 Preparation and submission of monitoring plans and reports**
Observation Paragraph 58 of the Budget Execution Circular for 2019/20 requires the Accounting officer to prepare and submit annual monitoring plans for government programs and or projects under his/her vote to the Office of the Prime Minister with a copy to Ministry of Finance, Planning and Economic Development and National Planning Authority for harmonisation to ensure proper coordination to avoid duplication and fatigue. The Accounting Officers are also expected to submit quarterly monitoring reports to the Office of the Prime Minister with a copy to the Ministry of Finance, Planning and Economic Development for the attention of the Director Budget. Contrary to this, it was noted that; • The entity did not prepare and submit the annual monitoring plans to MoFPED and NPA contrary to the requirements.	

- Further, the entity did not prepare and submit quarterly monitoring reports to the Office of the Prime Minister and MoFPED contrary to the requirements.

This practice is not only contrary to the circular standing instructions but also hinders efforts of timely monitoring of the implementation of the budget.

The Accounting Officer explained that management will comply in the subsequent period.

Recommendation

The Accounting Officer was advised to ensure that accurately prepared performance reports are drafted and submitted to the relevant authorities within the required timelines.

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 to facilitate the preparation/submission of real-time quarterly electronic monitoring reports.

Query	**31.5 Submission of Quarterly Performance Reports**

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 following quarter.

It was noted that the entity submitted performance reports for Q1, Q2 and Q3, after the deadline given for submission of the reports as indicated in the table below;

No	Details	Deadline for submission	Actual date of submission	Comment (submitted in time/ delayed)
1	Quarter 1	31/10/2019	22/10/2019	In time

2	Quarter 2	31/01/2020	18/02/2020	Delayed
3	Quarter 3	30/04/2020	28/05/2020	Delayed
4	Quarter 4	31/07/2020	9/08/2020	Delayed

Delay to submit performance reports in time is not only contrary to the circular standing instructions but also affects the timely evaluation of performance.

The Accounting Officer explained that management attributes the delays to technical problems with updating the PBS system.

Recommendations

The Accounting Officer was advised to ensure the timely preparation, and uploading on the Program Budgeting System (PBS).

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 preparation/submission of real-time quarterly electronic reports.

Query	**31.6 Non-disclosure of capital items bought and diversion of funds**

Observation

A review of the summary statement of stores and other assets (physical assets) at the end of the year on page 33 of the financial statements indicates that management did not purchase any assets during the year. However, a review of the High Commission expenditure records revealed that assets to the tune of AUD.25,060 (equivalent to UGX 63,654,906) were procured during the year.

It was further noted that the High Commission did not plan for or receive any capital funds to warrant such purchases implying that these funds were diverted from other activities.

The above assets were not disclosed the summary statement of stores and other assets (physical assets) at the end of the year which makes the

financial statements incomplete. Furthermore, diversion of funds is contrary to the provisions of the Public Financial Management Regulations which is irregular. The Accounting Officer explained that the statement of stores and other assets was updated with the amount of Consumption of property, plant & equipment (note 9), which the Mission never had, despite having requested for a development budget. The reported expenditure of AUD 25,060 was paid from appropriate budget lines - Computer supplies and IT, Maintenance of Machinery, Equip & Furniture, and Maintenance and as such, this wasn't a diversion of funds as these budget lines are supposed to cater for the items that were procured.	
Recommendation	
The Accounting Officer was advised to always make full disclosure of the capital items purchased and spend in accordance with the budget.	
Action	
The assets have been captured in the Asset Register and reviewed as part of the annual Board of Survey.	
Query	**31.7 Delay to transfer end of year balances to the Consolidated Fund**
Observation According to Section 30 (1) of the Public Finance Management Act, 2015, all revenues or other money raised or received for the purpose of the Government shall be paid into and shall form part of the Consolidated Fund. Section 17(2) of the Public Finance Management Act, 2015 also states that a vote that does not expend money that was appropriated to the vote for the financial year shall at the close of the financial year repay the money to the Consolidated Fund. It was observed that the High Commission had total collections including balance brought forward from previous year of UGX 59,002,072. At the closure of the period, no funds had been transferred to the Treasury for	

onward transfer to the Consolidated Fund thus implying UGX 59,002,072 was not remitted as indicated in the table below:

Description	Amount
Bal b/f from the expenditure account	43,726
Bal b/f from the NTR /Revenue account	3,825,754
Cash at Hand b/f	770,286
Cash at hand	0
Collections during the year	53,894,470
Balance on expenditure account at year end	467,836
Total due to the Consolidate Fund	**59,002,072**
Less: Transfer to the Consolidated Funds	0
Funds not transferred to the Consolidated Fund	**59,002,072**

The practice amounts to a violation of the PFMA/R and could lead to misuse of the High Commission's funds.

The Accounting Officer explained that all balances on NTR Account were subsequently transferred to Treasury and promised that in future, management will ensure that all NTR collected during the financial year will be transferred to the UCF within the required time.

Recommendation

The Accounting Officer was advised to ensure that all NTR collected during the financial year is transferred to the Consolidated Fund in line with PFMA.

Action

All balances on NTR Account were subsequently transferred to Treasury. In future the Mission will ensure that all NTR collected during FY is transferred to the UCF as soon as possible.

Query	**31.8 Irregular payment of Education Allowance**

Observation

Section (E - e) Paragraphs 19 and 20 of the Public Service Standing Orders 2010 states that the Education allowance will be payable direct to the school and reimbursement from the officer for his or her personal share will be made at source.

In addition, the allowance must be approved by the Responsible Officer and must be accompanied by a certificate by the officer's Head of Mission certifying that the circumstances described by the officer such as the period of education to be covered; the date of birth of the child; as well as evidence of child parenthood/adoption are correct.

Contrary to the above, the High Commission paid AUD.2,548 (equivalent to UGX 133,207,591) in respect of education allowances direct to its officials instead of their respective educational institutions or schools as shown in the table below:

Table showing payment of education allowances;

Posting Date	Document No.	Bank Account No.	Description	Amount
11/28/2019	PV-4959	BANK-01	Education Allowance	3,691.25
2/21/2020	PV-5055	BANK-01	Education Allowance	3,737.59
2/21/2020	PV-5056	BANK-01	Education Allowance	14,950.35
2/21/2020	PV-5057	BANK-01	Education Allowance	3,737.59
4/6/2020	PV-5135	BANK-01	Education Allowance 2020	14,950.35
6/10/2020	PV-5270	BANK-01	Education Allowance 2020	11,212.76
			Total in $	**52,279.89**
			exchange Rate	**2,547.97**
			Total in UGX	**133,207,591**

There is a risk of loss of government funds.

The Accounting Officer explained that provisions of the Standing Orders, Section E-e relating to Education Allowance were revised according to circular ref: COM 95/100/01 dated 16th June 2011, and hence forth Education allowances ceased being paid to schools.

The response by the Accounting Officer was found unsatisfactory as the Public Service Standing Orders have not been amended to cater for the direct payment of the education allowance to the officers.

Recommendation	
The Accounting Officer should liaise with the ministries of Foreign Affairs and Public Service to address the matter. In the meantime the Accounting Officer should comply with the Public Service Standing Orders.	
Action	
The Provisions of the Standing Orders, Section E-e relating to Education Allowance were revised according to circular ref: COM 95/100/01 dated 16th June 2011. In addition, another circular ref: PMD 80/80/01 dated 26th June 2018 further specifies that education allowance shall be paid to a public officer posted to a Mission abroad. This position was ratified in the amended Public Service Standing Orders, 2021.	
Query	**31.9 Irregular Medical Refunds**
Observation Section M (m-a) (14) of the Public Service Standing Orders, 2010 requires Foreign Service Officers, while serving in a mission abroad, to be covered by full medical insurance. This should cover both in-patient and out-patient treatment. Medical insurance should also be provided for the spouse and up to four children. Contrary to the above requirement, audit noted that the High Commission spent AUD.77,726 (equivalent to UGX 197,430,593) on refunds for medical expenses to its officers. The criteria for the refunds could not be established. This could have led to loss of public funds. The Accounting Officer explained that the Mission undertook medical insurance for staff with Bupa Health Insurance during the FY, however the health insurance policy in Australia is not 100% comprehensive for foreigners. He further explained that officers claim refund for payments made under such circumstances, thereafter the Mission gets reimbursed by the insurance company on presentation of the claimable invoices.	

The response by the Accounting Officer was found unsatisfactory as the Public Service Standing Orders have not been amended to cater for partial medical refunds.	
Recommendation	
The Accounting Officer should liaise with the ministries of Foreign Affairs and Public Service to ensure that the partial payment arrangement is addressed. In the meantime the Accounting Officer should comply with the Public Service Standing Orders.	
Action	
The Mission undertook medical insurance for staff with Bupa Health Insurance during the FY, however the health insurance policy in Australia is not 100% comprehensive for foreigners. The health system requires that the patient pays upfront before receiving the services. Officers claim refund for payments made under such circumstances, thereafter the Mission gets reimbursed by the insurance company on presentation of the claimable invoices.	
Query	**31.10 Unrecovered expenses on staff telephone bills**
Observation Section H (h-e) (12) of the Public Service Standing Orders, every public officer at the mission shall be responsible for the cost of lighting and water consumed in any house allocated to him or her. It further states that when a Foreign Service Officer has an official telephone in his/her house at mission, one third (1/3) of the cost of untimed calls will be paid by the Government and two thirds (2/3) by the officer. All public officers will meet all personal international calls and the cost of calls made on Authorisation by either the Head of Mission or the Head of Chancery will be met by Government. The audit observed that expenditure amounting to AUD.28,722 (equivalent to UGX 72,956,752) out of which AUD.19,148 (equivalent to UGX 48,637,835) representing 2/3 of the amount should have been recovered from the respective staff was incurred on the payments for telephone bills during the period. However, the recovery was not effected.	

The Accounting Officer explained that the Mission in Australia is accredited to five (05) countries and this wide coverage necessitates regular communication with the contacts there to facilitate and ease the work. He further explained that the above expenditure relates to official telephone costs at the chancery and official residence and that no recoveries are made from Mission staff in regard to telephone bills.	
Recommendation	
The Accounting Officer should liaise with the ministries of Foreign Affairs and Public Service to ensure that such expenditures are fully authorised. In the meantime the Accounting Officer should comply with the Public Service Standing Orders.	
Action	
The Mission in Australia is accredited to ten (10) countries and this wide coverage necessitates regular communication with the contacts there to facilitate and ease their work. The above expenditure relates to official telephone costs at the chancery and official residence. This is usually in form of mobile phone airtime.	
Query	**31.11 Cash Imprest**
Observation Instruction 17.22 of the Treasury Instructions 2017 requires votes to maintain a petty cashbook for the petty cash imprest and a specific ledger for each special imprest for the payment of small incidental expenditures such as postage and other office costs. The instruction further requires that a petty cash float is maintained at a specific amount and is replenished at regular intervals on the basis of vouchers showing the payments which have been made. A reconciliation of the Petty Cashbook along with a Petty Cash Replenishment Request form should be submitted to the Head of Finance and Accounting Officer for review and approval. During the year, a total of AUD.44,725.21 (equivalent to UGX 113,605973) was withdrawn from the High Commission's local expenditure account as	

cash imprest. It was observed that AUD.27,883 (equivalent to UGX 70,825,608) was spent on activities such as purchase of computers and payment of rent. These are not small incidental expenditures such as postage and other office costs as guided by the Treasury Instructions 2017. Furthermore, included in the AUD.44,725.21 (equivalent to UGX 113,605973) is AUD.28,219 (equivalent to UGX 71,679,082) drawn as petty cash in the last quarter of the financial year (April, May and June), the period affected by COVID 19 lockdown. The audit found the purchase of items that do not qualify as imprest expenses irregular. In addition, the imprest used as petty cash during the lockdown appears doubtful. The Accounting Officer explained that the Purchase of computers and other small office equipment was made from imprest as some of the service providers do not accept cheques.	
Recommendations	
The Accounting Officer was advised to adhere to the requirements of the Treasury Instructions.	
Action	
The purchase of computers and other small office equipment was made from imprest as some of the local service providers do not accept cheques during the COVID-19 lockdown.	
Query	**31.12 Under Staffing at the High Commission**
Observation A review of the approved staff establishment of for financial year 2019/20 revealed that the High Commission has an approved staff structure of seven staff positions. Out of the approved staff positions, six (86%) were filled leaving one (14%) vacant. Understaffing overstretches the available staff and could lead to job-related stress thereby negatively affecting the level of service delivery. The Accounting Officer explained that management will follow up the issue with Headquarters to take appropriate action.	

Recommendation

The outcome of the Accounting Officer's commitment to address the issue is awaited.

Action

Posting of officers to missions is a prerogative of Ministry of Foreign Affairs Headquarters. The Mission will continue to engage Ministry of Foreign Affairs Headquarters.

32.0 EMBASSY OF THE REPUBLIC OF UGANDA COPENHAGEN-DENMARK

Basis for Qualified Opinion

Query	**32.1 Disclosure of the budget**

Observation

According to the commentary by the Head of Accounts on **page 6**, the Embassy received a supplementary budget of UGX 270,000,000. A sum of UGX 300,000,000 was approved by Parliament as supplementary budget for the Embassy for the financial year 2019/2020 out of which UGX 270,000,000 was subsequently released during the year. However, it was observed that the budget was not accurately disclosed in the "Commentary on the Financial Statements by the Head of Accounts" on **page 6**. In addition, the amount was not disclosed in the "Statements of appropriation accounts" on **pages 12 and 13**.

Misreporting of the budget figure misleads users of the financial statements.

The Accounting Officer explained that the accounts were already consolidated by the Accountant General, and promised that prior year adjustments will be made in the Financial Year (2020/21).

Recommendation

The Accounting Officer was informed that the financial statements are still misstated and should therefore be adjusted in the subsequent financial year.

Action	
The non-disclosure was an error of omission. The financial statements of financial year 2020/21 were adjusted with the full disclosure of the supplementary.	
Query	**32.2 Security deposits refunded**
Observation According to note 18 on **page 24** of the financial statements, receivables from security deposits reduced by UGX 53,375,046 from UGX 313,145,225 in the previous year to UGX 259,770,179 as at the end of the year 2019/2020. The audit was not availed with supporting records to confirm the movement in the form of ledgers specifically showing amounts owed, the debtor's details, evidence of deposit of the funds refunded as security deposits and details of new security deposits placed during the year, if any. The response of the Accounting Officer did not fully address the issue raised. Only a VAT schedule was availed which the audit verified. Documents to confirm the movement in the form of ledgers specifically showing amounts owed, the debtor's details, evidence of deposit of the funds refunded as security deposits and details of new security deposits placed were not availed. As such the audit was unable to confirm the movement of the security deposits.	
Action	
The Embassy did not have additional documents to provide well knowing that Security Deposits are funds deposited with the landlord at the renting of a new residence for an officer and at the end of the tenancy, the deposit is used by the landlord to pay for the restoration of their property to the same level as it was at the time of occupation. Only in rare and very unlikely cases, will the landlord return any balances after the repairs. The amount of receivables in the form of security deposits will not necessarily remain static year in, year out.	

The Mission has been advised to regarding these deposits as rent paid and write down the receivables in the subsequent financial statements.	
Query	**32.3 VAT Claims**
Observation VAT claims increased from UGX 45,636,374 in the previous year to UGX 70,11,405 in the current year. The audit was not provided with a ledger showing the specific VAT claims, the VAT supplier numbers, and documents to support the claims for refunds from the tax authority among others. In the circumstances, the audit could not confirm the amounts reported in the Statement of Financial Position and the Cash-flow Statement. There is a risk that the receivables could have been over or understated thus affecting the closing net worth of the entity. The response of the Accounting Officer did not address the issue raised. Only a VAT schedule was availed and verified. Documents to support the VAT claims, the VAT supplier numbers and the claims for refunds from the tax authority were not availed.	
Recommendation	
The Accounting Officer was informed that in absence of the supporting documentation the matter still needs to be addressed.	
Action	
As it is a requirement by the Danish Government, the actual documents used for the claims be must submitted to the Danish authorities to have the claims processed and indeed the documents were verified and the claims duly paid to the Embassy. At the time of the audit, only a VAT schedule was availed to the as the originals were still with the Danish Authorities. .	
Query	**32.4 Failure to carry out Bank reconciliations.**

Observation

Section 7.7.2 of the Treasury Instructions 2017 requires that information in the accounts and the supporting subsidiary records shall be accurate, representing the actual substance of past events, without undue errors or omission by undertaking regular (monthly), complete and up-to-date bank reconciliations.

It was noted that monthly and end-of-year bank reconciliations were not carried out. In addition, a list of bank accounts operated by the Embassy during the year was not disclosed by the Head of Accounts in his commentary on the Financial Statements on page 6.

A re-performance of bank reconciliations revealed transactions amounting to DKK 403,050.69 (equivalent to UGX 225,978,430) in the bank statement as payments which were not recorded in the cashbook (ledger) generated from Navision. Details are in the table below.

Table showing transactions missing from the cashbook

Date	Description	Amount - DKK	Payee
01/07/2020	No description	150,000.00	Valeo Digital
29/06/2020	No description	80,679.00	Sylvia Nambooze Kayo
01/07/2020	No description	50,000.00	Dk Resi Propco II
06/08/2019	FSA for July 2019	34,660.50	Alex Hope Mukubwa
10/07/2020	No description	22,929.83	Verisure AS
07/08/2019	Security Alarms	19,504.00	Falck Danmark A/S
16/08/2019	Beds for HOM	19,491.00	ILVA AS Lyngby
26/09/2019	Telecommunications	9,375.00	Valeo Digital
16/09/2019	Telcoms for Embassy	8,613.36	Valeo Digital
16/08/2019	Beds for TS/HOC	7,798.00	ILVA AS Lyngby
TOTAL		**403,050.69 (UGX 225,978,430)**	

Consequently, I was unable to confirm that the cash and cash equivalents amount reported in the Statement of Financial Position and that the amounts reported under the various classes of transactions in the Statement of Financial Performance are accurate. Furthermore, without a

complete cashbook, the audit was unable to determine the purpose for which funds were expended. The Accounting Officer's response addressed the issue on the absence of bank reconciliations. However, the response did not address the other issue on the lack of a list of bank accounts in the financial statements as required by Financial Reporting Guide 2018.	
Recommendation	
The matter requires attention.	
Action	
This was an error of omission that arose out of a staffing gap at the Mission. In Ql of the FY 2019/20, the Financial Attaché, Mr. John Marie Iga, was recalled to Kampala and unfortunately he never returned to the Mission for the rest of the Financial Year. The result of the FA's absence was that the Embassy did not have the technical personnel to perform some financial activities such as bank reconciliations. The failure to disclose the list of accounts was also an error of omission. Otherwise this matter was later clarified to Audit that the Embassy runs two accounts, one for operations and the other for NTR collections.	
Query	**32.5 Failure to include the budget for NTR in the statement of appropriation**
Observation According to the NTR estimates released by MoFPED in its report "NTR estimates, current items and rates charged at vote level FY 2019/2020" issued June 2019, the Embassy's approved budget for Non-Tax Revenue is UGX 1,570,000,000. It was observed that the Non-Tax Revenue budget was not reflected in the Statements of Appropriation on pages 12-13. Misreporting of the budget figure limits the information available to users of the financial statements.	

The Accounting Officer explained that the accounts were already consolidated by the Accountant General and could not be amended.

Recommendation

The Accounting Officer was informed that the accounts do not comply with the Financial Reporting Guide 2018 and therefore the matter still needs to be addressed in the subsequent financial statements.

Action

This failure to show the approved NTR budget was another technical error during the preparation of Accounts that is associated with the absence of a competent financial staff to properly write the Statements of Appropriation.

Query	**32.6 Failure to disclose prepayments**

Observation

During the year, the Mission paid advances to various suppliers amounting to DKK 861,578.82 (equivalent to UGX 479,037,824). Whereas the Financial Reporting Guide, 2018 requires that prepayments are reported separately in the Statement of Cash Flows – as net advances paid and in the Statement of Financial Position as receivables, it was noted that these prepayments were missing in both statements.

Details are as indicated below;

	Residence	**Advance paid**	**Audit comment**
1.	Rent for residence for Head of Mission	117,048.99	Prepayment
2.	Rent for residence for Deputy Head of Mission	109,800.00	Prepayment
3.	Rent for the residence for Accounting Officer	100,800.00	Prepayment
4.	Rent for the residence of the accounting officer	68,100.00	Prepayment
5.	Rent for the residence for finance attaché	66,900.00	Prepayment
6.	Insurance	96,000.00	Prepayment
7.	H. Gentofte.	60,000.00	Prepayment
8.	Electricity	150,000.00	Prepayment
9.	Verisure AS	22,929.83	Prepayment
10.	H. Gentofte.	20,000.00	Prepayment

11	Fuel	50,000.00	Prepayment
	Total	**861,578.82**	

This implies that the receivables were understated thus affecting the closing net worth of the entity.

The Accounting Officer explained that the non-disclosure was an oversight and the accounts were already consolidated by the Accountant General. He promised that prior year adjustments will be done in the Financial Year 2020/2021.

Recommendation

The Accounting Officer was informed that the financial statements are still misstated and therefore the matter still needs to be addressed in the subsequent financial statements.

Action

This was another technical error during the preparation of the Final Statements related to the absence of a Financial Attaché.

The adjustments were made in the financial statements for the FY 2020/12.

Query	**32.7 Failure to disclose prior year Contingent Liabilities**

Observation

In 2018/2019, the Embassy lost a court case and subsequently a sum of UGX 27,965,384 (DKK 49,878.51) was awarded and paid in the year 2019/2020. It was noted that the Memorandum Statement of Outstanding Commitments did not disclose the details regarding this case. Besides, there was no evidence that the funds for settlement of this court case had been budgeted for during the year.

The funds used to settle the court case were diverted from their intended purpose thus affecting the implementation of the planned activities.

The Accounting Officer explained that the accounts were already consolidated by the Accountant General and could not be amended. The Accounting Officer's response did not address the issues of failure to disclose the contingent liability in the financial statements of the FY 2018/2019, and on which item the funds were mischarged to settle the court award.	
Recommendation	
The Accounting Officer was informed that the accounts do not comply with the Financial Reporting Guide, 2018 and therefore the matter still needs to be addressed in the subsequent financial statements.	
Action	
As earlier explained to Audit, the payment for the court case could not have been budgeted for because the ruling came in the middle of the Financial year, in February 2020. This judgement required immediate settlement after which the payment was promptly done to avoid further legal complications. For these reasons the demand for payment could not have been captured and disclosed in the Memorandum Statement of outstanding commitments. However, the full disclosure of the Court Case and subsequent payment of the award were disclosed in the subsequent financial statements as a note to the financial statements.	
Query	**32.8 Unauthorised diversion of funds/Mischarges**
Observation Regulation 18 (2) of the Public Finance Management Regulations, 2016 provides that an Accounting Officer who intends to spend monies for any purpose in excess of the amount appropriated for that purpose or for a purpose for which no amount was appropriated by the Appropriation Act shall, in writing, request the Minister for approval.	

It was noted that funds amounting to DKK 399,793.77 (equivalent to UGX 225,083,893) were irregularly diverted from the activities on which they were budgeted and spent on other activities for which money had not been appropriated without seeking and obtaining the necessary approval. The activities to which funds were diverted included salaries for local staff, air tickets, allowances, energy bills and furniture. This action affected the implementation of planned activities. Included in DKK 399,793.77 is a sum of DKK184,549.25 (equivalent to UGX 103,901,228) that was diverted in the 4th quarter of the financial year. This was done at a time when key staff were away from the Embassy. A review of various correspondences among the Embassy staff and the minutes of the finance committee meeting of 26th June, 2020 indicated that the management of the Embassy mischarged funds in order to utilise all unspent balances at the end of the financial year 2019/2020. In an interview with the Accounting Officer held on 18th March, 2021 she explained that diversions related to the month of June 2020 were made without her express authorisation. The Accounting Officer promised that the Mission will endeavour to comply in future and regretted the action.
Recommendation
The Accounting Officer was advised to ensure that; i) In future all expenditures are incurred in line with the Appropriation Act. ii) Should there be a need to reallocate funds from the items for which the funds were voted to different items, the Accounting Officer should seek the authorization of the Minister in line with Regulation 18 (2) of the Public Finance Management Regulations, 2016. iii) Appropriate internal controls be put in place to ensure that no transactions and payments are approved without following due process as outlined in the PFMA 2015.

Action	
The reallocation of funds was done due to insufficient resources for critical items and activities that included local staff salaries, air tickets, staff duty allowances, energy bills and essential furnishings. In future when such a compelling need arises, the Mission will endeavour to seek for clearance do a virement.	
Query	**32.9 Incompletely vouched expenditure**
Observation Paragraph 10.10.1 of the Treasury Instructions (TIs) 2017 provides that all payments must be supported by vouchers and must contain or have attached thereto full particulars of the service for which payment is made so as to enable them to be checked without reference to any other document. Contrary to the above, payment vouchers for payments made to the tune of DKK 75,030.52 (equivalent to UGX 42,067,362) lacked adequate supporting documents to justify the respective payments by the Mission. Consequently, I could not confirm that the amounts paid were commensurate to the works or supplies made by the different payees. The Accounting Officer explained that given the absence of the Finance Attaché, the Mission was faced with numerous challenges as payments had to be made outside the system and directly through the bank. Payments were being sent to the bank with attached invoices for payment, after which they would be returned to the Mission. However, some invoices for payments made during the lockdown were not returned by the bank.	
Recommendation	
The Accounting Officer was advised to liaise with the bank and ensure that any documents still in their possession are returned to the Mission. In addition, an inventory of all invoices held by the bank is made and copies of these records be kept on file for future verification.	

Action	
The documentation was actually present on file but the filing was not done to the satisfaction of Audit. This error in the filing is regretted and has been corrected.	
Query	**32.10 Diversion of funds meant for refurbishing residence for the Head of Mission**

Observation

Paragraph (H - e) (1) of the Public Service Standing Orders,2010 provides that there shall be one official residence either owned or rented by the Government in each country to which a Mission is accredited, which shall be occupied by the Head of Mission.

The Uganda Government owns an official residence for the Head of Mission at Copenhagen Embassy located at Sofievej 15, 2900 Hellerup, Denmark. During the year under review, the official residence was occupied by the Administrative Attaché instead of the Head of Mission.

It was observed that the Embassy also rents a separate residence (an apartment) for the Head of Mission located at H. C. Andersens Blvd. 33, 3. th 1553 København, Denmark. During the financial year 2019/2020, rent amounting to DKK.474,229.25 (equivalent to UGX 266,991,068) was paid for the apartment located at H. C. Andersens Blvd. 33, 3. th1553 København, Denmark as indicated in the table below;

Table showing rent payments for the private residence for the Head of Mission

Date	Vr. No	Description	Amount (DKK)	Landlord
16/04/2020	6789	Rent for 3 months Apr-Jun 2020	117,048.99	Kerby Aps
30/01/2020	6646	Rent for 3 months Jan-Mar 2020	89,406.78	North Prop. Management Aps
30/09/2019	6444	House Rent for Oct - Dec 2019	133,886.49	North Prop. Management Aps
06/08/2019	6364	Rent for August and Sept 2019	89,257.66	North Prop. Management Aps

		House Rent for July 2019	44,629.33	North Prop. Management Aps
Total			**474,229.25**	

During an interview with the former Accounting Officer, Ms. Alex Hope Mukubwa on 21st January 2021, it was explained that the Head of Mission opted to reside in the rented apartment, because the official residence was in a state of disrepair and would therefore not provide a befitting image for the Embassy and Government. A decision was made to allow the Administrative Attaché to stay in the Embassy official residence at Sofievej 15, 2900 Hellerup thereby saving an annual rent of DKK.216,000 (equivalent of UGX 121,608,000).

During the financial year 2019/2020, the Embassy had planned to refurbish the official residence and UGX 300,000,000 was released by the Ministry of Finance, Planning and Economic Development (MoFPED) through a supplementary budget for the purpose. However, the refurbishment did not take place and UGX 190,000,000 was returned to the consolidated fund as required by Section 17(2) of the PFMA 2015 while UGX 110,000,000 was diverted. Diversion of funds is contrary the provisions of the PFMA 2015.

There is a risk that in the subsequent financial year 2020/2021 the funds may not be re-voted for refurbishment of the chancery and residence further delaying their utilization.
The Accounting Officer explained that the funds for refurbishment of properties were not utilized due to:

a) The difference in PPDA regulations between Uganda and Denmark. The bidders had concerns about the General Conditions of Contract in the Solicitation document issued to them, as being general and yet, in Denmark there exists very specific conditions of Contract guiding Consultancy Services for building and construction works: (ABR 18). Hence no Danish Firms were not comfortable signing the procurement forms provided in the PPDA RFP Document format, which the Uganda Embassy had issued.

The Mission therefore requested the PPDA for an exception to use the Danish regulations and the consultancy bids were subsequently received and evaluated. b) The Covid 19 Pandemic and the related lockdowns affected not only affected the operations of the Embassy but also those of the potential contractors. Many activities, including the selection of a consultant could not progress as desired. The response by the Accounting Officer was unsatisfactory as it did not address the issue of the diversion of the funds.
Recommendation
The Accounting Officer was advised to put in place better planning mechanisms to ensure that Government projects are implemented and completed within the planned period in line with regulation 11(2) of the Public Finance Management Regulations 2016. Should there be a need to reallocate funds for expenditure, the Accounting Officer should seek the authorization of the Minister in line with Regulation 18 (2) of the Public Finance Management Regulations, 2016.
Action
The indicated funds were originally meant for contracting a building consultant to draw up designs and BOQs for the renovation of the Embassy properties. However, since that procurement was not concluded on technical grounds, the funds were utilized for another equally critical purpose, mostly to procure much needed furnishings for the Embassy. In future, efforts will be made to obtain prior authorization for such a reallocation. These unspent funds were originally voted for contracting a building consultant for the renovation of Mission properties. However, as earlier explained, this procurement was not concluded on technical grounds and the funds were accordingly returned to the Consolidated fund.

Query	32.11 Doubtful and Wasteful Expenditure

Observation

Paragraph 10.12.1 of the Treasury Instructions 2017 provides that an Accounting Officer shall exercise all reasonable care to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure. Unauthorised or irregular expenditure relates to payments that are not authorised under an Appropriation Act, while wasteful payments occur as losses if a payment is avoidable and there is no benefit to the Government.

A review of the sampled documents revealed that payments to the tune of DKK 52,743.20 (equivalent to UGX 29,571,530) had contradicting supporting documentation attached, payments were unbudgeted for or were incurred for activities which are not the responsibility of the Embassy. There is a risk that public funds were not put to their proper use and that funds could have been lost through payment for activities of no benefit to the government.

The Accounting Officer explained that the Mission regrets that some items that had not originally been in the procurement plan were nevertheless bought.

Recommendation

The Accounting Officer should ensure that in future, all Mission expenses are incurred in line with the budget of the Mission.

Action

The poor filing and contradicting supporting documentation attached were occasioned by the absence of a Financial Attaché (who had been recalled to Kampala). This filing error is regretted and has since been corrected.

Query	32.12 Payment of salaries to staff with no contract

Observation

Appendix A-8 of the Uganda Public Service Standing Orders specifies the letter of appointment of an officer recruited locally to the Foreign Service

on contract terms. A review of salary payments to locally recruited staff at the Mission revealed that payments to the tune of DKK 141,940.00 (equivalent to UGX 79,581,500) were made to two staff but no contract appointment letters were availed to justify the monthly salaries paid to them. Payment to staff without contracts amounts to irregular expenditure. The Accounting Officer explained that the Mission had valid contracts for all the staff. It was noted the response of the Accounting Officer was unsatisfactory as no evidence of a contract between the Embassy and Daniel Baaka was produced for verification.	
Recommendation	
In future, the Accounting Officer should ensure that all local staff of the Embassy have formal contracts specifying all the terms and conditions of their service.	
Action	
The two persons referred to as locally recruited staff were: i) Mr. David Mabonga Magombe who was the Embassy Webmaster by appointment. His schedule of duties was later expanded to include consular work and cleaning of the Embassy compound. ii) Mr. Bakka Daniel was not a local staff. He was a temporary driver who was called in to fill the gap of the Ambassadors driver who had suddenly resigned. Mr. Bakka provided his services on an adhoc basis and was therefore paid for the hours that he worked. He therefore was not a locally recruited contractual driver for the Embassy and was not available to be recruited as such.	
Key Audit Matters	
Query	**32.13 Performance of NTR**

Observation The audit reviewed the NTR estimates, current items and rates charged at vote level for the financial year 2019/2020 and noted that out of the budgeted NTR of UGX 1,570,000,000 for the financial year 2019/2020 only UGX 33,780,671 was collected representing performance of 2.15% of the target. The entity did not remit the collected amounts to the consolidated fund by the 31st July following the closure of the financial year. Shortfalls in revenue collections affect the implementation of planned activities. The Accounting Officer explained that the performance of NTR was negatively affected by the shift from receiving visa and passport fees at the Mission to an online payment system with a URA portal. Additionally, NTR collections and other Mission activities were adversely affected by the COVID-19 pandemic.
Recommendation
The Accounting Officer was advised to liaise with the Ministry of Finance, Planning and Economic Development in order to ensure that future NTR budgets are realistic and reflect the circumstances of the Mission.
Action
The shortfall in NTR performance was as a result of a mid-year change in Government policy regarding the method of collection of some government fees. In the financial year, the collection of all Visa and passport fees were centralized for payment directly to URA through an online portal. This meant that the previously anticipated sources of NTR for the Embassy, namely Visa and passport fees, did not hold anymore. The MoFPED will continue to support the Mission to come with NTR estimates that are realistic and realizable.

Query	32.14 Under Absorption of Funds

Observation

Out of the total receipts for the financial year of UGX 5.642Bn, UGX 5.152Bn was spent by the Mission resulting in an unspent balance of UGX 0.490Bn representing an absorption level of 91.3%.

The unspent balance at the end of the financial year was not returned to the consolidated fund account by the 31st July 2020 as required by law. Refer to the table below;

Year 2019/20				
APP EST (A) (UGX billions)	**RELEASE (B) (UGX billions)**	**Expenditure (C) (UGX billions)**	**Unspent (B-C) (UGX billions)**	**% absorption**
5.672	5.642	5.152	0.490	91.3

Under absorption of released funds resulted into non-implementation of a number of planned activities. For example, renovation of the Chancery and Head of Mission's residence was not undertaken and the funds were subsequently returned.

The Accounting Officer explained that failure to absorb all the released funds was mainly because of the COVID-19 pandemic which made it impossible to implement many of the planned/ budgeted activities. Regarding the renovation of properties, this activity was not done mainly due to complications in the application of procurement regulations of the host country vis - vis those of Uganda.

Subsequently the Mission requested PPDA to waive some of the bidding requirements under the Ugandan procurement system so that the bidders could comply with Danish Law-particularly the conditions of consultancy Contracts.

Recommendation

The Accounting Officer was advised to appreciate early enough the environment in which they operate and its effect on complying with the

established PPDA procurement processes with a view to liaising with PPDA to enable them plan better. The Mission should consider having the funds re-voted to ensure that the activities are implemented in the subsequent period(s).	
Action	
This challenge associated with the waiver of the bidding requirements under the Ugandan procurement system so that the bidders could comply with Danish Law-particularly the conditions of consultancy Contracts should have been communicated much earlier to the PS/ST for further guidance. In the PPDA Act 2021 Amendment Regulations, these challenge being faced by the Missions abroad has been recognized and will be included in the new procurement regulations being drafted by the First Parliamentary Counsel.	
Query	**32.15 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 five (5) outputs with a total of nine (9) activities and expenditure of UGX 5.152Bn assessed, the audit reviewed the extent of quantification of outputs and activities and noted the following; • Two (2) outputs with a total of two (2) activities and expenditure worth UGX 0.467bn were fully quantified. That is, all the two (2) activities (100%) within these out-put were clearly quantified to enable assessment of performance.	

