



THE REPUBLIC OF UGANDA

# **TREASURY MEMORANDUM**

**ON THE REPORT OF PARLIAMENT ON THE REPORT OF THE  
AUDITOR GENERAL FOR THE FINANCIAL YEAR 2023/24**

**VOLUME V**

**LOCAL GOVERNMENTS  
(CITIES AND MUNICIPALITIES)**



**PRESENTED BY**

**THE HON. MINISTER OF FINANCE, PLANNING  
AND ECONOMIC DEVELOPMENT**

**MARCH 2026**





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## ABBREVIATIONS AND ACRONYMS

|          |                                                          |
|----------|----------------------------------------------------------|
| AEO      | Authorised Economic Operators                            |
| ARV      | Antiretroviral Drug                                      |
| ASYCUDA  | Automated System for Customs Data                        |
| BC       | Business Continuity                                      |
| Bn       | Billion                                                  |
| BoU      | Bank of Uganda                                           |
| BWIMS    | Bonded Warehouse Information Management System           |
| CDC      | Centres for Disease Control and Prevention               |
| CDO      | Cotton Development Organisation                          |
| CFR      | Central Forest Reserve                                   |
| CID      | Criminal Investigations Directorate                      |
| CIP      | Compliance Improvement Plan                              |
| CNDPF    | Comprehensive National Development Framework             |
| CoC      | Certificate of Compliance                                |
| COSASE   | Commissions, Statutory Authorities and State Enterprises |
| Covid-19 | Coronavirus Disease                                      |
| CSC      | City Service Commission                                  |
| DDA      | Dairy Development Authority                              |
| DGF      | Democratic Governance Facility                           |
| DLB      | District Land Board                                      |
| DLG      | District Local Government                                |
| DR       | Disaster Recovery                                        |
| DSC      | District Service Commission                              |
| DTS      | Digital Tracking Solution                                |
| EAC      | East African Community                                   |
| EC       | Electoral Commission                                     |
| ECCMIS   | Electronic Court Case Management Information System      |
| EDMS     | Electronic Document Management System                    |
| EFRIS    | Electronic Fiscal Receipting & Invoicing Solution        |
| EIA      | Environmental Impact Assessment                          |
| EMIS     | Education Management Information System                  |
| EOC      | Equal Opportunities Commission                           |
| ERP      | Enterprise Resource Planning                             |
| FIA      | Financial Intelligence Authority                         |
| FMD      | Foot and Mouth Disease                                   |
| FY       | Financial Year                                           |

|          |                                                                 |
|----------|-----------------------------------------------------------------|
| GBP      | Great British Pound                                             |
| GFMIS    | Government Financial Management Information Systems             |
| GoU      | Government of the Republic of Uganda                            |
| GPA      | Gross Payments Account                                          |
| HCM      | Human Capital Management                                        |
| HESFB    | Higher Education Students' Financing Board                      |
| HIV/AIDS | Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome |
| HLG      | Higher Local Government                                         |
| HSC      | Health Service Commission                                       |
| IAS      | International Accounting Standards                              |
| IASB     | International Accounting Standards Board                        |
| ICT      | Information and Communications Technology                       |
| IDI      | Infectious Diseases Institute                                   |
| IFMS     | Integrated Financial Management System                          |
| IFRS     | International Financial Reporting Standards                     |
| IHMIS    | Integrated Hospital Management Information System               |
| ILMIS    | Integrated Loan Management Information System                   |
| IPC      | Interim Payment Certificate                                     |
| IPPS     | Integrated Personnel and Payroll System                         |
| IT       | Information Technology                                          |
| JICA     | Japan International Cooperation Agency                          |
| JSC      | Judicial Service Commission                                     |
| JVA      | Joint Venture Agreement                                         |
| KCCA     | Kampala Capital City Authority                                  |
| Km       | Kilometre                                                       |
| LC       | Letters of Credit                                               |
| LG       | Local Government                                                |
| LGFC     | Local Government Finance Commission                             |
| LLG      | Lower Local Government                                          |
| LLIN     | Long-Lasting Insecticidal Nets                                  |
| M&E      | Monitoring and Evaluation                                       |
| MAAIF    | Ministry of Agriculture, Animal Industry and Fisheries          |
| MBPS     | Megabits Per Second                                             |
| MCC      | Milk Collection Center                                          |
| MDA      | Ministries, Departments and Agencies                            |
| MDALG    | Ministries, Departments, Agencies and Local Governments         |
| Mn       | Million                                                         |
| MoES     | Ministry of Education and Sports                                |

|          |                                                                                |
|----------|--------------------------------------------------------------------------------|
| MoFPED   | Ministry of Finance, Planning and Economic Development                         |
| MoH      | Ministry of Health                                                             |
| MoICT&NG | Ministry of Lands, Housing and Urban Development                               |
| MoJCA    | Ministry of Justice and Constitutional Affairs                                 |
| MoLHUD   | Ministry of Lands, Housing and Urban Development                               |
| MoPS     | Ministry of Public Service                                                     |
| MoTIC    | Ministry of Trade, Industry and Cooperatives                                   |
| MoU      | Memorandum of Understanding                                                    |
| MoU      | Memorandums of Understanding                                                   |
| MoWT     | Ministry of Works and Transport                                                |
| MTEF     | Medium-Term Expenditure Framework                                              |
| MTR      | Mid-Term Review                                                                |
| NAADS    | National Agricultural Advisory Services                                        |
| NAGRC&DB | National Animal Genetic Resources Centre and Data Bank                         |
| NARO     | National Agricultural Research Organisation                                    |
| NBI/EGI  | National Data Transmission Backbone Infrastructure/E-Government Infrastructure |
| NCDC     | National Curriculum Development Centre                                         |
| NDA      | National Drug Authority                                                        |
| NDP      | National Development Plan                                                      |
| NEF      | National Environment Fund                                                      |
| NEMA     | National Environment Management Authority                                      |
| NFA      | National Forestry Authority                                                    |
| NIN      | National Identification Number                                                 |
| NIRA     | National Identification Registration Authority                                 |
| NITA-U   | National Information Technology Authority - Uganda                             |
| NL&GRB   | National Lotteries and Gaming Regulatory Board                                 |
| NMS      | National Medical Stores                                                        |
| NMTS     | National Meteorological Training School                                        |
| NPA      | National Planning Authority                                                    |
| NPC      | National Population Council                                                    |
| NSC      | National Standards Council                                                     |
| NSSF     | National Social Security Fund                                                  |
| NTR      | Non-Tax Revenue                                                                |
| NWSC     | National Water and Sewerage Corporation                                        |
| ODPP     | Office of the Director of Public Prosecutions                                  |
| PAC      | Public Accounts Committee                                                      |
| PAP      | Project Affected Person                                                        |
| PAU      | Petroleum Authority of Uganda                                                  |

|          |                                                    |
|----------|----------------------------------------------------|
| PAYE     | Pay as You Earn                                    |
| PBS      | Programme Budgeting System                         |
| PCA      | Parish Coffee Advisor                              |
| PDM      | Parish Development Model                           |
| PDMIS    | Parish Development Management Information System   |
| PFMA     | Public Finance Management Act                      |
| PFMR     | Public Finance Management Regulations              |
| PIAP     | Programme Implementation Action Plan               |
| PPDA     | Public Procurement Disposal of Public Assets       |
| PPR      | Peste des Petits Ruminants                         |
| PROCAMIS | Prosecution Case Management Information System     |
| PS/ST    | Permanent Secretary/Secretary to the Treasury      |
| PSC      | Public Service Commission                          |
| PVoC     | Pre-Export Verification of Conformity              |
| PWD      | Persons with Disabilities                          |
| RAPEX    | Rationalisation of Agencies and Public Expenditure |
| SACCO    | Savings and Credit Cooperative Organisation        |
| SDLC     | Systems Development Lifecycle                      |
| TB       | Tuberculosis                                       |
| TIN      | Tax Identification Number                          |
| TREP     | Taxpayer Registration and Expansion Program        |
| UBOS     | Uganda Bureau of Statistics                        |
| UBTEB    | Uganda Business and Technical Examination Board    |
| UCDA     | Uganda Coffee Development Authority                |
| UDC      | Uganda Development Corporation                     |
| UEPB     | Uganda Export Promotion Board                      |
| UESW     | Uganda Electronic Single Window                    |
| UFZA     | Uganda Free Zones Authority                        |
| UGX      | Uganda Shilling                                    |
| UHRC     | Uganda Human Rights Commission                     |
| UIA      | Uganda Investment Authority                        |
| UIRI     | Uganda Industrial Research Institute               |
| ULC      | Uganda Land Commission                             |
| ULRC     | Uganda Law Reform Commission                       |
| UMRA     | Uganda Microfinance Regulatory Authority           |
| UNBS     | Uganda National Bureau of Standards                |
| UNCST    | Uganda National Council for Science & Technology   |
| UNMA     | Uganda National Meteorological Authority           |
| UNMEB    | Uganda National Medical Examination Board          |

|       |                                                  |
|-------|--------------------------------------------------|
| UNRA  | Uganda National Roads Authority                  |
| UNSA  | Uganda National Students' Association            |
| UPPC  | Uganda Printing and Publishing Corporation       |
| URA   | Uganda Revenue Authority                         |
| URBRA | Uganda Retirements Benefits Regulatory Authority |
| URF   | Uganda Road Fund                                 |
| URSB  | Uganda Registration Services Bureau              |
| USD   | United States Dollar                             |
| USPCL | Uganda Security Printing Company Limited         |
| UTB   | Uganda Tourism Board                             |
| UVRI  | Uganda Virus Research Institute                  |
| VAT   | Value Added Tax                                  |
| WHT   | Withholding Tax                                  |

## GLOSSARY OF KEY TERMS

**Academic Information Management System (AIMS):** It is an Integrated Information System locally designed and customised to meet the unique needs of the educational institutions (with special emphasis on colleges and universities).

**Absorption of Funds:** This refers to the proportion of funds released by the Central Government that an entity has spent, or, simply, how much of the budgeted funds have been spent.

**Accounts Payable:** This refers to the amount of an entity's short-term obligation to pay for goods and services which the entity procured on credit. It includes payroll liabilities, third-party liabilities and other payables.

**Approved Budget:** The budget appropriated by the Parliament of the Republic of Uganda, normally enacted in May of the preceding Financial Year.

**Chart of Accounts:** This is a list of accounts set up for an organisation, available for recording transactions in the organisation's books. This forms the basis for the detailed budget estimates.

**Commitment:** In the context of a vote, this means entering into a contract or other binding arrangement that creates a future expense or liability.

**Contingent Asset:** This means a possible asset that arises from past events and whose existence shall be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

**Contingent liability:** This is a possible obligation that arises from past events and whose existence shall be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or

a present obligation that arises from past events but is not recognised because: it is not probable that an outflow of resources embodying economic benefits or service potential shall be required to settle the

obligation; or the amount of the obligation cannot be measured with sufficient reliability.

**Domestic Arrears:** These are financial obligations due but remain unpaid beyond the financial year in which they were incurred. Domestic arrears may be categorised by type of expenditure, such as compensation, court awards, contributions to international organisations, rent, utilities, salary, gratuity, pensions, finance costs, goods/services, and taxes payable.

**Electronic Government Procurement (e-GP):** On 1st July 2021, the government rolled out the Electronic Government Procurement System (e-GP) to selected entities as a pilot project. The e-GP is a web-based tool used for public procurement and disposal. It uses information and communication technology (ICT) to conduct the end-to-end government procurement and disposal process online. It involves all stages, from procurement planning, bidding, evaluation, award, contract management, invoicing, and payment for supplies, works, and services. The objective of automating public procurement is to minimise human interference and related manipulation of the process, while delivering enhanced value for money.

**Electronic Tax (e-Tax):** It is an Integrated Tax Administration System that provides online services to taxpayers 24 hours a day, making it easy for them to fulfil their tax obligations.

**Entity:** This includes a vote, a fund, a body corporate, and other organisations and groups of persons.

**Expenditure limit:** This means an amount of a provision under the annual or supplementary estimates that has been allocated to a quarter by a quarterly or special expenditure authorisation.

**Expenditure:** Actual spending by a Ministry, Department, Agency or Local Government.

**Human Capital Management (HCM):** This is an automated human resource management system that transforms the traditional administrative functions of human resources (HR) departments—recruiting, training, payroll, compensation, and performance management—into opportunities to drive engagement, productivity, and

business value. This system is used to manage government workers and ensure that human resources are properly managed and supported to improve service delivery.

**Integrated Financial Management System (IFMS):** An integrated system that captures all accounting processes from budgeting, payment processing, through to reporting. Since its implementation in 2003, it has been fully implemented in 23 Ministries, 66 Agencies, 13 Universities, 22 Regional Referral Hospitals, 36 Missions, 10 Cities, 31 Municipal Councils, and 135 Local Governments. Using the new chart of Accounts, the IFMS was upgraded to align with the NDP programme approach. Microsoft Navision (NAV) is the IFMS version for Uganda's foreign missions (Embassies, High Commissions and Consulates).

**Integrated Personnel and Payroll System (IPPS):** It is a computerised, automated government Human Resource Management System. This system is being phased out and replaced by the Human Capital Management system (HCM).

**Integrated Revenue Administration System (IRAS):** It is a web and mobile application platform used by Local Governments to collect local revenue, starting with registration, assessment, billing, and payment. Government's objective is to strengthen the Local Government's revenue administration capacity by leveraging digital technology.

**Item:** This is the lowest operational level of the budget, and represents the resources necessary to carry out activities, for example. staff salaries, travel inland, printing and stationery.

**Key Performance Indicators:** These measure the performance of Programme Key Outputs, e.g. No. of Kms of road constructed.

**Letter of Credit:** This is a written undertaking by the bank (the issuing bank) given to the supplier (the beneficiary) upon a request from the purchaser (the applicant) and according to his or her instructions to pay a specified amount of money on an agreed fixed date or on the delivery of certain documents.

**Programme Budgeting System (PBS):** It is an online system used by all votes whose budgets are appropriated by Parliament for planning, budget preparation, budget execution, and reporting on budget performance in a given financial year. It interfaces with other government systems, such as IFMS and OTIMS.

**Parish Development Model (PDM):** This is a government-led initiative designed to drive socio-economic transformation at the grassroots level by using the parish (the lowest administrative unit) as the epicentre for planning, service delivery, and community development. It was launched by the President in February 2022 as part of efforts to reduce poverty, increase household incomes, and transition communities from subsistence livelihoods into the money economy.

**Programme:** This is a group of institutions (votes) or parts of institutions that contribute to a common function, for example. Human Capital Development.

**Reallocation:** This is the transfer of budget funds from one vote to another, especially in circumstances where the functions of a vote are transferred to another, and the funds have to follow the functions.

**Secretary to the Treasury:** This means a person appointed as such under Section 11 of the Public Finance Management Act, Cap 171.

**Supplementary Budget:** This is an in-year addition to a Ministry, Department, Agency, or Local Government's approved budget. The supplementary budget is appropriated by Parliament during the financial year.

**Treasury Single Account:** This is a bank account held at the Bank of Uganda used by all Ministries, Departments, Agencies, and Local Government entities.

**Uganda Consolidated Fund:** This is the Government account(s) onto which all Government revenues are received, and from which money is withdrawn to fund all activities of Government.

**Virement:** This means the reallocation of funds within the budget of a vote, from one budget line to another budget line.

**Vote:** This is a unique reference used as the basis for appropriations by Parliament and accountability. A Vote usually relates to a Ministry, Department, Agency, or Local Government.

**Warrant:** This is an authority granted by the Minister responsible for Finance to a vote to withdraw funds from the Consolidated Fund as specified in section 32 of the Public Finance Management Act, 2015.

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

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

Rt. Hon. Speaker, Parliament passed resolutions on various Public Accounts Committee reports on the report of the Auditor General for the financial year ended 30<sup>th</sup> June 2024.

Rt. Hon. Speaker, Article 163 of the Constitution of the Republic of Uganda and Section 51 of the Public Finance Management Act, Cap. 171 requires the Minister responsible for Finance to submit a Treasury Memorandum detailing measures taken by each vote to implement the recommendations of Parliament.

This Treasury Memorandum presented before the House consists of six (6) volumes, namely:

- Volume I – Consolidated Financial Statements and Treasury Operations
- Volume II – Central Government Ministries
- Volume III – Uganda Missions Abroad
- Volume IV – Public Universities and Referral Hospitals
- Volume V – Local Governments
- Volume VI – Commissions, Statutory Authorities and State Enterprises

I thank Parliament for considering the report of the Auditor General and for carrying out its oversight role in ensuring that public funds are managed responsibly. The Executive reaffirms its commitment to the timely conclusion of the Public Financial Management accountability cycle.



Matia Kasaija (MP)

**MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT**

## STATEMENT BY THE PERMANENT SECRETARY/SECRETARY TO THE TREASURY

Section 10(2)(m) of the Public Finance Management Act, Cap. 171 requires the Secretary to the Treasury to prepare a Treasury Memorandum. Section 51 of the same Act specifies that a Treasury Memorandum shall contain measures taken by each vote to implement the recommendations of Parliament.

In pursuit of the above legal provisions, this Treasury Memorandum has been prepared in six (6) volumes and below are the highlights of the recommendations of Parliament and measures taken to address them:

### **A. Cross-Cutting Issues**

#### **1) Change in Accounting Treatment for Non-Current Assets**

The Fixed Assets Module (FAM) of the Financial Management System (IFMS) was re-engineered to support the journey to accrual accounting.

Historical asset data was loaded into the FAM, and a comprehensive asset register for the whole of Government is now in place. The change resulted in a revision to the accounting treatment of non-current assets.

The change in accounting treatment for non-current assets was initially piloted during FY 2022/23 in five (5) votes, namely the Ministry of Defence and Veteran Affairs; the Uganda Police; the Internal Security Organisation; the External Security Organisation; and Kalungu District Local Government.

The change in accounting policy for non-current assets was subsequently rolled out to all Local and Central Government votes in FY 2023/24 and completed in FY 2024/25. This means that all non-current assets of Government are recognised/recorded on the face of the Statement of Financial Position.

#### **2) Implementation of the item master restrictions**

To support the above change and the management of assets, effective 1st July 2026, the GoU will implement item master restrictions, starting with the capital development budget. An item master is a centralised database within an Enterprise Resource Planning system, such as the Integrated Financial Management System; it is an inventory system that contains detailed, accurate, and structured information about every product, service, or raw material an organisation handles.

The item master will be enforced for capital expenditure items in the PFM systems of PBS, IFMS, and e-GP. The Item Master will ensure that work plans and budgets are implemented as intended and properly appropriated.

Training is ongoing country-wide for the item master implementation across both central and local Government entities.

### **3) Management of Non-Tax Revenue**

The report of Parliament highlighted instances of under- or over-budgeting of non-tax revenue by entities. Some of these non-tax revenue budgets were not supported by underlying historical data.

To ensure credible revenue projections and to avoid mid-year corrections and supplementary budget requests, Accounting Officers have been requested to submit detailed, realistic source-by-source revenue forecasts to the Ministry of Finance, Planning and Economic Development for validation. You are further required to outline the key reforms and assumptions to improve non-tax revenue collections.

Section 27 of the Public Finance Management Act, Cap. 171 mandates the remittance of all Non-Tax Revenue collected by Votes to the Uganda Consolidated Fund. Accounting Officers have been reminded to comply with this provision of the Public Finance Management Act, Cap. 171.

Non-tax revenue collections against set targets will be one of the parameters for assessing the performance of Accounting Officers for non-tax revenue-collecting institutions.

Accordingly, performance contracts for Accounting Officers of non-tax revenue-collecting entities have been updated. Accounting Officers should ensure that NTR collections are in line with the annual budget forecast as approved by Parliament.

The Integrated Revenue Administration System (IRAS) has been implemented across all Local Governments to facilitate budgeting and revenue collection. The Ministry of Finance, Planning and Economic Development undertook consultative meetings with all votes to determine realistic non-tax revenue budgets.

### **4) Utilisation of the Wage, Pensions and Gratuity Budgets**

The performance of the Wage, Pensions and Gratuity Budgets continues to pose a challenge to Government. One of the key recommendations of the special audit of the payroll by the Auditor General was the full integration of

the Human Capital Management (HCM) system with the Integrated Financial Management System (IFMS).