- Two (2) outputs with a total of five (5) activities and expenditure worth UGX 4.828Bn were insufficiently quantified. It was observed that out of the five (5) activities, three (3) activities (67%) were quantified while two (2) activities (33%) were not clearly quantified to enable assessment.
- One (1) output with a total of two (2) activities and expenditure worth UGX 0.372Bn was not quantified at all.

It was observed that in cases where outputs were either partially or not quantified, management reported performance in generic ways such as Bilateral Cooperation with the Nordic Governments promoted, major tourism exhibitions participated in, Uganda trade and investments opportunities promoted in the Nordics without specifying numbers/quantities planned and achieved.

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 issue of quantification of outputs will be addressed in the subsequent FY 2020/2021.

Recommendation

The outcome of the Accounting Officer's commitment to address the issue is awaited.

Action

The inadequate quantification of Mission outputs and activities was a planning gap that called for technical guidance.

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	**32.16 Implementation of Quantified outputs**

Observation

The audit assessed the implementation of two (2) out puts that were fully quantified with a total of two (2) activities worth UGX 0.467bn and noted the following:

- One (1) output with one (1) activity worth UGX 0.167bn was fully implemented.
- One (1) output with one (1) activity worth UGX 0.300bn was partially implemented.

Partial implementation of planned activities implies that the expected services to the beneficiary communities were not fully attained. This included consultancy services on the requirements for renovations of the Chancery and Official Residence.

The Accounting Office explained that Consultancy services on the renovations of the Chancery and Official Residence was partially done mainly due to complications in the application of procurement regulations of the host country vis - vis those of Uganda. Subsequently the Mission requested PPDA to waive some of the bidding requirements under the Ugandan procurement system so that the bidders could comply with Danish Law-particularly the conditions of consultancy Contracts.

Recommendation

The Accounting Officer was advised to appreciate early enough the environment in which they operate and its effect on complying with the established PPDA procurement processes with a view of liaising with PPDA to enable them plan better.

Action	
The non-implementation of several planned activities was occasioned by the outbreak of the Covid 19 pandemic with its associated lockdowns that lasted way beyond the end of the financial year. The unimplemented activities were identified and rolled over in the subsequent financial year work plans.	
Query	**32.17 Preparation and submission of Monitoring plans and reports**

Observation

Paragraph 58 of the Budget Execution Circular for 2019/20 requires the Accounting officer to prepare and submit annual monitoring plans for Government programs and or projects under his/her vote to the Office of the Prime Minister with a copy to Ministry of Finance, Planning and Economic Development and National Planning Authority for harmonization to ensure proper coordination to avoid duplication and fatigue.

The Accounting Officers is expected to submit quarterly monitoring reports to the office of the prime minister with a copy to the Ministry of Finance, Planning and Economic Development for the attention of the director budget.

Contrary to this, it was noted that;

- The entity did not prepare and submit the annual monitoring plans to MoFPED and NPA contrary to the Budget Execution Circular.
- The entity did not submit quarterly monitoring reports to the Office of the Prime Minister and MoFPED as required.

This practice is not only contrary to the circular instructions but also hinders efforts of timely monitoring of the implementation of the budget.

The Accounting Officer explained that the submission of annual monitoring plans and reports entails preparation and submission of quarterly reports through MoFPED using the online Program Budgeting System (PBS) and this was done for the Mission. The Mission's 4th quarter monitoring and budget performance report was submitted though the PBS system.

The Accounting Officer's response did not address the issue as it references budget performance reports instead of budget monitoring reports.

Recommendation

The Accounting Officer was advised to ensure that in future he should prepare and submit the monitoring reports for those activities that they plan to implement to the relevant authorities and maintain evidence of such submission.

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 preparation/submission of real-time quarterly electronic monitoring reports.

Query	**32.18 Submission of Quarterly Performance Reports**

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 following quarter.

It was noted that the entity submitted performance reports for Q1, Q2, Q3 and Q4 after the deadline for submission as indicated in the table below;

No	Details	Deadline for submission	Actual date of submission	Comment
i	Quarter One	31/10/2019	13/11/2019	Delayed
ii	Quarter Two	31/01/2020	12/02/2020	Delayed
iii	Quarter Three	30/04/2020	05/06/2020	Delayed
iv	Quarter Four	31/07/2020	10/09/2020	Delayed

Delay to submit performance reports in time is not only contrary to the circular standing instructions but also affects the timely evaluation of an entity's performance. The Accounting Officer promised to address the matter.	
Recommendation	
The Accounting Officer was advised to ensure the timely preparation, and uploading on the Program Budgeting System (PBS).	
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 preparation/submission of real-time quarterly electronic performance reports.	
Query	**32.19 Absence of key staff at the Embassy**

Observation

The Head of Mission, Accounting Officer and the Finance Attaché play a critical role in the financial management of the Embassy as described below;

- The Head of Mission is the highest ranking Government representative stationed in a foreign country who is responsible for coordination of the activities of the Foreign Service Officers and staff serving under him/her among other roles.
- The Accounting Officer is responsible for the regularity and proper use of the money appropriated to the vote and for authorizing any commitments made by the vote and for controlling resources received, held or disposed of by or on account of the vote.
- The Finance Attaché is the technical person assigned to help the Accounting Officer achieve the responsibilities above.

It was observed that the Head of Mission and the Accounting Officer were absent from the station from March 2020 to June 2020, a period that is critical for preparation and finalisation of the Embassy financial statements.

The two officers were under lock-down restrictions in Uganda due to onset of the COVID-19 pandemic. In addition, the Finance Attaché was not in office for most of the financial year. Details are in the table below;

Table showing the periods when key Embassy staff were absent from the station

Name	Office	Period absent
Amb. Nimisha Madhvani	Head of Mission	12 months from March 2020 to date [The date of writing the report]
Ms. Mukubwa Alex Hope	Accounting Officer	4 months from March 2020 to June 2020 [A new Accounting Officer assumed office effective 1st July 2020]
Mr. Iga John Marie	Finance Attaché	11 months from October 2019 to August 2020 [A new Finance Attaché was posted to the mission in August 2020]

The absence of the key staff in a way affected the financial operations of the Embassy as noted below;

i) Transactions were initiated, approved and paid outside the Navision Financial Management System without the involvement of the Finance Attaché and in some cases the Accounting Officer. As a result, there were no critical system controls over the budget (commitments control), and segregation of duties which resulted into errors and omissions in the financial statements disclosures as indicated in paragraphs 1.0 to 9.0. According to Ms. Hope Alex Mukubwa, to mitigate this gap the transactions were retrospectively captured on the Navision system with the help of the support staff at MoFPED.

ii) The financial statements for the financial year 2019/2020 were prepared by the Embassy staff who were supported remotely by the staff of MoFPED responsible for supporting the Navision accounting system at the Embassies. This resulted into errors and omissions in the Financial Statements presented for Audit as indicated in paragraphs 1.0 to 9.0 above. There is a risk of lapses in continuity of Embassy operations and errors in the financial statements disclosures.

iii) The former Accounting Officer did not delegate her financial management roles to the officers who were handling this function during her absence from the station. Some of the financial decisions related to finance matters and approval of payments

were discussed through e-platforms such as Zoom, WhatsApp and email communications. This resulted in the Embassy staff originating and making payments without the involvement of the Accounting Officer as indicated in paragraphs 7.0 to 9.0. Interactions with Ms. Hope Alex Mukubwa and Mr. Biribonwoha Richard revealed that in the absence Ms. Hope Alex Mukubwa (the Accounting Officer), all payment transactions related to the period March to June 2020 would be originated by Mr. Biribonwoha Richard and approved online by the Accounting Officer. The Accounting Officer explained that the absence of key staff, namely the HoM and AO, was occasioned by the COVID 19 travel restrictions and Global lockdowns which found the officers in Uganda on official duty and they were unable to travel back to station. In addition, the Financial Attaché (FA) had earlier been summoned back to Uganda from where he did not manage to return. This was an unprecedented situation for the Embassy.
Recommendation
The Accounting Officer was advised; i) To ensure that all future transactions are originated, approved and paid through the Navision Financial Management System. ii) To liaise with the Permanent Secretary of the Ministry of Foreign Affairs and the Accountant General to ensure that the Mission staff responsible for accounting functions (Finance Attachés) are trained in the use of Navision and the preparation of Financial Statements with limited support from the Navision Support team of MOFPED. The Permanent Secretary MoFA, was advised to put in place clear guidelines to ensure that Accounting Officers of Missions delegate critical roles regarding financial transactions during their absence from their duty stations.
Action
The absence of critical staff at the Mission who included the Head of Mission and the Accounting officer was due to the lockdowns caused by

the outbreak of the COVID-19 pandemic. The two staff were locked down in Uganda where they had gone for official duty.

The absence of the Financial Attaché was a much earlier problem that arose when he was recalled to the Ministry of Finance, Planning and Economic Development and interdicted. Unfortunately, he never returned to the Embassy, not even to wind up and had over his schedule.

Query	**32.20 Allowances paid to staff**

Observation

According to Paragraph (E-a)1 – 2 of the Public Service Standing Orders (PSSO), an allowance in the Public Service is a payment in cash additional to salary payable to an officer to facilitate the proper execution of an assignment or duty. An allowance is paid to a Public officer for two main reasons;

i) To compensate an officer for extra exertion on his or her part arising out of the additional duties or responsibilities he or she may be required to carry out or shoulder over a period of time; and
ii) To meet out of pocket expenses that a public officer may incur from time to time in the course of official duties in furtherance of public interest.

The Embassy paid allowances to staff in form of education, foreign service, per diems and sitting allowances totalling to DKK 2,999,672 (equivalent to UGX 1,688,815,336).

Table showing allowances paid to staff

Category	**Amount (DKK)**
Education Allowance	150,000
Foreign Service Allowance	2,075,387
Per diem	452,843
Sitting allowances	18,000
Miscellaneous (overtime, welfare, etc.)	303,442
Grand Total	2,999,672

A review of the allowances paid to staff revealed the following exceptions;

Unsupported travel expenses by Embassy staff

Section (E - b)(2) of the Public Service Standing Orders 2010 provides that night allowance shall be paid to a Foreign Service Officer abroad when he or she is travelling on duty away from the duty station, in the country to which his or her mission is accredited and having to spend nights away from his or her residence.

During the month of June 2020, a sum of DKK 152,700 (equivalent to UGX 85,970,100) was paid to Embassy staff for claims for trips that had been undertaken in January and February 2020. Details are in the table below;

Table showing per diem allowances paid to Embassy staff

Trips undertaken	Amount (DKK)	Dates of the trips
Nutrifair trip	45,000	19th to 22nd January, 2020
Investment promotion to Jutland	34,200	5th to 9th February, 2020
Investment trip to Aalborg	73,500	27th to 31st January, 2020
Total	**152,700**	

The audit reviewed the requisitions relating to these activities, the payment vouchers, supporting documents, bank statement as well as the website related to the Nutrifair to ascertain whether the activities took place, and whether the amounts were justified.

The following were observed;

Nutrifair trip – DKK.45,000 (equivalent to UGX 23,335,000)

A sum of DKK.45,000 (equivalent to UGX 23,335,000) was paid to four (4) Embassy staff as facilitation to attend a 4-day Nutrifair in Denmark from 19th to 22nd January, 2020 as detailed in the table below;

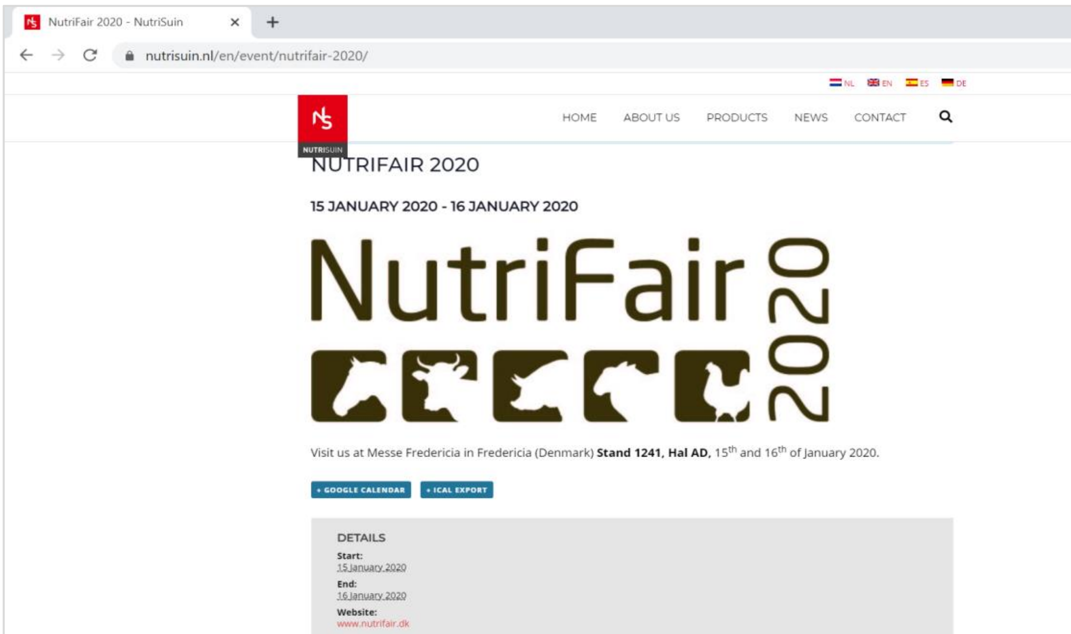
Table showing per diem allowances paid to Embassy staff

Beneficiary	Amount (DKK)	Details
Nimisha Jayant Madhvani	11,700	Per diem for 4 days for Nutrifair
Elly Kafeero Kamahungye	11,700	Per diem for 4 days for Nutrifair
Alex Hope Mukubwa	10,800	Per diem for 4 days for Nutrifair
Richard Akugizibwe Biribonwa	10,800	Per diem for 4 days for Nutrifair
Total	**45,000**	

i) The audit was not provided with evidence of an application or invitation letters/correspondences extended to the Embassy of Uganda to confirm that the Embassy officials were supposed to participate in the Fair.

ii) The audit reviewed a brochure advertising the Nutrifair and observed that it required online registration by participants in order to obtain a ticket to access the venue. However, there was no evidence presented to audit in the form of registration and tickets for the staff.

iii) Whereas the claim for the Nutrifair trip was for four (4) days from 19th to 22nd January, 2020, according to the website "https://www.nutrisuin.nl/en/event/nutrifair-2020/" (visited on 4th March 2021) the Nutrifair took place for two days from 15th to 16th January, 2020 as indicated in the screenshot below.



iv) Whereas the activity took place in January, the audit noted that the claim was paid on 18th June, 2020 six (6) months after the purported activity had taken place despite the Embassy having a bank balance of DKK.1,153,681.00 (equivalent to UGX 649,522,459) at the time. There was no justification provided as to why the Embassy staff had to attend without being paid their entitlement.

v) The attached back to office report was not dated, addressed to a responsible officer, signed, or acknowledged by the preparer. As such the audit was unable to confirm the authenticity of the report.

vi) Whereas the team allegedly moved to Nutrifair region by road, there was no claim or payment made to the driver.

vii) Included in the records submitted to the Office of the Auditor General by the Permanent Secretary, MoFA regarding this assignment was a response to "Allegations on a plot to embezzle Embassy funds" dated 3rd September, 2020 by the Head of Mission. The accompanying records to this submission had a request/loose minute for facilitation of four (4) officers to attend a five (5) days Nutrifair from 19th to 23rd January, 2020. The request/loose minute was not signed by the preparer and neither was it approved for payment by the Accounting Officer.

The Accounting Officer responded as follows:

The activity was carried out and took place between 15th to 16th January 2020 and between 17th to 19th January 2020 for the farm visits. The Mission regrets the errors in the dates on the Loose Minute. The loose minute used for payment was signed and therefore any other loose minutes were drafts. The event was organised by Pan African Development and Trade Group (PADTG) who offered and paid for the Mission to cover only the following:

i) The group entry fees.
ii) Meetings with Danish Agricultural firms and farms
iii) Transportation to and from the fair. Therefore, there was no Mission Driver.

Regarding evidence for registration and tickets for the fair, the Mission had not anticipated that there would be need to keep these documentations as they were provided by the sponsoring company PAD&T at zero cost to the Mission. The Mission did not keep the entry cards either as they did not deem it necessary.

However, since the Embassy staff were on official duty, the Mission was therefore responsible for providing their per diem.
The per diem could not be paid at that time of the event because in the absence of the Financial Attaché, the Mission could not readily ascertain the available funds on the relevant budget items. The payments were subsequently made in June after due consultations with Accountant General's office. The Loose Minute submitted for payment was signed. Any other Loose Minutes were initial drafts.

Additionally, letters from PAD&T dated 12/04/2021, 10/04/2021 and an email of 7th May 2021 and one from Eric Buch Procida confirmed participation of the Mission staff in the fair and subsequent activities.

The back to office report, is authentic, and the Mission regrets the anomalies raised.

The response from the Accounting Officer was not satisfactory as the response regarding the dates of the trip was not supported with additional evidence such as;

i) There are no correspondences between PADTG and the Mission as well as between the Mission and the fair organisers and farms visited as would be expected when organising such an event.

ii) The response of the Accounting Officer does not address the issue regarding online registration by participants or present evidence of this.

iii) There were no details and specifics on the farms visited between the 17th and 19th January 2020.

iv) The hotels at which the Embassy staff booked and stayed for the duration of the activities are not mentioned and were also not provided during the interviews to further corroborate other evidence provided.

v) The back to office report does not mention the involvement of PADTG. This does not corroborate the facts collected during the interviews where the interviewed staff indicated that they had travelled with the mission driver, a one Kiwanuka Wycliffe.

vi) The facts presented in the response of the Accounting Officer are not part of the documentation presented to the auditors during the audit and interview process.

vii) We observed that a number of transactions were paid between February, 2020 and June, 2020 the time when the Finance Attaché was not at the Embassy. This negates the management explanation that in the absence of the Financial Attaché, the Mission could not readily ascertain the available funds on the relevant budget items and transactions could not be paid.

Jutland – DKK 34,200 (equivalent to UGX 19,254,600)

A sum of DKK 34,200 (equivalent to UGX 19,254,600) was paid to three (3) Embassy staff as facilitation for a 4-day investment promotion working visit to the Jutland region in Denmark from 5th to 9th February 2020 as indicated in the table below;

Table showing per diem allowances paid to Embassy staff travel to Jutland region

Beneficiary	Amount (DKK)	Details
Nimisha Jayant Madhvani	11,700	Per diem for 4 days for Jutland
Elly Kafeero Kamahungye	11,700	Per diem for 4 days for Jutland
Alex Hope Mukubwa	10,800	Per diem for 4 days for Jutland
Total	**34,200**	

i) The audit was not provided with evidence of either an application or invitation letters/correspondences extended to the Embassy of Uganda to confirm that the Embassy officials were supposed to visit selected establishments for investment promotion activities.

ii) Whereas the activity is purported to have taken place in February, it was noted that the claim was paid on 29th June, 2020 five (5) months after the purported activity had taken place despite the Embassy having a bank balance of DKK.5,264,436.78 (equivalent to UGX 2,963,877,907) at the time. There was no justification as to why the Embassy staff had to attend without being paid their entitlement.

iii) The attached back to office report was not addressed to a responsible officer, and neither was it signed, nor acknowledged by the preparer.

iv) Whereas the team moved to Jutland region by road, there was no claim by or payment made to the driver or any other documentation to support alternative means of transport.

v) Included in the records submitted to the Office of the Auditor General by the Permanent Secretary, MOFA regarding this assignment was a response to "Allegations on a plot to embezzle Embassy funds" dated 3rd September 2020 by the Head of Mission. The accompanying records to this submission had requests/loose minutes dated 3rd February 2020 for facilitation of three (3) officers to attend a three (3) days investment promotion working visit to Jutland region Denmark from 5th to 9th February 2020. It was noted that the requests/loose minutes were not approved for payment by the Accounting Officer.

vi) The loose minutes requesting for facilitation for the trip to Jutland had some inconsistencies as explained below;

- The contents on the 1st page for both loose minutes differ. Whereas one has three paragraphs on the front page, the other has two.

- The wording also differs. Whereas one includes the phrase "Note that we will be crossing the ferry too. We leave early morning on 5th February and come back on 9th February", the other includes the phrase "Note that we leave early morning on 5th February and come back on 9th February".

The reasons for submitting two loose minutes for the same purpose were not clear.

The Accounting Officer responded as follows:
The Mission was approached by MS. Rickke Adamsen of PAD&T asking if the Embassy would be interested in participating in these trips. The Ambassador confirmed that it would be of interest to the Mission after holding consultations within the Mission. The Embassy participation was then confirmed, and PAD&T went ahead to make all necessary arrangements and appointments for the benefit of Uganda. This activity was in line with the Mission Economic and Commercial Diplomacy mandate. While there was no other invitation, we wish to re-confirm that the trip took place between 05th to 09th January 2020.

PAD&T group offered and paid where necessary for the Mission to participate to cover the following:

i) Arranged meetings with Danish Agricultural firms and farms
ii) Transportation to and from the firms and farms. (Therefore, there was no Mission Driver)

Meanwhile, the Embassy was responsible for providing the per diem for the officers from which they were then responsible for their own upkeep.

The per diem could not be paid at that time because in the absence of the Financial Attaché, the Mission could not readily ascertain the available funds on the relevant budget items. The payments were subsequently made in June after due consultations with Accountant General's office. The Loose Minute submitted for payment was signed. Any other Loose Minutes were initial drafts.

In addition, letters of confirmation from PAD&T dated 12/04/2021, 10/04/2021 and an email of 7th May 2021 that the trips took place and one from Eric Buch Procida confirming participation of the Mission in the fair and subsequent activities including the visit of the budget committee to Danish industries in February 2020 are available.

The back to office report is an authentic record of the trip. The Mission regrets the anomalies raised. In future the participating officers will sign onto the report.

The response from the Accounting Officer was not satisfactory as the response regarding the dates of the trip was not supported with additional evidence as detailed below;

i) There were no correspondences between PADTG and the Mission as well as between the mission and firms/farms visited as would be expected when organising such an event.

ii) There were no details and specifics on the farms/firms visited between the 5th and 9th February 2020.

iii) The hotels at which the embassy staff booked and stayed at for the duration of the activities are not mentioned and were also not provided during the interviews to further corroborate other evidence provided.

iv) The back to office report does not mention the involvement of PADTG. This does not corroborate the facts collected during the interviews where the interviewed staff indicated that they had travelled with the mission driver, a one Kiwanuka Wycliff.

v) The facts presented in the response of the Accounting Officer are not part of the documentation presented to the auditors during the audit and interview process.

vi) We observed that a number of transactions were paid between February, 2020 and June, 2020 the time when the Finance Attaché was not at the Embassy. This negates the management explanation that in the absence of the Financial Attaché, the Mission could not readily ascertain the available funds on the relevant budget items and transactions could not be paid.

vii) The Accounting Officer's response did not address this issue regarding the approval of the requisitions for payment by the Accounting Officer as should have been the case.

viii) The Accounting Officer explained that the Loose Minute submitted for payment was signed. Any other Loose Minutes were initial drafts.

ix) The response by the Accounting Officer regarding the unsigned loose minutes being drafts was unsatisfactory as the two loose minutes referred to in this query were signed.

Aalborg Trip – DKK.73,500 (equivalent to UGX 41,380,500)

A sum of DKK.73,500 (equivalent to UGX 41,380,500) was paid to six (6) Embassy staff for an investment promotion visit to Aalborg, Denmark from 27th to 31st January 2020. The purpose of the trip was to identify companies that could help in sharing knowledge, skills and experiences in advanced agricultural practises in the Nordic countries.

Table showing per diem allowances paid to Embassy staff

Beneficiary	Amount (DKK)	Details
Nimisha Jayant Madhvani	14,625	Per diem for 5 days for Aalborg – Denmark
Elly Kafeero Kamahungye	14,625	Per diem for 5 days for Aalborg – Denmark
Alex Hope Mukubwa	13,500	Per diem for 5 days for Aalborg – Denmark
Richard Akugizibwe Biribonwa	13,500	Per diem for 5 days for Aalborg – Denmark
Sylvia Kayongo Nambooze	13,500	Per diem for 5 days for Aalborg – Denmark
Kiwanuka Lukuman Wycliffe	3,750	Per diem for 5 days for Aalborg – Denmark
Total	**73,500**	

i) The audit was not provided with evidence of either an application or invitation letters/correspondences extended to the Embassy of Uganda to confirm that the Embassy officials were supposed to participate in the agricultural practises. However the requisition provided indicated that the team had scheduled focused meetings with some major fruit farms, big cattle farms and piggeries.

ii) Whereas the activity is purported to have taken place from 27th to 31st January 2020, it was noted that the claim was paid on 29th June, 2020 five (5) months after the activity had taken place despite the Embassy having a bank balance of DKK 1,135,193.12 (equivalent to UGX

639,113,726) at the time. There was no justification as to why the Embassy staff had to attend without being paid their entitlement.

iii) During the interview with Mr. Richard Biribonwoha held on 22nd March 2021, he indicated that he did not travel to Aalborg. However, it was noted that the officer was paid for the trip.

iv) The attached back to office report was not addressed to a responsible officer, and neither was it signed, or acknowledged by the preparer.

v) Included in the records submitted to the Office of the Auditor General by the Permanent Secretary, MoFA regarding this assignment was a response to "Allegations on a plot to embezzle Embassy funds" dated 3rd September, 2020 by the Head of Mission. The accompanying records to this submission had a request/loose minute for facilitation of five (5) officers to attend a five (5) days investment promotion visit to AALBORG Denmark from 27th to 31st January, 2020. It was noted that the request/loose minute was not approved for payment by the Accounting Officer.

The Accounting Officer responded as follows:

The activity took place from 27th to 31st January 2020. PAD&T group arranged meetings to meet Danish Agricultural firms and farms.

These visits did not have tickets or invitations as they were arranged by PAD&T. They included visits to the major fruit farms, cattle farms and piggeries.

The Mission was responsible for paying the per diem for the participating officers.

The per diem could not be paid at that time because in the absence of the Financial Attaché the Mission could not readily establish the available funds on the relevant budget items. The payments were subsequently made in June after due consultations with Accountant General's office. The Loose Minute submitted for payment was signed. Any other Loose Minutes were initial drafts.

Letters of confirmation from PAD&T dated 12/04/2021, 10/04/2021 and an e -mail of 7th May 2021 that the trips took place and one from Eric Buch Procida confirming participation of the Mission in the fair and subsequent activities including the visit of the Budget Committee to Danish industries in February 2020 are available. This work was a continuation of the Mission's mandate to promote Economic and Commercial Diplomacy and part of our work plan.

A back to office report was written and is an authentic record. The Mission regrets the anomalies raised. In future the participating Mission officers will sign the report.

We confirm that Mr. Richard Biribonwoha /TS travelled with the other officers. The Mission Driver Kiwanuka Wycliffe drove on this specific assignment and was paid.

It is Important to note that if these three trips were not undertaken and if this work was not done, then the output of the Parliamentary Budget Committee visit to Copenhagen in February 2020 would not have been as effective as it was see Report by Uganda Parliamentary Budget Committee of February 2020.

Thereafter, and as a follow up, the MOU between PAD&T and the Ministry of Agriculture, Animal Industry and Fisheries was signed in Kampala in October 2020.

The response from the Accounting Officer was not satisfactory as the response was not supported with additional evidence such as;

- There are no correspondences between PADTG and the Mission as well as between the mission and farms visited as would be expected when organising such an event.
- There were no details and specifics on the farms visited between the 27th and 31st January 2020.
- The hotels where the embassy staff booked and stayed for the duration of the activities are not mentioned and were also not provided during the interviews to further corroborate other evidence provided.
- Some of the information presented in the response of the Accounting Officer are not part of the documentation presented to the auditors during the audit and interview process. For instance, Mr. Richard Biribonwoha in interviews with this officer confirmed that he did not travel to Aalborg and yet the response by the Accounting Officer indicates that he did travel.
- The Accounting Officer explained that the back to office report is an authentic record and regretted the anomaly. However, based on this

response the audit was unable to confirm the authenticity of this report. • We observed that a number of transactions were paid between January, 2020 and June, 2020 the time when the Finance Attaché was not at the Embassy. This negates the management explanation that in the absence of the Financial Attaché, the Mission could not readily ascertain the available funds on the relevant budget items and transactions could not be paid. • The Accounting Officer's response did not address this issue regarding the approval of the requisitions for payment by the Accounting Officer as should have been the case. Although some of the officers interviewed and the Accounting Officer indicated that the trips were undertaken, one officer, Mr. Richard Biribonwoha had denied undertaking the Aalborg trip during the interview. Given the observations above, I was unable to confirm that the activities paid for actually took place. The Auditor did not travel to Denmark to corroborate the information provided as well as interview the local Embassy staff.	
Recommendation	
Based on the above limitations, the Auditor General recommended further engagement by an appropriate authority to establish whether the three trips above took place.	
Action	
The inadequately vouched documentation was mostly due to a mix-up of documents at the end of the Financial year during the preparation of the Final Accounts. The filing was done from information that had not been systematically compiled throughout the Financial year due to the absence of a Financial Attaché. These filing errors were regretted and have since been corrected.	
Query	**32.21 Payments of benefits to an interdicted staff**

Observation

Regulation 38 (1) (b) of the Public Service Commission Regulations 2009 provides that if criminal proceedings are instituted against a public officer, the responsible officer shall interdict the officer from exercising the powers and performing the functions of such office.

Paragraph (F-s) 8(d) of the Public Service Standing Orders, 2010 states that a public officer on interdiction shall receive a salary not being less than half of his basic salary.

Under Regulation 38(3) of the Public Service Commission Regulations, 2009 the privileges and benefits of the officer can only be reinstated if the public officer is cleared of the charges.

On 9th June 2019, the Finance Attaché, Mr. John Marie Iga was summoned by the Inspector General of Government (IGG) regarding alleged misconduct relating to misappropriation of funds while serving as an Accountant at the Ministry of Local Government. He left Denmark in October 2019. Following the summons, the officer was prosecuted in the Anti-Corruption Court, and was subsequently interdicted in a letter ref ADM/193/295/01 dated 11th November 2019 by the Permanent Secretary, Ministry of Foreign Affairs copied to the Ambassador, Uganda Embassy Copenhagen. Consequently, the officer did not return to the Embassy.

The following were observed:

Irregular payment of allowances

Despite being on interdiction, Mr. John Marie Iga was paid Foreign Service Allowance for the months of November and December amounting to DKK 23,375.85 (equivalent to UGX 13,160,604). On 13th February 2020 the officer was paid education allowance amounting to DKK 37,500 (equivalent to UGX 21,112,500) as shown in the table below;

Table showing details of allowances paid

Voucher no.	Date	Description	Amount (DKK)
PV-6689	13/02/2020	Education allowance	37,500.00
PV-6853	16/06/2020	Foreign Service Allowance	23,375.85
Total			**60,875.85**

These payments were made after the officer left the Embassy and had been interdicted. The audit was not availed with evidence that the interdiction was lifted prior to these benefits being paid to the officer. Payment of employment benefits to staff on interdiction may be unlawful. The Accounting Officer explained that the former Financial Attaché was paid Foreign Service Allowance for November and December 2019 plus his entitlement for Education Allowance in arrears after interdiction. In keeping with public service regulations, his salary was indeed reduced to half-pay after his interdiction. However, his other entitlements and particularly his allowances as an officer on posting abroad were treated differently and mainly because of the peculiar circumstances which included the following: i. The FSA for November and December 2019 were paid to enable him wind up in the host country. ii. The Education allowance was paid in arrears because while it should have been paid between July and September 2019, it was not, given that the Mission did not have sufficient funds at that time. The response by the Accounting Officer was unsatisfactory as the Public Service Commission Regulations do not provide for any exceptional circumstances under which benefits can be paid to an interdicted officer. The audit considered the unique circumstances faced by the embassy in this regard such as; the officer needed the money to enable him windup his affairs in Copenhagen, and the interdiction of an officer in a foreign country is unprecedented.
Recommendation
The Accounting Officer was advised to put in place guidelines for future reference to handle cases of a similar nature.
Action
The officer being referred to was Mr. John Marie lga, the Financial Attaché. Mr. Iga was summoned to Kampala in October 2019 and remained a staff of the Embassy until he was eventually interdicted and replaced by way of

the posting of a new Financial Attache through a letter received in December 2019. The Embassy's interpretation of this situation was that Mr. Iga was entitled to at least one month of his FSA for November 2012 amounting to the DKK 23,375.85.
Additionally, Mr. Iga was, from the beginning of the Financial year, entitled to his Education Allowance of DKK 37,500. This payment was only made belatedly when resources became available.

Query	**32.22 Expenditure on Rent**

Paragraph (H - e) (5) of the Public Service Standing Orders, 2010 states that Government shall provide housing for Foreign Service Officers while on posting abroad.

The mission continued to pay rent expenses for the Finance Attaché after he had been recalled from the Embassy despite having a provision in the tenancy agreement that provides for notice of three (3) months in case of termination of the tenancy.

The audit reviewed the payment records relating to rental expenses and observed that the Embassy continued to pay rent for the Finance Attaché's residence from April 2020 to September 2020 amounting to DKK 133,800.00 (equivalent to UGX 75,329,400) a period during which the residence was not occupied. Details are in the table below. This is a loss of Government funds.

Table showing rent paid for the unoccupied residence

Date	Vr. No	Description	Amount (DKK)	Audit comment
14/04/2020	6792	Apr, May & Jun	66,900	Was on interdiction, so the officer did not occupy the residence
15/06/2020	6825	July, Aug & Sep	66,900	This was a prepayment for the unoccupied residence.
Total			**133,800**	

According to a letter ref PX/X/18 dated 11th March 2021 to the Auditor General, the Permanent Secretary, Ministry of Foreign Affairs indicated that the continued rental payment was on account of the anticipated arrival of the new Finance Attaché at the Embassy which was delayed by the COVID-19 restrictions including the closure of the Ugandan borders and Entebbe International Airport, the need to first provide training in the

use of Navision financial information system, delays to obtain a diplomatic passport, and hurdles experienced when trying to cancel the accreditation by the Danish Government of the interdicted Finance Attaché before a new one could be posted to Denmark. The new attaché had been expected to take over the house of the interdicted attaché. The Accounting Officer explained that the arrival of the new Financial Attaché was always expected since December 2019 and she was supposed to take up the house of her outgoing predecessor.
Recommendation
The Auditor noted the explanation of the PS MoFA. However, the Accounting Officer was advised to ensure that in future, mechanisms to handle the deployment and posting of new officers to Embassies are managed expeditiously to avoid wasteful expenditure.
Action
Following the recall of Mr. John Marie Iga, the Financial Attaché in October 2019 and his subsequent interdiction in December 2019, the Embassy received a copy of the posting instructions for a new financial Attaché, Ms. Alwedi in the same month of December 2019. Mr. Iga's residence was therefore retained in anticipation that the new FA would report at the soon to occupy it. Unfortunately, the new FA faced visa delays that were followed by the Covid 19 outbreak which stalled international travel. This COVID-19 situation remained very uncertain for a much longer period than anticipated and therefore the new FA could not travel. Eventually when she did, she went straight to the very residence that had been reserved. Besides, from experience it has been difficult in the past to identify good housing for staff and therefore usually, the Embassy will prefer to retain the residences that it already has because letting them go requires not only a 3 months prior notice-with-full-pay but also the leasing of a new house requires a 3 months security deposit on top of a 3 months advance payment of rent, usually at a higher rate for a similar apartment.

Query	32.23 Failure to account for procured furniture

Observation

Paragraph 10.9.14 of the Treasury Instructions (TI) 2017 requires that all vouchers will contain full particulars of each service or good and will be accompanied by such supporting documents as may be required so as to enable them to be checked without reference to other documents.

During the financial year, the Embassy procured 64 items for use at the Chancery and Embassy staff residences involving a sum of DKK 433,707.00 (equivalent to UGX 244,177,283).

The Accounting Officer was requested to confirm existence and status of these items at the Embassy in a representation letter ref DCG82/161/07/20 dated 2nd February 2021

The Accounting Officer confirmed the completeness of the information requested for in a letter ref DK/C/002 dated 9th February, 2021, and various email correspondences dated 15th February 2021, 17th February 2021 and 18th February 2021.

The following were observed;

i) Out of the 64 items, the existence of 51 items valued at DKK.316,802 (equivalent to UGX 178,359,627) were confirmed at the Chancery and staff residences while thirteen (13) items valued at DKK.116,905 (equivalent to UGX 65,817,515) could not be traced as indicated in the table below:

Table showing items that could not be traced

S/N	Item	Nos	Value (DKK)
1	Television Stand	1	13,822
2	Coffee Table	1	4,985
3	Carpet	2	8,396
4	Lenovo laptop	1	8,000
5	Stand Floor lights	3	3,584
6	Mattress	1	28,898
7	Table	1	5,000

8	Bed for the head of mission	1	19,491
9	Bed for the deputy head of mission	1	15,372
10	Bed for the third secretary/HOC	1	9,357
	Total	**13**	**116,905**

ii) Out of the thirteen (13) items that were not traced at the Embassy, six (6) were paid for but not delivered by ILVA furniture store, the supplier, as indicated in the table below. A refund of DKK 40,878 (equivalent to UGX 23,014,314) in respect of these items was received on the Embassy account number 4001068210.

Table showing items for which a refund was made

S/N	Furniture Item	Nos	Value (DKK)
1	Carpet	2	8,396
2	Stand Floor lights	3	3,584
3	Mattress	1	28,898
	Total	**6**	**40,878**

The refunded amount was part of DKK 46,194.57 (equivalent to UGX 26,007,543) received on the Embassy account number 4001068210 on 12th November 2020.

iii) In addition, in an email dated 17th February 2021, the Accounting Officer stated that the former head of chancery Mr. Richard Biribonwoha had delivered to the Embassy the Lenovo laptop worth DKK 8,000 (equivalent to UGX 4,504,000) that had been missing.

iv) Five (5) items worth DKK 63,027 (equivalent to UGX 35,484,201) paid for and delivered to the Embassy were not accounted for. Details are indicated in the table below;

Table showing items that could not be traced

S/N	Item	Nos	Value (DKK)
1	Television Stand	1	13,822
2	Coffee Table	1	4,985
3	Bed for the head of mission	1	19,491
4	Bed for the deputy head of mission	1	15,372
5	Bed for the third secretary/HOC	1	9,357
	Total	**5**	**63,027**

There is a risk that DKK 63,027 (equivalent to UGX 35,484,201) used to procure the five (5) items was lost.

The Accounting Officer explained that four of the five items referred to above have since been identified and recorded in the Embassy inventory. The Mission is still trying to establish what exactly happened with the TV stand. The identified items are located at officers' residences as follows:

S/N	Item	Nos	Value (DKK)	Location after verification
1	Coffee Table -	1	4,985	At D.HoM's residence
2	Bed for the head of mission	1	19,491	At HoM's Residence
3	Bed for the deputy head of mission	1	15,372	At D.HoM's Residence
4	Bed for the third secretary/HOC	1	9,357	At TS/HOC's Residence
5	Television Stand	1	13,822	
	Total	**5**	**63,027**	

The Auditor was unable to physically verify the existence of these assets as because he did not travel to Copenhagen. The Auditor relied on the management representation and response of the Accounting Officer.

Recommendation

The Accounting Officer should follow up the matter involving the TV stand worth DKK.13,822 (equivalent to UGX 7,781,786) and ensure that the funds are recovered.

Action

The procurements referred to above where for furnishings for both the Chancery and Staff houses. The purchases were done by way of direct procurements from renown reputable suppliers. The funds as mentioned above were clearly applied to the indicated purpose.

The direct procurement method was considered most feasible and practical for buying the furnishings in the local Danish market given that the practice of tendering for items such as furniture and other household goods is rather foreign to many Danish businesses. Many suppliers do not even understand the tendering process, leave alone agree to practice it especially for household products and office consumables.

Query	32.24 Refunds by Prepaid Service Providers

Observation

Prepayments amounting to DKK 566,960.83 (equivalent to UGX 319,198,947) were made to nine (9) suppliers for services including fuel, insurance, water, electricity and heating. The funds were paid before the services were received by the Embassy. Three (3) of these suppliers returned a total of DKK 259,801 (equivalent to UGX 155,880,000) to the Embassy account as detailed in the table below;

Table showing refunds by prepaid service providers

Supplier	Purpose	Date of return	Amount (DKK)
Circle K. Danmark	Fuel	22nd September 2020	47,151.19
Tryg	Insurance	22nd September 2020	95,900.00
Dansk Brandteknik a/s	Gas repairs	19th October 2020	116,750.69
Total			259,801.88

The funds were not repaid to the Consolidated Fund contrary to the provisions in the law.

According to the interview with Amb. Kamahungye Elly on 21st January, 2021, it was revealed that the funds were returned to the Embassy on the premise that the service providers did not understand the purpose of the pre-payment.

The Accounting Officer explained that the funds were returned to the Mission Account and then transferred to the Uganda Consolidated Fund.

The Accounting Officer's explanation that the funds were returned to the consolidated fund was accepted, but the issue on failure to adhere to the law regarding prepayments was not addressed.

Recommendation

The Accounting Officer was advised to ensure that the provisions of the Treasury Instructions 2017 and regulation 44 of the PPDA (contracts) regulations, 2014 are adhered to such as; that the prepayment is in line with best practises, requesting for an advance payment security, and inclusion of the requirement/condition for the prepayment in the bidding document for and contract with the supplier.
Action
As was explained by the then Accounting Officer, the Embassy took the decision to prepay for such items as; rent, utilities, and insurances during the period of COVID-19 lockdown. This was more of a precautionary measure taken in times of extreme uncertainty. Perhaps this could have been an error of judgement on the part of the Embassy at that time but it was done in good faith in a situation of extreme uncertainty. In future, more consultation will be done in the event that similar circumstances befall the Mission. With hindsight perhaps, consultations should have been done first the PS/ST before such a precautionary measure could have been taken. In future, the Mission will endeavour to first seek guidance in the event of similar circumstances.

Query	**32.25 Refund of Irregularly withdrawn Cash**
Observation On 6th March 2020, cash amounting to DKK 37,000 (equivalent to UGX 20,831,000) was withdrawn from the Mission's corporate bank account by Amb. Elly Kamahungye Kafeero. The purpose of the money was to pay for accounting work done by a non-member of staff living outside Copenhagen. According to a note by an Embassy staff, the funds were re-deposited on the Embassy account on 12th June 2020 by Amb. Elly Kamahungye Kafeero because the reasons for which the funds were withdrawn had been suspended.	

A review of the cashbook on Navision financial management system, the deposit slip, bank statement, and a memo to the bank manager revealed the following:

i) The payment description in the Navision financial management system indicated that the purpose for withdrawing the funds was "*Cash for COVID emergency*". This contradicts with the memo to the bank manager authorising the cash withdrawal which stated the purpose as "*…accounting work done by a non-member of staff living outside Copenhagen*".

ii) The cash withdrawal was made on 3rd March 2020 and re-deposited on 12th June 2020, a period of more than 3 months. The reason as to why the cash was held for such a long period is not clear.

iii) At the time of re-depositing the funds, the funds were transferred from the personal bank account number 40014011040365 (Danske Bank, Copenhagen) belonging to Amb. Elly Kamahungye Kafeero to the corporate Embassy account number 4001068210 and not as a cash deposit as would have been expected.

iv) The "member of staff living outside Copenhagen" for whom the funds were withdrawn could not be identified in the records of the Embassy.

v) There was no justification provided as to why the payment could not be made directly to the beneficiary.

vi) The basis for paying a non-member of staff without any contractual arrangements could not be established.

The Accounting Officer explained as follows:

The Mission regrets the error in the entry describing these funds on NAVISION as "*Cash for COVID emergency*", and yet the letter authorizing the cash withdrawal was clear on the purpose being cash "*to pay for accounting work done by a non-member of staff living outside Copenhagen*".

The delay to re-deposit the money was due to the total lockdown in Denmark brought on by the COVID 19 pandemic whereby Danske bank at that time, was closed to all cash transactions. This included the suspension of all physical cash deposits. In June 2020 as the end of the approached, the Accounting Officer subsequently had to find alternative ways of returning the money which he had in cash. In this regard, the Accounting Officer (Amb. Kamahungye) tasked the third Secretary/Head of Chancery, to send both the instruction letter and the letter that had been used to withdraw cash from the Mission account with instructions to transfer DKK.37,000 from Ambassador Kamahungye's personal account to the Mission cooperate account so as to be in time for the end of the Financial year. Indeed, the name of the person to be paid was not in the records of the Embassy because the Mission had not yet formally contracted a person for the work. The payment was not made directly because nobody had yet been formally contracted to warrant being paid. While it is true that the proposal was considered, NO contract was signed, and no payment was ever made to the non – staff member and accordingly, the funds were deposited back onto the Embassy account. The response of the Accounting officer was unsatisfactory given that it is unusual for an amount of money to be set aside for an activity without confirming the total cost of the activity or following procurement procedures to identify a supplier.
Recommendation
The Accounting Officer was advised to, in future, to follow all applicable internal control procedures as they are prescribed in the financial management guidelines and regulations and public procurement laws.
Action

Given that the Embassy did not have a Financial Attaché at the time, the then Accounting Officer, Amb Elly Kamahungye took the decision to process funds amounting to DKK 37,000, to pay someone technical to prepare the Embassy Accounts. However, following further consultations, the said activity was dropped and the same amount of DKK 37,000 was refunded by Amb Kamahungye to the Embassy account. No government funds were lost in the process. The Embassy regrets the unclear presentation of the facts at that time and will endeavour to communicate more clearly next time.	
Query	**32.26 Failure by the Finance Committee to carry out its roles**
Observation The Embassy has a Finance Committee; whose role is to provide Financial oversight of the Embassy. In this role, the Finance Committee reviews and approves the budgets and work-plans, monitors implementation of the annual work-plans and procurement plans, monitors implementation of internal controls over financial management and ensures that there is compliance with applicable laws and regulations. During the year 2019/2020, the Finance Committee was comprised of the Head of Mission (chairperson), Deputy Head of Mission, Accounting Officer, Finance Attaché, Head of Chancery (Third Secretary) and the Administrative Attaché. Interviews with staff and correspondences provided by the Embassy staff revealed lapses in the performance of the Embassy's Finance Committee as highlighted below; i) Three (3) Finance Committee meetings were held in June 2020 without the participation of the Accounting Officer, whose input is key to the fulfilment of the committee's roles. ii) The Finance Committee members did not participate in the preparation of the Embassy's, budgets, work-plans or procurement plans for the year.	

iii) A number of items were purchased, and expenses incurred worth DKK 96,180.76 (equivalent to UGX 57,708,456) without the oversight and approval of the Finance Committee..

iv) Although the Finance Committee recommended payments for services and the procurement of supplies, it was noted that the same committee did not specify key details such as amounts to be spent, specifications of the items to be procured, and methods to be followed for procurement.

v) Although the Finance Committee is charged with the responsibility of oversight in order to ensure that internal controls are properly working, it was noted that the same Finance Committee recommended the direct procurement of items in disregard of procurement procedures, and this resulted in the diversion of funds away from the budget.

vi) The roles of the Finance Committee include ensuring that controls are working properly. It was noted that payments by the Embassy in the 3rd and 4th quarter of the financial year were done outside the Navision Financial Management system thereby excluding controls over expenditures and revenue management contrary to Paragraph 10.5.1 of the Treasury Instructions, 2017. This exposed funds and payments transactions to the risk of abuse.

The Accounting Officer explained as follows:

i) The non-participation of the Accounting Officer who was in Kampala at that time was due to the lockdown in Uganda where the internet connection was not good.

ii) The Finance Committee members did participate in the preparation of the Embassy budgets, work-plans and procurement plans for the year.

iii) The Mission regrets the purchase and expenses incurred worth DKK 96,180.76 (equivalent to UGX 57,708,456) without the oversight and approval of the Finance Committee.

iv) Items purchased were approved by the procurement committee; however, the Mission takes note, and this anomaly will be avoided in future.

v)	It was the consideration of the contracts committee and not the finance committee on the method used for the procurement of the items. The decision to use direct procurement method was driven by the limited time available to conclude the payments before the closure of the financial year.
vi)	The Navision Financial management system works in such a way that the payments to be effected are generated by the Financial Attaché and sent to the Accounting Officer for approval. However, the Mission did not have a Financial Attaché during the period in question, and neither the Accounting Officer nor the alternate signatory were in position to generate the payments on the system. Considering that payments had to be made in spite of the fact that there was no Financial Attaché, the only feasible alternative was to make payments outside the system pending the arrival of the new Financial Attaché who would then input the transactions onto the system. This was not done with ill intentions but in good faith to keep the Mission operational. The above notwithstanding, the Mission regrets errors made, and believes these recommendations will help the Mission to operate better in future especially now that a new FA has been deployed.
Recommendation	
The Accounting Officer was advised to ensure that;	
i)	In future the Accounting Officer or the Accounting Officer's delegate is part of all Finance Committee meetings and provides them with all required information whenever called upon.
ii)	The Finance Committee is consulted when preparing budgets and work plans in order to ensure that the mission's priorities are addressed.
iii)	The Finance Committee is kept abreast and up to date about all the missions' financial transaction.

iv)	The Finance Committee is given adequate guidance so that their recommendations comply with all financial management and procurement laws and regulations.

Action

The limited sittings of the Finance committee was an oversight in good administrative practice and the Mission will endeavour to do better in future.

33.0 UGANDA LAND COMMISSION

Basis for Qualified Opinion

i) Prior year matters not adjusted

The Auditor noted that UGX 15Bn in relation to overstated payables, and unrecognised receivables of UGX 3.96Bn in the previous year's financial statements were not adjusted as advised in the previous audit report.

These matters led to the qualification of the previous audit report.

ii) Unsupported payables: UGX 169.490Bn

According to Note 24 of the statement of financial position, Management indicated payables worth UGX 169.490Bn. However, the payables are not fully supported, the files presented were not complete as they lacked documents such as; survey reports, offer acceptance, submitted titles, among others. In addition, the amounts had not been certified by the internal audit unit.

As a result, there is a risk that management may be declaring payables which were not committed by the Commission.

Management explained that the Commission is building a database to enable capturing accurate arrears of payables and revenue for previous years going forward.

iii) Prior year un-recognised payables paid during the year

Note 9 of the notes to the financial statements states that expenses are recognised when incurred resulting into recognition of payables in the statement of financial position. A review of the payment records revealed that UGX 1.238Bn was paid for outstanding arrears that related to the prior year, but were not recognized in the prior year financial statements as payables. The current year's financial statements are misstated as a result of understating payables in the previous year by the same amount. Management explained that for compensation under the Land Fund, the omission to include the above claimants as part of the domestic arrears arose due to the lack of a comprehensive database for Land Fund claimants. Management believes that the newly developed data base will address such omissions to avoid similar occurrences in future. Management acknowledged the omission to withhold tax. Going forward, Management had embarked on rectifying the configuration on the IFMS to enable the deduction of withholding tax at source.
Recommendation
i) The Accounting Officer was advised to make the relevant adjustments in the statements of financial position, changes in equity and outstanding commitments. ii) The Accounting Officer was advised to expedite the set-up of the database, and also have the payables verified and certified which should be settled to avoid litigation. iii) The Accounting Officer was advised to make the relevant adjustments through the statement of changes in equity, the cash flow statement and statement of outstanding commitments.
Action
i) The adjustments were made in the statements of financial position, changes in equity and outstanding commitments. The comparative figures in the financial statements for FY 2020/21 were adjusted.

ii) The IT unit in liaison with the Lands department and Accounts unit have developed and put in place a database of land claimants. iii) The comparative figures in the financial statements for FY 2020/21 were adjusted.	
Query	**33.1 Performance of GoU receipts**
Observation The Commission budgeted to receive UGX 71.87Bn out of which UGX 65.79Bn was availed, resulting in a shortfall of UGX 6.08 Bn, which is 8.46% of the budget. Revenue shortfalls affect the implementation of planned activities. The Accounting Officer noted that efforts are being made to develop a comprehensive data base for leases issued by the Commission. Once developed, the Commission would be able to track payment of premium and ground rent from the respective lessees.	
Recommendation	
The Accounting Officer was advised to liaise with Treasury to ensure that all budgeted for funds are received by the entity and; fast truck the process of developing a land inventory for collecting the ground rent due.	
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	**33.2 Absorption of funds**
Observation Out of the total warrants of UGX 65.79Bn received during the financial year. UGX 64.93Bn was spent by the entity resulting in an unspent balance of UGX 0.85Bn representing an absorption level of 98.71%. 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) Purchase of Fittings, ICT equipment, and specialized survey equipment. ii) Commissioners emoluments (Retainer, sitting allowances) iii) Staff training. 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 PFMA2015. The Accounting Officer explained that their accounts were garnished between 22nd December 2020 and 19th February 2021, and that this inhibited the commission from undertaking planned activities. The commission operated at 10% following the presidential directives under COVID-19.
Recommendation
The Accounting Officer was advised to 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.
Action
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were rolled over and implemented in the financial year 2021/22.

Query	**33.3 Quantification of outputs/activities**
Observation Out of the twenty-one (21) outputs with a total of sixty-one (61) activities and expenditure of UGX 64.86Bn sampled, two (2) outputs with a total of Six (6) activities and expenditure worth UGX0.71Bn were fully quantified, eight (8) outputs with a total of thirty (30) activities and expenditure worth	

UGX 32.35Bn, was insufficiently quantified. Eleven (11) outputs with a total of twenty-five (25) activities and expenditure worth UGX 31.8Bn were not quantified at all.	
Recommendation	
The Accounting Officer was advised to 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.	
Query	**33.4 Implementation of planned outputs**
Observation Out of the two (2) fully quantified outputs, two (2) outputs with six (6) activities worth UGX0.71Bn were partially implemented. Out of the six (6) activities, the entity fully implemented one (1) activity; four (4) activities were partially implemented, while one (1) activity remained unimplemented.	
Recommendation	
The Accounting Officer was advised to prioritize the unimplemented activities in the subsequent period and; fast-track the process of developing the database of leases.	
Action	
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were rolled over and are being implemented in the subsequent Financial Year work plans.	
Query	**33.5 Garnished Funds of UGX 244,184,480**

Observation A review of Note 18 of the statement of financial position revealed that a bank account to the Commission was garnished on 22nd December 2020, through a court order. It was noted that the court cases leading to the garnishee related to the delay to clear the outstanding obligations to third parties. The Garnished funds affected the timely implementation of activities of the Commission. Management explained that the Commission's account was garnisheed on 22nd December 2020 and the account was only unfrozen on 19th February 2021. This inhibited the Commission from undertaking planned activities.	
Recommendation	
The Accounting Officer was advised to liaise with the relevant stakeholders and have funds availed to clear the outstanding debts, as this would save public funds.	
Action	
Most of the outstanding obligations are land compensation. During the budgeting process, the Commission has continued to engage with MoFPED and Parliament to avail sufficient funds. Some funds have been provided towards the land compensation process.	
Query	**33.6 Irregular award of supplementary budgets UGX 10.62 Bn**
Observation Section 24 (6-7) of the PFMA, 2015 as amended stipulates that Parliament or the Minister may approve a supplementary budget where the supplementary expenditure is un-absorbable, un-avoidable and un-foreseeable. The Act further defines unforeseeable as not including an expenditure that was foreseeable by the vote at the time of budgeting or one that should have been included in the budget of the vote.	

The audit noted that the expenditure for compensations is not expenditure out of the ordinary, as it has been an on-going classification of payment by the vote. In addition, neither management nor the commission where involved in the request of the supplementary. The supplementary was tagged to payments of individual persons. As a result, the funds awarded were in excess of what was allocated by UGX 459 Mn, for which management expensed to other claimants. The Accounting Officer explained that the commission did not initiate any request for the said supplementary.	
Recommendation	
The Accounting Officer was advised to ensure that the Commission as an independent vote should be involved in making requests for supplementary funding within the confines of the legal framework.	
Action	
The Commission is now involved in the process of making supplementary requests as required by law.	
Query	**33.7 Un supported Domestic arrears payments: UGX 14Bn**
Observation The audit reviewed domestic arrears payments, and noted UGX 14 Billion expenditure lacked the necessary documents to support the completeness of the payment transactions. There is a risk of possible financial loss through fictitious payments due to lack of supporting documents. Further scrutiny of the expenditure revealed that 27 persons were paid UGX 6.792Bn but were not on the validated list of domestic arrears. Furthermore, 9 persons were paid a total UGX 1,153,510,000, whose claims had been rejected by the Internal Auditor General.	

Management explained that it has developed a comprehensive data base for claimants under the Land Fund which comprises 39 parameters including the particulars of the claimants; the description of the land that is the subject matter of compensation; the acreage of the land; its value; amounts compensated to date; among others. In addition, it developed a compliance checklist used in assessing the completeness of the files when processing payments. The parameters and compliance checklist are derived from the Land Fund Procedures, 2014. Going forward, Management will also undertake physical due diligence of the land. Although the Accounting Officer promised to provide supporting documentation, these were not provided.
Recommendation
The Accounting Officer was advised to always ensure that payments are supported with the requisite documentation. In addition, the officers responsible for the payments should account for funds or recovery measures should be instituted.
Action
All the land claimants' files have been updated on the database and information is now available.

Query	**33.8 Unrecognized payables to Church of Uganda**
Observation Payables to Church of Uganda amounting to UGX 15Bn, and receivables amounting to UGX 3.966Bn relating to the overpayment to Kampala archdiocese in the prior year were not recognized. In addition, outstanding arrears of UGX 1.2Bn relating to the prior year but paid during the year have not been recognized in the current year.	
Action	
Church of Uganda was fully paid and the payables and receivables were fully recognized in the financial statements for the year 2021/22.	

Query	**33.9 Failure to track revenue arrears related to ground rent.**
Observation The Commission does not have a land inventory and database for all government land and properties under its jurisdiction that are either occupied by tenants, vacant, acquired under compensation (but not yet re-distributed to the bona fide occupants), or acquired and owned by other government institutions and missions abroad. As such tracking of lease payments and revenue arrears related to ground rent and premium could not be supported.	
Recommendation	
The Accounting Officer was advised to expedite the land inventory register or database and ensure that account balances for the various land transactions are recorded from verifiable information.	
Action	
The data base for leases is currently being developed. This will help to track lease payment as they fall due for a particular property. This will also help to segregate revenue for a particular year, arrears of revenue and prepaid revenue and will enable recognition of revenues.	
34.0 PETROLEUM GEO-SCIENCE COLLABORATION PROGRAMME (ENPE II PROJECT) 2020/21 (UNDER MAKERERE UNIVERSITY)	
Basis for Qualified Opinion Makerere University main Building was gutted down by fire where vital documents got lost in the inferno. Consequently, payment vouchers and supporting documents in support of payments totaling to UGX 368,361,770 which is 65% of the total expenditure were not presented for examination. The audit was not able to confirm the authenticity of the expenditure.	
Action	

Management undertook further evaluation and noted that the source documents for UGX 368,361,770 including the vouchers, payment acknowledgments by the payees, and accountabilities for the funds paid. Therefore, Management compiled the details of all the payments comprised in UGX 368,361,770.

To reconstruct the financial record, all payments were traced through the banking system to address the documentation gap created by the fire outbreak. In addition, to the bank statement, Management requested all the payees to acknowledge receipt of the funds.

35.0 QUALITY INFRASTRUCTURE AND STANDARDS PROGRAMME (QUISP). FY 2017/2018

Query	**35.1 Unaccounted for funds**

Observation

It was observed that a sum of UGX 80,034,014 and USD. 14,040 was paid to various officers and companies. However, contrary to the guidelines, the expenditure vouchers together with the supporting documents were not availed for audit verification.

It was also observed that payments amounting to UGX 28,798,048 were paid to officers to enable them carryout various QUISP activities. However, some of the expenditure lacked necessary supporting documents such as activity reports, payee's acknowledgment and accountability receipts.

Action

The office had encountered a series of different audits, different stake holders requested for different documents which created separation of most files including payment vouchers. The Accounting Officer has now retrieved the expenditure vouchers together with the supporting documents and are available for audit verification.

Query	**35.2 Outstanding Commitments**

Observation The programme had outstanding commitments to the tune of UGX 373,603,894 as at end of the financial year. According to a letter from the Embassy of Sweden to the Permanent Secretary Ministry of Trade, Industry and Cooperatives dated 27th April, 2017 activities to a tune of UGX 147,264,493 were authorized to be charged on the QUISP Programme. The entity spent a sum of UGX 147,468,378 leaving outstanding commitments of UGX 226,135,516 as indicated in the schedule of outstanding commitments.	
Recommendation	
The Accounting Officer was advised to liaise with Government and ensure that provisions are made to cater for settlement of outstanding arrears to avoid litigation.	
Action	
The Accounting Officer has submitted these outstanding commitments to the Ministry of Finance, Planning and Economic Development. These will be settled through the normal Appropriation process.	
Query	**35.3 Unspent Funds**
Observation The audit reviewed the Programme bank statements and noted that as at 31st March 2021, UGX 10,426,029 and USD. 1,973.43 was still on account. Failure to spend funds resulted in partial and non-implementation of planned activities.	
Recommendation	
The Accounting Officer was advised to consult with the Embassy in regard to the use of the funds on the account.	
Action	
The PS/ST has written to the Permanent Secretary Ministry of Trade, Industry and Cooperatives to transfer UGX 10,426,029 and USD. 1,973.43 to the Consolidated Fund.	

Query	**35.4 WHT deducted but not remitted**
Observation It was observed that a sum of UGX 4,038,651 was deducted from two (2) service providers in respect of 6% withholding tax for onward remittance to Uganda Revenue Authority.	
Recommendation	
The Accounting Officer was advised to seek permission from the Embassy to ensure that the outstanding tax commitment is settled.	
Action	
This is part of the outstanding commitments which will be settled through the normal Appropriation process.	
Query	**35.5 Status of the Fixed Assets**
Observation The project procured 79 assets over the Programme life time. In March 2021, the audit carried out an inspection of the assets procured under the Programme and noted that 12 were functional, 2 (vehicles) were under repair, 16 were old and beyond repair, 12 were non-functional while 37 were not availed for verification. The audit could not assess the status of the 37 assets that were not availed.	
Recommendation	
The Accounting Officer was advised to ensure assets that are beyond repair and non-functional are disposed as per the disposal guidelines. Further, the Accounting Officer should also advise the Embassy and Government in regard to the unverified assets.	
Action	

The office supervisor together with Officer in charge information technology thereafter made efforts and located the assets in question and are now available for verification.

36.0 MULAGO NATIONAL REFERRAL HOSPITAL	
Query	**36.1 Non- recognition of transfers received from other entities**

Observation

i. The Auditor General noted that Mulago National Referral Hospital received a transfer of UGX 3,867,161,000 from the Ministry of Health that was neither recognized in the statement of financial performance nor reported in Note 5 to the financial statement, thereby causing a misrepresentation in the operating results.

ii. While interacting with the entity, the then AO admitted that they did not recognize, treat and disclose the amount in question received from another vote in their statement of financial Performance. it should be noted that Accounting Policy 1(a) (x) (c) requires all transfers from Consolidated Fund and other Government Units to be recognized when received by the AOs

iii. Similarly, the revised Financial Reporting Template (FRT) issued by the Accountant Genera through letter ref: AGO/144/288/01 of 26th May 2020 to all AOs, required that such transfers be recognized on the face of the Statement of Financial performance as part of the operating revenue and disclosed under Note 5 to the financial statements. Therefore, Non - recognition of transfers of funds received from other votes is non - accountability and could result into misappropriation of public funds or complicate scrutiny and is accordingly suspicious.

iv. The Committee observed that the AO and his team did not provide accountability for the UGX 3,867, 161,000 meant for the payment of interns and Senior House Officers (SHOs) despite the Committee's request While meeting the team. The Committee required to have EFTs that could account for the said sum but instead received those that related to different financial years outside the scope of this inquiry, thus irrelevant. To that end

	therefore, the Committee observed that the sum of UGX 3,867,161,000 was not satisfactorily accounted for. v. The Committee notes that the use of the account "Mulago Infrastructure Development" which was opened for a specific function to receive money for payments of Interns and SHOs was irregular and susceptible to abuse.
Recommendation	
i. The Committee recommends that the then Executive Director Dr. B.B Byarugaba and the Head of Accounts Mr. Nyeko Ponsiano be investigated by Police and if found culpable should be prosecuted for the loss of funds meant for payment of Interns and Senior House Officers (SHOs). ii. Further, Mulago National Referral Hospital should, going forward, open a specific account through which interns and Senior House Officers (SHOs) are paid.	
Action	
The Shs. 3.867Bn was received from Ministry of Health (MoH) and paid to Senior House Officers and Intern Doctors on behalf of the Ministry of Health. The matter was referred to CID for investigation, the officers referred to above are on interdiction as the hospital awaits the final outcome.	
Query	**36.2 Misstated Liabilities**
Observation i. The Auditor General noted in his report that among the comparative figures included in the financial statements Notes 24 and 25, Mulago National Referral hospital had liabilities of UGX 2,952,608,319 from the previous year in respect of payables to a tune of UGX 2,304,366,476 (UMEME) and deposits of UGX 648,241,843. ii. In the statement of cash flows, the hospital reported payments totalling to UGX 3,775,748,845 in respect of liabilities in the current year comprising of domestic arrears/payables of UGX 3,127,507 ,002) and deposits of UGX 648,241,843). iii. The Hospital therefore made payments for non-existent liabilities amounting to UGX 1,471,382,369.	

UGX 823,140,526 in excess of the declared payables of UGX 2,304,366,416 and UGX 648,241,843 in unsupported deposits. iv. While interacting with the AO, the Committee was informed that the misstated liabilities stemmed from outstanding electricity liabilities in the FY 2019/20 where the Hospital owed UMEME UGX 2,304,366,416 in arrears. In the budget execution of 2020/21, MOFPED released UGX 3,127, 507,002 in respect of electricity arrears, over and above what the entity owed UMEME v. The Hospital Management went ahead and paid the entire amount of the release to UMEME Ltd, including the excess of UGX 823, 140,526. vi. The Committee observed that the Appropriation Account revealed that the entity had initially budgeted for UGX 1,741, 672,233. This was subsequently revised to UGX 3,120,188,258 which was all warranted and actually spent. The Committee noted that the additional amount expended of UGX 7,318,744 in excess of the appropriated UGX 3,120,188,258 was unauthorized expenditure in respect of UMEME. vii. Additionally, the Committee noted a mismatch in the figures UMEME Ltd had billed the entity as at the end of the 4th quarter of FY 2020/21 and the figure quoted as outstanding elasticity arrears by the entity at the end of FY 2019/20. In a letter dated 7th July 2021, that the Committee saw, UMEME Ltd quotes an amount of UGX 1,602,45 5,920 as the total bill as at the end of quarter four of FY 2020121 whereas the entity quoted UGX 2,3 04,366,476 as outstanding liabilities for electricity at the end of the year. viii. This Committee therefore found these explanations unconvincing because the entity could not avail the invoices from UMEME Ltd indicating the bills on which basis the money was paid. ix. The Committee also noted that misstatement of liabilities could result into loss/misappropriation of funds and renders the credibility of the accounts doubtful.
Recommendation
A forensic audit be undertaken to establish the systematic flow of funds from MoFPED through Mulago National Referral to UMEME Ltd with a view to establishing any possible misappropriation through collusion.