The Government, through the Ministry of Public Service, has deepened the rollout of the Human Capital Management system to replace the Integrated Personnel and Payroll System. The Human Capital Management system offers more robust payroll management features, including salaries, retirement, transfers, and pensions, and this information feeds into the budgeting and payment process for salaries.

Government reiterates its commitment to enhancing the salaries and pensions of civil servants and ensuring they are paid by the 28<sup>th</sup> of each month.

### **5) Settlement of Domestic Arrears**

Parliament has consistently and correctly recognised the persistent increase in domestic arrears despite various Government interventions. This is further obscured by some Accounting Officers concealing domestic arrears and paying these arrears that were previously neither disclosed nor budgeted for, leading to the diversion of funds and the crowding out of services planned for the year.

It is the duty of Accounting Officers to ensure that budget implementation occurs effectively, adhering to both approved work plans and budgetary constraints, to prevent the accumulation of new arrears.

A phased approach has been adopted to eliminate domestic arrears over the next three (3) financial years. This was informed by a verification conducted by the Auditor General to ensure only confirmed/verified domestic arrears are considered for settlement.

Payments will prioritise suppliers of goods/services in the following categories: statutory obligations; contractors for infrastructure, energy and water; taxes/deductions; utilities; and compensations under the Uganda Land Commission, the Ministry of Lands, Housing and Urban Development, and the Ministry of Justice and Constitutional Affairs.

In financial year 2025/26, UGX 1.4Tn has been allocated for payment of domestic arrears. The Ministry has instituted the following measures:

- i) Sanctioning Accounting Officers for the creation of new domestic arrears by not renewing their contracts as Accounting Officers;

- ii) Accounting Officers should not sign any new contracts without confirmation of the availability of resources.

Accounting Officers have been reminded in their appointment letters of their duty to ensure proper utilisation of appropriated budget in line with the approved work plans.

## **6) Implementation of Approved Work Plans and Activities**

The report of Parliament also highlighted instances of partial or non-implementation of approved work plans across several entities.

During budget implementation, Accounting Officers are required to submit quarterly budget performance reports. Expenditure limits are communicated based on the work plans, performance of the previous quarter and the actual cash projections of Government.

Accounting Officers have also been directed to put in place robust monitoring and evaluation frameworks to enable real-time tracking of the execution of ongoing projects. In addition, Accounting Officers were advised to re-scope ongoing projects and activities to address bottlenecks that lead to time and cost overruns.

## **B. Specific Issues**

### **Uganda Missions Abroad**

#### **7) Operationalisation of the Economic and Commercial Diplomacy Strategy**

The Economic and Commercial Diplomacy Strategic Plan has been fully rolled out for implementation, enabling Missions abroad to contribute to the Tenfold Growth Strategy.

Accordingly, this Ministry will continue working closely with the Ministry of Foreign Affairs and the National Planning Authority to support the Missions Abroad in fully integrating their Economic and Commercial Diplomacy interventions into the Programme Implementation Action Plans and the Mission Strategic Plans.

The Economic and Commercial Diplomacy funding is results-based, and consequently, the budget allocations are guided by:

- i) Strategic positioning of Missions with regard to economic potential
- ii) Implementation performance
- iii) Prevailing conditions for implementing activities

## **8) Exchange Rate fluctuations/Loss of Poundage**

Releases to Missions were hitherto transferred in United States dollars on a quarterly basis, which often resulted in a loss of poundage due to foreign exchange rate fluctuations, thereby affecting the implementation of activities.

As a mitigation measure, the release of funds to Missions has been changed to a semi-annual basis and in several major currencies, such as the United States dollar, the euro, the British pound and the Danish krone to hedge against loss of poundage and to enable Missions to meet obligations which require one-off payments, such as rent.

However, the Missions have been advised to continue holding quarterly finance committee meetings to agree on the priority areas of expenditure before the warrants are issued. Once warrants are issued, the Finance Committee meets to review progress.

## **Public Universities and Referral Hospitals**

### **9) Off-Budget Financing**

Off-budget financing continues to persist, especially amongst Public Universities, Referral Hospitals, and Specialised Health Facilities.

The Programme Budgeting System was upgraded with features that make it mandatory for Accounting Officers to declare known and/anticipated external financing during the budgeting process.

Accounting Officers have also been notified not to accept any external financing without prior authorisation from the Minister responsible for Finance.

### **10) Status of Medical Equipment**

The report highlighted that hospitals lacked specialised personnel to operate medical machines, often leaving these machines idle. This is an indication of poor human resource planning as health facilities acquired machines without due regard to the existence of personnel to operate them. In addition, the maintenance of medical equipment was either lacking or inadequate. Idle/non-functional medical equipment denies the community proper health services.

Government adopted the policy of using the Placement Method in the acquisition of medical equipment as opposed to outright purchase of viable medical equipment, such as laboratory and dialysis equipment.

The Ministry of Health should take lead to address the recruitment and placement of health workers at the various health facilities with the appropriate skill sets to operate the machines.

The budget allocation for medical equipment maintenance at health facilities will continue to be addressed through the Government appropriation processes.

### **Commissions, Statutory Authorities and State Enterprises**

#### **11) Rationalisation of Government Agencies and Public Expenditure**

H.E. the President assented to 34 RAPEX Bills. The rationalised institutions/functions and their respective budgets have been transferred to the receiving Votes or departments. All Accounting Officers have been advised to ensure that the new functions are fully operationalised.



Ramathan Ggoobi

**PERMANENT SECRETARY/SECRETARY TO THE TREASURY**

## PART ONE: CROSS – CUTTING ISSUES

### Query Recognition and Valuation of Assets

#### Audit Findings

Disclosed in the financial statements of 130 Local Governments (LGs), under Note 26 (Property, Plant and Equipment) and Note 27 (Non-produced Assets) are amounts of UGX.6,062Bn and UGX.4,551Bn respectively. The amounts indicate a significant increase in the asset account balances of UGX 5,102Bn (531%) for Property, Plant and Equipment and UGX.3,875Bn (573%) for Non-produced Assets.

The above was a result of a change in the Accounting Policy to full adoption of the accrual basis of accounting, as guided by the Accountant General in the financial year 2023/24 as part of Government's commitment to adopt IPSAS.

Audit further noted that the significant increase in the asset balances was caused by new additions in the year, whose values/cost were based on management estimates as guided by the Accountant General. The estimates, however, were not guided by the valuations of the Chief Government Valuer.

#### Recommendation

Accounting Officers were advised to engage the Accountant General and the Chief Government Valuer, to ensure that the districts' assets are re-valued in a phased manner over an agreed period of time for correct recording of the assets at more realistic values.

#### Action Status

Engagements have been initiated with the Accountant General and the Chief Government Valuer to develop a phased asset valuation plan for all districts. These engagements aim to ensure that all assets are professionally valued and recorded at more reliable and realistic values in future financial statements, consistent with the Government's transition to accrual-based accounting under IPSAS.

The Accountant General has issued guidelines to assist entities in recognising their assets and attaching book values to them during the transition to accrual accounting.

The PBS, e-GP, and IFMS have been enhanced to implement the alignment of Capital Budgets to individual assets or services to be acquired. This implies that entities shall only be able to charge and

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| <p>process payments for capital items that have been budgeted for as per the Government Item Master, in line with Budget Call Circular Para 77. Formal engagement with the Ministry of Lands, Housing and Urban Development has been initiated to facilitate professional valuation of all district assets and to facilitate titling of surveyed land.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                               |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Long Outstanding YLP and UWEP Balances</b> |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                               |
| <p>a) Included in the Statements of Financial Position and Note 22, of 127 LGs, is an outstanding balance of UGX.143Bn in respect of Youth Livelihood Program (YLP) and Uganda Women Empowerment Project (UWEP).</p> <p>b) It was noted that out of the previous year's balance of UGX.131Bn, only a sum of UGX.8Bn (6%) was collected during the year under review, indicating low recovery, thus undermining the objectives of the programmes.</p> <p>c) Accounting Officers attributed the failure to recover the outstanding amounts to; Disintegration of groups that were advanced the programme funds, which could not be traced and most of the business enterprises had since collapsed.</p> <p>d) Some funds advanced to YLP groups in administrative units that have since been absorbed by the newly created votes, making it challenging to enforce collection due to the new jurisdiction protocols.</p> |                                               |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                               |
| <p>i) Accounting Officers were advised to liaise with the Ministry of Gender, Labour and Social Development (MoGLSD) to devise strategies that will enable full recovery of the amounts due from the groups.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                               |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                               |
| <p>The Ministry of Gender, Labour and Social Development has been engaging Accounting Officers and technical staff in Local Governments to strengthen follow-up and recovery of outstanding funds from beneficiary groups. This includes guidance on enforcing repayment through Community Development Officers and programme focal persons.</p> <p>The Ministry initiated reconciliation of funds deposited on the UWEP and YLP central recovery accounts with records from Local Governments to ensure that all recovered funds are correctly captured</p>                                                                                                                                                                                                                                                                                                                                                           |                                               |

and accounted for. This followed cases where LGs submitted transfers with incomplete narrations or inconsistent records.

Instructions to Local Governments have been issued to institute standing orders so that all funds recovered from beneficiary groups are automatically transferred to the central recovery account at the Bank of Uganda to improve monitoring and accountability. MoGLSD has enhanced monitoring and supervision of programme implementation and recovery through sensitisation of district leaders and beneficiary groups on their obligation to repay the revolving funds.

Community Development Officers and district programme committees have been urged to strengthen the tracking of defaulting groups.

Development of databases of defaulting beneficiary groups in the districts has been encouraged and sharing this information with relevant government agencies — including Police, Resident District Commissioners (RDCs)/ISO, and parish chiefs — has been used to support follow-up and enforcement. Efforts have been made and some recoveries have been realised.

The Ministry is reviewing implementation approaches and recovery strategies to improve sustainability of the revolving funds and ensure that recovered funds can be revolved to other eligible youth and women groups.

| Query | Understaffing |
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### Audit Findings

- a) The audit compared the approved staff structure and the staff list and noted that in 45 HLGs, out of the approved 30,287 staff positions, 20,888 (69%) were filled, leaving 9,399 (31%) positions vacant.
- b) The vacant key positions included: Chief Finance Officers, Principal Finance Officers, Senior Finance Officers, and Senior Land Management Officers.
- c) Understaffing overstretches the available staff beyond their capacity, creates job-related stress, and negatively affects the level of service delivery in the district.
- d) Accounting Officers explained that the districts recruit on a replacement basis; however, recruitment to fill other positions will be done once the halt on recruitment is lifted.

### Recommendation

- i) Accounting Officers were advised to engage the Ministry of Public Service (MoPS) and the Ministry of Finance, Planning and Economic Development (MoFPED) to fast-track the recruitment.

### Action Status

Establishment Notice No. 2 of 2025 — Guidelines on Human Resource Management in the Public Service — has been noted and disseminated to all Accounting Officers.

Controls have been introduced in the management of the wage bill, including: the requirement to submit staff lists together with wage, pension, and gratuity budget estimates; enforcement of clearance to recruit; rollout of the Human Capital Management (HCM) system, which has limited cases of over- and underpayment; the requirement to produce evidence of clearance to recruit before accessing new employees on the payroll; and quarterly reviews of the payroll, among others.

All Government Commissions (Central and Local Governments) responsible for recruitment are advised to ensure they objectively recruit and pay staff as cleared by the Ministry of Public Service and the Ministry of Finance, Planning and Economic Development. This will be another area of assessment on the performance of Accounting Officers.

Accordingly, for FY 2026/27, recruitment must be strictly limited to recruitment on a replacement basis, approved recruitment plans, and the approved wage ceiling. No recruitment shall be undertaken without prior written clearance from the Ministry of Public Service and confirmation of the wage budget by the Ministry of Finance, Planning and Economic Development. Accounting Officers are cautioned that creation of unfunded wage liabilities constitutes a breach of fiscal discipline and will lead to penalties in accordance with PFMA, Cap 171 Section 77 and Budget Call Circular Para 48.

### Query      Mischarge of Expenditure

### Audit Findings

- a) Treasury Instruction No. 10.10.16, 2017 states that all payments shall be fully coded according to the Chart of Accounts codes to enhance expenditure classification and reporting.
- b) The audit noted that in 9 LGs, a sum of UGX.3.33Bn was incurred on item codes for which they were not budgeted.

- c) There is a risk that funds intended for planned activities could have been diverted to other activities and there is a possibility of falsification of supporting documents.
- d) Some of the Accounting Officers attributed the anomaly to failure by the PBS to capture all codes as per the Chart of Accounts, while others did not provide a response.

### **Recommendation**

- i) Accounting Officers were advised to ensure that expenditure is incurred on item codes for which they were budgeted.

### **Action Status**

Accounting Officers have been issued with guidance to ensure proper coding of all expenditures and review controls have been strengthened, while engagement with MoFPED on PBS system improvements is ongoing.

Accounting Officers have been instructed to ensure that all payments are processed and coded in accordance with the updated and enhanced Chart of Accounts and approved budget provisions in compliance with Treasury Instruction No. 10.10.16 of 2017.

Local Governments have been directed to verify item codes during budget preparation and execution in the Programme Budgeting System (PBS) to ensure that expenditures are charged only on the appropriate and approved item codes. In line with Budget Call Circular Para 87, Budget Code 000016 for Environment, Social, Health and Safety (ESHS) safeguards has been communicated and must be applied to all eligible activities.

The Accountant General's Office has undertaken capacity-building programmes to sensitise and train staff on the correct use of the Chart of Accounts and coding requirements to minimise errors during payment processing.

Stricter reviews to ensure that all expenditures are properly coded before approval have been instituted through Internal Audit and payments departments.

System enhancement of the PBS is being undertaken by MoFPED to ensure that all necessary item codes are properly captured in the system.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Unaccounted for Funds |
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| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                       |
| <p>a) Instruction 10.1.6 (a–h) of the Treasury Instructions, 2017 states that no payment shall be made for goods, services, and works outside properly authorised commitments and without adequate supporting documents, which are to include among others a signed contract/agreement, certificates of completion of works, Goods Received Notes, Goods Delivery Notes, and any other documents in support of a payment.</p> <p>b) A review of payment vouchers revealed that in 4 LGs, expenditure totaling UGX.0.67Bn remained unaccounted for at the close of the financial year. Specifically, there were no activity reports, pre- and post-inspection reports, or other evidence to confirm full implementation of the activity.</p> <p>c) There is a risk that funds were misappropriated.</p> <p>d) The Accounting Officers explained that by the time of audit, the accountabilities had been filed in separate files. These, however, were not availed for audit verification.</p> |                       |

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| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p>i) Accounting Officers were advised to always ensure that sufficient and appropriate documentation is attached to the payments made. In the meantime, the unaccounted-for funds should be recovered from the individual officers.</p>                                                                                                                                                                                                          |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>Accounting Officers have been directed to submit the missing accountability documents for verification, and recovery of funds will be enforced where satisfactory accountability is not provided, in accordance with PFMA, Cap 171 Section 77. Measures have also been instituted to strengthen documentation controls, enhance internal audit reviews, and sensitise staff on compliance with Treasury Instructions 10.1.6 (a–h) of 2017.</p> |
| <b>Management of the Parish Development Model</b>                                                                                                                                                                                                                                                                                                                                                                                                 |

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Alignment of the LGs Work Plans and Budgets to the PDM |
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| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                        |
| <p>a) Paragraph 1.7 of the Users Handbook for the Parish Revolving Fund (PRF) under PDM Pillar 3 – Financial Inclusion (Version: October 2022) requires all LGs through their respective Core Implementation Teams, to align their plans, interventions, and budgets to the implementation of the PDM. In addition, Paragraph 3.4 of the Implementation Guidelines for PDM, 2021 requires PDCs to identify and prioritise social services needed at parish level and share them for approval and consolidation at the Sub-County and district levels.</p> <p>b) Audit was not availed with evidence for identification of parish/ward priorities using the format prescribed in Annex 1 of the guidelines for onward submission to the divisions/sub-counties and Municipal Council/District.</p> <p>c) There were PDM parish/ward priorities in the sub-counties; however, they did not use the format prescribed in the guidelines for onward submission to the sub-counties.</p> <p>d) Failure to incorporate priorities from the Lower Local Governments (LLGs) could hinder the achievement of the PDM objective of improving the incomes and welfare of all Ugandans at the household level.</p> <p>e) The Accounting Officers attributed the anomaly to lack of awareness of the prescribed format while others cited inadequate funds to facilitate collection of priorities from LLGs.</p> <p>f) On further review, audit noted that the Accounting Officers availed priorities for FY 2024/25 which were not relevant to the audit.</p> |                                                        |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                        |
| <p>i) The Accounting Officers were advised to ensure that priorities from Lower Local Governments are identified using the prescribed format and incorporated in the district's budget and work plans.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                        |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                        |
| <p>All Local Government Accounting Officers are directed to fully budget and align all activities under the Sustainability and Acceleration Phase of the PDM under the Extension, Production and Marketing grants in accordance with Budget Call Circular Para 35. The activities for the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                        |

compilation of the SPEAR report and development of Parish Action Plans (PAPs) should be budgeted and funded through the Discretionary Development Equalization Grant (DDEG).

All Local Government Accounting Officers should note that no Local Government's Annual Workplan and Budget shall be approved unless the SPEAR reports for all the parishes under its jurisdiction have been submitted via the Local Government Statistics App, as required by Budget Call Circular Para 36.

Accounting Officers have provided guidance on budgeting in Lower Local Governments and Parish Development Committees to identify and submit parish priorities using the prescribed format in the PDM guidelines. Sensitisation of parish and sub-county stakeholders on the correct procedures has been undertaken, and measures have been instituted to ensure that LLG priorities are properly documented and incorporated into district plans and budgets.

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| <b>Query</b> | <b>PDM Funding and Absorption</b> |
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**Audit Findings**

- a) A review of the PDM funds release and absorption revealed the following;
  - a. **Funding and Utilization of Administrative Costs and Parish Chief Allowances**
- b) DLGs received funds for administrative costs and other funds for parish chief allowances to coordinate implementation of PDM activities under the Financial Inclusion Pillar for loan processing and Parish Chiefs' allowances. Some parish chiefs were not paid their respective allowances.
- c) **Late Disbursement of Funds**
- d) Paragraph 6 of the circular on the implementation of financial inclusion activities under the Parish Development Model during the stabilisation phase (ref: EDP 86/103/02 vol.3 dated 8th January 2024) states that capitalisation of PDM SACCOs will commence in Quarter 3 with the transfer of UGX.50 million per SACCO and the balance of UGX.50 million in Quarter 4.
- e) Audit noted that: (i) no funds were disbursed to any SACCO in Quarter 3 yet they expected the quarterly PRF; and (ii) all SACCOs did not receive all PRF in FY 2023/24 but received the PRF in Quarter 1 of the subsequent FY 2024/25. Consequently, there was delayed disbursement to SACCO beneficiaries which affected

the intended timely transformation of the subsistence households into the money economy.

- f) The Accounting Officers acknowledged the delays in disbursements to the PDM SACCOs and explained that this was due to delays by MoFPED to clear the payments. This is not in the control of the District since funds are sent directly to SACCO accounts by MoFPED.

a. **Matching Disbursement of PDM Funds with Planting Seasons**

- g) Audit noted that some PRF beneficiaries engaged in various crop production such as sunflower, sim-sim, soya beans, and cassava received the funds outside the planting period. This resulted in low yields for those who planted late and diversion/misuse of funds for those who did not plant. The Accounting Officers attributed the shortcoming to late disbursement of funds to the SACCOs' accounts as well as delayed training of users on the PDMIS system.

a. **Failure to Follow the Prescribed PDM Allocation Criteria for Special Interest Groups**

- h) Paragraph 4.1.3 of the Users Handbook for the Parish Revolving Fund (PRF) under PDM Pillar 3 – Financial Inclusion (October 2022) prescribes the allocation criteria which should be adopted in the utilisation of the Parish Revolving Funds by Special Interest Groups. Audit noted that most of the SACCOs did not meet the requirements for Youth; the requirements for Persons with Disabilities and the Elderly; and the requirements for Older Persons. Failure to meet the allocation for special interest groups undermines the objective of the programme.

### Recommendation

The Accounting Officers were advised;

- i) To engage the relevant stakeholders to ensure that the vacant positions are filled.
- ii) That Audit would bring the matter to the attention of MoFPED.
- iii) That Audit would bring the issue of delayed funding to the attention of the relevant stakeholders.
- iv) iv) To ensure that SACCO leaders are sensitised on the allocation requirements of special interest groups.

### Action Status

Engagement of stakeholders to address implementation gaps under the Parish Development Model (PDM), including absorption of programme funds, has been undertaken. Measures include follow-up with relevant authorities on delayed disbursement of Parish Revolving Funds, processing of outstanding parish chief allowances, and continued sensitisation of SACCO leaders and Parish Development Committees on adherence to the allocation criteria for Special Interest Groups as prescribed in the PRF Users Handbook, Para 4.1.3. Districts have strengthened coordination with stakeholders to improve timely disbursement and alignment of funding with agricultural seasons. MoFPED has been engaged on the matter of delayed PRF disbursements to SACCOs, and this matter has been escalated to the relevant authorities in line with Budget Call Circular Para 34.

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| <b>Query</b> | <b>Agriculture Extension Services</b> |
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### **Audit Findings**

Paragraph 3.1.1 of the MAAIF PDM Operational Guidelines on knowledge/extension services for crop, animal husbandry and fisheries provides that Government extension services are expected to support and guide farmers in making decisions on the technological options, management of the various technologies, farming systems, types of products and their demand, quality specifications, sources of inputs and sale of products, resource use and marketing, relevant and reliable knowledge and information, and feasible off-farm income generation options. Government will employ three extension staff at the local government (sub-county) level in the areas of livestock, crops, and fisheries on permanent and pensionable terms to provide advice to mixed farmers producing a range of enterprises.

Audit noted the following;

#### **a) Staffing**

Out of the required extension staff positions in sub-counties and Town Councils, less than 35% had been filled, leading to a shortfall of more than 65%. Accounting Officers attributed understaffing to the ban on recruitment.

#### **b) Adequacy of Resources (Means of Transport)**

Paragraph 4.1 (d)(ii) of the Implementation Guidelines for the Parish Development Model, February 2022 provides that provision of extension services entails demonstrations, visits, and field days. Section 3.1 of the Compendium of Costed Service Delivery Standards for Local Governments, August 2023 requires each extension worker to

be equipped with a motorcycle, helmet, and protective clothing. However, approximately 60% of the extension workers in sub-counties had motorcycles. Accounting Officers mainly attributed this to insufficient funds and stated that procurement of the remaining motorcycles for extension staff has been planned for the next financial year.

### **Recommendation**

- i) The Accounting Officers were advised to liaise with MoPS and MoFPED on lifting the ban and provision of wage for extension workers.
- ii) The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) should retool the Public Extension Workers to support efficiency, growth, and mentoring of farmers and their organisations.

### **Action Status**

All Government Commissions (Central and Local Governments) responsible for recruitment are advised to ensure they objectively recruit and pay staff as cleared by the Ministry of Public Service and the Ministry of Finance, Planning and Economic Development. This will be another area of assessment on the performance of Accounting Officers.

Accordingly, for FY 2026/27, recruitment must be strictly limited to recruitment on a replacement basis, approved recruitment plans, and the approved wage ceiling. No recruitment shall be undertaken without prior written clearance from the Ministry of Public Service and confirmation of the wage budget by the Ministry of Finance, Planning and Economic Development. Accounting Officers are cautioned that creation of unfunded wage liabilities constitutes a breach of fiscal discipline and will lead to penalties in accordance with PFMA, Cap 171 Section 77 and Budget Call Circular Para 48.

MAAIF is being engaged to address the retooling of public extension workers, and procurement of additional motorcycles for extension staff has been incorporated into future work plans.

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| <b>Query</b> | <b>Existence and Functionality of SACCO Committees and Sub-Committees</b> |
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### **Audit Findings**

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| a) | The PDM Operational Guidelines from MAAIF provide that the Executive Committee of the PDM SACCO shall constitute the Production, Marketing, Finance & Investment, and Business Development Services Sub-Committees. |
| b) | Audit reviewed the existence and functionality of the PDM SACCO Committees and Sub-Committees and observed that;                                                                                                    |
| c) | SACCOs did not constitute the Production, Marketing, Business Development Services, Finance and Investment Sub-Committees.                                                                                          |
| d) | SACCOs had non-functional committees and sub-committees.                                                                                                                                                            |
| e) | This could lead to mismanagement of the SACCOs as there may not be appropriate oversight.                                                                                                                           |
| f) | The Accounting Officers acknowledged the anomaly and indicated that improvement is required.                                                                                                                        |

### Recommendation

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| i) | The Accounting Officers were advised to engage the PDCs to ensure that the SACCOs constitute functional committees to strengthen SACCO governance. |
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### Action Status

In line with the PDM Operational Guidelines, Parish Development Committees (PDCs), Community Development Officers, and SACCO leadership have been directed to address the governance gaps identified in PDM SACCO structures. SACCO Executive Committees have been guided to constitute the required sub-committees, including the Production, Marketing, Finance & Investment, and Business Development Services Sub-Committees. Sensitisation meetings have been conducted for SACCO leaders to emphasise the roles and responsibilities of committees and the importance of functional governance structures in ensuring proper oversight, transparency, and accountability in the management of Parish Revolving Funds. In addition, district and sub-county technical teams have been tasked to follow up and monitor the functionality of the committees and provide technical support where necessary, consistent with Budget Call Circular Para 38.

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| <b>Query</b> | <b>Existence of Registered Offices and Signboards</b> |
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### Audit Findings

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| a) | Section 20(1 & 2) of the Cooperative Societies Act, Cap 112 provides that every registered society shall have a registered |
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address to which notices and communications may be sent and shall send to the registrar notice of every change of address within one month of the change. Every registered society shall display its name and address on a signboard in a conspicuous position outside its place of business.

Audit noted that SACCOs did not have;

Registered offices on their documents.

Evidence of a signboard showing their names and addresses.

Accounting Officers explained that the costs of running SACCO offices are expensive and were not planned for under Pillar 3 – Financial Inclusion. Furthermore, no formal guidelines were issued to that effect; therefore, they seek guidance on how to run the SACCO offices from the Secretariat.

### **Recommendation**

- i) The Accounting Officers were advised to liaise with the PDM Secretariat and MoFPED for further support on this matter.

### **Action Status**

Accounting Officers engaged the Parish Development Committees (PDCs), SACCO leadership, and Community Development Officers to address the matter regarding the absence of registered offices and signboards for PDM SACCOs. SACCO leaders have been guided to initiate the process of designating registered office addresses and to ensure that SACCO names and addresses are properly reflected on official documents in line with Section 20(1 & 2) of the Cooperative Societies Act, Cap 112.

The PDM Secretariat and MoFPED have provided guidance and support on operational requirements for SACCO offices under Pillar 3 – Financial Inclusion. SACCO leaders have also been advised to progressively establish signboards at their operational points to enhance visibility and compliance with the legal requirements.

### **Query**

### **PDM SACCO Operations**

### **Audit Findings**

Paragraph 2.3 (C) of the Operational Manual; Paragraph 3.7 & 3.8 of the Users' Handbook for the Parish Revolving Fund (PRF) under PDM Pillar 3 – Financial Inclusion, October 2022; Instruction 10.1.6 (a–h) of

the Treasury Instructions, 2017; and related guidance documents require the following:

**a) Selection and Implementation of Prioritised/Flagship Projects**

Each Parish shall select flagship projects that will benefit all interested subsistence households in a participatory manner as guided by the Commercial Officer, Community Development Officer (CDO), and relevant sector experts. Audit noted that: (i) 10 sampled parishes selected flagship projects that were inconsistent with the LG selected priority commodities; (ii) 10 farmer enterprises/households implemented projects that were not from the priority commodity list; and (iii) failure to select and implement prioritised projects may undermine achievement of the pillar objectives. The Accounting Officers explained that the selection of enterprises was done following analysis of factors such as suitability of land, the season of planting, and timing of receiving PRFs.

**b) Loan Application and Approval Process**

Audit noted that some beneficiaries who accessed loans did not adhere to the loan application process, including registration on the Parish Development Management Information System (PDMIS). Failure to follow the stipulated loan application and approval process may result in ineligible beneficiaries accessing PRF. The Accounting Officers acknowledged the findings and promised that strict follow-ups would be made going forward.

**c) Insurance Policy for Farming Enterprises**

For farming enterprises, the borrower must obtain an agricultural insurance policy under the Uganda Agriculture Insurance Scheme (UAIS). Audit noted that PRF beneficiaries who carried out farming enterprises in PDM SACCOs did not obtain agricultural insurance policies from UAIS. Lack of recourse in the form of insurance will expose farming enterprises to the adverse effects of climate change and may result in failure to recover the loan funds. The Accounting Officers explained that the guidelines on insurance were not conclusive since there has been no standardisation of the policy on how the premium was to be paid from the UGX 1,000,000 obtained by PRF beneficiaries.

**Recommendation**

The Accounting Officers were advised to;

- i) Liaise with MAAIF and the PDM Secretariat to include more beneficiaries on the District priority commodity list.

- ii) Always ensure that loan application and approval processes are strictly adhered to.
- iii) Liaise with the PDM Secretariat for clear guidance on matters of insurance policy for farming enterprises.

### Action Status

Corrective actions for alignment of flagship projects with district priority commodity lists, strict loan application compliance, and engagement on agricultural insurance policies are ongoing, with continuous follow-up and monitoring to ensure full adherence to PDM Operational Guidelines.

District technical teams, including Commercial Officers and Community Development Officers, have been engaged to ensure that flagship projects selected at parish level align with district priority commodity lists while also considering factors such as land suitability and seasonal timing. Measures are being put in place to improve planning and monitoring to minimise inconsistencies.

Accounting Officers have strengthened supervision and follow-up to ensure that all PRF beneficiaries strictly adhere to the prescribed loan application and approval process, including registration on the PDMIS. SACCO leaders and Community Development Officers have been tasked to verify eligibility before disbursement.

MAAIF and the PDM Secretariat have provided guidance on the agricultural insurance requirements under the Uganda Agriculture Insurance Scheme (UAIS). Engagements are ongoing to standardise the insurance policy and clarify premium payment arrangements for PRF beneficiaries to mitigate risks from climate-related losses, consistent with Budget Call Circular Para 34.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Follow-up on PDM Matters Arising from the Previous Audit |
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| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                          |
| <p><b>a) Licensing of PDM SACCOs Under the Microfinance Institutions Money Lenders Act</b></p> <p>a) A SACCO shall not carry on the business of provision of financial services to its members unless it is a registered society and licensed under this Act, or it is operating on a probationary period pending registration under the Cooperative Societies Act, or it has applied for a licence under this Act.</p> <p>b) Audit noted that most SACCOs were not licensed to carry on the business of lending under the Microfinance Institutions Money Lenders Act. As a result, enforcement of recovery of PRF funds from beneficiaries by the PDM SACCOs may be legally challenged, leading to loss of funds.</p> <p>c) The Accounting Officers explained that the SACCOs were still under the probationary period and there was delayed release of guidance on licensing of PDM SACCOs by the PDM Secretariat.</p> |                                                          |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                          |
| <p>The Accounting Officers were advised to;</p> <p>i) Engage the PDM Secretariat to ensure that the SACCOs are registered as per requirements of the Cooperative Act.</p> <p>ii) Liaise with the Registrar of Cooperative Societies to expedite the process of licensing the PDM SACCOs in the district.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                          |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                          |
| <p>The PDM Secretariat has clarified the process for registration and licensing of SACCOs operating under the Parish Revolving Fund (PRF), providing guidance on the probationary period, statutory requirements under the Cooperative Societies Act, and the documentation required for SACCOs to apply for full licensing.</p> <p>The registration and licensing of PDM SACCOs is ongoing. Continuous follow-up with the PDM Secretariat and the Registrar of Cooperatives is being undertaken to ensure all SACCOs transition from probationary operations to fully licensed entities, thereby safeguarding PRF funds and ensuring legal compliance.</p> <p>The Registrar of Cooperatives has been engaged to ensure that all SACCOs currently operating under probation are duly licensed. Follow-up meetings have been conducted to track progress and resolve</p>                                                   |                                                          |

compliance gaps, including verification of constitutions, operational policies, and governance structures of the SACCOs.

Internal guidelines have been issued to ensure that PRF loans and recoveries are executed in accordance with existing regulations, minimising the risk of legal challenges.

Resources to support SACCO compliance activities, including training on regulatory requirements and operational governance, have been incorporated into the Budget Framework Paper (BFP).

Technical support has been provided to ensure all SACCOs understand their responsibilities under the Microfinance Institutions Money Lenders Act and the Cooperative Societies Act.

| Query | Budgeted Activities for Which No Funds Were Released |
|-------|------------------------------------------------------|
|-------|------------------------------------------------------|

### Audit Findings

- a) The entity had an approved budget of UGX 45.32Bn out of which UGX 41.99Bn was warranted, resulting in a shortfall of UGX 3.33Bn representing 93% performance. The UGX 3.33Bn that was not warranted negatively affected implementation of budgeted activities and achievement of the expected services.
- b) The Accounting Officers attributed the shortfall in warrants to Unrealised local revenue and failure to receive funding from external sources including UNICEF, UNFPA, IPF, and URF.

### Recommendation

The Accounting Officers were advised to;

- i) Ensure realistic budgeting for local revenue.
- ii) Always revise budgets in those circumstances where they cannot be realised.
- iii) Roll over unimplemented activities to the subsequent period.

### Action Status

MoFPED, through the Budget Execution Circulars, has made efforts to improve the realism of local revenue projections by aligning estimates with historical performance trends and current economic conditions. In addition, mechanisms have been introduced to periodically review budget performance and initiate revisions where revenue shortfalls are anticipated.

However, budget revisions were not consistently implemented during the period under review, and some planned activities remained unfunded without formal adjustment of the work plan. The entity has indicated that unimplemented activities will be rolled over to the

subsequent financial year, and this practice is being fully institutionalised. In line with Budget Call Circular Para 52 and Para 94–96, Accounting Officers are required to ensure realistic and credible Non-Tax Revenue and local revenue projections backed by historical data and conservative forecasting methodology.

|              |                                |
|--------------|--------------------------------|
| <b>Query</b> | <b>Utilisation of Warrants</b> |
|--------------|--------------------------------|

### **Audit Findings**

- a) The entity had total warrants of UGX 41.99Bn, out of which warrants worth UGX 38.65Bn had been utilised by the close of the financial year. The balance of UGX 3.34Bn was meant for some key activities which were either partially or not implemented at all.
- b) The Accounting Officers attributed the anomaly to the ban on recruitment by MoPS and to failure by farmers to fulfil co-funding requirements.

### **Recommendation**

The Accounting Officers were advised to;

- i) Continue engaging and sensitising farmers on the benefits of irrigation systems.
- ii) Ensure to roll over the affected activities to the subsequent period.

Audit informed the Accounting Officers that the matter of ban on recruitment will be brought to the attention of the relevant Ministry.

### **Action Status**

Farmer sensitisation and engagement activities have been intensified to improve awareness of the benefits of irrigation systems and to enhance compliance with co-funding requirements, which had previously hindered full utilisation of funds.

Unimplemented activities have been rolled over to the subsequent financial year and incorporated as priorities in the current work plans to ensure completion.

Despite these efforts, the continued ban on recruitment by the Ministry of Public Service has constrained implementation capacity, affecting timely execution of some planned activities. In accordance with Budget Call Circular Para 48, for FY 2026/27, recruitment is strictly limited to replacement basis within the approved wage ceiling and with prior written clearance from MoPS. Engagement with MoPS on lifting the recruitment ban and addressing staffing gaps is ongoing and has been escalated to the relevant authorities.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Implementation of Funded Activities |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                     |
| <p>a) Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 8 outputs with 23 activities worth UGX 6.66Bn were assessed and the following was observed;</p> <p>b) Five (05) outputs with nine (09) activities and expenditure worth UGX 2.92Bn were fully implemented.</p> <p>c) Three (03) outputs with 14 activities worth UGX 3.73Bn were partially implemented. Out of the 14 activities, nine (09) activities worth UGX 0.044Bn were fully implemented, and five (05) activities worth UGX 3.69Bn were partially implemented.</p> <p>d) The Accounting Officers attributed the delayed implementation of activities to;</p> <ul style="list-style-type: none"> <li>• Layamo Seed School — due to financial constraints faced by the contractor; funds for the project were not fully released by end of the financial year.</li> <li>• Lanyadyang Bridge — due to financial constraints faced by the contractor.</li> <li>• Periodic maintenance of Ayoma–Alune and Orom–Akilok — due to delayed release of funds (released in Quarter 4).</li> </ul> <p>e) • Children’s Ward at Orom HCII — due to inadequate funding.</p> <p>The project is being implemented in phases, and the scope of works under the current phase is fully done.</p> |                                     |
| <b>RECOMMENDATION</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                     |
| <p>i) The Accounting Officers were advised to ensure that the affected activities are rolled over to the subsequent period and closely monitored during implementation. Audit also informed the Accounting Officers that delayed release of funds would be brought to the attention of MoFPED.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                     |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                     |
| <p>Local Government Indicative Planning Figures (IPFs) have been revised and generated through the Online Transfer Information Management System (OTIMS), through which entities can track the status of project funding, budgeting, monitoring, and execution.</p> <p>The affected projects — including Layamo Seed School, Lanyadyang Bridge, periodic road maintenance (Ayoma–Alune and Orom–Akilok), and the Children’s Ward at Orom HCII — have been rolled over to the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                     |

subsequent financial year and incorporated into the current work plans as priority activities.

Management has strengthened monitoring and supervision mechanisms to ensure closer follow-up on these projects, particularly those previously affected by contractor financial constraints and phased implementation. Engagement with contractors has been intensified to ensure timely progress and completion of works in accordance with Budget Call Circular Para 69 and 70.

### **Uganda Intergovernmental Fiscal Transfers 2023/2024**

|              |                                              |
|--------------|----------------------------------------------|
| <b>Query</b> | <b>Funding and Absorption of UgIFT Funds</b> |
|--------------|----------------------------------------------|

#### **Audit Findings**

- a) The funding and absorption levels in 97 LGs were evaluated and it was noted that a total of UGX 263.7Bn (99%) was received out of the budgeted UGX 267.3Bn. Out of the funds received, the LGs spent UGX 174.4Bn (66%) by the end of the financial year, resulting in under-absorption of UGX 89.3Bn. A total of 89 LGs failed to spend UGX 89.3Bn of the released funds; 87 (98%) LGs failed to spend UGX 86.8Bn (88%) of the released amount on education projects while 2 (2%) LGs failed on health projects. As a result, this delayed provision of the planned education and health services to the intended beneficiaries.
- b) The Accounting Officers explained that under-absorption was mainly due to delayed release of funds by MoFPED, slow works by contractors who have many sites, delayed initiation and conclusion of the procurement process, and works that did not start in some districts due to land disputes.

#### **Recommendation**

The Accounting Officers were advised to;

- i) Liaise with MoFPED so that funds are released timely.
- ii) Ensure that the procurement processes are streamlined for timely implementation and robust due diligence is undertaken to attract competent contractors.
- iii) Engage the relevant stakeholders, including political leaders, to have land issues resolved and process land titles.

#### **Action Status**

A detailed Grant Implementation Letter (GIL) template has been issued. This GIL clearly outlines the specific national policy objective being

funded, detailed output and outcome targets measurable at Local Government level, and the quarterly disbursement schedule linked to performance, as required by Budget Call Circular Para 100. All UgIFT fund releases are tracked through the PBS platform.

Release of funds is now processed more promptly to facilitate timely utilisation. Procurement has been made more efficient, including early initiation of tendering and prequalification of competent contractors. Contractor performance monitoring is now being undertaken to reduce delays in project execution.