Action	
The investigative arms of Government including State House Health Monitoring Unit, the IGG, and Auditor General`s Office are conducting different investigations, the outcomes of which are awaited.	
Query	**36.3 Unexplained adjustments to prior year payables**
Observation The Auditor General noted that adjustment to the opening balance of the entity's payables amounting to UGX 2, 097,368,767 were made. However, there was no explanation provided on the cause of the adjustment or the composition of this figure. The AO admitted to this anomaly and noted that it was in respect of outstanding commitments for electricity for FY 2020/21 and was erroneously presented as an adjustment to the outstanding commitments at the beginning of the year as at 1st July, 2020 The Committee has, in the preceding query interrogated operations involving UMEME Ltd and payments involving electricity UMEME Ltd. The presentation of this figure on the face of it presents a possibility of double payment and smacks of suspicion and fraud. Such unexplained adjustment of payables without accompanying explanation inhibits conformation of correctness for the adjustments and is inimical to conventional accounting standards.	
Recommendation	
The Committee therefore, recommends that a forensic audit be undertaken to investigate the flow of these funds with the view and possibility of prosecuting any possible culprits.	
Action	
The investigative arms of Government including State House Health Monitoring Unit, the IGG, and Auditor General`s Office are conducting different investigations, the outcomes of which are awaited.	
Query	**36.4 Misstatement of transfers to the Treasury**

Observation
i. The Auditor General further reported a mis-statement relating to transfers to the Treasury by the entity. The Hospital reportedly declared an amount of UGX 1,808,626,491 as NTR collected during the year. However, figures in the Statement of Financial Performance showed that UGX 1,160,384,648 was transferred to the Treasury. Further review of the statement of changes in equity showed transfers to the Treasury/Uganda Consolidated Fund (UCF) as UGX 1,808,626,491, which amount relates to only revenue collected in the year. However, Management indicated in the financial statements, a deposit of UGX 648,241,843 as transfers to the Treasury during the year. ii. The Accounting Officer explained that the total of UGX 1,808,626,491 collected as NTR was wholly transferred to the consolidated account. He noted however that the entity had an outstanding Appropriation in Aid (AIA) of UGX 648,241,841 in the previous year payable to Treasury. iii. The Committee concurred with the Auditor General's observation which noted that out of the UGX 1,808,626,491 collected as NTR, UGX 1,160,384,648 was transferred to the Treasury leaving a balance of UGX 648,241,841 unremitted but further noted that during the prior year, the Accounting Officer collected UGX 1,149,546,376 and no transfers to Treasury was remitted. The Committee therefore noted that mis-stated transfers to the Treasury and uncorrected errors results in misstatement of account balances and could be misleading to the users of the financial statements although there was no loss incurred. Whereas the Committee does not find this misstatement fraudulent, it is the view of the Committee that the same was negligent.
Recommendation
The Committee recommended that Accounting Officer should always reconcile the respective Financial statements and the notes to the financial statements to ensure that the former provide a fair presentation of entity's financial position and performance for the year under review.
Action

This matter was resolved through the reconciliation of the respective Financial statements and the notes to the financial statements to ensure that these present fairly the entity's financial position and performance for the year under review.	
Query	**36.5 Re-allocation of Expenditure**
Observation i. The Auditor General noted that UGX 294,636,533 was diverted from activities for which they were budgeted by the entity and spent on other activities without seeking and obtaining the necessary approvals in accordance with Section 22 of the PFMA, 2015. ii. The AO admitted to re-allocating a total of only UGX 59,725,897 from other budget items like advertisement and public relations. He attributed this to the disruptions in operations caused by the COVID 19 pandemic, forcing them to incur unbudgeted costs of transporting medical workers and accommodating those on shifts. iii. Whereas the Committee is cognizant of the peculiar circumstances under which institutions were operating where panic and rush had become a norm, the practice of re-allocating funds without following statutory procedure is offensive to law and established accounting principles and undermines the importance of the budgeting process and of Parliament in appropriating monies to specific activities- It is a distortion to plans and budgets and it leads to unauthorized spending thereby exposing funds to misuse, more so when COVID 19 could not prevent the Accounting Officer from Seeking authority which was simply exchange of letters and mails. Indeed the Committee observed that no accountability was offered for the UGX 59,725,897 conceded to have been re-allocated. iv. The Committee observed that whereas the Accounting Officer confirmed to have vired only UGX 59,125,897,the balance of the funds amounting to UGX 234,910,636 was and therefore deemed unaccounted for.	
Recommendation	

i. The Committee recommended that Parliament finds that, subject to accountability, the virement of UGX 59,725,897 excusable in light of the unique circumstances under which entities were operating at the time but that the then Accounting Officer be strongly cautioned against virement without following established legal procedure. ii. The Accounting Officer be held liable for the sum of UGX 234,910,636 which remains unaccounted for and that the same be refunded to the Treasury and criminal investigations be commenced by the Police against the Accounting Officer with a possibility of prosecution.	
Action	
Accounting Officers have been reminded in their appointment letters, and in the Budget Call Circulars not to commit Government beyond the approved budgets. Criminal investigations are on-going.	
Query	**36.6 Expenditure on refurbishment of non-functional MRI Machine**
Observation The Auditor General noted that Mulago Hospital spent UGX 474,479,100 on refurbishment of the MRI machine despite it being non- functional ever since its acquisition and installation in 2018, forcing patients to seek more costly services from private facilities. This cost intended beneficiaries a lot of money for the same services that had been planned and budgeted for by Government in addition, to compromising quality and efficiency. The Committee notes that the costs of maintenance of this machine had become wasteful in nature. The Auditor General reported that he carried out an assessment of key medical equipment in the hospital that focused on the functionality and availability of medical equipment in seven departments, that is; Central Sterile Services Department (CSSD), radiology, nuclear medicine, Intensive Care Unit (lCU), Laundry, clinical laboratories and accidents/emergencies. The Auditor General further noted that some vital medical equipment were in poor working condition, while others were not fully functional	

and required replacement. The equipment included: autoclaves in the central sterile service department; patient monitors in the accident and emergency surgical unit; blood coagulation machine in the clinical laboratory unit; ICU beds in the intensive care unit, and CT machine in the Radiology department. The Accounting Officer explained that the entity spent the sum of UGX 474,479,100 on filing Helium gas that had leaked due to prolonged period of non-use and power outages during that period. He explained that any omission to carry out the said maintenance would lead to further collateral damage and possible loss of the entire machine. He further informed the Committee that the failure to install and therefore use the machine resulted from the absence of housing for the same considering that the entire complex was still under renovation and the services relevant to the machine has since transferred to Kiruddu NRH which has no physical space and housing for the machine. The Committee observed that; i. The Government, through Ministry of Health procured this machine (using an ADB loan on which Government is paying interest) without putting in place the necessary infrastructure and without adequate planning. ii. The Committee further established that Mulago National Referral Hospital shifted its services to Kiruddu Hospital where the MRI machine had no space for its operation, thus remaining redundant. iii. Mulago Hospital incurred maintenance costs refurbish the non-functional machine, The Committee agrees with the Accounting Officer on the necessity of maintaining the machine to avoid the possibility of a total loss. Furthermore, the explanation given by the Accounting Officer as to the non-use of the machine is credible and plausible. The Committee, however, was availed with no evidence in form of accountability for the sum of UGX 414,479,100 despite a request by the Committee.
Recommendation
i. The Committee recommended that going forward, the Ministry of Health should always ensure adequate planning before

undertaking any procurement of medical equipment and supplies to avoid locking up huge sums in redundant capital equipment. ii. Government should through MoH expedite the process of commissioning the refurbished Mulago Hospital complex and place the machine in its position for it to serve the intended purpose. iii. Government should procure another MRI machine and acquire space as an annex to Kiruddu NRH where the machine would be placed to serve the patients in need of such services. iv. The Accounting Officer be held responsible for the failure to account for the sum of UGX 474,479,100 allegedly spent on maintaining the machine for which no evidence was availed and criminal investigations be commenced against him and Mr. Ponsiano Nyeko the Head of Accounts with a view to possible prosecution.	
Action	
Mulago National Referral Hospital has initiated a process of revamping the MRI to ensure its functionality. The Officers implicated in the query were interdicted and criminal investigations are on-going.	
Query	**36.7 Delayed construction of 150 housing units**
Observation i. The Auditor General noted the delay in the construction The Auditor General noted the delay in the construction of 150 houses meant for 150 staff a cost of UGX 30, 228,600,856. The works were to take thirty-six (36) months, from June 2020 - June, 2023. This has greatly impacted the beneficiaries who resorted to other accommodation alterative at commercial market rates, which is expensive and inconvenient thereby compromising service delivery. ii. The Accounting Officer attributed the delays in the construction of staff quarters to the inability of the management to fully pay the agreed advance at the beginning of the project and the restrictions of the covid19 pandemic. He noted the contractor has since been paid the advance, plus two separate certificates	

	for work done. He also submitted that funds have since been allocated in the FY 2021/22 budget to pay the contractor so that work can be finalized.
iii.	The Accounting Officer informed the Committee that the delay was a result of the inability of Government to provide funding for the project within the contractual time and that funds have since been provided.
iv.	The Committee observed that the Covid-19 pandemic caused significant disruptions in the normal operations of all sectors, including construction sites, notwithstanding the easing of lock down in subsequent presidential pronouncements
v.	The Committee also observed that the delay to release funds for the project had a significant effect on progress and completion of the same.
vi.	The Committee notes that delayed completion of works leads to cost and time overruns resulting into unnecessary project extensions and negatively impacting on the achievement of project objectives.
Recommendation	
The Committee recommended that management should follow up with the contractor to ensure that the works are expedited since the funds have been provided for in the budget. The MoFPED should always ensure timely release of funds to avoid delays in commencement and completion of project works which results into higher costs of execution and also negatively impacts on service delivery.	
Action	
Funding for the completion of the staff houses among others will continue to be addressed through appropriation process.	
37.0 Uganda Nurses and Midwives Council	
Query	**37.1 Payments without supporting documents**
Observation	

i. The Auditor General reported that the Council made payments worth UGX 1.466Bn in the year ended 30th June 2019 without supporting documents such as invoices, payment request forms and payment vouchers. ii. Management informed the Committee that Health Monitoring Unit had started investigations and caused prosecution of the alleged responsible officers before the anti-corruption court.	
Recommendations	
The Committee recommends that management pursues the said Court case to its logical conclusion to ensure recovery of the amount in issue.	
Actions	
The case is currently before Court and management awaits the outcome.	
Query	**37.2 Fraudulent cash outflows**
Observations i. The Audit discovered a financial loss of UGX 444,400,000 during the year. The amount was transferred from UNMC's Stanbic Bank Account No. 9030005852950 to MIS RAM Engineering (U) Ltd under fraudulent circumstances. ii. The Accounting Officer explained that UNMC as an entity has never contracted RAM Engineering (U) Ltd to carry out any business with Council and was shocked to discover the said amount was fraudulently transferred to the said company. Management further reported that it took action immediately the fraud happened by reporting to the Auditor General's Office, IGG, Police CID, Headquarters and a formal complaint to Stanbic Bank was filed. The Committee observed that there were weak internal controls in the management of council funds.	
Recommendation	
i. The Accounting Officer should pursue the case until its logical conclusion and report back to Parliament on the progress every six (6) months after adoption of this report, until final conclusion of the case.	

ii. Strengthen the internal controls for the Council's finances.	
Action	
i) The matter was resolved in Courts of Law with orders to refund the loss to the Council with costs. ii) Internal controls have been strengthened with the recruitment of an Internal Auditor and a Procurement Officer.	
Query	**37.3 Performance of Non-Tax Revenue (NTR)**
Observation The Auditor General reported that the Council failed to collect budgeted revenue amounting to UGX 557,669,951 during the year under review. Shortfalls in NTR Collections affect the implementation of the councils planned activities. The Accounting Officer reported that attributed the budget performance to the COVID-19 pandemic.	
Recommendations	
i. The Accountant General should provide a window for budgeting for NTR to the entity. ii. The MoFPED should always liaise with entities when budgeting for NTR	
Actions	
The Ministry of Finance, Planning and Economic Development 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	**37.4 Under absorption of Funds**

Observations i. The total receipts for the financial year under review were UGX 2.71Bn. However, only UGX l.84Bn was absorbed ii. Under absorption of funds undermines the operational objectives of the council. For example, the Council House was not acquired as planned during this financial year.	
Recommendation	
The Accounting Officer should ensure that their funds are rolled over as per Section 17 (3) of the PFMA, and work plans are approved by Parliament.	
Action	
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**37.5 Quantification outputs/activities**
Observation Auditor General observed that the council partially implemented six (6) of its planned outputs with a total of nineteen (19) activities worth UGX 268.41Million. Similarly, seven (7) outputs with a total of twenty (20) activities were not implemented at all. Management responded that it is working towards ensuring that all outputs are quantified.	
Recommendation	
The Committee recommends that the Accounting Officer should always ensure that outputs are quantified, and targets are properly set 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.	

Query	37.6 Preparation and Presentation of Monitoring Plans and Reports

Observation

i. The Auditor General reported that the entity did not prepare and submit the annual monitoring plans to MoFPED and NPA as required. Para.58 of Budget execution circular 2019/20 and Further, the entity did not prepare and submit quarterly monitoring reports to the MoFPED as required.

ii. The Accounting Officer stated that the entity is not a vote and therefore, it gets subvention from Ministry and hence reports to the sector Ministry.

Recommendations

The Committee recommends that the Accounting Officer should ensure that all performance reports are duly signed, dated and submitted as required by the circular.

Actions

UNMC now prepares monitoring plans and reports and the entity recruited a Monitoring and Evaluation officer.

The Programme Budgeting System (PBS) was also 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	37.7 Accuracy of Performance reports

Observations

A review of the Organization's Annual cumulative performance report and the entity work plan revealed cases where the reported set targets were not consistent with the set targets in the entity work plans.

Recommendation

The Committee recommends that Accounting Officer to prepare the quarterly performance reports according to the outputs budgeted so that performance is easily analyzed by the users.

Action

The Heads of departments were trained in budgeting and now there is accuracy in the performance reports prepared. Furthermore, Government has built the capacity of its planning units in handling of PBS. Where vacancies and support is required, the Ministry of Finance, Planning and Economic Development has had these filled.	
Query	**37.8 Non alignment of UNMC with the existing Legal Framework**
Observation The Auditor General observed that there are conflicts in the Councils governing laws. Section 51(2) of the Public Finance Management Act, 2015 requires the Accounting Officer of a public corporation, within two months after the end of each financial year, to prepare and submit to the Accountant-General, a summary statement of financial performance of the public corporation and give a copy of the summary statement to the Secretary to the Treasury. On the contrary, Section 18 (1) Part IV of the Nurses and Midwives Act, 1996 requires the Council to keep proper books of accounts and prepare the annual financial statements of accounts for the period immediately preceding the financial year not later than three months in the following year. The Committee observes that the Conflict in the governing laws may be used as a cover for negligent execution of duties which in turn may hamper effective execution of UNMC mandate.	
Recommendations	
It is recommended that the Minister of Health should present an amendment Bill seeking to harmonise the Uganda Nurses and Midwives Council Act with the PFMA within six months from the date of adoption of this report.	
Actions	
The implementation and Rationalization of Government entities has started and the process to formulate regulations and standards to guide the activities of UNMC is ongoing.	

The PS/ST has written to the Accounting Officer to harmonize the financial management framework of UNMC with the Office of the Accountant General.	
Query	**37.9 Non-secondment of council members by their respective bodies**
Observations Section 4 of the UNMC Act 1996, requires each Council member to be a seconded representative of a particular institution or body and must be appointed by the Minister. However, a review of Council Members records revealed that out of the seventeen (17) members, none was seconded by the respective bodies. The Committee observed that non-secondment of council members by their respective bodies is contrary to Section 4 of the UNMC Act, 1996. The Committee also observed that the Governing Council is improperly and illegally constituted and the body's activities are null and void for being constituted contrary to the enabling law.	
Recommendation	
i. The Committee recommends that the Minister of Health should disband the purported Governing Council and appoint a new one in accordance with the law within a period of one month from the date of adoption of this report. ii. The verdict of qualified opinion should be maintained and the Accounting Officer in issue should be banned from occupying any public office for a period of not less than seven years.	
Action	
The term for the disputed council ended on July 31 2021, before the recommendation of PAC and UNMC followed the relevant policies and regulations to constitute the current board. The Accounting Officer was interdicted in October 2018 and is still facing charges in the Anti-Corruption Court for abuse of office and causing financial loss to Government. UNMC awaits the outcome.	
Query	**37.10 Irregular composition of the Audit Committee**

Observation
Good Corporate Governance practices require separation of duties of board members to ensure their independence in the discharge of duties. The Auditor General noted that the Chairperson of the council is also a member of the audit Committee which again reports to the council. The Committee observed that all sub-committees report to the Governing Council in terms of their mandate and the membership of the Chairperson to any sub-committee of the council compromises its independent oversight over the activities of the sub-committee.
Recommendations
The Committee therefore recommends that the Council should observe good corporate governance principles by reviewing the governance structure to address the anomalies highlighted herein.
Actions
With the new UNMC Governing Council, the anomaly has since then been rectified.

SECTION C: PROJECTS

38.0 REPORT ON THE NURTURE: RESEARCH TRAINING AND MENTORING PROGRAM FOR CAREER DEVT OF FACULTY IN MEDICAL EDUCATION PARTNERSHIP INITIATIVE INSTITUTIONS (MEPI) AT MAKERERE UNIVERSITY COLLEGE OF HEALTH SCIENCES FOR THE YEARS ENDED 31 JULY 2017 AND 31 JULY 2018

On 1st September 2021, Parliament referred the Auditor General's Report on the Financial Statement of Nurture: Research Training and Mentoring Program for Career Development of Faculty in Medical Education Partnership Initiative Institutions (MEPI) at Makerere University College of Health Sciences for the two financial years ended 31st July 2017 and 31st July 2018.

The Auditor General issued an unqualified audit opinion on the accounting statements comprising of income and expenditure statements, the statement of financial position, statement of receipts, funds accountability statement and budget status summary sheet, i.e. (Financial/Regulatory and Compliance audits).

Query	38.1 Under absorption of funds: USD 51,795.72

Observation

The Auditor General noted in his report that a review of the budget and cashbook indicated that the Project management budgeted for USD 799,000 for the period under review. However, only USD 309,032.61 (39%) was released reflecting a shortfall of USD.489,967.39. The under release of funds was attributed to inability by the project management to absorb the prior year release balance of USD 51,795.72.

An analysis of performance by the Auditor General indicated that the under absorption was occasioned by the closure of the University between October 2016 and early January 2017 due to a strike which affected the progress of Fellows' research activities. It should be noted that under absorption of funds poses a risk of failure to attract future donor funding.

While meeting with the University Secretary/Accounting Officer and management of the College of Health Sciences, the Committee was informed that the under release of the funds was caused by the inability by the project management to absorb the prior year release while the low absorption of funds was due to the delay by Fellows to obtain the required ethical approvals from Makerere University College of Health Sciences, Institutional Review Board, and the Uganda National Council of Science.

Further, the management blamed the strike at the college that stalled the activities at the College for over three months, affecting utilization/absorption of the funds.

The Committee, however, noted that the under absorption of funds was recurrent at the College, even in financial years where there were no strikes. The management informed the Committee that they have preferred to carry forward the money(s) not spent over the years, as opposed to spending for the sake of finishing it. They further noted the challenges posed by procurement processes, especially for biological research reagents that takes longer than normal. They decried the strict procedures prescribed under the Public Procurement and Disposal of Public Assets Act (PPDA) which does not take into account the challenges in procuring items such as biological research reagents.

The Management of the College of Health Sciences further informed the Committee that the numerous strikes at the College were occasioned sometimes by factors beyond their control. The strike by members of staff is most times in agitation for increment in their salaries and those by the students are mainly caused by welfare issues that are triggered by increase in prices of commodities and or tuition fees.

The Committee noted that under absorption of released funds affects the implementation of planned activities which defeats the purpose for which the funds were disbursed. It also poses a risk of failure to attract future donor funding.	
Recommendation	
The Committee recommends that the College devises means of enhancing funds absorption, including starting the procurement process in time to cater for challenges in procuring biological research reagents. The College should engage with the President's Office, the Institutional Review Board, and the Uganda National Council of Science and Technology to devise faster means of obtaining the necessary ethical approval by Fellows. The Government needs to undertake a study on how to amend the PPDA Act to facilitate specialized programs which may be hampered by lengthy processes.	
Action	
The relevant bodies including the President's Office, the Institutional Review Board, and the Uganda National Council of Science and Technology were contacted and approval obtained for the research activities that were the subject of the unspent sum of USD 51,795.72. The respective activities were implemented, and funds absorbed. The PPDA Act 2003 was amended in 2021. Among the amendments was a review of the procurement process lead times plus a reduction in the appeal levels.	
Query	**38.2 Absence of clear policies on recruitment of staff/ Unauthorized recruitment of staff**
Observation	

The Auditor General notes in his report that a number of staff were recruited by the project management without following the available recruitment procedures as prescribed in the Human Resources Manual. Sections 2.4 and 2.5 of the Manual provides that all persons seeking employment with the University, shall do so through a transparent process including applying for the job and interviews through the Director Human Resources or as may be advised depending on the type of employment sought. A review of the detailed budget and staff list revealed inconsistencies between the budgeted and the actual number of staff, with 8 staff recruited instead of the 5 co-principal investigators planned for. While meeting the Committee, the management of the College of Health Sciences acknowledged the concern in the report of the Auditor General and informed the Committee that the challenge sometimes lies in the restricted timelines in the implementation activities which has forced them to hire experts outside the stipulations of the Human Resource Manual.
Recommendation
The Committee notes that hiring staff outside the set regulations amounts to abuse of office. Management should always negotiate ample project timelines to cater for all processes, including recruitment. The University should be involved in the process of recruiting staff to avoid back-door recruitment. However, the investigators should be hired based on suitability of candidates.
Action
The University management issued a circular Ref: Mak/US/406 2021 dated 1st July 2021 to all college project principals and principal investigators, to adhere to sections 2.4 and 2.5 of the Human Resource Manual 2009 as amended in the recruitment of project staff and this is being followed.

Query	**38.3 Unclear criterion on staff contract renewals.**

Observation. From a review of sampled renewed contracts, the Auditor General indicated in his report that there was no basis for determining satisfactory performance for the staff whose contracts were renewed as there was no evidence of an appraisal process. This poses a risk of having non-performers as part of the staff.
Recommendation
The Committee recommends that the Project Investigator should put in place a robust mechanism of assessing the performance of staff, results of which should be used to determine renewal of contracts. Performance appraisals should always precede contract renewal, for it is the corporate way of running institutional projects.
Action
At the time of the audit, the University was using the manual appraisal system which was cumbersome. The University has since developed an electronic appraisal system which has eased the process.

39.0 REPORT ON THE UNITED NATIONS POPULATION FUND PROJECT IMPLEMENTED BY THE NATIONAL POPULATION COUNCIL FOR THE YEAR ENDED 31ST DECEMBER 2020	
Query	**39.1 Payment of Ineligible VAT**

Observation

The Audit Report noted that management made VAT payments of UGX 17,308,515 in respect of supply of hotel services, media broadcasting, and supply of assorted items contrary to sections 24(7) of the VAT Act which requires taxable supplies made to a government institution by a contractor executing an aid-funded project to be deemed paid by the Government institution. The gross amount paid, inclusive of VAT from all the supplies was done without considering the provisions of both financing agreement and the VAT Act.

While meeting with the Committee, the management acknowledged the error in VAT payments and informed the meeting that it was a mistake on their part, instead VAT should have been deemed paid. They further informed the Committee that UGX 17,308,575 being the VAT paid in error in respect of the various supplies was refunded to UNFP.

Recommendation

Although the money was refunded, the Committee noted that this act is in violation of the VAT Act and in breach of the financing agreement. Management should ensure that internal financial controls are put in place to avoid such occurrences in the future.

Action

Internal controls have been put in place and the capacity of the finance department has been strengthened on matters dealing with VAT. The Principal Internal Auditor was seconded to NPC who ensures that all financial control procedures are in place and complied with.

Query	39.2 Other Audit Findings

Observations

The Committee noted that although the Auditor General issued an Unqualified opinion, the report raised a number of issues that were not complied with, some reoccurring from the previous audits. These included;

i) Failure to stamp vouchers, "Paid"
ii) Delays to release money by the Partner leading to delayed implementation of activities
iii) Inadequate financial control procedures
iv) Uncredited transfers/unaccounted for funds in the reconciliation statements

Although the management informed the Committee that measures have been put in place to address the reoccurring audit queries, the Committee noted that failure to stamp vouchers as paid presents a high risk of presenting such documents to support future fictitious payments.

Recommendation

The Committee recommended that a forensic audit is done to determine how many vouchers were not stamped and the corresponding amount of money to avoid reoccurrence of the same in future.

Actions

i) The necessary financial control procedures have been put in place to ensure that all payments vouchers are stamped paid. A Principal Internal Auditor has been seconded to NPC to ensure that internal control procedures are in place and complied with.
ii) The NPC has continued to engage the development partner on the timely release of funds. There has been a significant improvement in the lead time for approval of work plans and release of funds.
iii) The errors in the bank reconciliation statements have been rectified.

40.0 REPORT ON THE NAMANVE THERMAL POWER PLANT FOR THE YEAR ENDED 30th JUNE 2021	
Query	**40.1 Overall Plant Condition and Performance**

Observation

The Auditor General noted in his report that overall, the power plant was found to be in a good condition based on a site visit conducted and other information reviewed. The Auditor General noted some minor incidents affecting performance that included;

i. The Generator Differential Protection Nuisance tripping - which was noted to be a recurring problem,
ii. Lack of formal maintenance philosophy,
iii. Lack of an Oil Spill Contingency Plan and
iv. A non-functional computerised maintenance system- Maximo.

The Committee established while interacting with the Ministry of Energy that Uganda Electricity Generation Co. Ltd (UEGCL) - an agency appointed by Government to operate and maintain the plant after the transfer, is already in discussions with the original manufacturer (Wartsila) to carry out a detailed technical analysis of the power plant. It is hoped that their report will help to draw up a maintenance requirements' list.

The Ministry of Energy further informed the Committee that other works such as; earthing, non-functional computerised maintenance system-Maximo, and the non-functional original black start system had been reinstated by the then Plant Operator as a pre-condition for handover. The Government is to net these off from the outstanding money to be paid to the outgoing Plant Operator.

Recommendation

The Committee noted that the Plant has since been taken over by Government. However, Government should endeavour to regularly determine the costs of repair and maintenance of such enterprises

through detailed studies. This will give a clear estimation of the cost of the obligation.		
Action		
UEGCL has established that the Generator Deferential Protection requires to be replaced. Inquiries with the Original Equipment Manufacturer (OEM) revealed that the existing system of relays installed at the power plant are obsolete and require an upgrade. A comprehensive scoping of what needs to be upgraded due to obsolescence was undertaken, costed and submitted to the Ministry of Energy and Mineral Development (MEMD) for funding. MEMD provided funds to UEGCL to undertake minor civil and mechanical works on the power plant to eliminate leakages, improve washrooms, floors, corrosion protection and calibration of fuel tanks and install the pumps. All the minor mechanical works have been completed and civil works began in December 2022 and are expected to be completed by the end of 2023.		
Query	**40.2 Valuation of the Plant**	
Observation The Auditor General noted that the value of the Namanve Thermal Power Plant was estimated at Euros 27.6Million after taking into account the depreciated cost of Euro 39.15M on the original plant cost of Euro 66.551m. The report further noted that the land was valued at UGX 4.4billlion, with additional land acquired by Jacobsen Uganda Power Plant Co. Ltd (JUPPCL) being valued at UGX 800m (USD 217,937). The Auditor General recommended that Government should enter into negotiation with JUPPCL to buy off the said land and compensate the company for the value of the additional improvements made.		

The Committee found out that MEMD has since engaged the Chief Government Valuer to determine the true value of the land and the developments on it before compensating the company.	
Recommendation	
The Committee recommends that in future, Government should be more exhaustive in their negotiations and undertakings to avoid ambiguity when settling obligations.	
Action	
There was lack of adequate readily available cost data for the valuation for some parts of the power plant. The plant has been in existence and operational for more than 10 years. The comparative market valuation data for the plant is difficult to obtain and more reliance is placed on informed estimates.	
Query	**40.3 Land Ownership**
Observation The Committee noted that one of the contentious obligations which had been asked by JUPPCL before transfer of the plant is compensation for the additional land acquired by the Company and lack of a clear plan by Government on how it intends to settle all the other obligations. While meeting JUPPCL, the Committee was informed that the land initially availed to them by the Uganda Electricity Transmission Co. Ltd (UETCL) for use at Mutundwe was found to be inappropriate for use after an Environmental and Social Impact Assessment (ESIA) study. The next one offered at Namanve was equally found to be unsuitable for the establishment of the plant after Geotechnical investigations revealed that the land was not firm enough to withstand vibrations from the machines. The Company stated that because they had already signed an Implementation and Power Purchase agreement with UETCL and given	

the load shedding and the intermittency in power supply in the Country then, they found it imperative, as a matter of urgency and necessity to acquire additional land and construct the plant to help ease the power needs. The Committee noted that although the Company held discussions with UETCL before acquiring the additional land and were given a go ahead, a letter seen by the Committee dated 15th June, 2007 by UETCL suggests that they were not authorised to purchase any additional land. UETCL was categorical in the letter that the 3.77 acres of land it had made available was adequate and that any other purchase would be too expensive. At this point however, the company had already procured the additional land without approval and no corresponding provisions in the Impact Assessment. On interrogating the matter further, the Committee found out that the additional land bought by JUPPCL for the Plant is owned by a one Mr. Omulen Lawrence, the current Chairman Board of Directors of the Company and is held by the Company on lease granted by him. Apparently because the company was foreign owned, it could not acquire mailo land- As it is now plant stands on land partly owned by UETCL and JUPPCL, for which they sought compensation.
Recommendation
The Committee recommends that Government should acquire Mailo interest for the said land. In future, Government should be more exhaustive in negotiations and trash out every detail. For example, whether this land was a recoverable cost or part of the investment by the investor.
Action
The original land provided by UETCL was found unsuitable to bear the power house load. In order to expedite the process of installing the power plant, Jacobsen acquired land adjacent to the UETCL land which could accommodate the power house and its access road.

At the time of handover, Jacobsen was compensated for the acquired land and the associated buildings.	
Query	**40.4 Additional Investments by JUPPCL**

Observation

The Auditor General noted in his report that the management of JUPPCL submitted claims totalling USD 3,634,383 in respect to additional investments made. However, supporting documents reviewed during the audit revealed that only USD 2,943,810 was satisfactorily verifiable. The Auditor General recommended that Government should enter negotiations with JUPPCL on how the company can be compensated.

An opinion by the Attorney General seen by the Committee on settlement of Financial obligations as determined by the Auditor General reads;

"Settlement of financial obligations as determined by the report of the Auditor General is not part of the obligations of the parties under the Implementation Agreement and therefore cannot be a precondition to effect the transfer of the Plant as suggested by Jacobsen. Settlement of the financial obligations is subject to a separate agreement by the parties outside the Implementation Agreement"

JUPPCL however faulted the opinion of the Attorney General on grounds that he is conflicted in the matter as his Law Firm had represented UEGCL, a company that was fronted by Government to take over the Plant before. The Committee however did not find merit in the claims by JUPPCL, since the Law firm in question represented UEGCL long before he was appointed the Attorney General. The agreement was also for a fixed period of time and was silent on any precondition for a hand over, therefore making untenable.

Recommendation

The Committee recommends that Government should in future be more meticulous in drafting such agreements to leave no room for ambiguity. Government should also endeavour to honour its obligations in time to avoid such avoidable conflicts.	
Action	
Jacobsen provided all the necessary documentations to Auditor General and the final assessed amount settled.	
Query	**40.5 Tax Obligation**
Observation The Auditor General noted that JUPPCL owed Government a total of UGX 4,421,136,949 in taxes, which remained outstanding at closure of the due diligence exercise. It was however noted that JUPPCL was also demanding UGX 299, 292,530 in tax credits. The Ministry of Energy informed the Committee that they would ensure that any outstanding tax obligation owed are settled by the Company. They have since written, in a letter seen by the Committee, to Uganda Revenue Authority to ascertain any other tax obligations owed before settling Government's obligations to JUPPCL in order to facilitate the transfer of the Plant to GoU. JUPPCL on its part clarified that it was fully compliant in terms of tax credits and NSSF obligations. The Committee tasked the Ministry of Energy to follow up on these two essential statutory obligations.	
Recommendation	
The Committee recommends that in future Government should ensure that all obligations ate met as stipulated in the agreements from both parties before negotiations for take over.	
Action	

Tax obligations are handled by URA and hence Jacobsen as a business simply informed the Ministry of Energy that it had settled its tax obligations with URA at the time of handover that Jacobsen would still exist as a business and hence they would continue managing their tax obligations with URA.

Query	**40.6 Legal Due Diligence**

Observation

The report of the Auditor General noted that there were significant compliance lapses with the legal requirements in the Implementation Agreement and other provisions such as; absence of maintenance records and a non-functional maintenance system, ownership of land on which the Plant is located, actual asset list and inventory list as required by the Generation and Sale License of 2020.

Recommendation

The Committee recommends that Government should take interest and close all non-compliance loopholes as they are prone to abuse. In future, valuation of land and buildings should be approved by the Chief Government Valuer before entering negotiations for compensation.

Action

The legal issues raised did not have material effect on the takeover process. However, to avoid further unforeseen legal challenges, a transfer agreement approved by Solicitor General was signed between the Ministry of Energy and Jacobsen.

Query	**40.7 Plant Takeover**

Observation

From the due diligence report that covered the technical, financial and legal-aspects of the Plant, there were existing liabilities by GOU to a tune of UGX 14,427,232,228 which had to be settled. In that regard, JUPPCL had insisted that GoU had to first settle all its obligations before the transfer of the power Plant despite a transfer agreement being in place. The Company contended that expiry of the Implementation Agreement without full payment by GoU would constitute a dispute.

Government on its part had committed, through the MoFPED, that it would redeem its obligations in the second quarter of the financial year and advised that GoU proceeds to conclude the transfer of the Plant to UEGCL.

Recommendation

From the foregoing therefore, the Committee advices Government to always settle its obligations in a timely manner.

Action

All outstanding obligations to JUPPCL were paid out.

Query	**40.8 General Observations**

i) JUPPCL was originally foreign owned and has since been transformed into a local company through sale of shares to Ugandans. It is therefore a fully Ugandan owned company which has built capacity on the continent in this sector. Such companies ought to be supported to realise the value of building expertise and capability which could in future be exported to generate foreign exchange.

ii) The Committee observed that whereas UEGCL is a Government agency, it is a company which is subject to the provisions of PPDA Act and Regulations. These were omitted in granting it concession by Government without giving other companies, including JUPPCL a chance to compete for the job.

iii)	Owing to the monopoly given to UEGCL, it is apparent that Government could obtain a lower bid as indeed, agreed by JUPPCL in its submission.
General Recommendations	
i.	Government should always undertake efforts to promote local companies which have demonstrated expertise and capability in specialized and technical areas. In this sector, companies like UEGCL, JUPPCL should be supported and encouraged to compete.
ii.	It is the considered opinion of the Committee that JUPPCL, which had quoted a comparatively lower cost to run the Plant be allowed to continue with the job. For example, UEGCL quoted a start-up cost of USD 30.03/MWh, a charge JUPPCL did not need to incur. Similarly, JUPPCL quoted a declared capacity charge of USD 6.60/MWh against USD 7.08/MWh of UEGCL.
iii.	Government and indeed all parties should respect and follow the PPDA Act and Regulations.
Actions	
The Ministry of Energy and Mineral Development promotes local companies. There are many companies in the electricity supply industry working especially in the power distribution and rural electrification. The Implementation Agreement between Jacobsen and MEMD was on the basis of Build, Operate and Transfer (BOT). Therefore, it was clear that Government would take over the Plant after the expiry of the Implementation Agreement. Since Government already had an agency in charge of power generation from its power plants, UEGCL was then directed to assume role of Operation and Maintenance of the power plant. As Government is already involved in power generation, it could as well do the same on Namanve Power Plant. The technical staff who were	

formerly with Jacobsen were fully absorbed and therefore, there was no competence gap on the government side.

Jacobsen may have avoided to undertake routine plant overhauls and renovations, which could have resulted into the poor plant condition. This cost burden has been borne by Government immediately after takeover of the Plant.

SECTION D: OTHER AGENCIES AND PUBLIC UNIVERSITIES	
41.0 JUDICIARY	
Query	**41.1 Performance of NTR**
Observation 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 11.043Bn during the year under review. Out of this, only UGX 5.698Bn was collected, representing a performance of 52% of the target. Shortfalls in NTR collections at the vote level result in an aggregate revenue shortfall at the treasury level, which negatively affects the implementation of planned activities at a government-wide level. Shortfalls in NTR collections at the vote level result in an aggregate revenue shortfall at the treasury level, which negatively affects the implementation of planned activities at a government-wide level. The Accounting Officer explained that the under-performance of NTR was due to the COVID-19 lockdown that resulted into the temporary closure of Courts to minimise the spread of the disease.	
Recommendation	
The Auditor General took note of the explanation by the Accounting Officer.	
Action status	
The under-performance of NTR was due to the COVID-19 lockdown that resulted into temporary closure of Courts to minimise the spread of the disease. In the subsequent year 2021/22, collection of NTR significantly improved.	

Query	41.2 Performance of GoU receipts

Observation

The Judiciary budgeted to receive UGX 221.522Bn, out of which UGX 215.502Bn was availed, resulting in a shortfall of UGX 6.02Bn, which is 3% of the budget. Revenue shortfalls affect the implementation of planned activities.

Revenue shortfalls affect the implementation of planned activities

Recommendation

The Accounting Officer was advised to liaise with Treasury to ensure that the entity receives all budgeted for funds.

Action status

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	41.3 Partial/Non-quantification and implementation of planned activities

Observation

Thirteen (13) outputs with a total of sixty-seven (67) activities were quantified, while seven (7) outputs with a total of twenty-seven (27) activities were insufficiently quantified, and six (6) outputs with a total of forty-five (45) activities were not quantified at all.

Further, of the thirteen (13) quantified outputs/activities assessed, five (5) outputs with fourteen (14) activities were fully implemented; eight (8) outputs with fifty-three activities were partially implemented**.**	
Recommendation	
The Accounting Officer was advised to quantify all outputs at the budgeting level to facilitate performance measurement. The Accounting Officer was advised to ensure that all outputs are implemented as planned. Further, all unimplemented activities should be rolled over for implementation in the subsequent period.	
Action status	
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 unimplemented and partially implemented activities were majorly trainings, workshops, travels and a few procurements which could not be undertaken due to the COVID-19 outbreak.	
Query	**41.4 Submission of 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 Q1, Q3, and Q4 after the deadline given for submission of the reports as indicated in the table below;

Table showing submission of quarterly reports

No	Details	Deadline for submission	Actual date of submission	Comment (submitted in time/ delayed)
1	Quarter One	15/10/2020	17/11/2020	Delayed
2	Quarter Two	15/01/2021	08/02/2021	Delayed
3	Quarter Three	15/04/2021	03/05/2021	Delayed
4	Quarter Four	15/07/2021	04/08/2021	Delayed

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 explained that the delay in submitting performance reports was attributed to delays in submitting case returns (case statistics) from upcountry Courts. We hope that the Electronic Court Case Management Information System, which was commissioned in October, will address this challenge.

Recommendation

The Accounting Officer was advised to prepare and submit performance reports in time, including budget monitoring plans and reports to facilitate performance tracking.

Action status

Delay in submission of performance reports arose from delays in submission of case returns from upcountry courts. 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	**41.5 Management of cases and Case backlog**
Observation The Judiciary's mandate by Article 126 (1) of the Constitution of the Republic of Uganda to administer justice through resolving disputes between individuals and between the State and individuals, Interpret the Constitution and the laws of Uganda, Promote the rule of law and contribute to the maintenance of order in society and Safeguard the Constitution and uphold democratic principles. Case backlogs are pending cases that have been in the court system for more than two years from the date of registration. Over the years, Judiciary has adopted strategies of reduction of case backlog, some of these include; case backlog reduction sessions, Plea-bargain Program, Mediation Sessions, Small Claims Procedure and mobile court sessions. The audit reviewed court cases performance reports for the financial years 2019/2020 and 2020/2021 by type, i.e., Criminal, Civil, Anti-corruption, Commercial, Family, International Crimes and Land cases. The analysis of the monthly submissions shows that outstanding cases carried over from the financial year 2019/2020 are 158,583. During the year under review, 156,574 cases were registered, which led to the accumulation of 315,157 cases. Out of these, 153,897 cases	

were disposed of (49% disposal rate), leaving a balance of 161,260 pending as of 30th June 2021. Details are in table below;

Table showing monthly court case performance

Months	BF	Registered	Total Cases	Disposed Off	Pending
July	158,583	12,219	170,802	9,534	161,268
August	163,374	13,107	176,481	13,071	163,410
September	163,410	12,271	175,681	15,083	160,598
October	160,598	11,841	172,439	15,525	156,914
November	157,894	17,103	174,997	16,577	158,420
December	157,476	12,067	169,543	13,489	156,054
January	151,589	10,018	161,607	8,499	153,108
February	153,108	14,296	167,404	12,727	154,677
March	154,677	16,991	171,668	16,817	154,851
April	154,895	15,045	169,940	14,348	155,592
May	155,592	13,329	168,921	12,841	156,080
June	158,153	8,287	166,440	5,386	161,054
Average					
Closing June 2021	**158,583**	**156,574**	**315,157**	**153,897**	**161,260**

Source: OAG analysis of statistics from the court case monthly reports

The audit also undertook an assessment of outputs under the programme of judicial services for the year under audit to establish if there has been service delivery. The audit noted the increasing case backlog. Details in the table below;

Table showing the number of disposals at court level

S.No.	Court	Audit comments
1.	Supreme court	It was noted that of the planned 120 disposals, only 102 cases were disposed of, leading to an increment in the case backlog of 18 cases representing a growth of 15% by the end of the financial year.
2.	Court of Appeal	It was noted that of the planned 1,792 disposals, only 1,504 cases were disposed of, leading to an increment in the case backlog of 288 cases representing a growth of 16% by the end of the financial year
3.	High court	Out of 29,180 planned disposals, 35,350 cases were disposed of by the end of the financial year. The audit, however observed

		that despite a disposal rate of 121%, there were instances of pending cases as follows; • 1,584 civil cases • 2,480 criminal cases • 148 Anti-Corruption cases It was also noted that out of the planned 100 staff trainings, only 43 staff were trained leaving 57 not trained as planned by the end of the financial year.

According to the statistical report on-court performance for June 2021, the Supreme Court did not dispose of any cases out of a total of 614 cases, with 606 cases brought forward from May 2021 and 8 cases registered during June 2021.

The Court recorded a decrease in case disposal from 4 cases in May 2021 to 0 cases in June 2021, which contributed to the accumulation of backlogs.

The accumulation of case backlog has been attributed to a number of factors as discussed below;

a) Delayed operationalisation of Gazetted Courts

During the year under review, it was noted that 509 courts were gazetted. However, some of them remained inactive. For instance, as of June 2021, only 243(48%) of the gazetted courts were active, while the other 266 (52%) were not active. The category of Magistrate Grade I Courts registered the lowest performance, where out of the 398 gazetted courts, only 139 (35%) courts were active, and the remaining 259 (65%) were inactive.

It was also noted that a total of 17 un-gazetted Magistrate Grade II Courts were active and operational. Details in the table below.

Table showing analysis of active courts

Court	No. of gazetted courts	No. of active courts	No. of Inactive courts	% Of courts operationalised
Supreme Court	1	1	0	100
Court of Appeal/Constitutional Court	1	1	0	100
High Court Divisions	7	7	0	100
High Court Circuits	20	14	6	70
Chief Magistrate Courts	82	81	1	99
Magistrate Grade I Courts	398	139	259	35
Total gazetted courts	**509**	**243**	**266**	
Magistrate Grade II Courts	0	17	0	100
Total	**509**	**260**	**266**	

This was attributed to limited physical and functional court infrastructure, including human resources in the gazetted courts that have not been operationalised.

a) <u>Workload for Judicial Officers</u>

During the period from January 2021 to June 2021, it was noted that there were instances when one Judicial Officer covered three (3) courts and, in exceptional cases, stretched to cover four (4) and five (5) courts. Yet, under ideal circumstances, each Judicial Officer covers one (1) court. Details in the table below;

<u>Table showing Judicial Officers Vs the number of courts covered</u>

S/No.	Rank	Courts
1	Chief Magistrate	Lira CM; Alebtong CM;Dokolo CM
2	Chief Magistrate	Masaka CM; Rakai CM; Sembabule CM
3	Chief Magistrate	Soroti CM; Kaberamaido CM; Katakwi CM Serere GI;Amuria GI
4	Chief Magistrate	Mbale CM;Sironko CM; Bududa GI Bulambuli GI
5	Chief Magistrate	Kyenjojo CM; Kyarusozi GI; Butiti GI Bufunjo GI
6	Magistrate Grade I	Kamwenge CM; Nkoma GI;Kahunge GI Kicheche GI

7	Magistrate Grade I	Dokolo CM; Amolatar GI; Namasale GI
8.	Magistrate Grade I	Semuto GI; Nakaseke GI;Ngoma GI
9	Magistrate Grade I	Kalisizo GI; Kasaali/Kyotera GI; Kakuuto GI

The low staffing levels affect the lead time for the disposal of cases. For instance, the audit undertook a review of the lead time (the time taken to complete a given case) as per the CCAS, and it was noted that all Courts, save for the Supreme Court, took extra days than was planned to complete cases. Details are in the table below.

Table showing the Average Lead time in the Financial Year 2020/21

Qtr	Court level	Civil average lead time(days)	Criminal average lead time(days)	Average lead time (days)	Average target lead time (days)	Attainment of target lead time (days)	Remark
Q1	Supreme Court	495	1043	769	1200	431	431 days earlier
	Court of Appeal/ Constitutional Court	1684	1176	1430	1400	-30	30 extra days than was planned
	High Courts (Circuits and Division)	722	670	696	500	-196	196 extra days than was planned
	Magistrate Courts	668	237	453	325	-128	128 extra days than was planned
Q2	Supreme Court	334	1218	776	1200	424	424 days earlier
	Court of Appeal/ Constitutional Court	1770	2703	2236.5	1400	-837	837 extra days than was planned
	High Courts (Circuits and Division)	813	723	768	500	-268	268 extra days than was planned

	Magistrate Courts	589	254	421	325	-96	96 extra days than was planned
Q 3	Supreme Court	119	1058	589	1200	612	612 days earlier than was planned
	Court of Appeal/ Constitutional Court	1598	2090	1844	1400	-444	444 extra days than was planned
	High Courts (Circuits and Division)	667	598	633	500	-133	133 extra days than was planned
	Magistrate Courts	759	490	625	325	-300	300 extra days than was planned
Q 4	Supreme Court	64.33	514	289	1200	911	911 days earlier
	Court of Appeal/ Constitutional Court	1674.24	2449	2061	1400	-661	661 extra days than was planned
	High Courts (Circuits and Division)	707	526	617	500	-117	117 extra days than was planned
	Magistrate Courts	513.0284	491	502	325	-177	177 extra days than was planned

Source: court case administration system

The challenges observed above, such as understaffing and long lead times, have resulted in case backlog, as evidenced by many cases that have not been disposed of for a long time. This was confirmed by an ageing analysis (refer to the table below), which showed that some cases had taken over ten years to be concluded.

Table showing Case age status as at 30th June 2021

Case Type	Under 1 year	Greater than 1 but less than 2 years	Between 2 and 5 years	Between 5 and 10 years	above 10 years	Total Pending	Total Case Backlog	%Age Back log
Supreme Court								
Criminal	107	110	164	77	20	478	261	55
Civil	80	32	21	4	0	136	24	18
Sub total	187	142	185	81	20	614	285	47
Court Of Appeal/ Constitutional Court								
Criminal	707	438	971	1,337	170	3,623	2,478	68
Civil	909	490	1,383	882	8	3,672	2,273	62
Constitutional cases	114	45	111	26	0	296	137	46
Sub total	1730	973	2465	2245	178	7591	4888	59
Arua High Court								
Criminal	114	21	93	97	17	341	207	61
Civil	160	92	232	252	237	973	721	74
Family	2	1	3	0	0	5	3	50
Land	52	28	53	10	1	144	64	44
Sub-total	328	142	381	359	255	1463	995	68
Mbarara High Court								
Criminal	272	173	205	100	-	750	305	41
Civil	442	271	303	247	44	1,308	595	45
Family	2	0	0	0	-	3	1	25
Land	104	31	26	6	1	168	33	20
Sub Total Pending	820	475	534	353	45	2229	934	42
Lira High Court								
Criminal	156	61	230	120	18	585	368	63
Civil	214	71	153	248	39	725	440	61
Family	21	10	5	-	-	36	5	15
Land	91	32	80	42	0	245	123	50

Execution	3	1	3	-	-	7	3	44
Sub Total Pending	485	175	471	410	57	1598	939	59
Soroti High Court								
Criminal	160	67	245	112	3	586	360	61
Civil	103	116	336	308	43	907	688	76
Family	1	1	1	-	-	2	1	33
Land	3	5	7	-	-	15	7	48
Subtotal	267	189	589	420	46	1510	1056	55

Source: monthly statistical report derived from Court Case Administration System

The non-operationalisation of courts, long lead times and ageing cases delayed the delivery of justice and ultimately affected the overall service delivery of the Judiciary.

The Accounting Officer explained that due to the COVID-19 Pandemic National Lock Down, Courts could only conduct limited court hearings following Guidelines from the Chief Justice's official Circular arising from the Presidential directives. There was a shortage of Judicial Officers at the Chief Magistrate Level that was exacerbated by the promotion of officers in this rank without replacements.

Furthermore, the case backlog noted by the audit has been majorly caused by the chronic underfunding of the Judiciary.

The inadequate funding meant that all gazetted courts could not be operationalised due to lack of court infrastructures and human resources.

However, effective FY 2021/2022, the funding of the Judiciary was improved from UGX 199.077Bn to UGX 376.956Bn to cater for recruitment of human resources, renovation and construction of courts, regionalization of the Court of Appeal, procurement of

vehicles, furniture, ICT software and hardware, and for recurrent expenses. It is hoped that the rate of case disposal will improve with these interventions and continued increment in funding as committed by H.E. the President to the tune of UGX 800billion.	
Recommendation	
The Accounting Officer was advised to ensure that all the gazetted courts are adequately equipped with functional and physical infrastructures to facilitate full operationalisation. The Accounting Officer was further advised to fully operationalise the Administration of the Judiciary Act 2020, which requires the recruitment of both Judicial and non-judicial staff in the different courts to decrease the lead time and conclude on the old cases.	
Action status	
The case backlog noted during the audit was being majorly caused by underfunding of the Judiciary. The inadequate funding meant that all gazetted courts could not be operationalised due to lack of court infrastructure and human resources. However, effective FY 2021/22, the funding of the Judiciary was improved from UGX 199.077Bn to UGX 376.956Bn to cater for recruitment of human resources, renovation and construction of courts, procurement of furniture, ICT software and hardware, and for recurrent expenses.	
Query	**41.6 Increase in receivables**
Observation Paragraph 31 of the Public Finance Management Regulations, 2016 provides that except in the case of a payment in advance duly authorised under section 32(3) (d) of the Act, money shall not be paid to any person other than the amount due for the value of work certified to have been done or services certified to have been performed by that person.	

It was observed that the receivables reported in note 19 (a) to the financial statements include outstanding advances to staff carried forward from the previous financial years totalling UGX 320,947,170 and advances to courts to facilitate the hearing of election petitions to resolve electoral disputes fairly and transparently of UGX 1.652Bn. The recovery of the carried forward advances appears remote, and a list of the affected officers was not available for verification. By the end of the financial year under review, the funds advanced had also not been accounted for because the hearing of the petition cases started mid Q1 of financial year 2021/2022. There is a risk of loss of public funds due to delayed recovery. The Accounting Officer explained that UGX 320,947,170 was a subject of Inspector General of Government investigation of FY 2018/19. The report is now out requesting the affected staff to refund the funds over a certain period of time. Management in liaison with the Inspectorate of Government will periodically reconcile the recovered funds for possible adjustments in the subsequent financial statements. Regarding the petition advances, the Accounting Officer explained that the Judiciary received supplementary funding for election petitions towards the end of the Financial Year. With the limited time to closure, these funds were paid out to courts for which cause listing had been generated. This period coincided with a presidential directive to lock down the country because of the COVID-19 pandemic.
Recommendation
The Accounting Officer was advised to ensure quick recovery of the funds as advised by the Inspectorate of Government. For the issue regarding the election petitions, the Accounting Officer should ensure that the activities are fully implemented, and advances accounted for.
Action status

The UGX 320,947,170 related to the FY 2018/2019 which the IGG investigation directed the affected staffs to refund the funds over a certain period of time is being remitted to the Recovery Account managed by the Inspectorate of Government.

Regarding the elections petitions, the activities were fully implemented and funds accounted for.

Query	**41.7 Domestic Arrears**

Observation

Section 21(2) of the Public Finance Management Act, 2015 provides that a vote shall not take any credit from any local company or body unless it has no unpaid domestic arrears from a debt 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.

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 and 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".

It was noted that management accrued new domestic arrears totalling UGX 4.171Bn during the financial year 2020/2021 compared to UGX 2.641Bn new arrears accrued in 2019/2020, registering an increment of new arrears of UGX 1.530Bn representing a 58% growth rate. Details are in the table below.

Table showing domestic arrears for the year 2020/21

Description	Amount-UGX
Rent	1,179,448,022
Motor Vehicle Repair costs	1,275,768,710
Purchase of motor vehicles	1,417,907,070
Motese International	57,000,000

Umeme	42,010,132
Kabira Country Club	147,689,114
M/s Uganda Fire Experts	51,422,000
	4,171,245,048

However, the entity's' statement of financial position shows an overall reduction of arrears from UGX 12,204,608,436 (2019/20) to UGX 6,894,197,936 (2020/21).

Accumulation of arrears poses a risk of litigation and payment of penalties and fines for delayed settlement.

Furthermore, a review of the approved budget estimates for the year revealed that UGX 4.019Bn (33%) was provided for settlement of domestic arrears, and an additional supplementary of UGX 4.639Bn was warranted to clear the rent arrears. This total provision for the year of UGX 8.65Bn was inadequate to pay off domestic arrears, which stood at UGX 12.201Bn. No provision was made for arrears of UGX 3.543Bn

Inadequate provision for settling arrears results in failure to pay arrears and, eventually, litigation costs.

The Accounting Officer expressed commitment to the reduction in domestic arrears but indicated that the arrears accumulated in the year under audit were incurred due to contractual/statutory obligations.

The Accounting Officer also undertook to engage Treasury to provide adequate funds to clear the arrears.

Recommendation

The Accounting Officer was advised to strictly observe the commitment control to curtail the accumulation of arrears.

Action status

Management is committed to the reduction in accumulation of domestic arrears, however, arrears were included in the following areas due to contractual/statutory obligations.

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	**41.8 Inconsistent statistics reported**

Observation

The audit noted inconsistencies in statistics reported by the Judiciary on both pending and cases handled during the period.

It was also observed that there were inconsistencies in the reconciliation of monthly opening case balances where the previous months' closing balances did not match the balance brought forward in the current months; for example, in July 2020, the closing balance was 161,268 cases, but the opening balance reported in August was 163,374 cases reflecting a variance of 2,106 cases. The variances noted are in the table below;

<u>Table showing inconsistencies in monthly opening and closing balances June 2021</u>

Months	BF	Registered	Total cases	Disposed off	Pending	Variances
July	158,583	12,219	170,802	9,534	161,268	2,106
August	163,374	13,107	176,481	13,071	163,410	0
September	163,410	12,271	175,681	15,083	160,598	0
October	160,598	11,841	172,439	15,525	156,914	980
November	157,894	17,103	174,997	16,577	158,420	944
December	157,476	12,067	169,543	13,489	156,054	4,465
January	151,589	10,018	161,607	8,499	153,108	0
February	153,108	14,296	167,404	12,727	154,677	0

March	154,677	16,991	171,668	16,817	154,851	44
April	154,895	15,045	169,940	14,348	155,592	0
May	155,592	13,329	168,921	12,841	156,080	2,073
June	158,153	8,287	164,367	5,386	158,981	

Source: OAG analysis of statistics from the court case monthly reports

The audit analysed the court performance report for the financial year in comparison with the monthly data reports, and it was further noted inconsistencies in the number of cases reported as disposed of.

According to the court performance report for the financial year under review, a total of 156,875 cases were disposed of at the Supreme Court, Court of Appeal, and High Court and in the Magistrate Courts; however, only 153,897 cases were reported as disposed of by the Data Management department reflecting a variance of 2,978 cases.

This was attributed to failure to fully deploy and operationalise the web based CCAS in the various courts.

When relied upon, inconsistent data may impair the decision-making process of the stakeholders who primarily rely on the data.

The Accounting Officer explained that a data cleaning exercise had been done in the 19 courts where the ECCMIS is being implemented under Phase I. The same exercise will continue as the ECCMIS is rolled out countrywide.

Recommendation

The Accounting Officer was advised to conduct Court Case Census and Data Cleaning exercises to harmonise the data on the system and the physical data. The Accounting Officer should also expedite developing and implementing a robust institutional strategy/program on data production, quality, and use.

Action

Data cleaning exercises were carried out in all ECCMIS pilot courts in FY 2021/22 and the Judiciary shall continue to do so as the system is rolled out. The Judiciary also plans to conduct a countrywide Court Case Census in the FY 2023/24.

Query	41.9 Delays in the implementation of the Electronic Court Case Management Information System (ECCMIS)

Observation

The Judiciary has been using the Court Case Administration System (CCAS) to manage case records for the last twenty years. Over the years, the CCAS has evolved into different versions to address user requirements and technological changes.

This, therefore, necessitated the redevelopment of the Court Case Management System with e-Filing capabilities now referred to as the Electronic Court Case Management Information System (ECCMIS).

In 2019, Judiciary procured the Electronic Court Case Management Information System **(ECCMIS)** software, which was supposed to have the following capabilities;

A fully featured system that automates and tracks all aspects of a case life cycle from initial filing through disposition and appeal to each party for any case type.
Founded on the Judiciary existing and optimized business rules and processes, requiring minimal human intervention.
Able to facilitate the efficient and reliable collection, organization, distribution and retrieval of significant amounts of case-specific data and the processing of payment of relevant court fees and fines by the Citizens.
Able to generate reports from the system for decision making.

A review of the implementation of ECCMIS revealed Delayed implementation of ECCMIS. On 16th September 2019, Management contracted Synergy International System in a joint venture with Sybyl Limited to design, develop and maintain ECCMIS at a cost of USD. 2,510,233 (UGX 9.277Bn). According to the ECCMIS implementation plan and Synergy inception report, the project development was to be broken down into two major phases. According to the inception report, the proposed approach would enable the Judiciary to pilot the system with the core functionalities to achieve the desired results by May 2020 in Nineteen (19) courts.

After the roll-out of Phase 1 in the Nineteen (19) courts, the roll-out in the remaining courts would be done continuously in parallel with the development of the remaining functionality. However, during the year, the execution division that was originally planned in phase 1 rollout plan was disbanded, consequently reducing the phase 1 courts to eighteen (18).

According to the implementation plan, ECCMIS was supposed to be rolled out to eighteen (18) stations by May 2020, as shown in Table 14 below. By the end of June 2021, a total of UGX 2.664Bn had been spent on this project. However, none of the eighteen (18) courts had been connected, and none was fully operational at the time of audit on 8th October 2021. The overall deployment in 476 court stations is expected to be completed by 25th October 2022.

Table showing the list of courts to be connected in phase 1

S/No	Court	Location
1	Supreme Court Kampala	Kampala
2	Court of Appeal/ Constitutional Court	Kampala
3	Anticorruption Division of the High Court	Kampala
4	Civil Division of the High Court Kampala	Kampala
5	Family Division of the High Court	Kampala
6	Land Division of the High Court	Kampala
7	Criminal Division of High Court Kampala	Kampala
8	commercial Division of High Court	Kampala
9	International Crimes Division of High Court	Kampala
10	Chief Magistrates Court Buganda Road	Kampala
11	Chief Magistrates Court Mengo	Kampala
12	Chief Magistrates Court	Kampala
13	Chief Magistrates Court Makindye	Kampala
14	Jinja High Court	Jinja
15	Jinja Chief Magistrates Court	Jinja
16	Bugembe Grade l Magistrates Court	Jinja
17	Kakira Grade.1 Magistrates Court	Jinja
18	LDC Grade l Magistrates Court	Jinja
Grand Total		**18**

Phase 2 was supposed to include all other Court Levels, including the remaining High Court Circuits and all courts in the magisterial area, as summarised in the table below.

Table showing list of courts to be rolled out in phase II

No	Courts II	Number
1	High Courts Circuits	19
2	Chief Magistrates Court	81
3	Magistrates Grade One Courts	345
4	Magistrates Grade Two Courts	31
	GRAND TOTAL	**476**

The audit also reviewed the ECCMIS implementation plan and the progress report and noted significant delays in the implementation of other core activities at every phase of the implementation plan as summarized below;

i) It was noted that an overall average delay of 3 months; the Go-live had been scheduled on 7th June 2021, but by 11th October 2021, this had not been done
ii) Data migration of the Phase 1 stations from CCAS into the new integrated ECCMIS had not been performed. The project was still at the design and development stage at the time of the audit.
iii) The Change management training was still ongoing as of 6th October 2021, yet the training was scheduled for 23rd October 2020.
iv) The audit further noted that some planned activities were not implemented, such as the migration of data for phase 1 entities from the court case administration system (CCAS) to ECCMIS.

Further delays in the implementation and roll-out of ECCMIS may affect the timely achievement of the project objectives of automating 476 court stations by 25th October 2022.

The Accounting Officer explained that after the contract was signed on the 16th September 2019, Go-live was planned for 7th June 2021. However, since the contract signing, the ECCMIS activities that involve continuous engagements between the Client and Contractor were affected by the COVID-19 Pandemic lockdowns.

Further, training of ECCMIS End-Users had been planned for June 2021, after which we would have the Go-Live. Therefore, the ECCMIS could not Go-live as planned. However, the ECCMIS was commissioned on the 19th October 2021, and the Go-Live is scheduled at the New Law Year that will take place on the 4th February 2022, starting with 18 Phase I courts since the Execution Division was disbanded.

Recommendation

The Accounting Officer was advised to expedite the process of installing and rolling out the ECCMIS to all the Judiciary stations to promote efficiency in the courts.

Action status

It is true the ECCMIS implementation is behind schedule.

The ECCMIS was launched on 1st March 2022.

i) A total of 8No. Court Stations are running ECCMIS namely: Supreme Court, Court of Appeal, Land Division, Commercial Court, Civil Division, Luwero High Court, Mengo Chief Magistrates Court and;
ii) By the end of July 2023; additional 4No. Court Stations will be covered namely: Criminal Division, International Crimes Division, Buganda Road Chief Magistrates Court and Standards, Utilities and Wild Life Court.

42.0 UGANDA PRISONS SERVICE

Query	**42.1 Under Absorption of Funds**

Observation

Out of the total warrants of UGX 310.8Bn received during the financial year, UGX 306.5Bn was spent by the entity resulting in an unspent balance of UGX 4.4Bn representing an absorption level of 98.6%. 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; the payment of staff salaries. The Accounting Officer explained that Uganda Prisons Service had planned and secured Authority to recruit and train staff during the financial year. However due to the lockdown caused by COVID-19, gatherings and movements were restricted which resulted into delays in conducting the planned recruitment, and hence the allocated wage not being fully absorbed.	
Recommendation	
The Accounting Officer was advised to develop strategies to implement activities even during COVID-19 challenges.	
Action status	
Under absorption was on unspent salary due to delayed recruitment. Delayed recruitment was due to COVID-19 lock down restrictions. All staff were recruited as planned and accessed the payroll.	
Query	**42.2 Insufficiently Quantified 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. The audit sampled fourteen (14) outputs with a total of eighty-seven (87) activities and expenditure of UGX 316.2Bn for assessment. The audit also reviewed the extent of quantification of outputs and activities and noted the following; • Ten (10) outputs with a total of fifty-seven (57) activities and expenditure worth UGX 293.82Bn were fully quantified. That is,	

all the fifty-seven (57) activities (100%) within these outputs were clearly quantified to enable the assessment of performance.

- Four (4) outputs with a total of thirty (30) activities and expenditure worth UGX 22.36Bn were insufficiently quantified. It was observed that out of the thirty (30) activities, twenty-three (23) activities (77%) were quantified while seven (7) activities (23%) were not clearly quantified to enable assessment of performance

It was 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;

- Assorted stores and office equipment procured to operationalise new prisons at Sheema, Kyenjojo, Nwoya and Mutuufu
- Farm machinery and equipment maintained
- Quality assurance ensured
- Assorted security equipment procured to enhance the security of prisons
- Assorted industrial production materials procured to enhance production
- Industrial equipment and machinery maintained

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 failure to quantify all outputs and activities was due to limitation of characters on the budgeting System (PBS), and some activities being of classified nature such as purchase of guns whose details could not be disclosed. The Accounting Officer further indicated that the details of the activities are usually provided in the work plans and promised that efforts will always be made to try as much as possible to have all outputs and activities quantified	
Recommendation	
The Accounting Officer was advised to liaise with the Ministry of Finance, Planning and Economic Development and ensure that the limitations on the PBS preventing the full capture of all details are addressed.	
Action status	
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	**42.3 Implementation of quantified outputs**
Observation The audit assessed the implementation of ten (10) outputs that were fully quantified with a total of fifty-seven (57) activities worth UGX 293.82Bn and noted the following; • Four (4) outputs with a total of seven (7) activities worth UGX 104.4Bn were fully implemented. The entity implemented all seven (7) activities (100%) within these outputs. • Six (6) outputs with a total of fifty (50) activities worth UGX 189.4Bn were partially implemented. Out of the fifty (50) activities, the entity fully implemented twenty-eight (28)	

activities (56%), partially implemented twenty (20) activities (40%), while two activities (4%) were not implemented at all.

Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the entity did not implement the following activities despite receiving the required funds.

1. Refurbishment of the Prisons headquarters
2. Opening of boundaries at Lotuturu, Rubanda, Ibuga, Kibale and Buhweju among others.

The Accounting Officer explained that non-implementation and partial implementation of activities was majorly due to inadequate release of budgeted funds and the outbreak of COVID-19 pandemic.

Recommendation
The Accounting Officer was advised to consider implementing the partially implemented activities in the subsequent budget.
Action status
Non-implementation and partial implementation of activities was majorly due to inadequate release of budgeted funds and the outbreak of the COVID-19 pandemic. However, all of these activities were incorporated in the FY 2021/22 and FY 2022/23 Budget.

Query	**42.4 Accumulation of Domestic Arrears**

Observation

The analysis of the accumulation of domestic arrears over the past three years shows a decreasing trend from UGX 65.97Bn in 2018/2019 to UGX 62.345Bn in 2020/2021. The table below refers;

Table showing the trend of arrears at Uganda Prisons Service

Category	2018/2019	2019/2020	2020/2021
Salaries and wages	811,017,506	153,342,753	79,120,256
Pension and Gratuity	6,623,985,937	6,236,742,444	6,311,582,289
Goods and services	42,643,365,060	40,889,961,155	49,436,755,628
Utilities – Water	2,060,810,493	3,412,868,548	3,740,502,881
Utilities – Electricity	14,068,849,411	9,541,588,199	2,767,273,630
Total	**65,970,410,007**	**60,234,503,099**	**62,335,234,684**

Further analysis indicated a 20.8% increase in goods and services from UGX 40.9Bn in 2019/20 to UGX 49.4Bn in the current year.

The outstanding balance of domestic arrears of UGX 62,335,234,684 as at 30th June 2021 is quite significant as it comprises 19.7% of the total budget of prisons. If it is not properly managed and controlled, it could easily grow to uncontrollable levels.

Continued incurrence of domestic arrears hampers budget performance in the subsequent year as outputs anticipated in the appropriated budget cannot be attained due to settlement of the arrears.

Management attributed the accumulation of domestic arrears mainly to the increase in prisoner population without a corresponding increase in the Prisons Budget as well as to the outbreak of COVID-19 pandemic as UPS had to contend with a big number of prisoners and had to take all measures necessary to keep them safe.

Recommendation

The Accounting Officer was advised to strictly adhere to the commitment control system to prevent the accumulation of domestic arrears. The Accounting Officer was also advised to continue engaging Ministry of Finance, Planning and Economic Development to ensure sufficient budget provisions are made to settle all outstanding domestic arrears or seek for reallocations to clear unbudgeted for arrears.	
Action status	
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	**42.5 Overcrowding in prison cells**
Observation Strategic objective 1 of the Uganda Prisons Strategic Development Plan 2020-2025 aims to provide safe, secure and humane custodial services for the transformation of prisoners through the goal of transforming every prisoner into a responsible, law-abiding and economically productive citizen. This will contribute to the National Development Plan III through Governance and Security programme, which aims at strengthening people-centred delivery of security, justice, law and order services by setting up or constructing adequate and appropriate infrastructure for delivery of security, rehabilitation of offenders, health services and prisoners' welfare. This was to be achieved by building more prisons to decongest the existing ones and reduce occupancy capacity from the baseline of 293% to 286%.	

However, a review of the performance of the previous strategic plan indicated that congestion of prisons increased from 291.5% in 2017/2018 to 321.1% in 2020/2021. Despite the strategic interventions undertaken by UPS through building additional prison wards, congestion in prisons remains a significant challenge since prisoners housing has only increased by 1% over the same period of assessment. Therefore, the current population is more than the holding capacity of the cells/stations, with some prison stations such as Mbarara, Fort Portal, Ndorwa and Muinaina prisons, among others holding up to more than 400% of their current holding capacity. This compromises the welfare of the inmates and may result in a number of health risks such as the quick spread of diseases and compromising on sanitation. The existing congestion has proved a challenge for the prisons' service when implementing Standard Operating Procedures (SOPs) to reduce the spread of COVID-19. It has also posed a challenge in separating different categories of offenders to break the cyclic chain of crime and violence. The Accounting Officer attributed the overcrowding in prisons to a high prisoner population growth rate, a change in a sentencing regime of convict prisoners from short to longer sentences, indeterminate sentences to prisoners and an increase in the average stay on remand by offenders. The Accounting Officer further explained that the Service has however put in place mitigation measures including construction of more prisons with larger capacities, expansion of prisons wards and internal transfers of prisoners from highly congested prisons to low congested prisons.
Recommendation
The Accounting Officer was advised to continue engaging the responsible stakeholders for more support to address the challenge of accommodation for prisoners.

Action status	
The Prison service undertook the following measures to tackle the issue of congestion in prisons; i) The service completed construction of Kitalya Mini Maxi prison, Sheema, Kyenjojo, Nwoya, and Mutufu; and expansion of Masaka and Katwe prisons ii) Expansion of prisoners' wards at Lira, Kiruhura and Kamuli completed; Ongoing at Rukungiri, Lamwo and Ntungamo iii) Internal transfer of prisoners from highly congested prisons to low congested prisons	
Query	**42.6 Poor sanitation**
Observation The strategic Investment plan IV of Uganda Prisons Services for the period 2020/21-2024/2025 highlighted 100% elimination of the use of the bucket system in prisons cells as one of its objectives in efforts to protect and promote human rights and welfare of prisoners and staff through Construction of waterborne toilets and rehabilitation of sanitation systems. The soil bucket system is where inmates ease themselves in buckets in their cells due to lack of toilet facilities Uganda Prisons has employed resources to achieve the above target and managed to reduce the stations using the bucket system in 226 stations (87.3%) out of 259 stations across the country. Despite management efforts to reduce the bucket system, it was noted that a total of 33 prisons stations (12.7%) still use the bucket system. The bucket system may turn the prisons cells into a breeding centre for diseases. Besides, the poor hygienic systems result in the violation of the prisoners' rights. The Accounting Officer explained that the bucket system had been eliminated in all prisons that have structures which can accommodate water borne facilities. Of the 29 prisons still using the bucket system,	

21 are housing inmates in uniports, while 8 have inmates in small single roomed houses at sub-counties (Former Local Administration Prisons) which also cannot have water borne facilities, but the plan is to replace them with permanent structures that have water borne facilities.	
Recommendation	
The Accounting Officer was advised to liaise and lobby the JLOS SWAP Secretariat, the Ministry of Finance, Planning and Economic Development, Parliament and donors to ensure that their efforts towards the elimination of temporary holding facilities and the bucket system are supported.	
Action status	
The bucket system has been eliminated in all prisons that have structures which can accommodate water borne facilities. Support has been received for construction of permanent structures and hence elimination of bucket system at Lira, Ntungamo, Rukungiri, Sheema, Nwoya, Kyenjojo, Mutufu, Kamuli, and Kiruhura Prisons. The Service is continuing to engage all stakeholders for support towards establishment of permanent structures and complete elimination of the bucket system.	
Query	**42.7 Over stay of prisoners**
Observation One of the main functions of UPS is to ensure that every person detained legally in prison is kept inhumane, safe custody, produced in court when required until lawfully discharged or removed from prison. Specifically, the production of prisoners (mostly remand prisoners) is one of the core and regular functions performed by the service almost daily to reduce the remand population in custody and	

length of stay on remand. This is done by linking remand prisoners with other actors in the Criminal Justice system.

One of the objectives of the Uganda Prisons strategic Plan, 2020-2025, is to contribute to access to justice. The set target of remand to convicts ratio was 46%, and the average length of stay on remand was set at 12 months and 2 months for capital and petty offenders, respectively. The main aim of this was to address the problem of long-stay on remand, high remand population and the observance of the right to a fair and speedy trial.

The total number of remand prisoners is 32,409 (50.5%) out of the total prisoner population of 64,186 prisoners. The proportion of remand prisoners reduced from 55.1% in FY 2016/17 to 50.5% in FY 2020/2021. On the other hand, the prisoners' length of stay on remand increased from 10.5 to 18.8 months for capital offenders and from 2.6 months to 3.8 months for petty offenders.

Analysis of the population of prisoners currently on remand revealed that the performance in achieving this objective was still unsatisfactory against the set targets. A number of prisoners had stayed for long periods on remand and in some cases without being produced in court.

For instance, out of the 32,409 prisoners on remand, a total of 13,933 prisoners had overstayed on remand. Of these, 10,162 (80.3%) were capital offenders, while 3,771 (26.9%) were petty offenders. The number of prisoners who have stayed for more than 60 months on remand increased more than three times within the assessment period.

Table showing length of stay on remand

Time/Nature of Offence		**Capital Offenses**		**Other Offences**		
Period Spent on	**Total**	**Committed to High Court**	**Not committed to**	**Petty offences**	**PMO**	**Military court**

Remand (months)			the high court			
0-2	12501	455	1291	10747	-	8
3-6	5491	957	1292	3233	-	9
7-12	1987	1212	318	449	1	7
13-23	3408	3056	170	161	-	21
24-36	2487	2424	62	1	-	-
37-48	1367	1349	18	-	-	-
49-60	677	676	1	-	-	5
More than 60	261	238	-	-	23	-

Overstay on remand affects the delivery of justice to these suspects and is an infringement of the rights to a fair and speedy trial.

The Accounting Officer explained that prisoners who overstay on remand are those who have been committed to the High Court and have no defined mandatory period to be on remand.