Periodic reviews of project implementation are being submitted to ensure accountability and timely corrective action. All releases can be tracked through the PBS to improve absorption and timely delivery of services in compliance with Budget Call Circular Para 98 and 99.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Delayed Release of UgIFT Funds |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                |
| a) The Audit noted that 36 LGs did not receive UgIFT funds timely and on average it took 30 days from the expected date of release. It was further observed that 14 (39%) LGs received funding in the 2nd quarter while 4 (11%) LGs received the UgIFT funds in the 3rd and 4th quarters. The Accounting Officers explained that the delays were mainly caused by MoFPED taking long to issue supplementary funding for UgIFT, which was beyond the districts' control. This resulted in partial/non-implementation of 16 key infrastructural facilities, of which 13 were in schools and 3 were in health centres.                |                                |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                |
| i) The Accounting Officers were advised to engage MoFPED on timely release of funds for timely delivery of services.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                |
| The budget appropriation process is being undertaken and tracked through the PBS. MoFPED has been engaged to emphasise the need for timely release of UgIFT funds to support implementation of planned infrastructure projects. District technical teams have strengthened planning and monitoring mechanisms to ensure that procurement and project implementation commence immediately upon receipt of funds. Continuous follow-up with MoFPED and sector ministries is being undertaken to minimise delays and ensure timely delivery of education and health infrastructure in line with Budget Call Circular Para 98 and 100. |                                |

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Government Investments in Untitled Land                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                               |
| <p>a) Audit observed that 67 LGs invested a total of UGX 247.4Bn on 1,128 acres of land without evidence of ownership in terms of land titles. There is a risk of loss of funds in settling land disputes including loss of the infrastructure. The Accounting Officers attributed this to inadequate funds to process land titles and the institutional ownership of the land such as land belonging to faith-based and traditional institutions that prefer memoranda of understanding to transferring title.</p>                                                                                                                                                                                                              |                                                               |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                               |
| <p>i) The Accounting Officers were advised to fast-track the processing of land titles for UgIFT projects and, going forward, desist from investing Government funds on untitled land.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                               |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                               |
| <p>Government investments under UgIFT are only undertaken on land with clear ownership and proper documentation. The Ministry of Lands, Housing and Urban Development and relevant stakeholders have been engaged to survey the land and facilitate the processing of land titles for all UgIFT project sites in line with Budget Call Circular Para 98.</p>                                                                                                                                                                                                                                                                                                                                                                     |                                                               |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Completion and Functionality of Prior Year Projects (2022/23) |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                               |
| <p>a) Audit conducted physical inspections of 132 projects in 72 LGs worth UGX 194.46Bn expected to be completed by the end of 30th June 2024 and in use for service delivery. It was noted that; 105 (80%) out of 132 projects in 57 LGs inspected were not completed, while 5 projects in 4 LGs were abandoned and works had stalled.</p> <p>22 completed projects in 15 LGs were not in use due to delayed commissioning and inadequate teachers to work in the schools and health workers to operate the medical equipment because of the ban on recruitment.</p> <p>b) Non-completion/non-utilisation of infrastructure implies that programme objectives of improving health and education services were not achieved.</p> |                                                               |

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| <p>The Accounting Officers were advised to engage;</p> <ul style="list-style-type: none"> <li>i) MoPS to lift the recruitment ban to ensure that staff are recruited for the newly constructed education and health facilities.</li> <li>ii) ii) Contractors and political leaders for timely commissioning of completed projects to improve health and education services in the districts.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                     |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                     |
| <p>Through Budget Execution Circulars and the Budget Call Circular, all allocations for transfers to Local Governments are premised on the allocations in the approved National Budget Framework Paper. Votes are required to present proposals within the fiscal ceilings established in the NBFP as authorised by MoFPED.</p> <p>In line with Budget Call Circular Para 99, beneficiary entities must budget for operational readiness of completed and existing facilities, including staff recruitment and deployment, provision of grants, budgeting for recurrent expenses, securing land titles, and planning for operation and maintenance to ensure sustainability of programme investments. Engagement with MoPS on lifting the recruitment ban to facilitate staffing of newly commissioned facilities is ongoing and has been escalated to the relevant authorities.</p> |                                                     |
| <b>Management of Health Centre IVs in Local Governments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                     |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Funding and Utilisation of Health Centre IVs</b> |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                     |
| <ul style="list-style-type: none"> <li>a) The Higher Local Governments (HLGs) audited allocated UGX.4.056Bn (10%) of the PHC (Non-Wage Recurrent) subgrant to the District Health Office instead of the required 15%. In addition, 29 HLGs over-allocated PHC subgrant to health facilities by UGX.1.274Bn, whereas 21 HLGs under-allocated by UGX.0.804Bn.</li> <li>b) Administration of HCIVs revealed that: 93 HCIVs in 93 HLGs had not implemented the new structure as approved by MoPS; out of the approved old structure of 7,966 positions, only 3,796 (47.7%) positions were filled, leaving a gap of 4,170 (52.3%); 204 staff in 16 HCIVs were absent from duty for an average of 88 days and were paid UGX.0.610Bn for the period they were absent; 59 staff on</li> </ul>                                                                                                |                                                     |

long-term study leave earning UGX.1.499Bn per annum had not been bonded; 81 HCIVs in 81 HLGs lacked 2,037 key medical equipment items; 895 obsolete/non-repairable and hazardous equipment items were due for disposal but had not been included in the disposal plan; and 50 HCIVs in 50 HLGs did not have land titles for 275 acres of land.

- c) The failure to adequately staff, fund, and equip health facilities leads to a decline in healthcare quality, increased morbidity and mortality, and exacerbates healthcare inequality, particularly for vulnerable populations.

### Recommendation

- i) The MoFPED should prioritise and increase funding for health centres, invest in modern infrastructure and essential equipment, and address staffing shortages in the health centres.

### Action Status

All relevant MDAs and Local Governments must budget to implement the National Health Commodities Supply Chain Roadmap, particularly as external financing declines, as required by Budget Call Circular Para 51. Designated Accounting Officers across specified MDAs, Local Governments, and Regional Referral Hospitals have been advised to allocate funds for their roles in strengthening the supply chain. This includes planning and budgeting for procurement, logistics, ICT systems, road maintenance, utilities such as water and electricity, and other operational support to ensure a consistent supply chain of essential health commodities.

Accounting Officers are also directed to address absenteeism, enforce bonding agreements for staff on long-term study leave, initiate disposal of obsolete and hazardous equipment, and fast-track the processing of land titles for health facilities, all in accordance with PFMA, Cap 171 Section 77 obligations.

### Management of Universal Primary Education Capitation Grants

| Query | Management of Universal Primary Education Capitation Grants |
|-------|-------------------------------------------------------------|
|-------|-------------------------------------------------------------|

### Audit Findings

Audit identified the following key findings:

- a) **Adequacy of Planning, Budgeting and Release of Capitation Grant**

Inconsistencies existed between EMIS and school enrolment records — 85,785 pupils were on head teachers' enrolment but not on EMIS, while 73,971 pupils were on EMIS but not on head teachers' records. An under-receipt of UGX 7.02Bn was noted in 91 schools. The Special Needs Education (SNE) grant was not released despite guideline requirements. The unit rates used for budgeting (UGX 20,000/pupil and UGX 1,350,000/school) were below the inflation-adjusted appropriate rates of UGX 21,240/pupil and UGX 1,433,700/school respectively.

**b) Inadequate Number of Teachers**

Out of 111,101 primary school teachers on the approved structure across 136 LGs, 85,073 (77%) were in post, leaving a gap of 26,028 (23%). The average teacher-to-pupil ratio in inspected schools was 1:75, against the standard of 1:53.

**c) Other Education Service Delivery Standards**

The average classroom-to-pupil ratio was 1:101 against the standard of 1:53. The average pit latrine-to-pupil ratio was 1:80 against the standard of 1:40. Pit latrines in various schools in 45 LGs had been condemned and were not in use, and classrooms in various schools in 54 LGs had old and dilapidated structures.

**Recommendation**

- i) The Accounting Officer of MoES should identify solutions for EMIS system bottlenecks, increase monitoring and supervision, and engage MoFPED and Parliament to increase the unit provisions for capitation grants. The Accounting Officers of LGs should engage MoPS for clearance to recruit staff and MoFPED for allocation of funds. Accounting Officers should engage MoES, MoFPED, and development partners to provide additional funding to improve infrastructure in primary schools.

**Action Status**

Infrastructure investments have been strengthened in accordance with Education Service Delivery Standards. EMIS data management and enrolment verification have been enhanced through strengthened monitoring and supervision of schools to ensure timely and accurate updating of pupil enrolment data. Head teachers and school administrators have been directed and sensitised on proper data entry and management of enrolment records to minimise discrepancies between school registers and EMIS data.

Verification exercises and school headcounts are being conducted to validate enrolment figures used for planning and budgeting of UPE

capitation grants. The Ministry of Education and Sports is ensuring that school enrolment data submitted through EMIS informs planning and budgeting for capitation grants through the appropriation process.

The Ministry of Public Service is being engaged to provide clearance for recruitment of additional teachers to address staffing gaps in primary schools. District Service Commissions have been directed to prioritise recruitment of teachers whenever wage resources are made available, to improve the teacher-to-pupil ratio in line with Education Service Delivery Standards.

MoES, MoFPED, and development partners are being engaged to mobilise additional resources to support construction and rehabilitation of classrooms and sanitation facilities. District technical teams have prioritised schools with dilapidated classrooms and condemned pit latrines for rehabilitation under ongoing government programmes such as UGiFT and other education infrastructure initiatives.

Special Needs Education (SNE) learners are being properly captured in EMIS to ensure they receive the required variable grants as stipulated in the guidelines, consistent with Budget Call Circular Para 108 and Para 110.

## Implementation of Road Maintenance Grant

| Query | Planning |
|-------|----------|
|-------|----------|

### Audit Findings

- a) Implementation of the Grant was affected by conflicting guidelines issued by the Ministry of Works and the Resolution of Parliament. In May 2023, the Ministry guided that 85% of the Grant should be allocated for rehabilitation works and 15% for other operational expenses. On 27th July 2023, Parliament resolved that 95% of the Grant funds should be used for maintenance works, with operational expenses not exceeding 5% (UGX 50M), strictly used for repair and maintenance of road equipment.  
Notable delays in submission of the Grant work plans to URF/MoWT by 81 LGs were also observed, ranging from 3 days to one year. Work plans for 6 LGs were not approved by the respective District Roads Committees (DRCs). Cities and Municipalities did not have independent Roads Committees due to lack of clarity in the law and guidelines.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| b) The Accounting Officers explained that the delays were occasioned by the conflicting guidelines and delayed approval of work plans by the DRCs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                  |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                  |
| <p>The MoWT should;</p> <p>i) Ensure harmonisation of the implementation guidelines with the Resolution of Parliament for effective implementation of the Grant.</p> <p>ii) ii) Ensure timely issuance of implementation guidelines.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                  |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                  |
| <p>The Permanent Secretary/Secretary to the Treasury, through the Budget Execution Circular, has advised that comprehensive road inventories and condition surveys as required by the Ministry of Works and Transport should be put in place. Timely execution of road projects, along with enhanced monitoring and evaluation, should be prioritised to expedite service delivery and ensure greater accountability in the utilisation of public resources, as directed in Budget Call Circular Para 90.</p> <p>The Ministry of Works and Transport (MoWT), in consultation with the Uganda Road Fund (URF) and MoFPED, initiated engagements to harmonise the implementation guidelines with the Resolution of Parliament, and updated guidance has been issued to Local Governments to align the allocation of funds for road maintenance and operational expenses with the approved provisions.</p> <p>Local Governments have been advised to ensure timely preparation and submission of work plans to URF/MoWT and to strengthen coordination with the District Roads Committees (DRCs) to facilitate timely approval of the plans. The matter regarding the establishment and operationalisation of independent Roads Committees for Cities and Municipalities has been escalated to the relevant authorities for clarification and guidance. District technical teams have been sensitised on the revised requirements to ensure compliance and timely implementation of road maintenance activities.</p> |                                                  |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Utilisation of the Road Maintenance Grant</b> |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                  |
| a) Out of an approved budget of UGX 140Bn, UGX 139.968Bn was received. Out of UGX 139.968Bn received, UGX 139.178Bn (99%) was utilised by the end of the year, resulting in under-absorption of UGX 0.789Bn (1%). UGX 88Bn meant for Q3 and Q4 was                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                  |

released in May 2024, leading to delayed implementation of road activities within the financial year.

- b) The Accounting Officers explained that this was mainly due to: the late release of funds (in Quarter 4); lack of or inadequate road equipment; and the guidance of MoWT to halt works during heavy rains.

### Recommendation

MoLG should;

- i) Re-equip districts with road units and plan to establish road units in the LGs without road units.
- ii) Capitalise the regional mechanical workshops and create more sub-mechanical workshops to effectively serve.
- iii) Ensure timely release of the Grant funds.

### Action Status

Capacity strengthening for road maintenance in Local Governments has been undertaken through MoWT support to equip district road units and strengthen regional mechanical workshops to provide equipment maintenance and support services. Local Governments have been advised to undertake maintenance of their own road unit equipment, improve planning and scheduling of road works taking into account weather conditions and availability of equipment, and enhance absorption and timely implementation of road activities in accordance with Budget Call Circular Para 90.

|              |                                                                        |
|--------------|------------------------------------------------------------------------|
| <b>Query</b> | <b>Inspection of Service Delivery under the Road Maintenance Grant</b> |
|--------------|------------------------------------------------------------------------|

### Audit Findings

- a) Physical inspections of a sample of 425 implemented road projects in 140 LGs revealed that out of 303 roads worth UGX 35.820Bn inspected, 159 had anomalies including uninstalled culverts, unconstructed headwalls, silted culverts, and bushes on roadsides. Of the 303 projects sampled, 165 were completed roads and 138 were incomplete works or ongoing road works. In 3 LGs — Kyenjojo, Bundibugyo, and Mitooma — works worth UGX 0.873Bn were executed outside the approved work plans.
- b) The Accounting Officers attributed this to delayed release of funds from MoFPED, lack of road equipment, and frequent breakdown of road equipment.

### Recommendation

- The Accounting Officers should;
- i) Liaise with MoFPED to ensure timely release of funds.
  - ii) Liaise with MoWT, URF, and Parliament to provide for monitoring and supervision under the Grant.
  - iii) iii) Recruit competent technical staff to undertake the works under the Grant.

### Action Status

Monitoring and supervision of road works have been strengthened to ensure that contractors and road gangs complete works according to approved work plans and technical specifications. District technical teams, including registered district engineers, are conducting regular site inspections to address issues such as uninstalled culverts, incomplete headwalls, and poor roadside maintenance.

Engagements with the Ministry of Works and Transport (MoWT) and the Uganda Road Fund (URF) have been undertaken to strengthen monitoring and supervision of road projects and to support capacity building for technical staff, consistent with Budget Call Circular Para 89 and 90.

| <b>District Water Supply and Sanitation Conditional Grant</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Planning, Budgeting and Utilisation of the Water Grant Funds</b> |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                     |
| <p>a) The audit reviewed the planning, budgeting, and utilisation processes of the Grant in 104 districts with a total budget of UGX 74.622Bn and noted the following;</p> <p>b) In seven (7) districts, thirty-six (36) projects with a budget of UGX 2.187Bn were not in the approved five-year Development Plans of the districts.</p> <p>c) In thirty-nine (39) districts, the planning process did not cater for seventy (70) ongoing UGiFT projects (seed schools and health centre upgrades).</p> <p>d) A total of 104 DLGs received UGX 74.344Bn out of UGX 74.622Bn budgeted (99.6%) for the financial year 2023/24. Out of the funds received, the districts spent UGX 72.789Bn (98%), leaving un-utilised funds of UGX 1.555Bn.</p> <p>e) Failure to budget according to the prescribed allocation thresholds leads to wasteful expenditure on non-priority activities which hinders achievement of intended grant objectives.</p> |                                                                     |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                     |
| <p>i) The Accounting Officers should ensure that the five-year District Development Plans incorporate all projects envisaged in the respective districts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                     |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                     |
| <p>The District Rural Water Supply and Sanitation Conditional Grant has been aligned with the approved five-year District Development Plans (DDPs). District Water Offices and Planning Units have been guided to ensure that all water supply projects, including those supporting UGiFT projects such as seed schools and health centre upgrades, are incorporated into the district development plans and annual work plans, consistent with Budget Call Circular Para 103.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                     |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Review of the Implementation of the Projects</b>                 |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                     |
| <p>a) Audit carried out physical inspections of 449 newly constructed water facilities in 53 districts and noted that 424</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                     |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <p>projects/facilities were functional, 11 projects were partially functional, while 14 projects/facilities were not functional. An analysis of the information extracted from the water management information system of 68 districts revealed that 5,462 water facilities were not functional while 4,975 were recommended for decommissioning. Furthermore, 890 villages in 27 districts had non-functional or decommissioned facilities and lacked alternative sources of water.</p>                                                                                       |                                  |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                  |
| <p>The Accounting Officers were advised to;</p> <ul style="list-style-type: none"> <li>i) Engage MoWE to ensure update of the MIS system that reflects the actual water sources in the district.</li> <li>ii) Engage Government through MoWE for improved budget allocation.</li> <li>iii) Ensure that preliminary feasibility studies are comprehensive to detect and prevent early water source failures.</li> </ul>                                                                                                                                                         |                                  |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                  |
| <p>The Ministry of Water and Environment (MoWE) has updated the Water Management Information System (MIS) to ensure that the data accurately reflects the status of water facilities in the districts, including those that have been decommissioned or replaced by piped water systems, consistent with Budget Call Circular Para 68.</p>                                                                                                                                                                                                                                     |                                  |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Minimum Quality Standards</b> |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                  |
| <p>The audit noted that;</p> <ul style="list-style-type: none"> <li>a) Thirty-four (34) districts lacked water quality testing kits.</li> <li>b) Only 2,757 (6%) out of 44,265 existing water sources in 44 districts were tested, while only 573 out of 645 (89%) new water sources were tested.</li> <li>c) Failure to fully comply with the testing requirements derails the overall objective of ensuring access to safe and clean water for all. Water sources found to be unsuitable for human consumption pose a direct health risk to the local population.</li> </ul> |                                  |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                  |
| <ul style="list-style-type: none"> <li>i) MoWE should consider setting up regional water testing laboratories.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                  |

- ii) Government through MoWE should encourage partnerships with educational institutions/universities and other sector players such as NWSC in undertaking water testing activities.
- iii) Accounting Officers should ensure that the district water departments and district health departments work on preventive strategies to avoid continued water contamination through human behaviour.
- iv) Government should prioritise testing of existing water sources in the districts by providing adequate funding to augment the local revenue sources.

### Action Status

The District Rural Water Supply and Sanitation Conditional Grant Budget and Implementation Guidelines for Local Governments have been strengthened to prioritise testing of new water sources and water points that are prone to contamination.

The Ministry of Water and Environment (MoWE) has established regional water testing laboratories and increased funding to support routine testing of water sources and water quality testing activities.

Community sensitisation programmes have been conducted by district water and health teams to promote preventive measures against contamination of water sources through improved sanitation and hygiene practices, consistent with Budget Call Circular Para 109.

### Implementation of Uganda Support to Municipal Infrastructure Development, Additional Financing Program

|              |                                                             |
|--------------|-------------------------------------------------------------|
| <b>Query</b> | <b>Planning, Funding and Absorption of USMID-AF Program</b> |
|--------------|-------------------------------------------------------------|

### Audit Findings

- a) The audit reviewed the budget performance of LGs and noted that out of the availed amount of UGX 1,219.676Bn for USMID-AF activities in 24 implementing LGs, UGX 755.904Bn was spent by the entities during the period under review, leading to under-absorption of UGX 463.772Bn.
- b) The Accounting Officers attributed the under-absorption to: slow implementation of works by contractors; delays in the procurement processes that affected commencement of projects; and delayed release of Q4 funds by MoFPED.

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| <p>The Accounting Officers were advised to;</p> <ul style="list-style-type: none"> <li>i) Strengthen contract management processes.</li> <li>ii) Streamline procurement processes to shorten the procurement cycle.</li> <li>iii) Engage MoFPED to ensure timely release of project funds.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                           |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                           |
| <p>Contract management teams have been strengthened through budget appropriation to monitor contractor performance, adherence to timelines, and quality standards for civil works such as roads, markets, bridges, and streetlights. Regular progress review meetings have been directed with contractors to identify bottlenecks and ensure timely completion of projects.</p> <p>Procurement units in the LGs have been guided to adopt accelerated procurement planning and prequalification of contractors to reduce delays in project commencement, and to use e-GP procurement schedules for planning to avoid funding gaps and ensure smooth initiation of works.</p> <p>Funds are released promptly in Q3 to facilitate uninterrupted project implementation. Funding timelines are communicated in advance to allow LGs to plan and execute projects efficiently. Joint inspection technical teams, including engineers and finance officers, conduct regular site inspections and financial reviews to track expenditure against approved budgets and to take corrective actions for underperforming projects, consistent with Budget Call Circular Para 98.</p> |                                           |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Implementation of Program Projects</b> |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                           |
| <ul style="list-style-type: none"> <li>a) The audit reviewed the implementation of program projects over the period from 2018/19 to 2023/24 and noted that 12 LGs planned to implement 119 projects. Of the planned projects, 59 (50%) with a total contract sum of UGX 148.751Bn had been completed, 28 (23%) with a total contract sum of UGX 23.636Bn had not been commenced, while 32 (27%) with a total contract sum of UGX 367.559Bn had been partially implemented.</li> <li>b) Inspections of 42 ongoing and new projects in FY 2023/24 revealed that 28 (67%) had poor workmanship such as cracks on</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                           |

implemented structures, open culverts and manholes, and poor external finishes; and 14 (33%) were incomplete.