Uganda Prisons Service is also continuously engaging other Criminal Justice Agencies to develop mechanisms aimed at reducing the average length of stay on remand for prisoners. Such interventions have included liaising with Uganda Law Reform Commission in Partnership with Law Development Centre to offer *Pro Bono Services* to prisoners.

Recommendation

The Accounting Officer was advised to continuously engage the other justice agencies such as the Police, the Directorate of Public Prosecutions, and the Courts to develop strategies to address this problem.

Action status

UPS has been in constant engagement with actors in the criminal justice system. This has reduced remand population from 51% in FY 2020/21 to the Current 49.3%.

However, length of stay on remand is still very high at an average of 21 months compared to the mandatory period of 6 months for capital offenders and an average of 3.2 months compared to the mandatory period of 2 months for petty offenders.

Query	**42.8 Inadequate staff accommodation**

Observation

The Strategic Investment Plan V of Uganda Prisons Service includes a plan to improve the welfare of prison's staff through providing adequate staff accommodation.

A review of the adequacy of the accommodation for Uganda Prisons staff revealed that accommodation currently stands at a deficit of 7,217 (65.1%) housing units as indicated in the **table** below;

Staff Housing Status Category	**Number of staff**	**Percentage (%age)**
Staff in permanent houses	3,772	34.3
Staff in temporary houses/shelters/not accommodated	7,217	65.7
Total	10,989	100

There is currently no clear plan of how the recruited staff will be accommodated since the currently constructed staff houses are still inadequate for the staff in post. When the above staff are passed and deployed, it will mean that the number of staff in temporary houses or not accommodated at all will be 9,353, which is 71.3%.

The above statistics will worsen with the deployment of 97 cadets who were recently passed out and over 2,039 recruits currently undergoing training at Kitalya.

This current state of accommodation for staff is a big challenge and could be one of the key factors for the high staff attrition rate of 38.7% due to desertion. The Accounting Officer explained that the service has constructed over 1,727 housing units in the last five years and the service had developed an infrastructure development plan aimed at constructing more staff houses. However, the rate of increase in the number of prisons staff over the same period has exceeded the growth in the stock of staff houses, thus leading to housing shortages.	
Recommendation	
The Accounting Officer was advised to lobby for more support to ensure that the infrastructure development plan is approved. In the meantime, management should plan for more accommodation facilities for the staff by increasing funding for the low-cost houses and supporting the Officers in Charge (OCs) housing initiatives using the Force Account mechanism.	
Action status	
UPS has engaged an Infrastructure Developer to construct 15,000 staff housing units for Uganda Prisons Service. Negotiations are ongoing.	
Query	**42.9 Staffing gaps**
Observation The Government of Uganda has been implementing Public Service Reforms since the 1990s geared towards cultivating a performance culture focused on results, excellence and professionalism. Consequently, many performance management initiatives have been introduced to enhance performance and service delivery in the Public Service. To implement the staff performance management initiatives, public service issued Circular Standing Instructions No. 1 of 2010,	

Circular Standing Instruction No. 1 of 2016, Public Service Standing Orders 2010, Circular Standing Instruction No.1 of 2011 to offer guidance to MDAs and Local Governments in undertaking the different activities on staff performance management. It was noted that Uganda Prisons Service has an approved organisation structure comprising of 49,470 staff, out of which 12,860 (26%) posts have been filled with 12,396 uniformed staff and 464 civilian staff, leaving a balance of 36,610 (74%) posts vacant. This has led to a high staff-to-prisoner ratio of 1:8 instead of the required ratio of 1:3 and planned ratio of 1:5 and might also be responsible for the high prisoner escape rate of 7.7 per 1,000 prisoners compared to the expected rate of 5.3 per 1,000 prisoners. Understaffing leads to non-achievement of the set targets and increases work fatigue on the few staff. The Accounting Officer explained that the new prison staff structure of 49,470 was approved on 8th June 2016 and is being implemented in a phased manner dependent on availability of funds from the Ministry of Finance, Planning and Economic Development and authority to recruit by Ministry of Public Service.
Recommendation
The Accounting Officer was advised to continue liaising with the Ministry of Finance, Planning and Economic Development and the Ministry of Public Service to ensure that the vacant posts are filled.
Action status
The Service is in constant discussions with both MoFPED and MoPS to provide for the required wage bill and clear recruitment of staff respectively to fill the vacant posts. For FY 2022/23, the Service has been allowed to recruit 1,720 recruit warders and wardresses and 201 Cadet officers who are currently undergoing training in the Prisons Training school.

Query	42.10 Inadequate vehicles to transport inmates to Courts of Law

Observation

Section 5(a) Prisons Act, 2006 states that Uganda Prisons Service shall ensure that every person detained legally in prison is kept in humane, safe custody, produced in court when required until lawfully discharged or removed from prison.

It was noted that sixty-seven (67) of the prison stations did not have buses to enable safe and secure transportation of prisoners.

This has resulted into delayed delivery of prisoners to courts, transportation of high-risk inmates on open trucks, and prisoners and staff walking long distances to attend court.

The Accounting Officer attributed the lack of sufficient transportation for prisoners to court to inadequate budgetary allocations by the Ministry of Finance, Planning and Economic Development for the procurement of vehicles and the ban on purchase of vehicles.

However, the Service continues to engage with the Ministry of Finance, Planning and Economic Development and have since been allocated UGX 4.8Bn in the budget for the financial year 2021/2022 for the procurement of vehicles.

Recommendation

The Accounting Officer was advised to prioritize the procurement of vehicles to be used to transport inmates to Court.

Action status

In FY 2020/21, the Service requested and was allowed to purchase vehicles. As a result, Ushs.4.8bn was allocated in FY 2021/22 for purchase of vehicles. Out of these, 2 buses and 3 mini-buses were procured.

Ushs.1.875bn has been allocated for purchase of vehicles for FY 2022/23, out of which 3 buses will be procured.

UPS has also secured Ushs.1bn under Administration of Justice Program for procurement of 4 buses in FY 2023/24.

Query	**42.11 Delay in completion of the Prisoners Management Information System**

Observation

The Strategic Development Plan of Uganda Prisons provides for the development and establishment of Prisoners Management Information System (PMIS) to facilitate accurate and timely processing of prisoner's data in all the 259 prison stations throughout the country.

In June 2019, Uganda Prison Services signed a contract with M/s Sybyl Ltd to provide consultancy services for the development of the Prisoners Management Information System at a cost of UGX 501,664,377. The project was to be completed within two years.

A review of the status of implementation of the contract revealed that funds for the project were held on a local letter of credit pending payment of the consultant, upon completion of Prisoners Management Information System. It was observed that the supplier failed to complete the development of the system, and the unpaid balance of UGX 317,273,477 was subsequently swept back to the consolidated fund in June 2020. Funds for the completion of the project were not re-appropriated for the financial year 2020/2021 and as a result, the project had not been completed by the time of audit.

The failure to complete the project delays the realisation of the anticipated benefits and may also result in wasteful expenditure is

case the project is not completed. It further leads to the accumulation of arrears that could have been avoided if the funds secured through the LC had been utilised. The Accounting Officer explained that the Management Information System is still being developed remotely although it experienced delays given that the developers who are based in India were greatly affected by the COVID-19 pandemic and their company suspended all the international operations. The expected completion date of the project development is January 2022.	
Recommendation	
The Accounting Officer was advised to prioritize and fast-track the completion and operationalization of the project if the anticipated benefits are to be achieved.	
Action status	
The delay in development of PMIS was caused by Covid-19 as the developers were based in India that was greatly affected by the pandemic. The Company suspended all the international operations but the development continued remotely. This has however, been concluded and the software has been received and is in use.	
Query	**42.12 Challenges in land management**
Observation The audit observed challenges in land management including encroachments, land disputes and encumbrances. Out of 158 pieces of land of different sizes in the different parts of the country, only 52 pieces were surveyed and titled, 17 pieces were surveyed but still not yet titled, while 89 pieces were not yet surveyed. Furthermore, the UPS did not have land surveying equipment.	

Recommendation	
The Accounting Officer was advised to undertake a verification exercise to establish how much prison land has been encroached on and secure all prisons land especially land located in prime areas. The Auditor General awaits the outcome of management's undertaking.	
Action status	
UPS has a Prisons Land Board which is undertaking a verification exercise to establish how much prison land has been encroached on.	
43.0 UGANDA POLICE FORCE	
Query	**43.1 Strategic plan**
Observation Paragraph 5 of the budget execution circular for the financial year 2020/2021 sights 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, it was noted that Uganda Police Force submitted the draft strategic plan to the National Planning Authority on 24th November 2021 for approval. However, at	

the time of audit (December 2021) a certificate of approval had not yet been issued. 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. Management responded that the strategic plan had been finalised and submitted to the National Planning Authority for certification.
Recommendation
The Accounting Officer was advised to follow up with the NPA to ensure that the strategic plan is expeditiously approved for implementation.
Action status
The UPF strategic Plan was developed and approved by National Planning Authority.

Query	**43.2 Absorption of funds and implementation of activities**
Observation Out of the total GoU receipts for the financial year of UGX 1,043.5Bn, only UGX 1,040.2Bn was spent by the entity resulting in an unspent balance of UGX 3.4Bn representing an absorption level of 99.7%. As a result, it was noted that of the twenty-eight (28) fully quantified activities worth UGX 207.3Bn assessed, three activities representing 11% were fully implemented, while 25 activities representing 89% were partially implemented.	
Recommendation	

The Accounting Officer was advised to ensure that planned promotions are budgeted for and implemented in the following financial year. The Accounting Officer was advised to in future seek for approval of reallocations or virement in line with the PFMA 2015 or apply for supplementary funding availed from the contingencies fund to cater for unforeseen events.
Action status
The funds were meant for the following; i) Promotions that did not take place in the year under review though these were eventually done ii) Attrition within the Financial Year (Death, Retirement, desertion)

Query	**43.3 Off-budget financing**
Observation Section 43 (1) of the PFMS 2015 provides 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 Uganda Police received off-budget financing to a tune of USD.1,130,896 and Euro.1,982,969 (the equivalent of UGX 12.4Bn), which was not declared to treasury and therefore, not appropriated to the entity by Parliament. These funds were received directly from the African Union and the European Union for undertaking AMISOM activities not budgeted for. Details in the **Table** below;	

No	Source	Currency	Amount	Purpose
1	African Union	USD	1,130,896.17	African Union Mission in Somalia (AMISOM) operations
2	European Union	Euro	1,982,969.25	African Union Mission in Somalia (AMISOM) operations

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 window for capturing the off-budget support had not yet been operationalised on the PBS system.

Recommendation

The Accounting Officer was advised to liaise with the Ministry of Finance, Planning and Economic Development and ensure that the functionality for capturing off-budget receipts on the PBS is operationalized to enable the capture of all extra-budgetary funds.

The Accounting Officer is further advised to ensure that all external funding is captured in the budget appropriated by Parliament.

Action status

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 authorizations by the Minister of Finance, Planning and Economic Development.

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	**43.4 Service delivery**

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
123502 Crime Management	11800 canine tracking Performed.	9,185 canine tracking's were carried out in the year of review. As a result of the canine tracking's 5,662 (or 62%) arrests were made. Therefore, service delivery to the community was **partially** achieved.
	Canine services coverage extended to 20 new upcountry canine units so as to increase Upcountry Units from 65 to 85 units, thus bringing Canine Services nearer to the public.	During the year, the canine services coverage was extended to 3 additional upcountry units, bringing the total coverage to 68 districts. This represents a coverage of 43% out of the 157 policing districts in Uganda. The coverage by the canine services was further hampered by the lack of appropriate means of transportation. For instance, whereas the force needs at least sixty-eight (68) specialized canine vehicles for the upcountry units, the force only had fifteen (15) or 22% vehicles. This implies that service delivery of canine services to the general public is severely limited.
123502 Crime Management	Casefile management automated for efficient	The Crime Records Management system for the automation of cases under investigation is yet to be

	investigation of criminal complaints by the public.	operationalized and linked to other actors, including Uganda Prisons, the courts and the Directorate of Public Prosecution. As a result, case files are still manually managed resulting in delays and inefficiencies. As a result, service delivery to end users may not be achieved.
122577 Purchase of Specialised Machinery& Equipment	CCTV Project Implemented beyond Kampala, Wakiso and Mukono	Implementation of phase II of the CCTV was still ongoing. The Project had been rolled out to other parts of the country beyond Wakiso and Mukono. Project activities implemented involved the laying of the fiber optic cable and installation of CCTV cameras. Therefore, service delivery has largely been achieved
123472 Government Buildings and Administrative Infrastructure	Soroti & Mbarara Regional mechanical workshops constructed.	Construction of the regional mechanical workshop was completed in Soroti On the other hand, the construction of the Mbarara regional mechanical workshop was not completed. It was observed that the installation of equipment for motor vehicle repair was yet to be acquired, installed and utilized. As a result, most vehicles in need of repairs have to be moved to the Police Mechanical Workshop in Kampala. The resulting delays for repairs may impact on the level of policing services at the region.

The delays in achieving the intended services from the implemented outputs negate the purpose of budgeting and implementing these activities.

The Accounting Officer explained that the distortion in the delivery of outputs was caused by the COVID-19 pandemic, which disrupted

production and supply chains, including the planned procurement of mobile kennels and equipment for the mechanical workshops that had to be imported.	
Recommendation	
The Accounting Officer was advised to devise strategies and plans for such contingencies to limit their impact on the entity's ability to deliver on its mandate.	
Action status	
The Canine Unit has expanded from 10 upcountry units in 2012 to now 83 stations with 68 districts covered. The expansion program is still ongoing, the unit will expand to 4 more districts and in the subsequent years, it will further increase by 15 new districts.	
Query	**43.5 Case backlog**
Observation A review of statistics relating to the detection, prevention, and investigation of crime shows an unsatisfactory performance in the investigation of crimes reported. The available statistics indicate that for the last five years, a total of UGX1,145,954 cases were reported to Uganda Police Force for possible investigation. Out of these 814,384 (71.1%), cases were considered for investigation and possible prosecution. Despite receiving funding from the Government of Uganda and the JLOS project, Uganda Police Force has only completed investigations for 331,584 (40.7%) cases leaving a backlog of 445,976 cases whose investigations are yet to commence or be completed. Furthermore, out of the 445,976 backlogs of cases, 291,060 (65%) have been pending for three (3) or more years. The table below refers;	

Table showing performance in the investigation of crime

Year	Total reported	Still Pending Investigations	Not proceeded with	Taken to court	% successfully investigated and taken to court
2016	243,988	95,270	88,256	60,462	24.8
2017	252,065	105,017	80,422	66,626	26.4
2018	238,746	90,773	74,938	73,035	30.6
2019	215,224	79,117	61,311	74,810	35
2020	195,931	75,799	63,481	56,651	30
Total	**1,145,954**	**445,976**	**368,408**	**331,584**	**28.9**

Delays in completing investigations adversely affect complainants as they lose hope that an adequate investigation will be conducted, and justice served. Delays are also unfair to those who have had complaints filed against them, who are presumed to be innocent until proven guilty and who usually incur costs in the course of investigations.

For example, these individuals may have to retain legal counsel for the duration of the investigation and trial, which is both costly and demoralising, while those held in prisons pending the completion of investigations may have to suffer significant injustices and denied human rights from incarceration without trial.

The Accounting Officer attributed the underperformance to perennial underfunding of the force, lack of sufficient consumables resulting in delays processing of scientific evidence, and language barriers that delay the progress of investigations.

Recommendation

The Accounting Officer was advised to engage with the Ministry of Finance, Planning and Economic Development and other stakeholders to obtain adequate funding. In addition, management

should expedite the deployment of the Crime Records Management System and hire language experts to improve the investigation times for cases.	
Action status	
The deployment of the Crime Records Management System and hire of language experts to improve the investigation of cases has been initiated.	
Query	**43.6 Failure to budget for maintenance of CCTV cameras**
Observation Uganda Police implemented a CCTV project for city and countrywide surveillance starting in the financial year 2019/20 as a mechanism for monitoring the general population to prevent crime and terrorists to improve security. The total project cost so far has been over USD.120 million. Uganda Police relies heavily on the information gathered through CCTV. However, to operate efficiently, the system infrastructure needs to be supported with maintenance funds which are applied to recurrent costs of power bills from the grid, fuel and servicing for backup generators and power supply, payments for outsourced services that support the network, provision of regular workforce for fixing of hardware such as the fibre optic cable and the timely procurement of spares through framework contracts. Although the CCTV require system maintenance expenditure of approximately UGX 10Bn annually, it was observed that there is no budgetary provision for system maintenance in the approved UPF budget. The failure to provide a budget for the continuous maintenance of the CCTV equipment may result in sub-optimal performance of the project	

or even result in the failure of the installed equipment to achieve the required performance. Non-maintenance or untimely maintenance may reduce the expected overall life cycle of the project. The Accounting Officer explained that a budget estimate of UGX 10Bn was presented to MoFPED for the maintenance of the facility in terms of spare parts, software licenses and outsourced works and services, warehousing and motor vehicles to support the routine maintenance of the CCTV network.	
Recommendation	
The Accounting Officer was advised to liaise with relevant stakeholders and ensure that adequate budgetary provisions are made to ensure the continuous maintenance of the project equipment. In the future, when budgeting for such high-value projects, management should plan for and obtain the funding for the full life cycle costs of the project before project implementation, not just the system acquisition costs.	
Action status	
UPF received a supplementary budget this FY 2022/23 of UGX 26Bn specifically for maintenance of CCTV. Maintenance works on the CCTV project is on going. UPF has continued engagements with Ministry of Finance, Planning and Economic Development to ensure that this funding is continued in subsequent Financial Years.	
Query	**43.7 Uncollected arrears**
Observation The audit reviewed the revenue performance of the collection of road traffic fines under the Express Penalty Scheme (EPS). It was noted that out of the billed revenue of UGX 28.07Bn in the financial year	

2020/2021, only UGX 21.02Bn (75%) was collected, resulting in a shortfall of UGX 7.05Bn representing an underperformance of 25%.

On the other hand, the total fines collected improved by 28% from UGX 16.46Bn in 2019/2020 to UGX 21.02Bn in the current year 2020/2021.

A review of the uncollected revenue arrears of the traffic fines revealed that the uncollected amounts have been growing over time. Arrears have grown from UGX 9.03Bn in 2015/2016 to over UGX 29.97Bn as of 30th June 2021. This represents an increase in revenue arrears of 231%.

Table showing a breakdown/movement of the arrears over time

Year	Tickets Issued by Police (UGX)	Amount Collected (UGX)	Arrears (UGX)
2015/16	17,810,760,000	8,776,760,000	9,034,000,000
2016/17	20,877,800,000	16,240,960,000	4,636,840,000
2017/18	19,981,240,000	13,919,612,000	6,061,628,000
2018/19	15,117,620,000	14,416,472,301	701,147,699
2019/20	18,948,260,000	16,459,310,000	2,488,950,000
2020/21	28,066,540,000	21,016,440,000	7,050,100,000
Total	**120,802,220,000**	**90,829,554,301**	**29,972,665,699**

The failure or delay in collecting outstanding traffic fines may be due to system integration challenges, affecting efforts to effectively trace defaulters. For instance, when a driver with fines tagged to his/her driver's license issued under the old system (through M/s Face Technology Ltd) renews their license from the Uganda Driving License System (UDLS), the existing fines are not transferred to the new driver's license, further affecting their collectability. The express penalty system is not integrated with the NIRA database to tag fines against an individual's national identification number. Further, it was

noted that the force does not have mechanisms for determining uncollectable fines. The delay in collecting revenues may reduce the likelihood of recovering the arrears as defaulters may change location, the vehicle or dispute the old fines. The Accounting Officer explained that the Traffic and Road Safety Act, 2020 (amended), has been amended and now provides for payment of the Express Penalty Tickets within 72 hours as opposed to the 28 days. In addition, regulations to operationalise the Act are being developed. Also, an interface between the Express Penalty System and the Driver Licensing System is being developed. All these initiatives will improve revenue collection.
Recommendation
The Accounting Officer was advised to develop other mechanisms of ensuring that offenders are traceable and that traffic fines are collected as close as possible to the date of the traffic incident to avoid the challenges of delayed collections.
Action
The amended Traffic and Road Safety Act, 1998 (amendment) Act, 2020 provides for payment of the Express Penalty Tickets within 72 hours instead of the 28 days. Uganda Police Force together with Ministry of Works and Transport is working on regulations to operationalize this section of the Act. This came into force in March 2022 and greatly improved compliance. The following are also being done to enhance collections; a) The Driver Licensing Regulation was reviewed to ensure that renewal or extension of any driver's license is done upon payment of outstanding EPS fines. b) An interface is being worked on, that will enable integration of the Express Penalty System with the Driver Licensing System.

This will enable officers in the field to check for unpaid tickets against a driver's license.

c) Modalities are being worked on how vehicles with unpaid receipts can be traced using CCTV cameras.

d) A tracking Unit has been formed whose major task is to look for defaulters on daily basis.

Query	**43.8 Accumulation of domestic arrears**

observation

Section 21(2) of the Public Finance Management Act, 2015 provides 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 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 Uganda Police Force domestic arrears over the past three years shows a **decreasing** trend from **UGX 161.0Bn** in 2017/2018 to **UGX 114.1Bn** at the close of the year under review.

<u>Table showing the trend of arrears at UPF</u>

No	Year-End	Amount (UGX)	% change
1	30th June 2018	161,047,166,761	-
2	30th June 2019	166,519,226,956	3.4%
3	30th June 2020	164,102,829,092	-1.5%
4	30th June 2021	114,052,657,379	-30.5%

Accrued domestic arrears adversely affect budget performance in the subsequent year as funds appropriated may be diverted to the settlement of the arrears. This may also result in litigation for non-payment of goods or services already consumed. The Accounting Officer explained that the domestic arrears result from underfunding and inadequate allocation of funds to clear the verified arrears. The accumulation of arrears is mainly on the items of Electricity, Water, Food, Fuel, maintenance of Vehicles. Uganda Police Force continues to limit the growth of arrears by adhering to commitment control systems, installation of prepaid meters for Utilities, Purchase of simulators to reduce training costs and the operationalisation of policing systems such as fleet management system, Human Resources Information Management Systems, and Crime Records Information Management Systems on ICT platforms.	
Recommendation	
The Accounting Officer's outcome of management's initiatives is awaited.	
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	**43.9 Delays in deleting staff who had attained the retirement age**
Observation	

On 30th June 2020, any member born on or before 30th June 1960 will have attained the age of 60. Audit testing revealed that 380 staff continued to receive salaries amounting to UGX 1,795,637,954 after their retirement date, which is captured in the Integrated Personnel and Payroll System (IPPS) database. Management explained that the officers were still below the retirement age, based on information on their files. However, the audit was not availed staff files and copies of the national IDs to verify their age. There is a risk of wasteful expenditure arising from delays to delete staff from the payroll. It is an indication that the configured system controls which automatically delete an officer from the payroll upon attainment of the age of 60 were not working well. The Accounting Officer attributed the anomaly to wrong dates of birth entered on the IPPS system. However, evidence of this was not availed for audit verification.
Recommendation
The Accounting Officer was advised to keep an accurate record of officers on their personal files and to use National Identification Numbers (NIN) for ease of identification and verification. Further, the Accounting Officer should undertake investigations on the cases identified.
Action
Government has rolled out the Human Capital Management (HCM) system to replace the Integrated Payroll Payment System (IPPS). HCM has automated all Human Resource functions in Government and business processes from end-to-end. In addition, a special audit on the wage, pension and gratuity management process has been requested by the Hon. Minister of Finance, Planning and Economic Development.

The process of issuance of National IDs by NIRA is being reviewed in order to address the administrative and system bottleneck.	
Query	**43.10 Unapproved land management policy**

Observation

i) Failure to develop a land management policy

Good practice requires that the entity develops and approves guidelines to streamline land management, given its importance and level of stakeholder interest in the subject. The guidelines would address the acquisition, utilization, management and disposal of land, including ensuring that strategic pieces of land are acquired, secured, managed, and those that do not contribute to the long-term strategy of the force are disposed-off in an orderly manner. These guidelines would also ensure compliance with the Physical Planning Act and promote equity and transparency.

Despite the Uganda Police owning or leasing over 1,078 parcels of land across the country. The audit noted that Uganda Police has no approved strategy to manage their land.

There is a risk that the acquisition, development, titling, utilisation and management of police land may not be sustainable in line with the long-term goals and strategies of the Force.

In addition, the resolution of land-related issues may not be consistently carried out in the absence of the overall guidance of a land management policy and guidelines.

The Accounting Officer explained that the development of the policy is ongoing with the help of a consultant and is expected to be completed by March 2022.

ii) Delays in acquiring Land titles for Surveyed Land

Paragraph 16.3.1 of the 2017 Treasury Instructions state that the Accounting Officer of an institution must take full responsibility and ensure that proper control systems exist for the proper management of non-current assets and those preventative mechanisms are in place to eliminate theft, losses, wastage and misuse. Audit observed that Uganda Police paid for cadastral surveys and titling for 24 parcels of land in the financial year 2018-2019. However, three years on, Uganda Police has not acquired the titles for the land in question. Delays in acquiring titles for the land implies that the land remains exposed to risks, including land encroachment and grabbing, disputes on boundaries and may result in loss of assets if ownership is not settled quickly. The Accounting Officer attributed the delays to several factors such as bureaucracy in surveying and titling, delays in approvals by different stakeholders, including area land committees, physical planning committees, District land Boards, different Ministry of Lands Zonal Offices and in some cases, the absence of Area Land Committees and District land Boards in some districts.
Recommendation
The Accounting Officer was advised to expedite the development and approval of a comprehensive land management policy that will guide all aspects of land management. The Accounting Officer was also advised to follow up on all the identified cases and ensure that the plots of land surveyed are issued with titles in the names of Uganda Police.
Action

The development and approval of a land management policy is ongoing and a zero draft has been submitted to Management for consideration. The allocated funds are being utilized to carry out surveying and titling in phases while prioritizing the ones in danger of encroachment.	
44.0 DIRECTORATE OF CITIZENSHIP AND IMMIGRATION CONTROL	
Query	**44.1 Strategic plan**
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 the 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 to achieve the objectives of NDP-III Through document review and interview with management, it was noted that the entity had prepared a strategic plan, and a certificate of compliance approving the alignment of the plan to NDP-III was issued on the 22nd November 2021 by NPA. However, top management is yet to approve the plan for implementation.	
Recommendation	

The Accounting Officer was advised to prepare annual work plans based on the approved plan and ensure that the five-year plan is effectively monitored.	
Action status	
The strategic plan was approved and its already being implemented.	
Query	**44.2 Absorption of Funds**
Observation Out of the total warrants of UGX 103.9Bn received during the financial year, UGX 101.8Bn was spent by the entity resulting in an unspent balance of UGX 2.11Bn representing an absorption level of 96.8%. The unspent funds were swept back to the consolidated fund as required by the PFMA. The unspent funds were meant for activities that were not fully implemented by the end of the financial year, and these include; procurement of land in Busanza. Recruitment of staff to fill vacant positions, procurement of passports. The Accounting Officer explained that the unabsorbed funds resulted from balances on passports, salary due to unfilled vacant positions and the failure to procure land in Busanza.	
Recommendations	
The Accounting Officer was advised to develop strategies and ensure that all released funds are utilised as budgeted to deliver services to the community.	
Action status	

The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**44.3 Insufficiently quantified 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 seventeen (17) outputs with a total of one hundred seventeen (117) activities and expenditure of UGX 101.8Bn for assessment. The audit reviewed the extent of quantification of outputs and activities and noted the following;

- Eleven (11) outputs with a total of fifty-two (52) activities and expenditure worth UGX 26.95Bn were fully quantified.
- Five (5) outputs with a total of sixty-three (63) activities and expenditure worth UGX 74.09Bn were insufficiently quantified. It was observed that out of the sixty-three (63) activities, forty-four (44) activities (70%) were quantified while nineteen (19) activities (30%) were not quantified to enable assessment of performance
- One (1) output with a total of two (2) activities and expenditure worth UGX0.13Bn was not quantified at all.

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) Citizenship sensitisation workshops held

ii) Citizenship laws reviewed

iii) Ugandan Diaspora served iv) e-passport ICT consumables procured v) Citizenship sensitisation clinics conducted vi) Illegal immigrants investigated/arrested, and deported 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 failure to quantify all planned activities and outputs was due to an oversight that will be corrected in all future plans of the entity.
Recommendations
The Accounting Officer was advised to quantify all outputs at budgeting level to facilitate performance measurement.
Action status
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. All outputs for subsequent years have been quantified.

Query	**44.4 Average time taken to issue a passport**

Observation

A review of the time taken to issue a passport to an applicant in order to assess efficiencies in service delivery revealed that in the financial year 2020/2021, a passport took an average of 15 days from the time one applies for a passport to the time it is received.

The average time for processing a passport is informed by the time it takes between applying for the passport and printing a passport, which is an average of 7.7 days. Analysis showed that it takes an additional 7.3 days from printing a passport to when it is issued to the applicant.

The delays in printing passports may be due to the underutilization of the passport printing equipment. In 2020/2021, the average number of passports printed daily was 533. But the number of passports printed daily has fluctuated between one (1) and 2,381 passports. Implying that if the passport printing equipment was used to capacity probably processing delays would be minimized.

There is a risk of disruptions to the travel plans of citizens and other passport holders, which portrays a negative image.

The Accounting Officer explained that the delays were brought about by Covid-19 restrictions, which led to the reduction of workforce in compliance with Covid-19 SoPs and presidential directives on reduction of the workforce.

Recommendation

The Accounting Officer was advised to develop strategies of reducing the time lags between the time when data is captured on the system and when the passport is printed by introducing automated scheduling of printing.

In addition, management was advised to consider establishing various passport issuance points across the county to reduce the time lags of issuing passports after printing.

<table>
<tr><td colspan="2">Action status</td></tr>
<tr><td colspan="2">DCIC has introduced an automated scheduling of printing of passports as a strategy of reducing the time lags between the time when data is captured on the system and when the passport is printed.</td></tr>
<tr><td>Query</td><td>44.5 Regional performance in registration and issuance of passports</td></tr>
<tr><td colspan="2">Observation

Failure to decentralise issuance of passports to regional offices

A review of the geographical spread of the issuance of passports revealed that all passport-related activities are concentrated at the central office in Kampala. For instance, it was observed that out of the 182,680 passports issued during the year, 92% were issued in Kampala, while 8% were issued in the remaining 12 regional offices and missions abroad.

Of the regional offices, Mbarara regional office registered and issued the majority of the passports

The Accounting Officer explained that the delays in operationalising the regional offices were due to Covid-19 restrictions.

Failure to extend Passport registration and application processing services to regional centres

Out of the 182,680 travellers who applied for passports, 97% (178,100) applied for the passports at the Central Office in Kampala, while only 3% (4,580) registered for passports in Mbale and Mbarara.

It was observed that although a Memorandum of Understanding was signed with the Uganda Security Printing Company in 2018 to extend passport processing services to three regional centres and seven</td></tr>
</table>

missions/embassies, data shows that passport application processing has only been achieved in 2 regional offices and none at the missions. The failure to extend passport registration and issuance services to regional centres affects service delivery in these regions and inconveniences travellers due to limited access and excessive crowds at the central office in Kampala. The Accounting Officer explained that international travel restrictions delayed the setting up of the system in Missions Abroad. London, Washington and Abu Dhabi are being set up and will become operational before the end of March 2022 while, Ottawa, Copenhagen and Pretoria are expected to become operational by the end of October 2022.
Recommendation
The Accounting Officer was advised to expedite the installation of the e-passport management systems in the missions abroad to bring passport services closer to the beneficiaries. In addition, the Accounting Officer should expedite the roll-out of services to Kampala and in the regions.
Action status
At the time of audit, only Mbarara and Mbale Regional passport centres were operational. The department has since expanded to Gulu while Arua and Jinja are expected to start operations before end of March 2023. Passport enrolment was rolled out to 6 Missions abroad; London, Washington, Ottawa, Copenhagen, Abu Dhabi and Pretoria. Whereas Beijing delayed due to China's travel restrictions, it has also been setup. Other regional Centres will be setup when funds are provided.

Query	44.6 Insufficient budgeting for 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 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 Directorate domestic arrears over the past three years shows a decreasing trend from UGX 4.19Bn in 2018/2019 to UGX0.32Bn at the close of the year under review. The table below refers;

Table showing the trend of arrears at the DCIC

No	Year-end	Amount (UGX)	% Change
1	30th June 2019	4,194,819,631	
2	30th June 2020	8,898,668,915	112%
3	30th June 2021	322,667,601	-0.96%

Accrued domestic arrears adversely affect budget performance in the subsequent year as funds appropriated may be diverted to the settlement of the arrears. This may also result in litigation for non-payment of goods or services already consumed.

The Accounting Officer explained that DCIC did not accrue any new arrears during the financial year under review. The arrears reported in the financial statements are balances brought forward from previous years.

Recommendation	
The Accounting Officer was advised to engage the Ministry of Finance, Planning and Economic Development to provide adequate resources to settle the existing arrears.	
Action status	
IFMS has been upgraded to include a 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	**44.7 Performance of the contract for the supply of the e-visa system**
Observation In 2017/2018, the Directorate of Immigration and Citizenship Control entered into a contract with M/S Thales Dis France SA to upgrade and supply an e-Visa and permit management system for a contract price of UGX 12,987,600,000. At the time of the audit, the contractor had been fully paid all the money due under the contract. A review of the contract management reports to ascertain whether all terms and conditions under the contract had been met revealed that a number of system specifications had not been fulfilled, including final user acceptance testing, completion of the setup of the system workflow, training of end-users, and integration of the system to other government systems in NIRA, CAA, URSB, and URA. There is a risk that the above specifications and the resulting functional benefits of the system may not be realised. The failure to	

enforce the implementation of the terms of the agreement may indicate weak contract management. The Accounting Officer explained that Integration with NIRA, CAA, and URSB was not part of the contract price. This is, however, being worked on this financial year. URA is integrated with e-Immigration for NTR collection.	
Recommendations	
The Auditor General took note of the Accounting Officer's response. However, it only covered the absence of integration, leaving out other issues such as the failure to complete and test the system workflow and to conduct end-user training. Therefore, the Accounting Officer was advised to develop a strategy to ensure that all required functionalities specified in the contract are developed by the contractor and tested by users before acceptance.	
Action status	
The final payment was made after user acceptance testing and on the recommendation of the Contract Manager. All the specified functionalities have been developed and users trained.	
Query	**44.8 Integrated system for archived records and EDMS maintenance**
Observation On 9th November 2020, the Directorate entered into a contract with M/S Computer Medics Limited worth UGX 191,670,000 taxes inclusive for the configuration, installation, and maintenance of an Integrated System for archived records and the maintenance of the electronic data management system (EDMS). The audit reviewed the procurement records and observed the following;	

Delayed contract execution

Paragraph 6 of the Terms of reference states that execution was to be completed within three (3) months. However, at the time of this audit, eleven (11) months after the contract date, the service provider had not yet delivered all the contract terms and conditions. For example, the users at DCIC had not yet been trained in the use of the system and installed digital certificates to secure the solution.

Lack of Service Level Agreements

The contractor was supposed to offer support and maintenance for twelve (12) months. It was observed that DCIC did not have a service level agreement specifying the nature, timing, key performance indicators, and deliverables under the support and maintenance agreement. Besides, the contractor had been fully paid, leaving DCIC with no means of enforcing performance under the support and maintenance contracts.

Payment before completion of a contract has the risk that the contractor will not honour the outstanding contract terms, and this may result in the loss of public funds should the contractor fail to perform.

The Accounting Officer explained that the non-implementation of some of the contractual terms such as user training was due to interruptions caused by the Covid-19 measures.

Recommendation

The Accounting Officer was advised to ensure that all contract terms are adhered to before the payment of the full contract amount.

The Accounting Officer was also advised to develop a detailed Service Level Agreement between the entity and the vendor to guide the responsibilities of both parties regarding system support and maintenance.