- c) Accounting Officers attributed this to slow progress of works by contractors, delay in award of contracts, and delayed release of funds to contractors.

### Recommendation

Accounting Officers were advised to;

- i) Implement stricter monitoring and evaluation mechanisms to ensure contractors adhere to agreed timelines and milestones.
- ii) Expedite procurement procedures to minimise delays in awarding contracts.
- iii) Liaise with the Ministry of Finance to ensure timely release of funds to contractors.

### Action Status

Technical teams, including engineers and project supervisors, have been tasked to conduct regular site inspections and ensure that contractors adhere to agreed timelines, work plans, and quality standards. Non-compliance with contract specifications is being addressed through rectification notices and performance reviews, with some contractors required to redo sub-standard works at their own cost.

LGs have adopted prequalification of contractors and streamlined tendering processes to reduce delays in contract award. Procurement schedules are aligned with funding timelines to avoid late project commencement. Training and sensitisation sessions for contractors and site supervisors on technical standards, workmanship expectations, and reporting requirements have been conducted. Identified defects — including cracks, open culverts, and poor finishes — are being remedied through supervision by technical teams, with contractors held accountable per contract terms in accordance with PPDA (Contract) Regulations 2023 and Budget Call Circular Para 57.

### Query Sustainability of USMID-AF Program Projects

#### Audit Findings

An assessment of the sustainability of the USMID-AF program projects noted the following:

- a) 82 out of 84 projects implemented in 19 LGs did not have sustainability plans.
- b) 14 LGs did not allocate any resources towards ensuring programme sustainability.
- c) 5 sub-projects completed in 4 LGs had defects such as clogged drainages, non-functional solar lights, poorly maintained Paspalum alongside roads, and damaged road furniture.
- d) The Accounting Officers attributed this to limited resources at the LG level making it difficult to manage the costly maintenance of infrastructure.

### **Recommendation**

The Accounting Officers should;

- i) Mainstream the LG budget to incorporate sustainability activities as guided by the Programme.
- ii) Develop and implement comprehensive sustainability plans for all completed projects to ensure the long-term functionality of infrastructure.

### **Action Status**

Beneficiary entities are required to budget for operational readiness of completed USMID-AF programme investments, including operation and maintenance activities, in accordance with Budget Call Circular Para 68. Accounting Officers are directed to develop and implement annual Operation and Maintenance (O&M) schedules for assets created under their institutions, indicating the assets, planned O&M activities, timelines and frequency, responsible units, and estimated costs. These schedules must be used to guide prioritisation and execution of O&M within approved workplans and budgets as required by Budget Call Circular Para 68 and Budget Call Circular Para 99.

## PART TWO: ENTITY SPECIFIC ISSUES

### Vote 601 Arua City Council

#### Query Low Local revenue performance

##### Audit Findings

The City collected UGX 4.5Bn against assessed collections of UGX 8.317Bn, representing only 54% performance. There is a risk of revenue leakage.

##### Observations

The City collected UGX 4.5Bn against an assessment of UGX 8.32Bn, which is 54%. The explanation is as follows: When potential taxpayers are assessed, issued with PRNs, and the tax payer failed to pay within 14 days, the PRN expires, and the taxpayers come back for another assessment. This results into issuance of multiple PRNs to individual taxpayers, thus reflecting an increased assessment with little collections.

Management has engaged with the LGFC in IRAS performance meetings and has pledged to address the challenge with YOYA (U) ltd, the consultant, to address the issues of multiple generations of PRNs to an individual taxpayer, and this will give an accurate assessment against collection.

##### Recommendations

The Accounting Officer should carry out a revenue awareness collection programme to ensure that its revenue sources are increased.

##### Action Status

The issue of multiple generations of PRNs for the same taxpayer and expiration within a fortnight has been handled. In addition, the city collections have greatly improved to now 6.721 Bn in FY2024/25.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Under Collection of Local Revenue |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| <p><b>Audit Findings</b></p> <p>According to the Integrated Revenue Administration System (IRAS) extract, the City collected revenue of UGX 4.5Bn. However, in the statement of revenue collected, the City indicated that total revenue collected was UGX 4.817Bn with the difference of UGX 0.317 unexplained. There is a possibility that the difference was collected outside IRAS, contrary to MoFPED guidelines.</p> <p><b>Observations</b></p> <p>After assessment of a potential taxpayer, a PRN is issued. If the taxpayer fails to pay within 14 days, the PRN expires, and the taxpayer comes back for another assessment. This results into issuance of multiple PRNs to individual taxpayers, thus reflecting an increased assessment with little collections.</p> <p>Management has engaged with the LGFC in IRAS performance meetings and has pledged to address the challenge with YOYA (U) Ltd, the consultant, to address the issues of multiple generations of PRNs to an individual taxpayer, and this will give an accurate assessment against collection.</p> |                                   |
| <p><b>Recommendation</b></p> <p>The Accounting Officer should always make timely reconciliations with the concerned stakeholders and ensure proper custody of all records.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                   |
| <p><b>Action Status</b></p> <p>The issue of multiple generations of PRNs for the same taxpayer and expiration within a fortnight has been handled. In addition, the city collections have greatly improved to now 6.72Bn in FY2024/25.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                   |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Under absorption of Local revenue |
| <p><b>Audit Findings</b></p> <p>Out of the collected UGX 4.5Bn, the City spent only UGX 3.71Bn - (01-003-Local revenue source), leaving UGX 0.79 (18%) not spent. Under absorption could have affected the implementation of other activities.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                   |

**Observations**

Out of UGX 4.5Bn Local Revenue collected using IRAS. UGX 3.71Bn Were received, warranted and absorbed. The balance of UGX 792Mn was not received in the year, and these funds were released in the FY2024/25 in quarter one for two Divisions and City activities.

Out of this, the Divisions were transferred UGX 700Mn in Quarter one of FY 2024/25, which reduced the budget on the transfer line to Divisions by 700Mn for which a supplementary budget was requested in a letter dated 3<sup>rd</sup> April 2025 and has since been approved and uploaded in FY 2025/26.

This increased the Local Revenue annual budget projection from UGX 6.5Bn to UGX 7.2 Bn, and the balance of 92Mn was for city-level activities that was duly consumed in FY2024/25.

**Recommendation**

The Accounting Officer should ensure that all revenue collected is utilised as per planned activities.

**Action Status**

Revenue collected is utilised in line with the approved budget.

**Query****Failure to Appoint Contract Manager****Audit Findings**

Regulation 51 (1) (contracts), 2014, requires the accounting officer (AO) or a person appointed by the Accounting Officer from the user department to manage the contract.

Regulation 52 (1) (contracts), 2014, further requires a user department to appoint a person with the required skills and competence as a contract manager. Regulation 50 of the PPDA (Contracts) Regulations, 2023, gives guidance on the management of contracts. Section 50 (1) requires the Accounting Officer to appoint a person from the User Department to be the contract manager.

Section 50 (2) requires the PDU to provide a copy of the contract to the person appointed by the Accounting Officer to manage the contract. Section (3) requires the contract manager to prepare a contract management plan using Form 49 and forward a copy to the PDU for monitoring purposes.

The Audit noted that the entity did not prepare Contract management reports for 25 sampled Procurements of worth UGX 1.25Bn. As a result, contracts may not be performed as per the agreed-upon terms and conditions.

The Accounting Officer pledged that contract management reports will be prepared going forward.

### **Recommendation**

The Accounting Officer should always ensure that contract management reports are prepared by the contract managers to facilitate effective monitoring and supervision of the contract performance.

### **Action Status**

Contract management reports were prepared by the contract managers and the monitoring and supervision of the contract performance was done accordingly.

### **Query      Irregular Variations of Contract Price**

#### **Audit Findings**

Regulation 55 (4) and (5) (Contracts) 2014 requires the contract amendments to be approved by the contracts committee, not to go beyond 15% in a single variation or 25% cumulatively.

Regulation 54 (4) (contracts) 2023 states that, “a PDE shall not increase the total contract price by more than 15% of the original contract price.” Regulation 54(5), 2023, where a PDE amends a contract cumulatively, should not exceed 25% of the original contract price.

Regulation 54 (6) (contracts) 2023 requires that a contract amendment shall not be issued to a provider without;

- a) Revising the contract
- b) Obtaining approval of the contracts committee
- c) Obtaining approval of the attorney general and other concerned bodies.

It was observed that the City amended 3 original contract amounts worth UGX 0.36Bn by UGX 0.055Bn (15%) without the necessary approvals. The variation was done when actual work had been completed.

Irregular contract variations may result in cost overruns and possible misappropriation of funds.

The Accounting Officer explained that these additional works were given after the works were completed because the City realised some savings in the department.

### **Recommendation**

The Accounting Officer should always ensure that all contract variations are approved before the extension of works.

### **Action Status**

Contract variations for additional works done for three contracts of Ruva, Lufe and Odravu primary schools out of savings were duly approved by the Contract Committee in a meeting dated 7<sup>th</sup> June 2024, under minute CC 49/06/2024. The payment made thereafter included additional works awarded.

### **Query**

### **Failure to provide Performance Security**

### **Audit Findings**

Section 11 (1) of PPDA 2023 (Contracts), the bidding documents shall state the requirement for a performance security or a performance security declaration. In addition, GCC 52.1 of the SCC also required submission of 10% performance security in the form of a bank guarantee, but there is no evidence that it was submitted.

The Audit noted that there were no performance security guarantees for contracts worth UGX 0.65Bn where they were required. Under the

circumstances, there is a risk of loss of public funds in case of failure by the contractors to perform their contractual obligations.

The Accounting Officer explained that the condition for 10% performance security appeared in the standard bidding document, but due to the delayed approval of the Contracts Committee, the adverts were run late and by the time contracts were signed, the time was practically too short for the bidders to prepare the performance securities, however, in the subsequent contracts, this shall be enforced.

### **Recommendation**

The Accounting Officer should always ensure that all contractual provisions are adhered to, so as to mitigate against the risk of loss, as a result of failure by the contractor to deliver.

### **Action Status**

Currently, Management ensures that performance securities are declared for all contracts.

### **Query**

### **Non-Utilisation of Warrants**

### **Audit Findings**

Out of the total warrants of UGX 52.78Bn received, only UGX 47.55Bn was utilised by the close of the financial year. The balance of UGX 5.23Bn was meant for the following activities, which were either partially or not implemented at all.

As a result, the following key activities were either partially or not implemented at all.

### **Recommendation**

The Accounting Officer should liaise with the MoFPED to ensure that the un-utilised warrants are re-voted and staff recruited.

### **Action Status**

Funds for UNCDF, USMID and education Capital investments were re-voted and rolled over to FY 2024/25

**Vote 602 Fort Portal City Council****Query Lack of Land Titles****Audit Findings**

Instruction 16.3.1 of the Treasury Instruction, 2017 requires the Accounting Officer of an institution to take full responsibility and ensure that proper control systems exist for the proper management of noncurrent assets and that preventive mechanisms are in place to eliminate theft, losses, wastage and misuse.

Regulation 58 (4) of the LGFAR 2007 requires that the properties and assets of a local government shall be properly registered, titles issued, and valued, and that requirement shall apply to both movable and immovable properties and assets, and it shall constitute a fixed asset register.

Furthermore, Instruction 16.13.11 of the Treasury Instruction, 2017 states that for land, a government entity shall be considered to have control if it has the title. If the government entity does not have title to the land, the entity shall not be considered to have control.

The Audit observed that Fort Portal City lacked titles for its pieces of land, as shown in Appendix 18.

The absence of ownership deeds affects the management and control functions of the City over the security of the land, as it is exposed to a risk of encroachment and land disputes.

The Accounting Officer explained that the process of acquiring land titles was initiated, and a total of 6 land titles have been fully processed.

There is a risk of encroachment and land disputes.

### **Recommendation**

The Accounting Officer should ensure that titles to the land are secured to have full control over the land.

### **Action Status**

Fort Portal City Council has managed to process several titles and thus the presence of the management and control functions of the City over security of tenure, as indicated below;

- i) Plot 131, Kampala Road
- ii) Plot 69-75, Lugard Road
- iii) Plot 4-8, Nyakaana Road
- iv) Plot 3, Kahinju Road
- v) Plot 2-18, Tibaitwa Road
- vi) Plot 30, Nyakaana Road
- vii) Plot 16, Kahinju Road

The rest are in the pipeline, for example, plot 31, Ruhandiika road, Mugunu washing bay along WinyiKasaija road, Kasusu market, Harubaho land on Kamwenge road; all these were submitted to Kabarole MZO for title processing.

### **Query**

### **Maintenance of a comprehensive register or record of cases**

### **Audit Findings**

The City does not maintain a comprehensive register or record of cases, and as such, the entity could not make submissions to MoFPED and MoJCA as required.

In the absence of a register, the City did not have formal criteria or guidelines to follow when settling court awards and compensations.

The Accounting Officer explained that the register of court cases is currently being updated with support and consultations from the Solicitor General's Office.

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| The Accounting Officer should ensure that a register/record of its court cases is in place.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                    |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                    |
| The Register of Court cases was updated with all pending and disposed cases.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                    |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Nugatory expenditure</b>        |
| <p><b>Audit Findings</b></p> <p>The City did not comply with the relevant laws and guidelines regarding staff employment. The City breached the terms and conditions of seven employees by, among others, irregularly terminating, interdicting and demoting them. The affected employees sued the City, and five of the employees were awarded costs of UGX 222.9Mn in the form of fines and penalties, while the costs of the two employees are yet to be awarded.</p> <p>This expenditure was avoidable, and it is thus nugatory. Non-compliance with laws and regulations by City staff exposes the City to financial loss, and it leads to diversion of funds to the payment of these unplanned fines and penalties.</p> <p>The Accounting Officer pledged to ensure that appropriate action shall always be taken.</p> |                                    |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                    |
| The Accounting Officer should ensure strict compliance with the laws and also hold personally liable the officers culpable for causing the financial loss to the City. He should also report the losses as described under Instructions 21.3 -21.7 of the Treasury Instructions 2017.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                    |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                    |
| Management is strictly following the laws.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                    |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Inadequate budget provision</b> |
| <p><b>Audit Findings</b></p> <p>The Audit assessed the management of court awards and compensation and noted that there was an inadequate budget provision made for court awards.</p> <p>Lack of adequate budgetary provisions resulted into delayed settlement of court awards for concluded cases and failure to develop and maintain a detailed register of cases.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                    |

The Audit noted that court awards have remained outstanding for a period between 2 and 5 years without settlement.

Delays to compensate affected parties result in the accumulation of interest and deny the timely delivery of justice.

The entity has many court cases that require huge amounts of money to be disposed of, and yet the available funds are inadequate to handle all the cases. However, every financial year, some budget provisions are made to that effect, and plans are being put in place to reschedule/restructure and settle some cases out of court.

### **Recommendation**

The Accounting Officer should make adequate budgetary provisions to clear the outstanding court awards to avoid further legal proceedings.

### **Action Status**

The budget provision was made in the FY 2024/25. In addition, a total of UGX 190.76 M was paid in respect of court cases during the year.

### **Query      Contingency Liability Register**

### **Audit Findings**

Section 12.12.3 of the Treasury Instructions 2017 requires the Accounting Officer to ensure that all contingent liabilities, such as disputes for which legal proceedings are underway (e.g. legal suits for breach of contract, any court cases against government with probable material financial implications), are recorded and included in an appropriate Contingency Liability Register.

The Audit noted that the City did not have a contingent liability register to capture ongoing cases.

The contingent liability register of ongoing court cases is currently being updated with support and consultations from the Solicitor General's Office.

### **Recommendation**

The Accounting Officer should adhere to the law to avoid wasting public funds.

### **Action Status**

The contingent Liability register is in place and available for review.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Failure to collect costs           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| <p><b>Audit Findings</b></p> <p>Regulation 11. (1) (g) of the Local Government Finance and Accounting Regulation provides that the head of finance shall be responsible to the chief executive for all financial transactions and accounts of the council, and shall be the receiver, paymaster and chief accountant of the council and his or her duties shall among others be; to supervise and ensure the prompt collection of all revenue due to the council and bring promptly to account all revenue or other receipt paid into the administration's bank accounts or accounted for to him or her under the proper directorate or programs, sub-programs and items.</p> <p>The Audit noted that the City failed to collect or cause to collect litigation costs awarded to them for UGX 35.11Mn.</p> <p>Failure to collect revenue due to the entity limits the entity's revenue sources.</p> <p>The Accounting Officer explained that the entity is currently engaging the Solicitor General's Office to claim the awarded costs in all the cases that have been judged in Council's favour.</p> |                                    |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                    |
| The Accounting officer should expeditiously follow up on the matter to ensure all monies owed to the City are collected.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                    |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                    |
| A letter by the Accounting Officer was written to the Regional Head, Ministry of Justice and Constitutional Affairs, instructing him to handle won cases by the City.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                    |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Delayed settlement of Court awards |
| <p><b>Audit Findings</b></p> <p>The Audit noted that cases in which compensation had been granted remained outstanding.</p> <p>Delays to compensate affected parties may result in further interest accumulation and deny the timely delivery of justice.</p> <p>The Accounting Officer explained that the entity has many court cases that require huge amounts of money to be disposed of, and yet the available funds are inadequate to handle all the cases. However, every</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                    |

financial year, some budget provisions are made to that effect, and plans are being put in place to reschedule/restructure.

### **Recommendation**

The Accounting Officer should put in place a system that ensures that claimants are compensated promptly.

### **Action Status**

Several claimants were compensated in FY 2024/25 to the tune of Shs 190.76Mn, and as a City, we are committed to ensuring that Claimants are paid to avoid further costs.

| <b>Query</b> | <b>Budgeted activities for which no funds were released</b> |
|--------------|-------------------------------------------------------------|
|--------------|-------------------------------------------------------------|

### **Audit Findings**

The entity had an approved budget of UGX 44.79Bn out of which UGX 42.57Bn was warranted, resulting in a shortfall of UGX 2.22Bn representing a 95% performance. A sum of UGX 2.22Bn that was not warranted was meant for the activities.

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer pledged to follow up with the MoFPED and other relevant ministries about the budget cuts.

### **Recommendation**

The Accounting Officer should ensure that the implementation of affected activities is completed. In addition, engage the MoFPED and Donor partners to ensure that future funds are released as budgeted.

### **Action Status**

Non-implemented activities were rolled over to the subsequent Financial Year.

| <b>Query</b> | <b>Un-utilised Funds</b> |
|--------------|--------------------------|
|--------------|--------------------------|

### **Audit Findings**

The City had total warrants of UGX 42.57Bn out of which UGX 40.21Bn was utilised, leaving a balance of UGX 2.36Bn unutilised. Unutilised funds were meant for the following activities, which were either partially implemented or not implemented at all.

As a result, some key activities were either partially implemented or not implemented at all.

These include;

- i) Payment of salaries to staff
- ii) Surveying of Land activities and enforcement of non-compliant developers.

The Accounting Officer attributed the underutilisation to unabsorbed wages funds meant for the surveying of Land activities, enforcement of non-compliant developers and suspension of the recruitment process awaiting the recommendations from the Office of the Auditor General from the special audit of salary payroll.

### Recommendation

The Accounting Officer should seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget. In addition, ensure that planned activities are re-voted and implemented in the subsequent year.

### Action Status

The planned activities were re-voted and implemented in the subsequent Financial Year.