Action	
Following the lifting of Covid-19 restrictions, all contract terms were adhered to before payment of the full contract amount. Users were also trained and are using the system. The Service Level Agreement for the system support and maintenance was entered into subsequently.	
45.0 OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS	
Query	**45.1 Case backlog**
Observation During the years under review, 666,620 cases were brought forward from the previous years, and 99,232 cases were registered during the year, giving a cumulative sum of 765,492 cases recorded. Of these cumulative cases, only 40,466 (5%) were cleared during the year. Over the five years only 253,596 cases representing (33%) have been concluded through conviction, acquittal, withdrawal, dismissal and closed files.	
Recommendations	
The Accounting Officer was advised to strengthen the coordination mechanisms with other stakeholders in the justice system with a view of reducing the current case backlogs. This can be done by alternative case resolution mechanisms such as conducting special court sessions, weeding out of underserving cases, plea bargain sessions, prosecution- led investigations and delegate prosecution functions to some other agencies.	
Action status	
The Office continues to work closely with agencies in the Justice Value Chain to address the growing challenge of case backlog. The Office also regularly has interface meetings with the Judiciary, Police, CID among others.	

The ODPP will continue to address the case backlog challenge through plea bargain and court sessions, daily hearing of cases, weeding out exercises, prosecution led investigations, SGBU sessions, delegated prosecution among others.

Query	**45.2 Performance of the Prosecution Case Management Information System**

Observation

The Prosecution Case Management Information System (PROCAMIS) was acquired in financial year 2014/15 from M/s Graphic Systems (U) Ltd, Eastern Software PVT Ltd and Integrated Software Specialist, Inc. at a cost of USD.2,247,800.

The system is meant to improve case output through the use of computer-based systems, record and collect information pertaining to cases, rapidly transfer case details from law enforcement through the use of computer and communications systems and roll over the system in all ODPP Offices country wide. This was intended to expedite the movement of information as well as make it easier to track file movement, decisions on each case file and thus speed up the delivery of justice.

A total of UGX 10,292,590,463 was paid to Graphics Systems Limited for supply and delivery of the software to seven (7) stations by 30th June 2017.The directorate subsequently spent an additional UGX 15,896,047,952 to cover another 41 stations for four (4) years. Included in this amount is the annual maintenance fee of UGX 2,808,000,000. Details in the table below;

Table showing Payments for PROCAMIS and roll-out

Financial Year	Annual payments for Maintenance (UGX)	Expenditure on other PROCAMIS related items	Total expenditure	Number of Field offices connected to the system
2017/18	2,808,000,000	1,292,000,000	4,100,000,000	4
2018/19	2,808,000,000	1,072,000,000	3,880,000,000	10
2019/20	2,808,000,000	1,072,000,000	3,880,000,000	15
2020/21	2,808,000,000	1,228,047,952	4,036,047,952	12

Total	**11,232,000,000**	**4,664,047,952**	**15,896,047,952**	**41**

It was noted that PROCAMIS has been rolled out to 41 offices out of 138, representing a performance of only 36%. It was further noted that some system components like the complaint handling and processing component were not fully operational. Officers still maintain hard copy books for recording of complaints. There is no information on complaints captured on the system from the field offices to the head offices, and reconciliation is not ably done to fast-track the submitted complaints. It was also noted that some staff in the field offices were not trained, and there was no training program targeting equipping of staff in the use of the system.

The entity continues to incur substantial annual maintenance costs in spite of the low coverage of the system. Besides the objective of expediting the movement of information as well as making it easier to track file movement, decisions on each case file and thus speed up the delivery of justice is not achieved.

The Accounting Officer explained that the delayed rollout of PROCAMIS was attributed to inadequate funding to address concerns such as training of staff to manage entry and updating of the system, putting up network infrastructure, procuring computer workstations and its accessories and internal capacity building for users, trainers and maintenance.

Recommendations

The Accounting Officer was advised to engage MoFPED and Development Partners under the JLOS sector to provide resources for the full implementation and rollout of the system across the entire country to achieve speedy delivery of justice.

Action status

The complaint handling module is fully operational and used by ODPP where Prosecution Case Management Information System (PROCAMIS) have been rolled out. The system is to register and scan complaints before forwarding to an Allocation Officer, who in turn sends it to an Action Officer. A digital complaint register is then generated from the system.

PROCAMIS will be rolled out across the entire country to achieve speedy delivery of justice to all. The budget of the ODPP will continue to be handled through the normal appropriation process by parliament.	
Query	**45.3 Underperformance of the structure**
Observation ODPP had an approved organization structure that requires 1,336 staff however, only had 519 staff had been filled. The structure requires 833 prosecutors but is operating with only 366 (40%), and as a result, there are more magistrates than prosecutors.	
Recommendations	
The Accounting Officer was advised to continue engaging the Ministry of Finance, Planning and Economic Development and Ministry of Public Service to review the establishment; and fill the vacant posts.	
Action status	
For the financial year 2023/24, a provision for recruitment of 100 State Attorneys has been made and the Commission has already started the recruitment process.	
Query	**45.4 Domestic Arrears**
Observation No budgetary provision was made for the settlement of domestic arrears, which stood at UGX 1,611,006,686 as at the beginning of the financial year 2020/2021. As at the close of 2020/2021, the Office reported domestic arrears to the tune of UGX 1,228,911,994.	
Recommendations	
The Accounting Officer was advised to liaise with MoFPED and ensure that arrears related to rent are prioritized to minimize the risk of litigation. The Accounting Officer was further advised to always ensure that documentation supporting arrears is provided in time for effecting payments.	

In the case of court awards, the Accounting Officer should retrieve all documents from MoJCA and reconcile the arrears position for inclusion in the subsequent budgets.	
Action status	
IFMS has been upgraded to include the functionality for recording and tracking 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.	
46.0 DIRECTORATE OF GOVERNMENT ANALYTICAL LABORATORY	
Query	**46.1 Unspent balance**
Observation Out of the total receipts for the financial year of UGX 24.684Bn, UGX 15.63Bn was spent by the entity resulting in an unspent balance of UGX 9.054Bn representing an absorption level of 63.3%. The unspent funds were swept back to the consolidated fund as required by the PFMA. The unspent funds were meant for activities that were not fully implemented by the end of the financial year, and these include; • Funds budgeted as pensions were not utilized since no officers retired during the year. • Funds intended for the construction of the national NDA data bank were not utilized due to delays to obtain approval of the designs from KCCA, • Funds intended to acquire assorted equipment, including Organic hydrocarbon testing equipment and the auto-trimeter equipment for food analysis for the regional laboratories, were not utilized but were still held under a letter of credit.	

Recommendation	
The Accounting Officer was advised to develop strategies to ensure that all released funds are utilised as budgeted even during the Covid-19 challenges.	
Action status	
The unspent balance was as a result of low absorption of the wage budget and delayed Construction of the National DNA Data bank building due to the delay in the approval of the structural designs for the construction by KCCA. The building designs for the DNA Data base were approved by KCCA and the land title for DGAL was availed by the Uganda Land Commission (ULC). The Procurement process was concluded, contract signed and site handed over to the contractor for the construction of the DNA Data base Building in the FY 2022/2023.	
Query	**46.2 Partially implemented activities**
Observation The audit assessed the implementation of ten (10) outputs that were fully quantified with a total of thirty-nine (39) activities worth UGX 6.23Bn and noted the following. • Five (5) outputs with a total of eighteen (18) activities worth UGX 1.55Bn were fully implemented. • Four (4) outputs with a total of twenty (20) activities worth UGX 4.68Bn was partially implemented. Out of the twenty (20) activities, the entity fully implemented twelve (12) activities (60%) partially implemented seven (7) activities, while one (1) activity (5%) remained unimplemented. • One (1) output with one (1) activity worth UGX 8.46Bn was not implemented. Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained. For example, the entity did not construct a DNA data bank building. The entity did not also procure assorted equipment, including Organic hydrocarbon testing equipment and the autotrimeter equipment for	

food analysis for the regional laboratories whose funds were still held under a letter of credit. The Accounting Officer explained that failure to implement all planned activities and outputs entirely was due to disruptions to the entity's operations caused by the Covid-19 pandemic, as well as delays by KCCA to approve the design structure of the building.	
Recommendation	
The Accounting Officer was advised to consider rolling over the un implemented activities to the subsequent budget for implementation.	
Action status	
The activities that were not fully implemented were prioritized and rolled over by Management in the subsequent financial years. These activities included; Recruitment of the Government Analysts and Construction of the National DNA Databank Building among others.	
Query	**46.3 Under performance of laboratories**
Observation An assessment of service delivery revealed that Mbale and Moroto regional laboratories were supported with UGX0.132Bn to carry out forensic analysis, however the performance the regional labs was assessed as low as both laboratories did not complete any cases during the year.	
Recommendation	
The Accounting Officer was advised to urgently address the anomalies/ gaps noted in the implementation of these outputs and in future, devise strategies of maximising service delivery from implemented outputs.	
Action status	
DGAL has developed an Operationalization Plan for Regional Forensic Laboratories to implement and carry out analyses such as forensic and other laboratory activities.	

Query	46.4 Failure to clear Case Backlogs
Observation Although, DGAL had a strategic goal to eliminate all case back-logs by 30th June 2021, the forensic case backlog had only reduced by 58.3% from 5,559 cases in June 2018 to 2,317 outstanding cases as at 30th June 2021.	
Recommendation	
The Accounting Officer was advised to expeditiously recruit, train and deploy the staff to clear the persistent backlogs. The Accounting Officer was also advised that regional offices should be prioritised by providing them with adequate operational budgets, staff and equipment including replace worn, old and obsolete laboratory equipment at these regional offices.	
Action status	
A Case Backlog Reduction Strategy has been developed and implemented, which requires among others to recruit, train, and deploy the staff to clear the persistent backlogs. The strategy will also address the issue of obsolete laboratory equipment in the subsequent period.	
Query	**46.5 Failure to construct the DNA data bank**
Observation During the financial year 2020/2021, DGAL planned to build a national DNA data bank infrastructure, and MoFPED released UGX 8.625Bn for the purpose. However, the planned construction did not take place, and UGX 8.465Bn was returned to the Consolidated Fund. The failure to achieve the plan implies delays in service delivery and renders staff who were supposed to operate the DNA data bank redundant. Furthermore, there is a risk that in the subsequent financial year 2021/2022, the funds may not be re-voted for the construction of the databank, further delaying the expected services.	

Management explained that the failure was due to delays by KCCA to approve the designs submitted, which were submitted to KCCA. However, they are continuously engaging KCCA and other respective Ministries to ensure that the structural plans for the construction of the National DNA data base are approved to pave way for the construction.	
Recommendation	
The Accounting Officer was advised to formally contact the management of KCCA in order to ensure that the designs are expeditiously addressed. Any concerns raised by KCCA regarding the designs should be quickly addressed to allow the project to proceed.	
Action status	
The building designs for the DNA Database were approved by KCCA and the land title availed by the Uganda Land Commission (ULC). The procurement process was concluded, contract signed and site handed over to the contractor for the construction of the DNA Database Building.	
Query	**46.6 Outstanding letter of credit**
Observation In the financial year 2019/2020, DGAL entered into a contractual agreement for which a letter of credit worth UGX 1.475Bn was created at the request of foreign suppliers. The letter of credit remained outstanding for more than one year implying that the foreign supplier had not fulfilled their contract obligations.	
Recommendation	
The Accounting Officer was advised to formally inform the management of KCCA of the delays and the impact this may have on the planned projects and expeditiously address any concerns raised by KCCA.	
Action status	
All the Letters of Credit that were opened during the year have been cleared except one in respect of consultancy on the construction of National DNA Data Base.	

Query	**46.7 Under-utilized equipment**
Observation In the financial year 2019/2020, DGAL procured digital forensic tools for use to recover data on mobile phones at an estimated cost of USD.82,000 (equivalent to UGX 290,232,000). In the period since acquisition, the entity has only used the forensic tools and equipment to process and analyze just one (1) case raising the possibility that the equipment is under-utilized.	
Recommendation	
The Accounting Officer was advised to review the rationale for acquiring the machine and come up with a strategy to use it to full capacity in order to derive more value from it. In addition, Accounting Officer should ensure that more staff are trained in its use and certified to testify in court in support of its results.	
Action status	
The said equipment is used in the examination of questioned documents and cases relating to fraud perpetrated using both digital and non-digital equipment. Fraud related cases are on the rise in the country and Government needed to have capacity to counter the same. The machine is currently effectively used in the investigation of highly sophisticated cyber-crimes.	
Query	**46.8 Staffing gaps**
Observation Nine (9) staff positions for a Commissioner, Government Analysts and drivers in the Directorate were cleared by the Ministry of Public Service for recruitment, and the directorate received funding amounting to UGX 0.032Bn for the purpose. The recruitment process had not been finalized at the year end and the funds were returned to the Consolidated Fund.	
Recommendation	

The Accounting Officer was advised to liaise with the relevant stakeholders to ensure that the required staff are quickly identified, recruited, trained and deployed.	
Action status	
The positions of Commissioner and 10 new Government Analysts have been filled. More recruitment to fill positions is on-going following the clearance of positions for recruitment as submitted to the Ministry of Internal Affairs for onward submission to the Ministry of Public Service. This will improve the absorption of General staff salaries.	
47.0 MAKERERE UNIVERSITY	
Query	**47.1 Existence of a strategic plan aligned with the NDP III**
Observation It was noted that the University did not have the strategic plan annualized to indicate which outputs are expected for each year of implementation of the plan covering the period of 2021/21-2024/25. It was also noted that whereas the University had prepared and submitted its strategic plan to NPA for approval, it had not yet been approved at the time of audit in October 2021.	
Recommendation	
Management was advised to urgently prepare a strategic plan aligned to NDP-III and have it approved to facilitate the preparation of the annual work plan and the achievement of the NDP objectives.	
Action	
The Makerere University 10-year Strategic Plan has an implementation framework with annualized outputs. With guidance from NPA, the University has annualized the strategic plan to 5 years to align it to the NDP III planning period.	
Query	**47.2 Revenue Performance**

Observation The audit reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2021/2021 and noted that the University budgeted to collect NTR of UGX 95.84Bn during the year under review. Out of this, only UGX 58.29Bn was collected, representing a performance of 60.82% of the target. It was further noted that the University budgeted to receive UGX 363.74Bn out of which UGX 359.86Bn was warranted, resulting in a shortfall of UGX 3.88Bn which is 1.1% of the budget. Revenue shortfalls affect implementation of the planned activities.
Recommendation
The Accounting Officer was advised to always devise means of collecting invoiced NTR within a specific timeframe rather than waiting for the point of writing examinations.
Action
The shortfall in NTR collection was due to the Covid-19 related closure of the University, which disrupted the payment of tuition fees by students and other NTR sources, including rent payments by tenants. Following the easing of the lockdown and the reopening of the University in August 2021, the University registered progress in collecting the outstanding revenue receivables arising from the unpaid NTR for FY 2020/2021. 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 funds warranted under the appropriated budget were based on the cash limits provided by the Ministry of Finance, Planning and Economic Development. The University has continued to engage the Ministry of Finance, Planning and Economic Development to always release all the funds as per the budget appropriated by Parliament.

Query	47.3 Absorption of funds
Observation Out of the total warrants of UGX 359.86Bn received during the financial year, UGX 357.04Bn was spent by the entity resulting in an unspent balance of UGX 2.82Bn representing an absorption level of 99.2%. The unspent funds were swept back to the consolidated fund as required by PFMA.	
Recommendation	
The Accounting Officer was advised to always ensure that all funds availed are timely absorbed.	
Action	
The under absorption of funds was due to the closure of the economy and the University arising from the COVID-19 pandemic. This meant that some activities, such as school practice, industrial training, internships, and examinations, could not be conducted or completed within the financial year. These activities were later implemented in FY 2021/2022 following the reopening of the University.	

Query	47.4 Off-budget receipts
Observation It was noted that the University received off-budget financing to the tune of UGX 237.399Bn which was not declared to Treasury and, therefore, not appropriated to the entity by Parliament. These funds were received directly from both development partners and other stakeholders for undertaking activities not budgeted for.	
Recommendation	
The Accounting Officer was advised to always ensure that external financing is timely declared to Treasury so as to ease the appropriation process.	
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, Planning and Economic Development. 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	**47.5 Quantification of outputs/activities**	
Observation The audit reviewed the extent of quantification of outputs and activities for a sample of ten (10) outputs with a total of forty-two (42) activities and expenditure of UGX 356.85Bn and noted that two (2) outputs with a total of seven (7) activities and expenditure worth UGX 265.85Bn were fully quantified. Two (2) outputs with a total of twenty-five (25) activities and expenditure worth UGX 30.11Bn were insufficiently quantified while six (6) outputs with a total of ten (10) activities and expenditure worth UGX 60.89Bn were not quantified at all. It was observed that in cases where outputs were either partially or not quantified, management reported performance in generic ways.		
Recommendation		
The Accounting Officer was advised to always 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.		
Query		**47.6 Implementa**

	tion of planned Outputs
Observation The audit assessed implementation of two (2) out puts that were fully quantified with a sample of seven (7) activities worth UGX 265.85Bn and noted that one (1) output with a total of three (3) activities worth UGX 4.06Bn was fully implemented while one (1) output with a total of four (4) activities worth UGX 261.78Bn were partially implemented.	
Recommendation	
The Accounting Officer was advised to ensure that outputs are implemented as planned.	
Action	
The quantified outputs that were not achieved were due to the COVID-19 lockdown which led to the halting of some activities such as school practice, industrial training, internships, and examinations that could not be conducted or completed within the financial year. The lock down also led to a slowdown of capital development activities. However, the activities were implemented in the subsequent financial year following the re-opening of the University.	
Query	**47.7 Loss of Assets/Property to Fire**
Observation During the financial year under review, the University lost its main administration building and other assets therein to a fire that gutted the main administration Block on the 20th day of September 2020. The fire caused substantial damage to the main building whose value was estimated at UGX 15.435Bn by the Chief Government Valuer. The Statement of reported losses of Public moneys, stores and other assets during the year showed the reported losses of assets/property of total estimated value of UGX 16.457Bn.	
Recommendation	
The Accounting Officer was advised to take up the matter with the University Council and plan to insure key University buildings.	

In addition, the Accounting Officer was advised to seek guidance from the Accountant General on how the loss should eventually be written off in the books of the University.	
Action	
University has engaged Jubilee Insurance Company Limited on the possibility of insuring its key installations, including the Senate and the Library and the engagements are ongoing. The financial statements were adjusted to disclose the loss and value.	
Query	**47.8 Accumulation of Receivables; UGX 25.527Bn**
Observation The University had a receivables balance of UGX 25.527Bn as at 30/6/2021 broken down as accrued income of UGX 23.373Bn and a prepayment of UGX 2.154Bn to UMEME for electricity bulk purchase. The accumulation of receivables may lead to under performance of the university on its planned activities.	
Recommendation	
The Accounting Officer was advised to effect the revenue collection measures in accordance with University policy for improved revenue performance.	
Action	
The tenants were verified and the recognizable rent receivable was established and the final accounts were adjusted to reflect the rental income and receivables.	
Query	**47.9 Accumulation of In-House Retirement Benefits: UGX 18.920Bn**
Observation The University has an outstanding pension liability of UGX 18.920Bn inclusive of interest as reported in the Statement of Financial Position	

for the year ended 30th June 2021 resulting from accumulation of In-House Retirement Benefits since 2010. Delayed payment of retirement benefits may result in nugatory expenditure if the retirees decide to take the University to court.	
Recommendation	
The Accounting Officer was advised to continue engaging Government to enable clearance of all the outstanding arrears.	
Action	
The University Management engaged the Government and the Board of Trustees of the Makerere University Retirement Benefits Scheme (MURBS). The three parties agreed on a settlement plan where the Government is paying the outstanding bill in a phased manner without further accumulation of interest. To date, the sum of UGX 8Bn has been paid by the Government to MURBS, leaving an outstanding sum of UGX 10.920Bn.	
Query	**47.10 Outstanding Payables: UGX 7.819Bn**
Observation The Statement of Financial Position showed accumulation of domestic arrears of UGX 7.819Bn as at 30th June 2021. It was noted that majority of these arrears were from the prior years. There is a risk that the University could face litigation from the suppliers and other beneficiaries.	
Recommendation	
The Accounting Officer was advised to liaise with MoFPED and set aside sufficient funds for settlement of domestic 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	**47.11 Failure to Comprehensively Insure key Installations and buildings of the University**
Observation It was noted that the main University installations/buildings such as the Senate, the Library, School of Women and Gender Studies and others are not comprehensibly insured. In case of a catastrophe, the University is at risk of huge financial obligations to the tenants.	
Recommendation	
The Accounting Officer was advised to take up the matter with the University Council and ensure that the University key installations are insured and also adhere to the conditions of the tenancy agreements.	
Action	
The University has engaged Jubilee Insurance Company Limited on the possibility of insuring its key installations, including the Senate and the Library and the engagements are ongoing.	
Query	**47.12 Non-qualifying persons occupying the University buildings**
Observation It was noted that there were non-qualifying persons occupying the University buildings. These were identified to be former University staff (retirees), unknown persons and Uganda Police Officers whose services were transferred from Makerere University.	
Recommendation	
The Accounting Officer was required to explain the anomaly and was advised to ensure that all retirees and other non-qualifying persons vacate without further delay. In the meantime, Management should consider charging these persons rent fees and other associated rental costs.	

Action	
Following the Audit recommendation, the University conducted a detailed evaluation of the occupancy of University houses and established two categories of un-qualifying occupants, namely: **Category One**: Staff who had irregularly occupied the University houses without authorization from the relevant University Officers **Category Two:** Former University employees (retirees) who still demand balances on their in-house retirement benefits and were holding on to the houses until full payment of their retirement benefits. The University evicted the irregular occupants in category 1. The occupants under category 2 are being settled as Government releases the funds for payment of In-house retirement benefits.	
Query	**47.13 Arbitrary deduction of water bills from staff salaries**
Observation It was noted that water bills for the year under review were neither read nor submitted to the finance department for deductions. It was also noted that staff salaries were arbitrarily deducted to clear their water consumption without following one's monthly water consumption.	
Recommendation	
The Accounting Officer was advised to ensure that meters are timely read, bills issued and timely deductions made from staff salaries.	
Action	
The University faced challenges in billing staff for houses due to limited staffing against an expansive estate. The University Management has commenced the installation of pre-paid water metering of staff houses, which will address the billing challenge.	

Query	47.14 Encroachment on University land

Observation

The University owns various pieces of land totaling to 102 Acres in prime locations around Kampala including Makerere, Mulago and Makindye. Inspection of the land revealed that the land is heavily encroached upon and a number of cases have been in court for more than five (5) years.

A review of the Land register revealed that the University owns land in Kibaale and Makerere Hill. It was however noted that the university had not secured certificate of titles confirming ownership of the two (2) pieces of land.

Recommendation

The Accounting Officer was advised to ensure that all the University lands are fenced off where applicable, and to place security on its property in liaison with Uganda Police Force.

In addition, the Accounting Officer should liaise with the relevant authorities and expedite the process of acquiring land titles in the University names.

Action

The University is undertaking various steps on land protection, including surveillance, opening boundaries, and fencing vulnerable pieces of land. However, the University continues to face obstacles, including exparte Court Orders that bar the University from accessing and protecting the land such as the land in Katanga.

The University continues to engage various agencies, including the Police, the Ministry of Lands, Housing and Urban Development, the Ministry of Education and Sports, the State House Anticorruption Unit, KCCA, and Parliament, to support the land protection efforts.

The University is following up on the responsible Land Boards to transfer and obtain titles on the land. Given the various land matters,

the University Council has established a special committee on land which is leading action on protecting and securing University land.	
Query	**Under staffing in the University**
Observation A review of the staff establishment at the directorates and Colleges revealed an overall staffing gap of 915 positions, which is 44.9 % of the approved establishment. The understaffing was mainly at the Associate Professor level and Professor level. It was further noted that most of the staff at lecturer and senior lecturer level had adequate qualifications but had not been promoted.	
Recommendation	
The Accounting Officer was advised to engage the respective stakeholders to have the staffing gaps fixed.	
Action	
The University is in constant discussions with both MoFPED and MoPS to provide for the required wage bill and clear recruitment of staff respectively to fill the vacant posts.	

48.0 MUNI UNIVERSITY	
Query	**Revenue Performance**
Observation The audit reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2020/2021 and noted that Muni University budgeted to collect NTR of UGX 1.18bn during the year under review. Out of this, only UGX0.34bn was collected, representing a performance of 29% of the target. It was further noted that the University budgeted to receive UGX 22.60Bn from treasury out of which UGX 21.28Bn was availed, resulting in a shortfall of UGX 1.32Bn which is 5.8% of the budget.	
Recommendation	

The Accounting Officer was advised to always ensure that NTR is collected as budgeted.	
Action	
The shortfall in NTR collection was due to the Covid-19 related closure of the University, which disrupted the payment of tuition fees by students and other NTR sources. Following the easing of the lockdown and the reopening of the University in August 2021, the University registered progress in collecting the outstanding revenue receivables arising from the unpaid NTR for FY 2020/2021. 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 21.280Bn received during the financial year, UGX 19.982Bn was spent by the entity resulting in an unspent balance of UGX 1.298Bn representing an absorption level of 93.9%. The unspent funds were swept back to the consolidated fund as required by the PFMA.	
Recommendation	
The Accounting Officer was advised to 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.	
Action	
There has been an improvement in the absorption of the approved and warranted funds in FY 2021/22 of 98.15%.	
Query	**Off-budget receipts**

Observation The University received off-budget financing to the tune of UGX 584,396,093 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.	
Recommendation	
The Accounting Officer was advised to 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.	
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, Planning and Economic Development. 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 and Implementation of planned outputs**
Observation The audit reviewed the extent of quantification of outputs and activities for a sample of ten (10) outputs with a total of fifty-nine (59) activities and expenditure of UGX 18.9Bn and noted that five (5) outputs with a total of twenty-two (22) activities and expenditure worth UGX 6.47Bn were fully quantified. Two (2) outputs with a total of thirty-three (33) activities and expenditure worth UGX 10.29Bn were insufficiently quantified. While three (3) outputs with a total of four (4) activities and expenditure worth UGX 2.14Bn were not quantified at all.	

The audit also assessed the implementation of five (5) out puts that were fully quantified with a total of twenty-two (22) activities worth UGX 6.47Bn and noted that three (3) outputs with a total of ten (10) activities worth UGX0.640Bn were fully implemented while two (2) outputs with a total of twelve (12) activities worth UGX 5.83Bn were partially implemented.
Recommendations
The Accounting Officer was advised to ensure that all activities and out-outs are fully quantified at planning level to facilitate performance measurement The Accounting Officer was also advised to ensure that outputs are implemented as planned.
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 unimplemented activities were identified and included in the subsequent Financial Year work plans.

Query	**Overpayment of Gratuity**
Observation The University spent a sum of UGX 265,775,722 on payment of gratuity expenses during the year against the approved budget and release of only UGX 52,000,000. Payment of gratuity expenses beyond the appropriated and warranted funds is an indication of budget indiscipline and leads to diversion of funds.	
Action	
Accounting Officers are routinely guided through the annual Budget Call Circulars to appropriately budget for Salaries, Pension and Gratuity as this have first call on the available budget resources. (	

The PS/ST has written to the Accounting Officer of the University to recover the over payment.	
Query	**Failure to put new equipment to use**
Observation The laboratory equipment that included the PCR machine, the high-capacity Fridge for preserving the laboratory specimens, the PCR workstation and many others supplied by the ADB HEST Project last year, had not been put to use due to power challenges. This defeats the purpose for which the equipment was supplied. Muni University Capacity Building Centre (MUCBC);- Dormitory (Hostels), Dining Hall, Lecture Block, Conference Hall, Office Block, 6 Stance VIP Latrine and Store have deteriorated and in dire need of renovation.	
Recommendation	
The Accounting Officer was advised to follow up the matter with MoFPED for funding to address the issues.	
Action	
The University received funding and procured a 150 KVA generator that is now being used to run the equipment in the laboratory. With regards to the buildings in need of renovation, this will be addressed through the budget appropriation process.	
Query	**Lack of a Land title for University land at Bidibidi**
Observation The University's land in Bidibidi measuring about 439.58 acres valued at UGX 439,580,000 did not have a land title.	
Recommendation	
The Accounting Officer was advised to expedite the process of obtaining the title deed.	
Action	

The University is currently engaging the Yumbe District authorities and community to finalise the exercise of titling the land.	
Query	**Delayed completion of University Science laboratory**
Observation Muni University entered into a contract for the Completion of the Construction of Health Science Laboratory Building at a contract price of UGX 9.393Bn inclusive of taxes. However, works were significantly behind schedule at an estimated 36% completion. There is a risk that the Project may not be completed within the projected time frame.	
Action	
The project is now at 45% completion rate and is progressing. With the release of more funds, the project will be completed within the required timeframe.	
49.0 KABALE UNIVERSITY	
Query	**49.1 Revenue Performance**
Observation Out of budgeted NTR collections of UGX 7.6Bn, only UGX 5.26Bn was realized, representing a performance of 74.6 % of the target. There was a shortfall in government releases amounting to UGX0.03Bn representing 0.08% of the budget.	
Recommendation	
The Accounting Officer was advised to ensure that all outstanding fees due at the time of closure are collected when the University reopens.	
Action	

The shortfall in NTR collection was due to the Covid-19 related closure of the University, which disrupted the payment of tuition fees by students and other NTR sources. A total of UGX 0.03bn which is 0.08% of the budget was not released from MoFPED during the year 2020/2021 as appropriated. It was subvention money that was meant to facilitate students' activities while at campus. The fact that students did not report for face-to-face lectures, Government could not release the funds.	
Query	**49.2 Absorption of Funds**
Observation Out of the total receipts for the financial year of UGX 40.95 Bn a sum of UGX 40.5 Bn was spent by the entity resulting in an unspent balance of UGX 0.45Bn representing an absorption level of 99%.	
Recommendation	
The Accounting Officer was advised to ensure that vacant positions are filled with the available wage provision.	
Action	
Due to staff turnover, death and the lengthy procedure for recruitment, meant for salaries could not be spent.	
Query	**49.3 Quantification/Implementation of planned outputs**
Observation The audit sampled 5 outputs of a total of Nine (9) outputs and expenditure worth 37.22.Bn and noted that two (2) outputs with a total of three (3) activities was fully quantified; three (3) outputs with thirteen (13) activities were partially quantified while two (2) activities were not implemented.	
Recommendation	

The Accounting Officer was advised to initiate strategies to ensure that all the partially implemented activities where possible are rolled over to the next financial year and subsequently implemented.	
Action	
The non-implementation of quantified outputs was attributable to lock down instituted to mitigate the spread of the Covid-19 Pandemic which had hit the globe during the period under review. For instance, the exchange programmes with the Burundi Government for French students was not possible due to travel restrictions. The unimplemented activities of counselling services and living out allowances for students were rolled over and implemented in the financial year 2021/2022.	
Query	**49.4 Accumulation of receivables**
Observation The university accumulated receivables totalling to UGX 3.115Bn as at 30/6/2021. Under collection of billed revenue cripples, the University's ability to meet its financial obligations and impacts negatively on service delivery.	
Recommendation	
The Accounting Officer was advised to implement fees collection measures to ensure that outstanding fees are collected so as to achieve the desired level of service delivery.	
Action	
The increase in receivables was due to the second lockdown of June 2021 as a measure instituted to minimize spread of the Covid-19 pandemic. When the Universities re-opened, out of the outstanding receivables of UGX 3.115Bn a total of UGX 2.759Bn was collected by the close of the Financial Year 2021/2022 which accounts for 88.6 % collection. The uncollected 11.4% of the receivables was as a result of students who had enrolled but dropped out.	

Query	49.5 Long Outstanding Payables of UGX 1.872Bn
Observation It was noted that the University had outstanding payables of UGX 1.872Bn as at 30/6/2021. The failure to clear payables by the closure of the financial year may attract litigation resulting into wasteful expenditure in form of legal fees.	
Recommendation	
The Accounting Officer was advised to continue following up the matter with the PS/ST to ensure that the outstanding payables are settled.	
Action	
The long outstanding arrears amounting to UGX 1.872Bn relate to domestic arrears that were inherited by the University from the private dispensation. Out of the said arrears, UGX 93,631,283 was released to clear part of the arrears during the FY 2021/22. A follow up is being done to ensure that payment for the balance is made.	

50.0 KYAMBOGO UNIVERSITY	
Query	**50.1 Revenue Performance**
Observation The University collected UGX 40.9Bn (53%) of its budgeted non-tax revenue of UGX 77.1Bn. It was further noted that the university received UGX 130.07Bn (93%) out of the budgeted GoU receipts amount of UGX 140.6Bn.	
Recommendation	

The Accounting Officer was advised to ensure NTR that was due before the lockdown is collected since the university is now open. The Accounting Officer was further advised to enhance NTR (fees) collection efforts in the subsequent periods.	
Action status	
The shortfall in NTR collection was due to the Covid-19 related closure of the University, which disrupted the payment of tuition fees by students and other NTR sources. Following the easing of the lockdown and the reopening of the University in August 2021, the University registered progress in collecting the outstanding revenue receivables arising from the unpaid NTR for FY 2020/2021. 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	**50.2 Absorption of Funds**
Observation Out of the total warrants for the financial year of UGX 130.07Bn, only UGX 124.5 was spent by the University resulting into unspent balance of UGX 5.53Bn representing an absorption level of 96%.	
Recommendation	
The Accounting Officer was advised to ensure that critical activities that were not performed due to disruptions by COVID-19 are provided for in the subsequent periods and duly implemented as a matter of priority.	
Action status	

The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**50.3 Off-budget Receipts**
Observation The University received Donor financing to the tune of UGX 3.11Bn of which only UGX 2.68Bn had been included in the budget reflecting off-budget receipts of UGX0.43Bn.	
Recommendation	
The Accounting Officer was advised to always 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 status	
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, Planning and Economic Development.. 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	**50.4 Quantification and Implementation of planned outputs**
Observation It was noted that out of the 14 outputs sampled, 4 out puts (29%) were fully quantified, 8 out puts (57%) were insufficiently quantified while 2 out puts (14%) were not quantified at all. It was also noted	

that the University did not fully implement any of the 4 fully quantified out puts.	
Recommendation	
The Accounting Officer was advised to use the skills of the new Director to ensure that all activities and out-puts are fully quantified at planning level to facilitate performance measurement. The Accounting Officer was advised to follow up with the Director planning and Development to implement all critical unimplemented activities in the subsequent period as a matter of priority.	
Action status	
The Accounting Officer has implemented all critical unimplemented activities as a matter of priority through the new Director. These include; i) Dissemination and sensitization of the approved Strategic Plan in quantifying outputs at planning level as well as performance level to management. ii) Organizing training sessions to the Deans, HODs and Budget desk officers in writing performance reports which are quantified. iii) Preparation of the BFP and MPS emphasized the quantification of outputs and this has improved the way in which the University prepares and measures outputs. Furthermore, 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	**50.5 Domestic Arrears and Outstanding Receivables**

Observation The University had outstanding domestic arrears and outstanding receivables of UGX 13.6Bn and UGX 23.2Bn, respectively.	
Recommendation	
The Accounting Officer was advised to ensure that fees that became due before lock down is collected and also enhance fees collection measures so as to achieve the desired service delivery. The Accounting Officer was further advised to continue liaising with MoFPED and ensure that sufficient budget provisions are made in the subsequent financial years to enable settlement of the outstanding domestic arrears.	
Action status	
The university has been able to collect UGX 17.88Bn out of the outstanding receivable of UGX 23.2Bn by 31st December 2021. The balance UGX 5.31bn. will be reduced further by close of the financial year 2022. 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. Following the lifting of the lock down restrictions, the GoU receipts are expected to improve and settlement of domestic arrears will be made through the normal appropriation process.	
Query	**50.6 Land Management**
Observation Some of the University land had illegal land occupants. It was further noted that there were variations between the area on the Certificate of Title and actual area on the ground for plot M902 of the University land.	