### Query Partial Implementation of Outputs

### Audit Findings

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 3 outputs with 10 activities worth UGX.1.9Bn were assessed, and the following was observed;

- i) One (1) output with 3 activities and expenditure worth UGX 994.04Mn was fully implemented.
- ii) Two (2) outputs with 7 activities and expenditure worth UGX 915.4 M were partially implemented. Out of 7 Activities, the entity fully implemented 5 activities and partially implemented 2 activities, as shown in the table below.

**Table 1: Partially implemented activities**

| Sn | Activity                                                       | Implementation status |
|----|----------------------------------------------------------------|-----------------------|
| 1  | Completion of Kiguma and Rubingo HC III                        | Partially implemented |
| 2  | Renovation of a four-classroom block at Kamengo Primary School | Partially implemented |

The Accounting Officer explained that the Completion of Kiguma and Rubingo HC III was delayed due to heavy earthworks involved on the

two sites, heavy rains experienced and the contractor's cashflows which all led to the extension of the completion date to 31<sup>st</sup> December 2024. However, the entity has intensified supervision and currently, all works are in the final stages. For the renovation of a four-classroom block at Kamengo Primary School, works are fully complete.

### **Recommendation**

The Accounting Officer should ensure that these activities are fully implemented.

### **Action Status**

The Activities were rolled over and implemented in the subsequent Financial Year.

## **Vote 603 Gulu City Council**

### **Query**

### **Payables**

### **Audit Findings**

Section 41, 1 (a-c) of the Public finance management act 2015 states that (a) an Accounting Officer shall control the regularity and proper use of money appropriated to a vote, (b) be responsible for authorizing any commitment made by a vote, and (c) control the resources received, held or disposed of by or on account of a vote.

The City Council disclosed an accumulated verified payables figure of UGX 0.42Bn on page 10 of the Statement of Financial Position, arising from failure to pay Trade Creditors.

### **Observations**

There is a risk that the City may not settle these obligations, leading to fines and penalties.

### **Recommendation**

The Accounting Officer should ensure the settlement of outstanding obligations arising from goods and services received on credit by the City.

### **Action Status**

The City has taken measures to settle the outstanding Obligations. To date, the City has so far paid off UGX 285.98Mn, and the balance remaining is only UGX 131.03Mn. The balance has accordingly been planned for in the budget of 2025/26 FY.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Payment of Unbudgeted Arrears |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <p><b>Audit Findings</b></p> <p>Audit noted that the city budgeted UGX 0.07Bn for domestic and pension arrears in the year under review and paid UGX 0.012Bn in respect of domestic arrears as per the Statement of appropriation on page 13.</p> <p>Further, a review of the cash flow statement on page 11 revealed that the city paid UGX 0.13Bn in respect of domestic and pension arrears. This implies that UGX 0.11Bn was paid from a different budget line, indicating a mischarge.</p> <p><b>Observation</b></p> <p>The entity mischarged and did not have items under the approved budget and system.</p> <p>The Accounting Officer acknowledged the observation and attributed the anomaly to poor budgeting, and that journals were passed to correct the mischarge. However, the journals were not availed for verification.</p> |                               |
| <p><b>Recommendation</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                               |
| <p>The Accounting Officer should always ensure proper budgeting.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                               |
| <p><b>Action Status</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                               |
| <p>In the Budget Execution Circular dated 15<sup>th</sup> July 2024, ref BP86/179/01, the PS/ST reminded all Accounting Officers to ensure sufficient funds are allocated appropriately during the budgeting process to ensure execution without virements, maintaining budget credibility.</p> <p>Heads of Departments have been advised to adhere to proper and accurate budgeting in compliance with PBS guidelines.</p>                                                                                                                                                                                                                                                                                                                                                                                                                   |                               |

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Budgeted Activities for which no Funds Were Released |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| <p><b>Audit Findings</b></p> <p>The entity had an approved budget of UGX 58.36Bn out of which UGX 53.49Bn was warranted, resulting in a shortfall of UGX 4.87Bn representing an 92% performance. The UGX 4,87Bn that was not warranted was meant for the following activities.</p> <p>Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.</p> <p>The Accounting Officer attributed the shortfall to underperformance of Local Revenue, External Assistance and funds from other Government units (Road fund). The Accounting Officer further explained that the City was in the process of acquiring tablets (computers) for revenue mobilisation and to fully operationalise the automated Revenue Administration.</p> |                                                      |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                      |
| <ul style="list-style-type: none"> <li>i) The Accounting Officer should fast-track the process of gadget acquisition to boost revenue collection.</li> <li>ii) The Accounting Officer should always revise the budget if the budget cannot be realised.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                      |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                      |
| <p>To close the gap, the city took a quick step and acquired (32) gadgets (tablets) required for revenue mobilisation. All the revenue mobilisation teams have been provided with the gadgets.</p> <p>Budget performance review will always be done before the close of the financial year to be able to have an actual position of the entity.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                      |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Non-utilisation of warrants                          |
| <p><b>Audit Findings</b></p> <p>Audit noted that the entity had total warrants of UGX 57.8Bn out of which warrants worth UGX 56.4Bn had been utilised by the close of</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                      |

the financial year. The balance of UGX 1.40Bn was meant for the following activities, which were either partially or not implemented at all.

### **Observation**

- i) The City was not able to pay off Suha Quality investments due to inconsistencies in the bank records of the contractor.
- ii) The defects liability period of UBPEC Consultants had not lapsed, and yet they had no bank security as required by the program guidelines.
- iii) Paxie Investments Limited had some pending work that were not yet completed.
- iv) Payment to Constructions and Buildings Limited bounced due to irregularities in the contractor's bank details.
- v) The City staff structure was not yet fully implemented because recruitment was put on hold until verification of staff on Government payroll by the Office of the Auditor General is finalised.

### **Recommendation**

The Accounting Officer should follow up with the contractors and ensure that their bank details are rectified to make the outstanding payments. Furthermore, he should ensure staff recruitment is expedited immediately the ban is lifted.

### **Action Status**

- i) The major shortfall in the unimplemented activities relates to wages. The ban on recruitment affected the warrants where funds would have been used to recruit. This position will now change in the 2025/26 FY, with the clearance to recruit secured.
- ii) The budget for the market was rolled over in FY 2025/26, and the project is now in progress.

### **Query**

### **Partial/Non-Implementation of Funds**

### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 7 outputs with 36 activities worth UGX 24.39Bn were assessed, and the following was observed;

- i) Three (03) outputs with 11 activities and expenditure worth UGX 22.53Bn were fully implemented.
- ii) Two (02) outputs with 23 activities worth UGX 1.1Bn were partially implemented. Out of the 23 activities, the City fully implemented twelve (12) activities worth UGX 475.21Mn, nine (09) activities worth UGX 559.47Mn were partially implemented, while two (02) activities worth UGX 75.54Mn remained unimplemented.
- iii) Two (02) outputs with two (02) activities worth UGX 750Mn were not implemented at all.

The Accounting Officer attributed the partially implemented activities to unrealised local revenue and the unavailability of land for the construction of the Museum. However, the City has secured land from Ker Kwaro Acoli, and the procurement process for the construction of the market is ongoing.

### **Recommendation**

The Accounting Officer should ensure improvement in the Local Revenue collection and conclude the procurement process of the Market construction.

### **Action Status**

- i) The contractor for the Construction of the Gulu Modern Market has been procured.
- ii) There is a significant improvement in the local revenue Collection. The city's revenue has progressively grown over the years. In FY 2023/24, the actual local revenue increased from UGX 3.39Bn in 2022/23 to UGX 4.41Bn in FY 2023/24, representing 30% increase.
- iii) All the roads that were partially implemented have been completed.

### **Query**

**Supplementary Funding not Requested by the Accounting Officer**

### **Audit Findings**

Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

The Audit noted that supplementary funding amounting to UGX 2.58Bn was not requested by the Accounting Officer as required by the PFMR.

Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions.

The Accounting explained that the supplementary fund was initiated by the MoFPED for Agricultural Extension Workers.

### **Recommendation**

The Accounting Officer should always ensure that supplementary funding is requested.

### **Action Status**

The Supplementary funds received were necessary and helped to rescue the budget in areas where there were serious shortfalls. This helped to achieve effective service delivery. The Funds were utilised as

- i) Staff Salaries for Secondary Teachers UGX 384.18Mn
- ii) Production Services UGX 74.16Mn
- iii) Pension and Gratuity UGX 1.75Bn
- iv) USMID UGX 14.06Mn
- v) Transfers to other Institutions 356.54Mn

Total was 2.58Bn.

### **Query**

### **Failure to Realize Revenue from the Revenue Collection Contractor**

### **Audit Findings**

The Audit sampled two (02) revenue contracts to assess the performance of the contractors from the date of contract to the end of the financial year on 30<sup>th</sup> June 2024.

The Audit noted the following;

**a) Revenue collection from animal slaughter fees at Abattoir Bardege-Layibi Division**

The Audit reviewed the contract agreement between M/s Sir Alex & Sons Co., Ltd. and the City on 1<sup>st</sup> September 2023, in which the contractor was to remit monthly fees of UGX 161.22Mn VAT inclusive to the City beginning from 1<sup>st</sup> September 2023 to 30<sup>th</sup> June 2024 (10 months).

However, the audit noted that out of the expected total revenue amount of UGX 161.22Mn, the Contractor only paid UGX 64.49Mn for a period of four (04) months, September 2023 to December 2023 and did not remit UGX 96.73Mn for six(6) months.

UGX 0.097Bn remained uncollected from the contractor, yet there was no letter addressed to the Contractor with a view to recovery or contract termination.

**b) Revenue collection from street parking/vehicle/produce loading and offloading fees in the Laroo-Pece Division**

The Audit also reviewed the contract agreement between Gulu City and Punena General Traders dated 25<sup>th</sup> November 2022. The Contract is to run for 36 months, beginning 1<sup>st</sup> December 2022 to 30<sup>th</sup> November 2025. The Provider is to pay a consideration price of UGX 0.024Bn per month.

Review of documents regarding the above contract between the city and the contractor revealed that the contractor had not remitted UGX.0.057Bn by clos of the financial year. The contractor had continued to collect revenue from the various sources.

Non-remittance of contracted revenue affected the implementation of planned activities.

The Accounting Officer acknowledged the matter but explained that the contractor abandoned the contract, and the council assigned staff to collect revenue. This assertion was not supported with evidence

to ascertain the termination of the contract and the assignment of Council staff.

### **Recommendation**

The Accounting Officer should explain the cause of non-remittance of contracted revenue or be held to account for the unremitted revenue.

### **Action Status**

The contractor M/s Sir Alex & Sons Co limited and the City entered in contract agreement on 1st September 2023, in which the contractor was to remit monthly fees of UGX.16, 122,000 VAT inclusive; however, the contractor abandoned the contract, and the council took administrative measures to assign staff to collect revenue to avoid revenue losses. Follow up is being made to recover the unpaid revenue.

Gulu City indeed contracted Punena General Traders to collect Revenue from street parking/vehicle/produce loading and offloading fees in the Laroo-Pece Division for the period of 36 months from 25th November, 2022, to 25th November, 2025. The contractor did not abandon the contract, and the council did not assign staff to collect revenue. The contractor is still collecting revenue from those different revenue points. However, the contractor had so far remitted 100%.

### **Query**

### **Failure to Deduct Withholding Tax**

### **Audit Findings**

Section 136 of the Income Tax Act Cap.338, 1997 as amended requires all government entities to withhold taxes at a rate of 6% on payment amounting to or amounts in aggregate exceeding one million shillings to any person in Uganda for a supply of goods or materials of any kind and supply of any services.

Contrary to the above, the Audit noted that the City did not withhold tax on payment of UGX 0.478Bn vide EFT number 9862984 to M/s Segamu I4 Consults Ltd with a tax amount of UGX 0.029Bn in respect of Consultancy Services for Review and Construction Supervision for Selected Infrastructure Sub Projects in Cluster 1-Gulu City. Non-deduction of taxes leads to a loss of Government revenue.

Non-compliance with statutory obligations may lead to fines and penalties. The Accounting Officer did not provide any response.

### **Recommendation**

The Accounting Officer should ensure that taxes are deducted and remitted to URA.

### **Action Status**

The city always adheres to tax laws and regulations. The contractor, Segamu, was notified about the error and was accordingly informed to pay URA directly and subsequently notify the office of the Accounting Officer.

### **Query**

### **Unaccounted for Funds**

### **Audit Findings**

Instruction 10.10.14 of the Treasury Instruction, 2017 requires all vouchers to contain full particulars of each service or goods and will be accompanied by such supporting documents as may be required so as to enable them to be checked without reference to any other documents. Furthermore, Instruction 10.11.1 of the Treasury Instruction, 2017 states that Financial records include all source documents (budgets, invoices, vouchers, bank statements, credit advice, journals, cheques, receipts and any other documents which serve as evidence of financial transactions.

A review of expenditure vouchers revealed that UGX 12.86Mn remained unaccounted for since they were not adequately supported with accountability documents. Consequently, the Audit was unable to ascertain that the funds were properly utilised for the intended purposes.

In his response, the Accounting Officer explained that the accountabilities were available for verification, but the accountabilities for the amount in question were not available by the time of reporting.

The Accounting Officer should ensure that funds are properly accounted for, or else enforce recoveries from the beneficiaries.

### Recommendations

The Accounting officer should ensure that all responsible officers provide accountability for funds advanced to them, or else initiate steps aimed at recovering the funds from the concerned staff.

### Action Status

These accountabilities were retrieved and verified by the Auditor.

## Vote 604 Hoima City Council

### Query Failure to dispose of Obsolete Motor Vehicles

#### Audit Findings

Paragraph 15.11.1 of the Treasury Instructions, 2017 provides that where it is considered that vehicles have reached the end of their useful life; are beyond economical repair or are unserviceable for any other reason; or have become redundant through obsolescence; shall be retained until a sufficient quantity is accumulated to merit the convening of a Board of Survey to inspect them, and it shall be the duty of such Board to determine the action to be taken, including the decision to board them off.

A review of the Board of Survey reports for FY 2022/23 revealed that 3 vehicles were recommended for disposal in the Financial Year 2023/2024.

**Table 1: Vehicles recommended for disposal**

| Sn | Motor Vehicle Make | Registration Number |
|----|--------------------|---------------------|
| 1. | Tata Lorry         | UAR 018Y            |
| 2. | Dmax Isuzu Pickup  | LG 0263-10          |
| 3. | Motorcycles XL     | UG 2064R            |

Continued usage of old vehicles results in high costs of maintenance and uneconomical fuel consumption. Furthermore, the scrap value continues to fall, thus causing financial loss to the entity.

The Accounting Officer explained that they had obtained the necessary clearances from the responsible Ministries and that the disposal process had started.

### **Recommendation**

The Accounting Officer should expedite the disposal of these vehicles in the financial year 2024/25.

### **Action Status**

Management has planned to dispose of the vehicles in the Financial Year 2025/26.

### **Query**

### **Cost Estimates for procurements**

### **Audit Findings**

Regulation 65(2)(a) of the Local Government PPDA Regulations, 2006 requires the realistic estimation of the value of works, services and supplies to be based on up-to-date information at the stage of procurement initiation.

The Audit noted that there were no engineers' estimates in the form of the bills of quantities to support the cost estimates of UGX 0.13Bn disclosed in the respective procurement requisitions. As a result, the cost estimates may have been inflated, thus causing the award of contracts above market rates, resulting in loss of funds.

### **Recommendation**

The Accounting Officers should always ensure that the engineer's Bills of Quantities estimating the cost of the works accompany all procurement requisitions.

### **Action Status**

Currently, all procurement requisitions are part of the engineer's Bill of Quantities.

### **Query**

### **Contract implementation plans**

### **Audit Findings**

Regulation 119(3) of the PPDA Local Government Regulations, 2006 requires a contract supervisor to prepare a contract implementation plan upon receipt of a copy of the contract.

The Audit noted that there were no contract implementation plans for procurements worth UGX 0.14Bn. As a result, there is a risk that the contract may not be implemented according to the agreed terms and conditions in the contract. In addition, this negatively affects service delivery if the works or supplies are inadequately executed through delays in completion and poor quality of executed works.

### **Recommendation**

The Accounting Officer should always emphasize preparation of implementation plans to contract supervisors during their appointment.

### **Action Status**

#### **Query**

#### **Contract Award above Cost Estimate**

#### **Audit Findings**

Regulation 65(2)(c) of the Local Government PPDA regulations, 2006 states that in estimating the value of the works, services or supplies required and confirming the availability of funds, a procuring and disposing entity shall ensure that the estimate is realistic and the confirmation of availability of funding takes into account the total acquisition cost.

The Audit noted that the City awarded two contracts at UGX.0.24Bn contrary to the available funds approved of UGX 0.14Bn. This implies that the City committed itself to incur an extra UGX 0.10Bn without proof of the availability of additional funding.

As a result, the cost estimates may have been inflated, thus causing the award of contracts above market rates, resulting in loss of funds to the City.

### **Recommendation**

The Accounting Officer should always ensure that contracts are not awarded significantly above the cost estimates.

### **Action Status**

Currently, Management reviews all procurement contract prices to ensure they are not inflated, and funding is also confirmed before signing the contract.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Failure to evaluate items in the bid documents |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| <p><b>Audit Findings</b></p> <p>Regulation 78 (4) of the Local Governments PPDA Regulations, 2006 states that the detailed evaluation shall not be based on any terms, conditions or criteria that were not included in the bid documents.</p> <p>A review of the evaluation reports revealed that the requirement of social security contribution was not evaluated for the procurements worth UGX 0.14Bn and yet this was disclosed as a requirement in the approved standard bid documents.</p> <p>Under the circumstances, there is a risk that non-compliant bidders were awarded contracts.</p>                                                                                                    |                                                |
| <p><b>Recommendation</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                |
| <p>The Accounting Officer should always emphasise compliance with the bid evaluation criteria stated in the bid document.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                |
| <p><b>Action status</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                |
| <p>Management currently ensures compliance with the bid evaluation criteria stated in the bid document.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Inaccurate Evaluation Reports                  |
| <p><b>Audit Findings</b></p> <p>Regulation 78 (3) of the Local Governments PPDA Regulations, 2006 states that the detailed evaluation shall compare the details of the bid received with the terms, conditions and criteria stated in the bid documents.</p> <p>A review of the evaluation reports for the procurements worth UGX 0.059Bn revealed that the results of the evaluations were not consistent with the information provided in the respective bid documents of the bidders.</p> <p>There is a risk that ineligible bidders were awarded contracts, and as a result, it could have led to financial loss or destruction of the public image of the entity due to a lack of transparency.</p> |                                                |

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| The Accounting Officer should always ensure the contract committee verifies the accuracy of the evaluation report before approval of the recommended bid winner.                                                                                                                                                                                                                                                                                                                                                                                                      |                                                             |
| <b>Action status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                             |
| The Contract Committee verifies the accuracy of the evaluation report before approval of the recommended bid winner.                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Budgeted activities for which no funds were released</b> |
| <p><b>Audit Findings</b></p> <p>The City did not receive UGX 1.82Bn of its approved budget for the implementation of certain key activities.</p> <p>Failure to provide funds for these key activities negatively affected the delivery of intended services.</p>                                                                                                                                                                                                                                                                                                      |                                                             |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                             |
| The Accounting Officer should engage MoFPED on the possibility of funding these activities and consider rolling them forward to the next financial year.                                                                                                                                                                                                                                                                                                                                                                                                              |                                                             |
| <b>Action status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                             |
| All the incomplete works were executed, and the roads are now motorable with easy accessibility to social services.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Under-utilisation of warrants</b>                        |
| <p><b>Audit Findings</b></p> <p>The City had total warrants of UGX 43.6Bn out of which UGX 39.99Bn was utilized leaving UGX 3.6Bn un-utilized. As a result, some key activities were either partially implemented or not implemented at all.</p> <p>The Accounting Officer explained that;</p> <ul style="list-style-type: none"> <li>i) Salaries were not absorbed due to delays in the completion of the recruitment process.</li> <li>ii) The supplementary budget for Pension and Gratuity was not absorbed because it was released late in June 2024.</li> </ul> |                                                             |

|                                                                                                                                                                                                                                                                                                                                                                 |                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| iii) USMID funds worth UGX 1.05Bn were not absorbed because M/s China Railway 18 <sup>th</sup> Bureau Group Co. Ltd had failed to provide a bank guarantee for the retention in time.                                                                                                                                                                           |                                                              |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                           |                                                              |
| The Accounting Officer should ensure the timely implementation of activities so that all funds released are fully absorbed.                                                                                                                                                                                                                                     |                                                              |
| <b>Action status</b>                                                                                                                                                                                                                                                                                                                                            |                                                              |
| Management ensures that all budgeted activities are implemented promptly.                                                                                                                                                                                                                                                                                       |                                                              |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                    | <b>Management of Government Pension and Gratuity Payroll</b> |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                           |                                                              |
| The Audit assessed a total of 6 outputs with 15 activities worth UGX 24.86Bn to determine the extent of implementation of activities for which funds were availed and utilized and noted the following;                                                                                                                                                         |                                                              |
| i) Two(2) outputs with 6 activities and expenditure worth UGX 24.6Bn were fully implemented.<br>ii) Four(4) outputs with 9 activities worth UGX 261.82Mn were partially implemented. Out of 9 Activities, 4 activities were fully implemented, 2 activities were partially implemented, and 3 activities were not implemented. A summary is in the table below. |                                                              |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                           |                                                              |
| The Accounting Officer should roll over the partially implemented activities to the next financial year.                                                                                                                                                                                                                                                        |                                                              |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                            |                                                              |
| All partially implemented activities were rolled over to the subsequent Financial Year.                                                                                                                                                                                                                                                                         |                                                              |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                    | <b>Unsatisfactory quantity of works</b>                      |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                           |                                                              |
| The audit undertook physical inspections on 2 projects, and both projects, worth UGX 57.65Mn, did not plant trees and grass as required in the Bills of Quantities.                                                                                                                                                                                             |                                                              |

Failure to plant grass and trees as per the bills of quantities negatively impacted the objective of improving the environment. The Accounting Officer did not respond to the matter.

### **Recommendation**

The Accounting Officer should ensure that the respective contractors plant the trees and grass before payment of their retention fees.

### **Action status**

- i) Works were still ongoing at the time of the audit, and all the pending activities involving culvert installations and headwall constructions, as well as gravelling, were implemented and completed accordingly.
- ii) Payments now are timely except for cases where available funds are insufficient.
- iii) Works supervisors are seconded by the head PDU and formally appointed by the accounting officer.
- iv) Identified defects are always communicated to the contractor for correction through an instruction to the contractor and a defects correction certificate issued upon verification of the corrected defects.
- v) Quality tests are being encouraged at our laboratory facility, whereas others are done at MoW&T central materials laboratory.
- vi) There is an effort to improve our project progress reports to include environment, social and safety issues implemented during the execution of project works, but this will be improved further as guided by the auditors.
- vii) Trees and grass were planted on the 5-stance VIP latrine constructed at Bwikya Quran PS. These were destroyed by roaming cattle, goats and dry weather. However, the entity is seriously advocating for a sustainable management plan with all school management teams where such facilities have been constructed or are in existence.

| <b>Vote 605      Jinja City Council</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Budgeted activities for which no funds were released</b> |
| <p><b>Audit Findings</b></p> <p>The City had an approved budget of UGX 71.59Bn out of which UGX 67.68Bn was warranted resulting in a shortfall of UGX 3.92Bn representing a 94% performance. A sum UGX 3.92Bn that was not warranted was meant for the activities.</p> <p>Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.</p> <p>The Accounting Officer explained that the unfunded activities were those budgeted for under local revenue however due to under collections from defaulting entities like Uganda Land Commission, these could not be implemented. He further stated that the unimplemented activities were rolled over to the subsequent financial year and City management had engaged the Attorney General's office for legal advice on recovery of accumulated arrears.</p> |                                                             |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                             |
| <p>The Accounting Officer should initiate strategies such as law enforcement, and sensitisation of citizens on the benefits of revenue collection to improve local revenue collections.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                             |
| <p>This was due to poor local revenue out turn, however the following actions were undertaken:</p> <ul style="list-style-type: none"> <li>i) Management contracted debt collection and commission agents.</li> <li>ii) Early enumeration and assessment of tax payers</li> <li>iii) Sensitisation of tax payers on benefits of paying taxes</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                             |

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Utilisation of warrants              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| <p><b>Audit Findings</b></p> <p>The City had total warrants of UGX 67.68Bn out of which UGX 61.59Bn was utilized leaving UGX 6.08Bn un-utilized. Un-utilized funds were meant for the following activities which were either partially or not implemented at all.</p> <p>The Accounting Officer attributed this to suspension of the recruitment process which resulted in UGX 2.75Bn not being utilised, UGX 42.23Mn was retention funds for projects whose defect liabilities period had not yet expired and UGX 3.2Bn was due to system challenges that persisted until the end of the financial year.</p> |                                      |
| <p><b>Recommendation</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |
| <p>The Accounting Officer should;</p> <ul style="list-style-type: none"> <li>i) Seek recruitment clearance from the MoPS.</li> <li>ii) Ensure that the retention funds are revoked and paid to the contractors after expiry of the defects liability period.</li> <li>iii) Liaise with the MoFPED when system challenges arise for assistance on forging a way forward.</li> </ul>                                                                                                                                                                                                                            |                                      |
| <p><b>Action Status</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                      |
| <p>Underutilisation of warrants was due to the ban on recruitment by the Ministry of Public Service. This ban has since been lifted and recruitments are underway.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                      |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Partial Implementation of Activities |
| <p><b>Audit Findings</b></p> <p>The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of five (5) outputs with 14 activities worth UGX 2.28Bn were assessed and the following was observed;</p>                                                                                                                                                                                                                                                                                                                                                    |                                      |

Three (3) outputs with 11 activities worth UGX 2.16Bn were partially implemented. Out of 11 Activities, the City fully implemented six (6) activities, partially implemented four (4) activities, while one (1) activity was not implemented.

The Accounting Officer acknowledged the shortcoming and pledged to fully implement these activities in the subsequent financial year.

### **Recommendation**

The Accounting Officer should ensure that the partially implemented activities are rolled over to the subsequent financial year.

### **Action Status**

The partially implemented activities were rolled over to the FY 2024/25.

| <b>Query</b> | <b>Irregularities in supplementary funding</b> |
|--------------|------------------------------------------------|
|--------------|------------------------------------------------|

### **Audit Findings**

The City received total supplementary funding of UGX 11.7Bn during the year. The audit reviewed the process of requesting and utilisation of the supplementary funding and observed that;

Out of the supplementary funds of UGX 11.7Bn received, only UGX.7,487,203,357 was utilized leaving UGX 4.2Bn unspent as at the year end.

This implies that the City requested for more funds than they needed, thus denying other government entities the opportunity to utilize the funds.

The Accounting Officer explained that these funds were meant for recruitment of teachers however, due to the recruitment ban, these funds could not be spent. The Accounting Officer further stated that the City's recruitment plan was approved by MoPS for recruitment of staff in key positions which is currently ongoing.

### **Recommendation**

The Accounting Officer should ensure that supplementary requests are made for only funds that are needed by the City.

### Action Status

The underutilisation was due to the ban on recruitment by the Ministry of Public Service. This ban has since been lifted and recruitments are underway.

### Query Delayed release of Funds

#### Audit Findings

Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10<sup>th</sup> day of the first month of the period in sub regulation (2).

The Audit noted that the City received government grants amounting to UGX 39.03Bn with delays ranging from 6 to 24 days after commencement of each quarter. Details are in the table below.

**Table 1: Delayed release of funds**

| Quarter   | Expected Release date | Actual Release date | Delay (Days) |
|-----------|-----------------------|---------------------|--------------|
| Quarter 1 | 10/07/2023            | 03/08/2023          | 24           |
| Quarter 2 | 10/10/2023            | 16/10/2023          | 6            |
| Quarter 3 | 10/01/2024            | 16/01/2024          | 6            |
| Quarter 4 | 10/04/2024            | 18/04/2024          | 8            |

The delayed release of funds affects the timely implementation of planned activities.

This was attributed to the delay by the Ministry of Finance, Planning and Economic Development where the City has no control.

### Recommendation

The matter would be brought to the attention of MoFPED.

### Action Status

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and

Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

### Query

### Quantification of Budget outputs/items

#### Audit Findings

The Audit assessed the three outputs with three activities and noted that: Three (3) outputs with three (03) activities and expenditure worth UGX 0.28Bn was not quantified.

Failure to quantify outputs affects assessment of planned deliverables.

The Accounting Officer explained that the manual departmental annual work plans for the departments had quantified outputs but the PIAP indicators on the PBS are not aligned to the activities budgeted for hence the system reports do not show the right quantities. He further stated that management had several engagements with NPA to ensure alignment for the Local Government indicators.

#### Recommendation

The Accounting Officer that the issue would be brought to the attention of NPA.

#### Action Status

Management always works with NPA during the budget preparation to align PIAP indicators on the Programme Budgeting System.

### Vote 606 Lira City Council

### Query

### Budgeted activities for which no funds were released

#### Audit Findings

The City had an approved budget of UGX 55.01Bn out of which UGX 52.31Bn was warranted resulting in a shortfall of UGX 2.69Bn

representing a 95% performance. The UGX 2.69Bn that was not warranted was meant for the following activities.

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. This also affects the attainment of the National Development Plan (NDP III).

The Accounting Officer attributed the anomaly to low revenue collections and budget cuts by MoFPED hence affecting implementation of planned activities.

### **Recommendation**

- i) The Accounting Officer should engage MoFPED to always ensure that funds are warranted as budgeted.
- ii) The Accounting Officer should roll over the unimplemented activities for implementation in the subsequent periods.

### **Action Status**

- i) In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.
- ii) The un-implemented activities were rolled over to the FY 2024/25.

### **Query**

### **Utilisation of warrants**

### **Audit Findings**

The entity had total warrants of UGX 52.31Bn out of which warrants worth UGX 44.15Bn had been utilised by the close of the financial year. The balance of UGX 8.16Bn was meant for the following activities which were either partially or not implemented at all.

The Accounting Officer attributed the anomaly to a ban of recruitment, delay in completion of USMID and UGIFT projects resulting into unutilized funds.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                          |
| The Accounting Officer should ensure that all warrants are fully utilized within the financial year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                          |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                          |
| The funds were re-voted and activities were rolled over to FY 2024/25.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                          |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Failure to Implement funded activities</b>                            |
| <p><b>Audit Findings</b></p> <p>The audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 11 outputs with 54 activities worth UGX 35.04Bn were assessed and the following was observed;</p> <ul style="list-style-type: none"> <li>i) Four(4) outputs with 14 activities and expenditure worth UGX 13.99Bn were fully implemented.</li> <li>ii) Seven (7) outputs with 40 activities worth UGX 21.05Bn were partially implemented. Out of 40 Activities, the City fully implemented 28 activities and partially implemented 12 activities</li> </ul> <p>The Accounting Officer attributed the anomaly to inadequate funding and challenges in securing the road equipment for road works.</p> |                                                                          |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                          |
| The Accounting Officer should ensure that all affected activities are prioritized and rolled over in the subsequent financial year for full implementation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                          |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                          |
| All affected activities were prioritised in FY 2024/25 and implemented accordingly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                          |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Supplementary funding not requested for by the Accounting Officer</b> |
| <p><b>Audit Findings</b></p> <p>Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                          |

The audit noted that supplementary funding amounting to UGX 11.05Bn was not requested for by the Accounting Officer as required by the PFMR.

Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions. Although the Accounting Officer explained that he had provided evidence for request of supplementary, no evidence was provided to that effect.

### **Recommendation**

The Accounting Officer should always ensure that supplementary funding is requested for.

### **Action Status**

Management requested for this supplementary funding, the request is available for review.

## **Vote 607 Masaka City Council**

### **Query**

### **Budgeted activities for which no funds were released**

### **Audit Findings**

The entity had an approved budget of UGX 62.05Bn out of which UGX 57.79Bn was warranted resulting in a shortfall of UGX 4.25Bn representing an 93% performance. The UGX 4.25Bn that was not warranted was meant for the following activities.

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that this was due to the failure to realize local revenue as budgeted that could not enable the entity to allocate the budgeted funds to those specific programmes.

### **Recommendation**

The Accounting Officer should widen the tax base for raising local revenues and ensure that they are collected timely.

### Action Status

According to the Budget Execution Circular ref: BDP 86/179/01 FY 2025/26 dated 10<sup>th</sup> July 2025, the PS/ST guide that starting FY 2025/26, Government took a decision to have all local revenue collected through one system, that is, the Integrated Revenue Administration System (IRAS). Accounting Officers are requested to comply with this directive in order to enhance efficiency and effectiveness in local revenue management, and there should be no instances of manual receipts for local revenue

### Query

### Partial/Non-Implementation of Activities

### Audit Findings

The entity had total warrants of UGX 57.79Bn out of which warrants worth UGX 56.39Bn had been utilised by the close of the financial year. The balance of UGX 1.41Bn was meant for the following activities which were either partially or not implemented at all.

The Accounting Officer explained that;

- i) The City was not able to pay off Suha Quality investments due to inconsistencies in the bank records of the contractor.
- ii) The defects liability period of UBPEC Consultants had not lapsed and yet they had no bank security as required by the program guidelines.
- iii) Paxie Investments Limited had some pending works that were not yet completed.
- iv) Payment to Constructions and buildings Limited bounced due to irregularities in the Contractors bank details.
- v) The City staff structure was not yet fully implemented because recruitment was put on hold until verification of staff on government payroll by the Office of the Auditor general is finalized.

### Recommendation

The Accounting Officer should follow up the contractors and ensure that their bank details are rectified to make the outstanding payments. Furthermore, he should ensure staff recruitment is expedited immediately the ban is lifted.

| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| The ban on recruitment has since been lifted and recruitment of staff is ongoing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                               |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Failure to Implement Funded Activities</b> |
| <p><b>Audit Findings</b></p> <p>The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of Twelve (12) outputs with 21 activities worth UGX 24.61Bn were assessed and it was observed that; Eleven (11) outputs with 20 activities and expenditure worth UGX 18.61Bn were fully implemented.</p> <p>One (1) outputs with one activity worth UGX 6Bn was partially implemented.</p> <p>The Accounting Officer attributed the delays o late commencement of the project due to procurement issues including administrative review at PPDA tribunal.</p> |                                               |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                               |
| The accounting Officer should closely Monitor the project implementation to ensure that its completed in he agreed time lines.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                               |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                               |
| <p>The PS/ST in the Budget Execution Circular FY 25/26 dated 10<sup>th</sup> July 2025 stated that Government adopted the Framework for Tracking the Implementation and Performance of Public Investments to strengthen oversight of public investments and ensure their timely implementation.</p> <p>This framework requires all MDAs to adopt standardised tools and practices such as Earned Value Management (EVM), a Quality Performance Index (QPI), Performance-Based Contracts, Project Implementation Units (PIUs), integration with the Integrated Bank of</p>                                      |                                               |

Projects (IBP), and the certification of projects. Managers are to ensure they possess the technical expertise necessary to effectively manage complex projects.

Accounting Officers should therefore ensure full compliance with the framework, given that it is a prerequisite for continued project financing, as well as consideration of new project proposals, and to avoid the termination of underperforming projects.

|              |                                  |
|--------------|----------------------------------|
| <b>Query</b> | <b>Incomplete projects/works</b> |
|--------------|----------------------------------|

### **Audit Findings**

One of the activities implemented which is construction of the Masaka Recreation Centre had faced delays in the commencement of the activity. The contract was awarded to Kaleeta Constructions Limited at a cost of UGX 18.14Bn for a period of 18 months and was meant to commence in March 2024 however, actual works commenced in June 2024.

Delays in the starting the project have an effect on the completion period and delivery of intended of services from the recreation center.

The Accounting Officer explained that the delayed commencement of the project was due to procurement issues including the administrative reviews that were handled by the PPDA tribunal which upon passing a decision the project was started in June 2024.

### **Recommendation**

The Accounting Officer should ensure that close supervision of the project is done for the contractor to complete the project in time and with acceptable quality.

### **Action Status**

The PS/ST in the Budget Execution Circular FY 25/26 dated 10th July 2025 stated that Government adopted the Framework for Tracking the Implementation and Performance of Public Investments to strengthen oversight of public investments and ensure their timely implementation.

This framework requires all MDAs to adopt standardised tools and practices such as Earned Value Management (EVM), a Quality Performance Index (QPI), Performance-Based Contracts, Project Implementation Units (PIUs), integration with the Integrated Bank of Projects (IBP), and the certification of projects. Managers are to ensure they possess the technical expertise necessary to effectively manage complex projects.

Accounting Officers should therefore ensure full compliance with the framework, given that it is a prerequisite for continued project financing, as well as consideration of new project proposals, and to avoid the termination of underperforming projects.

### **Vote 608 Mbale City Council**

|              |                                                              |
|--------------|--------------------------------------------------------------|
| <b>Query</b> | <b>Outstanding Domestic Arrears And Short-Term Bank Loan</b> |
|--------------|--------------------------------------------------------------|

#### **Audit Findings**

According to Section 24 of the Budget Execution Circular (Policy issue to guide on the implementation of the Budget for FY 2020/2021), the PS/ST observed a serious concern that Accounting Officers have continued to accumulate arrears even after the recently concluded domestic arrears verification exercise across all votes by the MoFPED in contravention of Section 79 (m) of the PFMA, Cap 171.

A review of the statement of financial position revealed that Mbale City Council had a total outstanding domestic arrears of UGX 1.90Bn that remained unpaid by the year end. The payables relate to pension arrears of UGX 0.032Bn, Court awards UGX 1.35Bn, Utilities UGX 0.34Bn, deducted taxes of UGX 0.007 and supply of goods and services worth UGX 0.167Bn.

THE audit further noted that the City obtained a loan from Housing Finance Bank of UGX 0.278Bn classified as short term borrowing. The loan has since grown to UGX 0.355Bn, due to accumulation of bank interest of UGX 0.077Bn. The loan was obtained to procure a motor

vehicle for the City Mayor. In addition, the audit was not provided with evidence of approval or authorization of the loan by the Minister for Finance as required by the PFMA, Cap 171.

Accumulation of un-sustainable arrears and bank loans coupled with delays in settlement of such obligations are a risk to the organisational image.

The Accounting Officer committed to clear the outstanding payables and to comply with the commitment control system to avoid accumulation of unnecessary domestic arrears.

### **Recommendation**

The Accounting Officer should comply with the commitment control system to avoid accumulation of unnecessary domestic arrears by making budget provisions to clear all due obligations. In addition, any loan entered into between the City and Commercial Institutions, must be authorized by the Minister for Finance.

### **Action Status**

The request to obtain a bank loan was authorized by the minister of finance, Planning and Economic Development in line with the Public Finance Management Act, Cap.171. A list of domestic arrears was sent to the Attorney General for verification as a basis to request MoFPED for funding. A request for a supplementary budget to the Minister of Finance, Planning and Economic Development was made and so far, a budgetary provision was made in this FY's budget of UGX 377.74Mn.

Commitment control is being followed. Budget provisions have been made and management is clearing the domestic arrears in a phased manner. So far, the short-term bank loan has been settled by UGX 222.10Mn, while other domestic arrears by UGX 279.47Mn. Management expects to pay UGX 528.34Mn by end of the financial year to further reduce the stock of domestic arrears.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Outstanding Receivables                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| <p><b>Audit Findings</b></p> <p>Paragraph 15.12.5 of the Treasury Instructions, 2017 requires that, the Accounting Officer of vote is responsible for management of debtors and other amounts accruing to an entity including maintaining proper records follow up and recovery of outstanding amounts, accounting and reporting.</p> <p>The Audit noted that the City had total receivables of UGX 1.49Bn as presented in the Statement of Financial Position and disclosed under Notes 23 (d &amp; e) to the financial statements. This implies that the City is not taking adequate measures to collect the revenue due from its clients. Receivable represent idle assets that would otherwise be used for service delivery.</p> |                                          |
| <p><b>Recommendation</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                          |
| <p>The Accounting Officer should strengthen local revenue mobilization and take appropriate measures to recover the outstanding amounts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                          |
| <p><b>Action Status</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                          |
| <p>Part of the receivables are rental fees from market vendors way back in 2021/22, which recovery is very uncertain because they claim this was a presidential offer. Management is in the process of submitting to council for writing off. Some of the contractors have been legally taken on but dismissed in court against the city. While others took the cases to court and cases were dismissed in our favour without costs.</p>                                                                                                                                                                                                                                                                                             |                                          |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Contingent Liabilities faced by the City |
| <p><b>Audit Findings</b></p> <p>The statement of contingent liabilities and guarantees records quantifiable domestic and foreign contingencies including legal</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                          |

proceedings while the statement of non-quantifiable contingent liabilities provides a brief description of liabilities, their origin, nature, un-certainty and identification period.