Recommendation	
The Accounting Officer was advised to ensure that the process of land eviction is expedited to avoid loss of university land. The Accounting Officer was also advised to expedite the process of presenting the recommendations of the survey team to Cabinet for discussion and appropriate decision.	
Action status	
Illegal Land Occupants A stakeholders meeting was held to clarify on the land ownership occupied by squatters. The University also in liaison with the Ministry of Lands opened boundaries and it was made clear that the land belongs to Kyambogo University. **Variations between the area on the certificate of title and actual area on the ground** Regularization of titles with a view to obtain the correct measurement of the land and ownership is ongoing under the guidance of the Attorney General.	
Query	**50.7 Under Staffing**
Observation Out of the 1,671 approved posts for the University, only 928 (55.5%) were filled leaving 743 (45.5%) posts vacant. This has a negative impact on education service delivery.	
Recommendation	
The Accounting Officer was advised to engage the relevant authorities to ensure that the remaining staffing gaps are filled.	
Action status	
Government has provided a wage budget and Accounting Officers are advised to prioritise filling of critical positions starting with Heads of Departments.	

Query	50.8 Absence of Memoranda of Understanding with Affiliated Institutions

Observation

The University had MOUs for only 40 of the 112 affiliated Institutions. It was further noted that of the 40 MOUs availed; MOUs for 9 Institutions had expired.

Recommendation

The Accounting Officer was advised to ensure that all affiliated Institutions have valid MoUs to enable enforcement of the provisions in the affiliations policy.

Action

i) The process of reviewing the MOUs with institutions offering teacher education related programmes has been put on halt because of the implementation of the Teacher Education Policy by Ministry of Education and Sports.
ii) Kyambogo University is winding up with the students who had already enrolled on the programme by the time the renewal of operating licenses was stopped by the ministry of Education and Sports.
iii) Currently, there are only students in their final year of study. No new admissions were made to these institutions.

51.0 LIRA UNIVERSITY

Query	51.1 Existence of Strategic Plan aligned to the NDP-III

Observation

The entity submitted its final copy of the strategic plan to National Planning Authority (NPA) for alignment and certification however, no feedback had been received by the entity at the time of audit (September 2021).

Recommendation	
The Accounting Officer was advised to follow up with National Planning Authority on certification and approval of the Strategic Plan to facilitate preparation of the annual work plan.	
Action status	
The University's Strategic Plan has been aligned with NDP III and has been duly approved and certified by the National Planning Authority.	
Query	**51.2 Revenue Performance**
Observation 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 4.948Bn during the year. Out of this, only UGX 1.918Bn was collected, representing a performance of 38.8% of the target. In addition, the University budgeted to receive UGX 27.808Bn out of which UGX 27.118Bn was warranted/availed resulting in a shortfall of UGX0.698Bn which is 2.5% of the budget.	
Recommendation	
The Accounting Officer was advised to always ensure that the budgeted non-tax revenues are collected.	
Action status	
The shortfall in NTR collection was attributed to the closure of the University due to the outbreak of Covid-19 pandemic in March 2020. However, since then, there has been improvements in NTR collections. For FY 2021/22 UGX 3.604Bn was collected and in FY 2022/23, UGX 3.226Bn has so far been collected.	

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	**51.3 Under absorption of funds**
Observation Out of the total warrants of UGX 27.118Bn received during the financial year, UGX 25.796Bn was spent by the entity resulting in an unspent balance of UGX 1.322Bn representing an absorption level of 95%. The unspent balance at the end of the financial year was subsequently swept back to the Consolidated Fund as required by the PFMA, 2015.	
Recommendation	
The Accounting Officer was advised to 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.	
Action status	
The unspent funds related to wage and the under absorption was attributed to the late clearance to recruit by the Ministry of Public Service.	
Query	**51.4 Off-budget Receipts**
Observation The University received off-budget financing to the tune of UGX 836,710,490 which was not declared to the Treasury and, therefore, not appropriated to the entity by Parliament. These funds were	

received directly from Development Partners for undertaking activities not budgeted for.	
Recommendation	
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 by Parliament.	
Action status	
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, Planning and Economic Development. 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	**51.5 Quantification/Implementation of Planned Outputs**
Observation The audit reviewed the extent of quantification of outputs and activities for a sample of seven (7) outputs with a total of seventeen (17) activities and expenditure of UGX 22.003Bn and noted that five (5) outputs with a total of six (6) activities and expenditure worth UGX 5.3Bn were fully quantified while two (2) outputs with a total of eleven (11) activities and expenditure worth UGX 16.703Bn were insufficiently quantified. The audit also assessed the implementation of five (5) outputs that were fully quantified with a total of six (6) activities worth UGX 5.3Bn and noted that two (2) outputs with two (2) activities worth	

UGX0.3Bn were fully implemented while three (3) outputs with four (4) activities worth UGX 5Bn were partially implemented.	
Recommendation	
The Accounting Officer was advised to always ensure that all activities and out-puts are fully quantified at planning level to facilitate performance measurement. The Accounting Officer was advised to expedite and strictly follow up on contract management processes to ensure completion of activities.	
Action status	
Quantification of outputs 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. **Implementation of quantified outputs** The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent financial year work plans.	
Query	**51.6 Nugatory Expenditure of UGX 25,752,041**
Observation During the year, the University incurred nugatory expenditure totaling to UGX 25,752,041 being interest and penalties paid resulting from management's failure to deduct and remit NSSF deductions for the period August 2016 to June 2020.	
Recommendation	

The Accounting Officer was advised to always ensure that the University complies with the provisions of the NSSF Act.	
Action status	
The 10% NSSF expense (Employer's Contribution) was attributed to the hourly teaching allowances paid to the part time Lecturers.	
Query	**51.7 Non-payment of VAT on Rental Income of UGX 33,048,000**
Observation It was noted that Lira University signed a tenancy agreement with the Law Development Centre (LDC) letting out the first floor of the faculty of Education to LDC at a consideration of UGX 15,300,000 per month inclusive of taxes implying that the University is making a monthly financial loss of UGX 2,754,000 in form of VAT payable to URA. As a result, the university did not remit VAT totaling to UGX UGX 33,048,000 being VAT payable on rental income to URA on the annual rental income of UGX 183,600,000 (UGX 15,300,000 for 12 months) received by the University.	
Recommendation	
The Accounting Officer was advised to renegotiate the contract with LDC and have the issue of the tax component resolved in order to avoid any apparent loss of revenue, and to always ensure that taxes are paid to URA.	
Action status	
Management has engaged LDC on the adjustment of the current signed tenancy agreement dated April 1, 2021, and issuance of an addendum shall be made so that it is aligned with the Rental Valuation Report issued by the Ministry of Lands, Housing and	

Urban Development dated March 20, 2021, which valued the First Floor at UGX 15,300,000 VAT exclusive. The University has to date paid UGX 51,345,756 on 22nd, March 2023; covering arrears of UGX 33,048,000 and VAT due for the current financial year.	
Query	**51.8 Slow Progress of Construction works of the Administration Block**
Observation It was noted a delayed construction of the Administration Block following a contract award of UGX 16,664,107,531 to the construction contractor. Despite the expiry of the contract duration of the three years to 11th September 2021, the construction works had not been completed, and the progress of works was estimated at 32% level. However, the supervising contractor had been paid 92% on his contract of UGX 749,885,000 ending 4th February 2022.	
Recommendation	
The Accounting Officer was advised to closely monitor and supervise construction projects to avoid incurring unnecessary additional costs resulting from delayed completion of projects.	
Action status	
The Accounting Officer is closely monitoring and supervising construction projects based on the percentage of work completed.	
52.0 UGANDA MANAGEMENT INSTITUTE	
Query	**52.1 Revenue Performance**
Observation	

It was noted that the Uganda Management Institute (UMI) budgeted to collect NTR of UGX 25.68Bn during the year under review. Out of this, only UGX 9.11Bn was collected, representing a performance of 35.5% of the target. In addition, the Institute budgeted to receive UGX 36.33Bn however, UGX 33.89Bn was availed, resulting in a deficit of UGX 2.44 Bn which is 6.7% of the budget.	
Recommendation	
The Accounting Officer was advised to ensure that NTR collections are budgeted for to enable adequate assessment of NTR performance of the entity. The Accounting Officer was also advised to liaise with Treasury to ensure that all budgeted for funds are received by the entity.	
Action status	
Performance of revenue collection was greatly affected by the following; i) Persistent Covid-19 lockdowns which led to suspension of teaching, training and consultancies. ii) Inability to conduct End of semester examinations which trigger participants' payment. 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	**52.2 Absorption of funds**
Observation	

Out of the total warrants of UGX 33.88Bn received during the financial year. UGX 29.25Bn was spent by the entity resulting in an unspent balance of UGX 4.63Bn, thus an absorption level of 86.33%. The unspent funds were swept back to the Consolidated Fund as required by the PFMA. 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.	
Recommendation	
The Accounting Officer was advised to 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 PFMA2015.	
Action status	
Under absorption of funds was caused by suspension of some of the budgeted activities such as training and teaching due to lockdown. Following the lifting of the lock down restrictions, those activities were rolled over to the subsequent financial year and implemented.	
Query	**52.3 Off-budget financing**
Observation It was noted that the University received off-budget financing to the tune of UGX 185,595,654 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.	

Recommendation	
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.	
Action status	
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, Planning and Economic Development. 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	**52.4 Quantification of planned outputs**
Observation The audit reviewed the extent of quantification of outputs and activities for a sample of twelve (12) outputs with a total of sixty-eight (68) activities and expenditure of UGX 35.32Bn and noted that all the twelve (12) outputs with a total of sixty-eight (68) activities and expenditure worth UGX 35.32Bn were not quantified at all. That is, all the sixty-eight (68) activities (100%) within these outputs were not clearly quantified to enable assessment of performance.	
Recommendation	
The Accounting Officer was advised to ensure that all activities and out-outs are fully quantified at planning level to facilitate performance measurement.	

Action status	
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	**52.5 Un-deducted PAYE Tax on Gratuity payments**
Observation It was noted that PAYE tax totaling to UGX 589,262,089 was not deducted from staff gratuity payments on the basis of exemption from PAYE under the Pensions Act. However, it was also noted that the gratuity of staff under contract terms is not regulated by the Pensions Act.	
Recommendation	
The Accounting Officer was advised to liaise with URA and have the matter resolved.	
Action status	
Management wrote to URA seeking guidance on the matter and in response URA /IRD/1/23 of 24/11/1997, noted that gratuity to staff was exempted under the Pensions Act CAP 28. Tax payments on gratuity for contract staff has been made.	
Query	**52.6 Failure to Transfer Unspent funds to the Uganda Consolidated Fund**
Observation It was noted that UMI did not transfer to the Consolidated Fund unspent balances of UGX 555,953, 247 on ABSA Project Account at the end of the financial year as advised by the Accountant General.	

Recommendation
The Accounting Officer was advised to always ensure that unspent funds are timely remitted to the Uganda Consolidated Fund.
Action status
The amount amounting to UGX 555,953,247 was unremitted at the end of the Financial year because at the start of the Covid-19 lockdown, the Institute had ongoing consultancies while others had not kicked off; this necessitated direct expenditure on the balances on the Bank Account. Details of outstanding consultancies included among others:

Awarded contracts	
Client	**Contract Sum**
UNESCO	115,458,500
Post Bank Uganda ltd	149,000,000
GIZ	92,000,000
GIZ-TNA Hand Book	32,000,000
MoFPED-Training of MoLG	57,000,000
MoFPED-GBV	42,000,000
UFZA	40,700,000
TOTAL	**528,158,500**

Subsequently, at the end of these contracts, transfers were made to the Consolidated Fund.

53.0 SOROTI UNIVERSITY

Query	53.1 Revenue Performance

Observation	
It was noted that the University did not indicate NTR estimates in its statement of Appropriation. How out of the budgeted NTR of UGX 706,000,000 for the financial year 2020/2021, UGX 195,985,600 was collected representing a performance of 28% of the target. The entity budgeted to receive UGX 20.229Bn out of which UGX 19.621Bn was warranted, resulting into a shortfall of UGX0.608Bn which is 3% of the budget.	
Recommendation	
The Accounting Officer was advised to follow up with the Treasury to have clarity on the monies meant for tuition of government sponsored students so as to have a complete assessment of the NTR performance. The Accounting Officer was advised to liaise with Treasury to ensure that all budgeted for funds are received by the University.	
Action status	
During budget preparation for FY 2021/22, the University on consultation with MoFPED was advised to exclude the tuition for Government sponsored students from the NTR projections given that the current policy does not provide for it separately as Appropriation in Aid. The matter of performance of GoU receipts was discussed and in the FY 2021/22, 100% of the budget was released to the University.	
Query	**53.2 Off-budget receipts**
Observation	

It was noted the University received off-budget financing to the tune of UGX 36,710,266 which was not transferred to the consolidated fund as required by the law.	
Recommendations	
The Accounting Officer was advised to always adhere to the provisions of the law and any challenges encountered in implementing these provisions should be brought to the attention of the PS/ST.	
Action status	
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, Planning and Economic Development. 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	**53.3 Absorption of funds**
Observation Out of the total receipts (warrants) for the financial year of UGX 19.621Bn, UGX 17.484Bn was spent by the entity resulting into an under absorption of UGX 2.137Bn representing an absorption level of 89%.	
Recommendations	

The Accounting Officer was advised to include all unimplemented planned activities in the subsequent budget for implementation.	
Action status	
The unimplemented activities were prioritized and implemented in the budget for FY 2021/22. In this regard; all the goats have been consistently dewormed, benchmarking was done and the report is being used to improve the farm, and the laboratory has been partitioned.	
Query	**53.4 Quantification/Implementation of planned outputs**
Observation Ten (10) outputs with a total of ninety-nine (99) activities and expenditure worth UGX 10.251Bn were fully quantified while one (1) output with a total of four (4) activities and expenditure worth UGX 1.898Bn was not quantified to enable assessment of performance as there was no output that was insufficiently quantified. Out of the ten (10) out puts that were fully quantified, one (1) output with a total of 6 (six) activities worth UGX0.051Bn was fully implemented while 9(nine) outputs with a total of ninety-three (93) activities worth UGX 10.201Bn were partially implemented.	
Recommendation	
The Accounting Officer was advised to always ensure that all activities and outputs are fully quantified at planning level to facilitate performance measurement. The Accounting Officer was also advised to initiate strategies to ensure that all the non-implemented and partially implemented activities that were still applicable be rolled over to the next financial year and subsequently be implemented.	

Action status	
Quantification of outputs 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. **Implementation of quantified outputs** The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**53.5 Outstanding Payables: UGX 2.602Bn**
Observation The University closed the financial year with an accumulated payable totaling to UGX 2.604Bn of which UGX 559,049,780 had been outstanding for more than one year.	
Recommendation	
The Accounting Officer was advised to engage MoFPED and Parliament for sufficient budget allocation to ensure that outstanding payables are settled without delay.	
Action status	
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	53.6 Nugatory Expenditure Interest on Delayed payments: UGX 188,055,690
Observation The University paid a contractor UGX 996,389,960 in respect of outstanding debt that included UGX 188,055,690 relating to accrued interest charged by the contractor as a result of delayed payments. The interest expenditure was nugatory.	
Recommendation	
The Accounting Officer was advised to always adhere to the terms and conditions of contracts, which will save public funds from wastage.	
Action status	
The University currently adheres to the terms and conditions in agreements to avoid unnecessary costs such as interest on delayed payments to Contractors.	

54.0 MBARARA UNIVERSITY OF SCIENCE & TECHNOLOGY	
Query	**54.1 Revenue Performance**
It was noted that the University had NTR estimates of UGX 12.43Bn out of which UGX 9.28Bn was collected representing 75% of the budget.	
Recommendations	
The Accounting Officer was advised to institute collection measures of revenue arrears that fell due before the institution of the lockdown.	
Action status	

The shortfall in NTR collection was due to the Covid-19 related closure of the University, which disrupted the payment of tuition fees by students and other NTR sources. Following the easing of the lockdown and the reopening of the University in August 2021, the University registered progress in collecting the outstanding revenue receivables arising from the unpaid NTR for FY 2020/2021. Arrears of revenue were reduced to UGX 956,188,173 in FY 2021/22, and the amount has since been collected in FY 2022/23.

Query	**54.2 Absorption of funds**
Observation It was noted that out of the total receipts for the financial year of UGX 55.4Bn, only UGX 51.4Bn was spent by the entity resulting in an unspent balance of UGX 4Bn representing an absorption level of 92.9%.	
Recommendations	
The Accounting Officer was advised to ensure that activities which were not performed due to disruptions by Covid-19 are fast-tracked. The Accounting Officer was further advised to ensure that recruitment and administrative review challenges are timely resolved to give way for implementation of the planned activities.	
Action status	
The unimplemented activities were identified and included in the subsequent Financial Year work plans.	

Query	**54.3 Off-budget receipts**
Observation It was noted that the University received off-budget financing to the tune of UGX 9.2Bn which was not transferred to the Consolidated Fund as required by the law.	

Recommendations	
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 status	
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, Planning and Economic Development. 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	**54.4 Quantification/Implementation of planned outputs**
Observation It was noted that nine (9) outputs with a total of twenty-two (22) activities and expenditure worth 42.9Bn were fully quantified. That is, 99% of the activities within these out-puts were clearly quantified to enable assessment of performance. It was also noted that one (1) output with a total of three (3) activities and expenditure worth UGX 0.47Bn was insufficiently quantified. That is, the two (2) activities of the three sampled (67%) of the output was not clearly quantified to enable assessment of performance. Furthermore, it was noted that one (1) output with one activity worth UGX0.05Bn was fully implemented, while eight (8) outputs with a total of twenty-one (21) activities worth UGX 42.9Bn were partially implemented. Out of the twenty-one (21) activities, the entity fully implemented nine (9) activities (43%), 9 (43%) activities were partially implemented and three (3) activities (14%) remained unimplemented.	
Recommendations	

The Accounting Officer was advised to continue the sensitization drive but also follow up to ensure that outputs are quantified right from planning; funds are spent as per the approved budget, and follow-up on projects behind schedule to ensure their completion is expedited. The Accounting Officer was also advised to prioritise all unimplemented activities in the subsequent period.	
Action status	
Quantification of outputs 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. **Implementation of quantified outputs** The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**54.5 Outstanding Receivables**
Observation It was noted that the University accumulated receivables totalling to UGX 4.222Bn as at 30th June 2021, an increase of UGX 1.427Bn (51%) in the outstanding receivables of UGX 2.795Bn of the prior year ended 30th June 2020.	
Recommendation	
The Accounting Officer was advised to institute recovery mechanisms stipulated in the debt recovery policy of the university and collect the outstanding receivables when the university resumes full operation.	
Action status	
Arrears of revenue were reduced to UGX 956,188,173 in FY 2021/22, and the amount has since been collected in FY 2022/23.	
Query	**54.6 Failure to renew a Land leasehold**

Observation It was noted that the leasehold land on Plot No. 6, lower circular Road, Mbarara expired on 31st March 2017 and has not been renewed four (4) years after its expiry.	
Recommendation	
The Accounting Officer was advised to ensure that the title/lease is renewed.	
Action status	
The process of renewing of land title has commenced.	
Query	**54.7 Failure to receive payment of leased land in Kanungu District**
Observation It was noted that MUST owns six (6) tourist camping sites (bandas) adjacent to Bwindi forest, in Kanungu District on approximately 2 acres of land which was leased to a service provider for a period of 10 years effective 12/04/2020 at contract sum of UGX 480,000,000 (UGX 48,000,000 annually). However, the service provider did not pay the first instalment of UGX 48,000,000 which was due on 12th April 2021, citing challenges of Covid-19 pandemic.	
Recommendation	
The Accounting Officer was advised to ensure that due payments are made in line with the agreement in place.	
Action status	
The performance of the contract was affected by the Covid-19 pandemic which affected the tourism section on which the business at the Bandas is based. To date the business has not improved. The University is in constant engagement with the service provider as the situation is monitored.	
55.0 BUSITEMA UNIVERSITY	

Query	55.1 Revenue Performance
Observation Out of the budgeted non-tax revenue of UGX 6.517Bn for the year 2020/21, only UGX 4.905Bn was collected representing a performance of only 75% of the target.	
Recommendation	
The Accounting Officer was advised to ensure that all revenue that had accrued at the time of lockdown is duly collected and accounted for and to liaise with Treasury to ensure that all budgeted for funds are received by the University.	
Action status	
The shortfall in NTR collection was due to the Covid-19 related closure of the University, which disrupted the payment of tuition fees by students and other NTR sources. Following the easing of the lockdown and the reopening of the Universities, the revenue collections improved and in the FY 2021/22, the University collected UGX 7.39Bn out of the target of GX 7.93Bn representing 98% performance. 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	**55.2 Absorption of funds**
Observation There was a shortfall in releases amounting to UGX 4.63Bn which is 9% of the budget. Furthermore, the entity remained with unspent balance of UGX 1.6Bn representing an absorption level of 97%.	
Recommendation	
The Accounting Officer was advised to include all unimplemented planned activities in the subsequent budget for implementation and	

to consider use of information technology tools to undertake some of the activities.	
Action status	
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**55.3 Off-budget Receipts**
Observation The University received off-budget financing to the tune of UGX 1.462Bn which was not transferred to the consolidated fund as required by the law. These funds were received directly from development partners for undertaking activities which were not budgeted for.	
Recommendation	
The Accounting Officer was advised to always ensure that off-budget financing is fully captured in the budget.	
Action status	
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, Planning and Economic Development. 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	**55.4 Quantification/Implementation of planned outputs**
Observation Nine (9) outputs with 73 activities worth UGX 33.34Bn were insufficiently quantified. That is out of the Seventy-three (73) activities, twelve (12) activities (16%) were not clearly quantified.	

Two (2) outputs with a total of eight (8) activities worth UGX 8.52Bn were fully implemented while two (2) outputs with a total of fifteen (15) activities worth UGX 3.46Bn were partially implemented.
Recommendation
The Accounting Officer was advised to always ensure that outputs are fully quantified at the planning level to facilitate performance measurement. The Accounting Officer was advised to ensure that all partially implemented activities are rolled over to the subsequent financial year and ensure their implementation in line with the changing trends.
Action status
Quantification of outputs 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. **Implementation of quantified outputs** The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.

Query	**55.5 Outstanding payables**
Observation It was noted that the University closed the financial year with outstanding payables to the tune of UGX 1.505Bn of which UGX 1.421Bn related to unpaid enhanced salaries for administrative and support staff that accrued in the financial year 2016/17.	
Recommendation	
The Accounting Officer was advised to continue liaising with MoFPED to expedite the verification process to ensure that the long outstanding salaries are cleared.	
Action status	

In the FY 2022/23, the university received a full release of UGX 1.421Bn from MoFPED and the long outstanding debt has been settled.	
56.0 GULU UNIVERSITY	
Query	**56.1 Existence of Strategic Plan aligned to NDP III**
Observation It was noted that the University'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.	
Recommendation	
The Accounting Officer was advised to follow up with National Planning Authority on certification and approval of the strategic plan to facilitate preparation of the annual work plan.	
Action status	
The University strategic plan was approved by NPA and a Certificate of approval issued.	
Query	**56.2 Revenue Performance**
Observation 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. The entity budgeted to receive UGX 58.88Bn from Treasury, out of which UGX 57.90Bn was warranted, resulting into a shortfall of UGX0.98Bn which is 1.7% of the budget.	
Recommendation	

The Accounting Officer was advised to always ensure that budgeted non-tax revenues are collected. In addition, MoFPED should be contacted for total release of all budgeted for funds.	
Action status	
The shortfall in NTR collection was due to the Covid-19-related closure of the University, which disrupted the payment of tuition fees by students and other NTR sources. Following the easing of the lockdown and the re-opening of Universities in November 2021, the University collected UGX 4.055Bn from students who did not pay in the semester one and semester two of academic year 2020/2021. 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	**56.3 Absorption of funds**
Observation Out of the total warrants of UGX 58.11Bn received during the financial year, UGX 57.90bn was spent by the entity resulting in an unspent balance of UGX 0.21Bn, representing an absorption level of 99.6%. The unspent balance at the end of the financial year was subsequently swept back to the Consolidated Fund account as required by the PFMA.	
Recommendation	
The Accounting Officer was advised to always 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.	
Action	
The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	

Query	56.4 Off-budget Receipts

Observation

The University received off-budget financing to the tune of UGX 6,255,990,597 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.

Recommendation

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.

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, Planning and Economic Development.

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	56.5 Quantification/Implementation of planned outputs

Observation

The audit reviewed the extent of quantification of outputs and activities for a sample of the ten (10) outputs with a total of twenty (20) activities and expenditure of UGX 45.556Bn and noted that seven (7) outputs with a total of twelve (12) activities and expenditure worth 43.284bn were fully quantified while three (3) outputs with a total of eight (8) activities and expenditure worth UGX 2.871bn were not quantified at all.

The audit assessed the implementation of seven (7) out puts that were fully quantified with a total of twelve (12) activities worth UGX

43.282Bn and noted that three (3) outputs with a total of six (6) activities worth UGX 37.054Bn were fully implemented. Two (2) outputs with a total of four (4) activities worth UGX 5.706Bn were partially implemented while two (2) outputs with a total of two (2) activities worth UGX 0.522Bn were not implemented.	
Recommendation	
The Accounting Officer was advised to ensure that all activities and outputs are fully quantified at the planning level to facilitate performance measurement. The Accounting Officer was advised to expedite and strictly follow up on contract management processes to ensure the completion of activities.	
Action	
Quantification of outputs 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. **Implementation of quantified outputs** The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. The unimplemented activities were identified and included in the subsequent Financial Year work plans.	
Query	**56.6 Outstanding domestic arrears**
Observation The University had outstanding domestic arrears of UGX 5.681Bn dating as far back as the financial year 2015/16. There is a risk that the University could face litigation from the suppliers and other beneficiaries.	
Recommendations	
The Accounting Officer was advised to continue liaising with MoFPED for provision of sufficient funds for settlement of domestic arrears.	
Action	

MoFPED engaged a private audit firm Ernest & Young to verify the accumulated domestic arrears of UGX 5.8Bn. Following the verification, in FY 2021/22 the University was allocated UGX 2.598Bn. Payments were made to some of the creditors and these were verified by the University Senior Internal Auditor. In the FY 2022/23, Government released UGX 3.3Bn and the remaining creditors were paid.	
Query	**56.7 Pending Court Cases**
Observation Gulu University is involved in several court cases and some of the cases remained pending at the financial year end. The cases are mostly between the University and its former staff, students and suppliers. The cases arose mainly from unlawful termination, breach of contracts, unfair treatment, land issues, arrears/failure to pay suppliers.	
Recommendation	
The Accounting Officer was advised to always carry out due diligence in aspects of staff management to safeguard the University against litigations and the attendant court damages and penalties. In addition, suppliers should always be paid in time.	
Action	
To mitigate the level of rising court cases the University has instituted and appointed the Staff Tribunal. This will assist in resolving staff issues without going to court. Following the settlement of domestic arrears that were outstanding, the University currently pays its suppliers on time using a First In, First Out method to avoid unnecessary litigation.	
Query	**56.8 Supply and Installation of Network Equipment and Other ICT Equipment**
Observation Gulu University awarded a contract for the supply and installation of Network Equipment to the Faculty of Agriculture, Biometric	

Equipment for Staff attendance, Laptops and Desktops for Vice Chancellor, Director ICT, and Director Planning and Development at a contract price of UGX 181,794,897 on the 25th June, 2021. However, as at the time of concluding the audit, installation was not undertaken.	
Recommendation	
The Accounting Officer was advised to fast-track the implementation of the contract as this will enhance management of the University.	
Action	
The supplier requested for time extension of the contract till December 30, 2021 as the manufacturers of the equipment were experiencing raw material shortage and slow movement of goods in the global supply chain due to effects of the COVID-19 Pandemic. The supply and installation of the equipment is now complete.	
Query	**56.9 Delayed Construction of the Business and Development Centre**
Observation Gulu University signed a contract for the construction of the Business and Development Centre on the 19th June, 2019 for a contract price of UGX 30,122,043,772. The construction start date was 1st August, 2019 and the expected completion date of 30th July, 2023. It was noted that only UGX 2.1Bn out of UGX 6.0Bn was paid as advance for mobilization and this led to the temporary stoppage of works by the contractor which led to slow progress of the building works. At the time of concluding the audit, no major works were undergoing.	
Recommendation	
Management was advised to continuously engage the MoFPED for continued funding of the Project.	
Action	
The fulfilment of the construction was hampered by the suppression of capital development budgets during the Covid-19 lockdown.	

However, efforts are being made to ensure that funds are released and the construction is completed.	
Query	**56.10 Lack of land titles**
Observation It was noted that the following University pieces of land were not titled; forest land measuring 28 hectares, Pajengo Latoro; Agago and Agora Pader land. There is a risk that the land in question could be lost to unscrupulous individuals.	
Recommendation	
The Accounting Officer was advised to expedite the process of securing all the University land titles.	
Action	
The main campus land is now titled. Titling of the forest land awaits de-gazettement by Parliament. The process of titling other parcels of land for Pajengo Latoro; Agago and Agora Pader land is ongoing.	
Query	**56.11 Under Staffing**
Observation Out of the 1,606 approved positions in Gulu University; only 441 (27%) posts were filled, leaving 1,165 (73%) positions vacant.	
Recommendation	
The Accounting Officer was advised to continue engaging the relevant authorities, including the Ministry of Public Service to ensure the vacant positions at the university are filled in a phased manner.	
Action	
The University has prepared a recruitment plan and is engaging the relevant authorities to fill the staffing gaps.	

57.0 MAKERERE UNIVERSITY BUSINESS SCHOOL

Query	57.1 Non-Tax Revenue Performance
Observation 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 56.845Bn during the year under review. Out of this, only 33.589bn was collected, representing a performance of 59.1% of the target.	
Recommendation	
The Accounting Officer was advised to always ensure that budgeted Non-Tax Revenue is collected.	
Action status	
Following the Covid-19 pandemic, the revenue collection in the University declined. This was because for some time, the university was closed and no revenue was collected. Currently, the enrolment for the first-year students has declined. Admissions this year 2022/23 are 2,200 students compared to the usual approximately 10,000. This has led to a decline in revenue collection.	

Query	57.2 Shortfall in GoU releases
Observation The University budgeted to receive UGX 102.629Bn out of which UGX 97.03Bn was availed, resulting in a shortfall of UGX 5.59Bn, which is 5.5% of the budget.	
Recommendation	
The Accounting Officer was advised to continuously liaise with MoFPED to ensure that GoU funds are released as planned so as to achieve service delivery.	
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	**57.3 Absorption of Funds**
Observation Out of the total warrants of UGX 97.03Bn received during the financial year. UGX 96.85Bn was spent by the entity resulting in an unspent balance of UGX0.18Bn representing an absorption level of 99.8%. The unspent funds were swept back to the Consolidated Fund as required by the PFMA.	
Recommendation	
The Accounting Officer was advised to always 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.	
Action	
The UGX 18Million which was not absorbed was released for CCTV cameras and catering equipment which could not be purchased because these items had been budgeted for at UGX 500Million.	
Query	**57.4 Off-budget Receipts**
Observation It was noted that the School received off-budget financing from NOHRED/NORAD Project Support which was not declared to treasury and, therefore, not appropriated to the entity by Parliament.	
Recommendation	
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.	
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, Planning and Economic Development. 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	**57.5 Quantification/ Implementation of planned outputs**
Observation The audit reviewed the extent of quantification of outputs and activities for a sample of twelve (12) outputs with a total of seventy-three (73) activities and expenditure of UGX 91.667Bn and noted that five (5) outputs with a total of fourteen (14) activities and expenditure worth UGX 3.031Bn were fully quantified. One (1) output with a total of twenty-four (24) activities and expenditure worth UGX 77.002Bn, was insufficiently quantified while six (6) outputs with a total of thirty-five (35) activities and expenditure worth UGX 11.633Bn were not quantified at all.	
Recommendations	
The Accounting Officer was advised to ensure that all activities and outputs are fully quantified at the planning level to facilitate performance measurement. The Accounting Officer was advised to expedite and strictly follow up on contract management processes to ensure completion of activities.	
Action	
Quantification of outputs 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. **Implementation of quantified outputs** The Covid-19 pandemic disrupted the implementation of many aspects of the work plan. However, the activities that were not implemented were due to lack of funds and the status has not	

improved since the University has not been getting sufficient capital Development funding.	
Query	**57.6 Increase in Receivables**
Observation The entity disclosed receivables to the tune of UGX 21.730Bn. This reflected an increase in receivables by UGX 12.026 (124%) from the previous year's balance of UGX 9.704Bn. The accumulation of receivables impacts negatively the operations of the University and the education service delivery.	
Recommendation	
The Accounting Officer was advised to institute recovery mechanisms to collect the outstanding receivables.	
Action	
During the closure of the University, due to covid-19, students were not paying outstanding tuition fees because they were not at the University. The funds were later collected when the University opened.	
Query	**57.7 Accumulation of payables**
Observation The Statement of Financial Position showed an accumulation of payables to the tune of UGX 1.215Bn as at 30th June 2021. It was noted that these payables were accumulated in the current year and largely related to suppliers of goods and services. Accumulation of payables poses a risk of litigation and or loss of trust against the University from the suppliers of the goods and services.	
Recommendation	
The Accounting Officer was advised continue liaising with MoFPED to ensure that the arrears are cleared.	
Action	
The Covid-19 pandemic led to the lockdown of the economy which adversely affected Government cash inflows from domestic and	

external sources. The arrears in question will be settled through the normal appropriation process. In addition, IFMS has been upgraded to include a functionality for recording and tracking 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	**57.8 Legal proceedings of a total value of UGX 2.9Bn**
Observation The financial statements showed that MUBS was involved in several court cases/legal proceedings of a total value UGX 2.9Bn in various courts of law that remained pending as at the end of the financial year. Further analysis of the cases indicated that the parties involved are the University and its former staff, students and suppliers. It was noted that the cases arose mainly from unlawful termination, breach of contracts, unfair treatment and failure to pay suppliers. There is a risk that in case of unfavourable rulings, the School may incur more financial losses.	
Recommendation	
The Accounting Officer was advised to carry out due diligence in all aspects to safeguard the School against litigation and possible un-favourable outcomes.	
Action	
Most of these cases relate to the delayed settlement of suppliers. To mitigate such reoccurrences, the University currently pays its suppliers on time using a First In, First Out method to avoid unnecessary litigation.	
Query	**57.9 Payment of unbudgeted Domestic Arrears**

Observation

A review of the statement of cash flow revealed payment of domestic arrears of UGX 9.601Bn against UGX 330,708,964 that was budgeted and warranted for payment of domestic arrears. Payment of funds to un-appropriated budget lines leads to non-implementation of budgeted for activities.

Recommendation

The Accounting Officer was advised to always adhere to the approved budget, or else seek proper authorization for budget reallocations.

Action

During the year, the budget releases were suppressed to cater for essential/emergency activities needed to respond to the COVID-19 pandemic. The Domestic Arrears were budgeted for but the money was not released and the payments were made from the first quarter releases to avoid litigation.

Query	**57.10 Land Management**

Observation

It was noted that the School had five (5) pieces of land recorded in the assets register that have never been valued to ascertain the monetary value.

It was also noted that the land in Kireka had squatters and the possibility of reclaiming it may prove to be challenging. The encroachment on the School land was attributed to the failure to gazette and develop the land.

Recommendation

The Accounting Officer was advised to engage the squatters and the relevant authorities to explore ways of re-reclaiming the School land.

Action

The valuation of land has been budgeted for in the FY 2023/24. The Public Accounts Committee – Central Government and the Parliamentary Committee on Education and Sports pledged to resolve the aforesaid challenges with ULC to enable the School utilize the land.

The Ministry of Education and Sports, which committed to follow up the matter with the two committees, is yet to update the University on progress.