Review of the statement of non-quantifiable contingent liabilities revealed that the City is embroiled in (9) court cases pending court hearings and judgements.

One of the litigants has 4 cases (45%) out of the total 9 cases disclosed. The cases refer to breach of contract and interfering with the operation of the plaintiff in collection of revenues from both the main and Kumi road taxi parks.

The City also faces 03 cases of land disputes, two of which involves disputed ownership of the land procured in Bulambuli district which was meant for exchange with NFA for the forest land on Tororo road.

However, the court hearings were still pending and there is a possibility that the legal costs and the resultant penalties and damages may severely constrain the activities of the City in the near future.

The Accounting Officer explained that some of the cases originate from the City Divisions but court decisions are awaited.

### **Recommendation**

The Accounting Officer should obtain the case details and seek legal guidance from the Solicitor General to devise strategies of ensuring that they are resolved timely and without the City incurring heavy financial burden.

### **Action Status**

A schedule of case details has been made and guidance sought from the Solicitor General in all cases. For cases the city won, management has started preparing bills of costs for taxation by requesting certified court proceedings.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Un-warranted Revenue                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| <p><b>Audit Findings</b></p> <p>A review of the financial statements (Statement of Appropriation) revealed that the City's actual revenue performance was UGX 59.32Bn compared to the total amount warranted of UGX 56.22Bn, as detailed in the IFMS Budget analysis report. This resulted into un warranted revenue of UGX 3.1Bn.</p> <p>Failure to warrant all the revenue affected the implementation of planned service delivery activities.</p> <p>The Accounting Officer explained that the variance was majorly caused by failure to warrant revenue due to outstanding cash limits not issued by MoFPED relating to supplementary funding to cater for wages, pension, gratuity and USMID but were not loaded on to the system as revenue except for expenditures.</p> |                                                      |
| <p><b>Recommendation</b></p> <p>The Accounting Officer should always engage Ministry of Finance, Planning and Economic development to ensure that cash limits are issued for warranting and loaded on the system as revenues.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                      |
| <p><b>Action Status</b></p> <p>In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                      |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Budgeted Activities for which no Funds were Released |
| <p><b>Audit Findings</b></p> <p>The City had an approved budget of UGX 65.58Bn out of which UGX 56.22Bn was warranted resulting in a shortfall of UGX 9.67Bn representing an 85% performance.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                      |

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that this was caused by budget cuts from the MoFPED.

### **Recommendation**

The Accounting Officer should ensure that the implementation of rolled over activities is completed. In addition, the Accounting Officer should continue liaising with MoFPED to ensure that planned funds are released as approved.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

### **Query**

### **Failure to Fully Utilise Warrants**

### **Audit Findings**

The City had total warrants of UGX 56.22Bn out of which warrants worth UGX 53.81Bn had been utilised by the close of the financial year. The balance of UGX 2.4Bn was meant for the following activities which were either partially or not implemented at all.

### **Recommendation**

The Accounting Officer should fast-track the recruitment process of the required staff and enhances service delivery in the City.

### **Action Status**

The ban on recruitment was lifted and recruitment of staff is underway.

### **Query**

### **Partial/Non-Implementation of Activities**

### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of nine (09) outputs with nine (09) activities worth UGX 25.15Bn were assessed and the following was observed.

- i) Five (5) outputs with five (05) activities and expenditure worth UGX 22.72Bn were fully implemented.
- ii) Three (3) outputs with three (03) activities worth UGX 1.59Bn were partially implemented.
- iii) One (1) output with one (01) activity worth UGX 846.41Bn was not implemented.

The Accounting Officer explained that the activities to be funded under local revenue were affected by the poor performance of the source.

### **Recommendation**

The Accounting Officer should streamline the revenue collection processes at the City to ensure that assessed revenue is fully realised so as to improve service delivery within the City.

### **Action Status**

The PS/ST in the Budget Execution Circulars ref BPD/86/179/01 dated 10<sup>th</sup> July 2025, guided that starting FY 2025/26, Government took a decision to have all local revenue collected through one system, that is, the Integrated Revenue Administration System (IRAS). Accounting Officers are requested to comply with this directive in order to enhance efficiency and effectiveness in local revenue management, and there should be no instances of manual receipts for local revenue

| <b>Query</b> | <b>Non-Functional Projects</b> |
|--------------|--------------------------------|
|--------------|--------------------------------|

### **Audit Findings**

The Audit undertook a physical inspection to confirm the functionality of the completed projects. The Audit observed that three (03) projects worth UGX 168.84Mn were not functional/not in use.

Failure to use the completed structures for the intended function negates the purpose for which the government invested money to construct/rehabilitate/renovate the facilities.

### **Recommendation**

The Accounting Officer should strengthen the supervision of facilities in the City and ensure effective functionality so as to boost timely service delivery.

### **Action Status**

The PS/ST in the Budget Execution Circular FY 25/26 dated 10th July 2025 stated that Government adopted the Framework for Tracking the Implementation and Performance of Public Investments to strengthen oversight of public investments and ensure their timely implementation.

This framework requires all MDAs to adopt standardised tools and practices such as Earned Value Management (EVM), a Quality Performance Index (QPI), Performance-Based Contracts, Project Implementation Units (PIUs), integration with the Integrated Bank of Projects (IBP), and the certification of projects. Managers are to ensure they possess the technical expertise necessary to effectively manage complex projects.

Accounting Officers should therefore ensure full compliance with the framework, given that it is a prerequisite for continued project financing, as well as consideration of new project proposals, and to avoid the termination of underperforming projects.

### **Query      Failure to Quantify Outputs**

#### **Audit Findings**

The Audit assessed the activities/output in the budget and noted that five (05) outputs with five (05) activities and expenditure worth UGX 2.09Bn could not be quantified by management as shown in table below;

Failure to quantify output affects assessment of planned deliverables.

The Accounting Officer explained that there was an omission which will be rectified in the current planning process.

### **Recommendation**

The Accounting Officer should ensure that planned activities are fully quantified for effective monitoring and supervision.

### **Action Status**

The Ministry of Finance, Planning and Economic Development has carried out training on all features of the Programme Budgeting System to support votes in preparation of complete budget documents.

### **Query**

### **Maintenance of the Manual Revenue Collection System**

### **Audit Findings**

Management in FY 2020/21 implemented a digitalized revenue collection system in a bid to streamline local revenue collection and reduce human interaction by using the Integrated Revenue Administration System (IRAS). During the year under review, IRAS was used for the first three months (July, August and September 2023) after which the City adopted the electronic Local Government revenue system (e-LogRev).

The Audit noted, however, that the revenue collection process is not entirely digitalized. It was observed that direct payments for revenue assessed are being made with a high risk of cash transactions during the enforcement process. A review of the total revenue received by the City against the total revenue on both digitalized systems (IRAS and e-LogRev) revealed varying amounts implying several cases of manual assessments and collection.

Of the sources reviewed, revenue worth UGX 924.45Mn (44%) was collected manually and outside the digitalized system. Although management highlighted the significant challenges associated with collection of revenue at the central market, there were several concerns with the collections made for other revenue sources such as

advertising (77%), parking fees (75%), and building plans (38%) among others.

This was attributed to weak internal controls in the collection of revenue.

Manual collection of local revenue significantly undermines effective local revenue accountability, promotes leakages/pilferage and denies timely service delivery.

The Accounting Officer explained that most of the revenue is collected from the Central Market which will be enrolled onto the system after full allocation of the revenue facility. Other revenues were directly banked on the City's general fund collection account.

### **Recommendation**

The Accounting Officer should ensure that the collection of local revenue is completely digitalized promote effective local revenue accountability avoid leakages and facilitate timely service delivery.

### **Action Status**

The PS/ST in the Budget Execution Circular ref BPD/86/179/01 dated 10<sup>th</sup> July 2025, guided that starting FY 2025/26, Government took a decision to have all local revenue collected through one system, that is, the Integrated Revenue Administration System (IRAS).

Accounting Officers are requested to comply with this directive in order to enhance efficiency and effectiveness in local revenue management, and there should be no instances of manual receipts for local revenue.

### **Query**

### **Weak Internal Control Systems in Tax Revenue**

### **Audit Findings**

Section 8 (1) of the Trade (Licensing) Act Cap.79 directs that no person shall trade in any goods or carry on any business specified in the Schedule unless he or she is in possession of a trading license granted to him or her for that purpose under the Act. Section 11(2) further states that a trading license

- a) Shall be in the prescribed form;
- b) Shall be granted subject to such conditions as may be prescribed; and
- c) Shall specify the premises in respect of which it is granted

The Audit noted weak internal controls in the assessment, verification and enforcement of licenses within the City. I observed the following;

- i) The City is implementing the digitalized revenue collection system – the electronic local government revenue system (e-LoGRev).
- ii) Tax revenue management was formally decentralized to the Divisions.
- iii) At the division level, the town agents assess revenue due, verify and enforce compliance implying a complete lack of segregation of duties.
- iv) On the e-LogRev system, revenue officers only approve/forward information input by town agents with no visible changes being made.
- v) During assessment of businesses in the City, there is no involvement of Staff under the Trade, Industry and Local Development department despite the vast knowledge regarding trading grades, rates and general economic status in the City.
- vi) There is a high risk of loss of license revenue arising out of failure to adhere to business license grades.
- vii) Management did not maintain and or prepare any performance reports related to the enforcement of tax revenue in the City. This makes it impossible to track extent of assessment, enforcement and identification of defaulters
- viii) The Audit noted significant under assessments in the areas of local service tax and land fees with no assessment being undertaken in the Sino-Industrial park.
- ix) Poor enforcement was observed in collection of local hotel tax and business licenses as shown in the table below;

Weak internal controls in revenue management result into failure to collect the planned revenues as the case during the year under review.

The Accounting Officer explained that the issue of segregation of duties has been brought to the attention of the administrators of EloGrev. Negotiations with the Sino-Industrial park management are ongoing to recover the local taxes.

### **Recommendation**

The Accounting Officer should implement strong internal controls in the management of local revenue to enhance timely service delivery in the City.

### **Action Status**

The PS/ST in the Budget Execution Circular ref BPD/86/179/01 dated 10<sup>th</sup> July 2025, guided that starting FY 2025/26, Government took a decision to have all local revenue collected through one system, that is, the Integrated Revenue Administration System (IRAS). Accounting Officers are requested to comply with this directive in order to enhance efficiency and effectiveness in local revenue management, and there should be no instances of manual receipts for local revenue.

|              |                                                          |
|--------------|----------------------------------------------------------|
| <b>Query</b> | <b>Ambiguous Agency Contracts for revenue collection</b> |
|--------------|----------------------------------------------------------|

### **Audit Findings**

Regulation 26 of the PPDA Regulations (Rules and Methods) 2014 states a procuring and disposing entity shall include in the statement of requirements for non-consultancy services— (a) any relevant background and the purpose of the required non-consultancy services; (b) a list of the specific tasks or duties to be performed; (c) a completion schedule or period of performance; (d) any schedule of deliverables, outputs or targets to be achieved by the provider; (e) the management and reporting lines to the procuring and disposing entity and the specific administrative arrangements and reporting requirements that shall apply to the non-consultancy services.

However, while undertaking the procurement process for street parking fees collection, management contracted a service provider (Contractor) as an agent for collection of street parking fees in the City with ambiguous terms. The following anomalies were observed;

- i) The agency contracts were open ended with only start dates and no end dates.
- ii) The agency duration was termed as temporary basis – without a clear definition of the length of the temporary engagement with the contractor.
- iii) Despite setting a reserve price for Street parking in Industrial division at UGX 9,5Mn; the agency contract was awarded at a substantially lower rate of UGX 4.17Mn without any justification.

This significantly limits the City's ability to collect all the revenue due.

The Accounting Officer explained that the City's efforts were frustrated by the Contractor who sought support from the local community, assumed ownership of the revenue facility and threatened the safety of the City management. This took time to stabilize the revenue source which is now performing as planned.

### **Recommendation**

The Accounting Officer should ensure that the revenue facilities are well managed and procurements undertaken in line with the PPDA requirements.

### **Action Status**

Currently, revenue facilities are well managed and procurements undertaken in line with the PPDA requirements.

|              |                                                      |
|--------------|------------------------------------------------------|
| <b>Query</b> | <b>Failure to enforce compliance within the City</b> |
|--------------|------------------------------------------------------|

### **Audit Findings**

Review of the performance of revenue from property rates revealed lack of management's effort in enforcing the collection of revenue from this source. Accordingly, the following was observed;

- i) Although Council had reduced the rate from 8% to 4%, management collected UGX 120.79Mn in the first 7 months of the financial year.
- ii) The Audit noted that on 24/01/2024, management contracted a Firm for a period on one year for enforcement of property rates and ground rent arrears.
- iii) During the 5 months of enforcement (1/02/2024 to 30/06/2024), Contractor collected UGX 339.81Mn out of the anticipated UGX 1.14Bn implying a high possibility of failing to collect all budgeted revenue.
- iv) Despite the poor performance in enforcement, I noted that management did not appoint contract supervisors/managers to manage this contract. There were no contract management reports detailing the reasons for the poor performance in revenue collection for property rates.
- v) The Audit also observed that the contract for enforcement does not provide for provision of performance security on the part of the contractor. This has significantly exposed the City to the risk of non-performance by the Contractor without any fallback position, thus denying effective service delivery.

There is a high risk that cash collections are being done by the contractor during enforcement at the expense of revenue to the City. Failure to appoint contract managers and the lack of regular performance reports significantly weakens the internal controls in the management of local revenue.

The Accounting Officer explained that the poor performance was caused by the disagreements between the tax payers about the chargeable rate and the date it was supposed to be effective and the under-performance was brought to the attention of the contractor who was entrusted with the function of enforcement.

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| The Accounting Officer should monitor the revenue source regularly and ensure that timely action is taken to realize all the potential revenue and boost service delivery within the City.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                               |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                               |
| The PS/ST, in the Budget Execution Circular ref: BPD/86/179/01 dated 10 <sup>th</sup> July 2025, guided that Starting FY 2025/26, Government took a decision to have all local revenue collected through one system, that is, the Integrated Revenue Administration System (IRAS). Accounting Officers are requested to comply with this directive in order to enhance efficiency and effectiveness in local revenue management, and there should be no instances of manual receipts for local revenue.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                               |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Delays in Initiation of a procurements</b> |
| <p><b>Audit Findings</b></p> <p>Section 43 of the PPDA Act (CAP 205) directs that all public procurement and disposals shall be conducted in accordance with the following principles—(e) economy and efficiency. All procurement and disposal shall be conducted in a manner which promotes economy, efficiency and value for money. Regulation 3 (1) &amp; (2) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires the City to initiate a procurement using part 1 of Form 5 in Schedule 1, specifying the description and estimated value of the supplies, works or non-consultancy services, the confirmation of availability of funds and the approval of the procurement.</p> <p>The Audit noted significant delays in the initiation of procurements for tendered revenue. Although the City Council planned to tender out these revenue sources, initiation was undertaken significantly late (after 3 months) despite the sensitivity of the procurements.</p> |                                               |

Due to delays in initiation, contracts were signed much later with the contractors having an average of 3 months to implement the contract during the year as shown in the table below;

**Table 2: Delays in the Initiation of Procurements**

| S<br>N | Procurement<br>reference<br>number | Subject of<br>procurement                                                | Contract<br>Amount<br>(UGX)   | Date of<br>initiation | Date of<br>Contract<br>signing | Remarks                               |
|--------|------------------------------------|--------------------------------------------------------------------------|-------------------------------|-----------------------|--------------------------------|---------------------------------------|
| 1      | MBAL608/<br>SRVCS/23-<br>24/00020  | Collection of<br>Revenue from<br>Slaughter Slabs in<br>Northern Division | 2,205,000<br>per month        | 21/09/2<br>023        | 24/04/2<br>024                 | Implement<br>ed for 3<br>months       |
| 2      | MBAL608/<br>SRVCS/23-<br>24/00017  | Collection of<br>revenue from<br>Street parking in<br>Mbale City         | 36,193,900<br>per month       | 27/09/2<br>023        | 01/07/2<br>024                 | not<br>implement<br>ed in the<br>year |
| 3      | MBA608/<br>SRVCS/23-<br>24/00015   | Enforcement of<br>Property rates and<br>Ground rent<br>arrears           | 2,730,801,<br>840<br>Per year | 27/09/2<br>023        | 24/01/2<br>024                 | Implement<br>ed for 5<br>months       |

Interviews with management revealed that some of the contracts were implemented using agency terms and enforcement by staff at the City.

### **Observation**

The audit observed that the contracts implemented under agency terms had ambiguous and unfavorable contract terms, which affected the City's revenue performance.

Failure to initiate sensitive procurements timely it significantly affects the implementation of planned activities and denies timely service delivery.

### **Recommendation**

The Accounting Officer should always ensure that such sensitive procurements are initiated on time to facilitate timely implementation and service delivery.

| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Currently, on confirmation of availability of funds to implement the contract activities, contracts are immediately signed and works commence.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Inadequate Market Assessments</b> |
| <p><b>Audit Findings</b></p> <p>Regulation 3 (2) (a) of the PPDA (Rules and Methods of Procurement) Regulations, 2014 requires that the estimate should be based on market assessment. Regulation 5 of the PPDA (Rules and Method for Procurement of Supplies, Works and non-Consultancy Services) Regulations, 2023 states that in order to determine the market price of a procurement requirement, the Accounting Officer shall use the prices of supplies, works or non-consultancy services that conform to the guidelines on prices issued by the authority.</p> <p>The Audit noted that the estimates for revenue collection were significantly low compared to the market prices with an average of 224% in the contract for street parking as shown in the table below;</p> <p>Setting substantially low reserve prices indicates a failure to undertake market assessment in the City and this significantly limits the City's ability to collect the potential revenue</p> <p>Accounting Officers explained that the roads were still under construction during assessment hence setting the reserve prices low.</p> |                                      |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                      |
| The Accounting Officer should always undertake market assessments comprehensively so as to enhance better service delivery in the City.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                      |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                      |
| Currently, management undertakes market assessment in order to set well informed reserve prices.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                      |

## Vote 609 Mbarara City Council

### Query Revenue Arrears

#### Audit Findings

Section 32 of the Local Government Finance and Accounting Regulations states that the Head of Finance is responsible for ensuring that revenue collectors, defined under these regulations, carry out their duties properly to ensure that all revenue due to the council is promptly collected in the approved manner and banked intact.

The Audit noted that the City had outstanding arrears of revenue amounting to UGX 1.29Bn as detailed below;

**Table 3: Revenue arrears details**

| Code   | Tax Type           | Number of Clients | Amount in Arrears    |
|--------|--------------------|-------------------|----------------------|
| 114523 | Business License   | 2242              | 215,411,500          |
| 141501 | Ground Rent        | 16                | 5,910,000            |
| 142208 | Property Rates     | 540               | 869,628,160          |
| 111105 | Local Service Tax  | 24                | 20,103,750           |
| 142216 | Building Plan Fees | 88                | 183,807,170          |
|        | <b>Total</b>       | <b>2910</b>       | <b>1,294,860,580</b> |

Huge arrears of revenue deny the City Council resources needed for delivering services to the public.

Management submitted that the Arrears Management was an integral part of the day today revenue collection activities at Mbarara City Council. He stated that some of the arrears like Business Licenses are irrecoverable since No License can be issued retrospectively. He further stated that this was the same with Property Rates from Government Owned Properties which are difficult to enforce on and recovery takes a lengthy correspondence process. Accounting Officer further stated that for the arrears considered irrecoverable, they would follow the process of write off and that for the rest, they were going to strengthen their recovery measures to ensure recovery.

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| The Accounting Officer should strengthen the City's revenue enforcement team to ensure that revenues due are dully collected.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                             |
| The revenue team was strengthened with a team of Town Agents and facilitated to perform revenue collection work. As such, the arrears have been reduced.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Budgeted activities for which no funds were released</b> |
| <p><b>Audit Findings</b></p> <p>The City did not receive UGX 1.26Bn of its approved Budget for implementation of the certain key activities. Failure to provide funds for these key activities budgeted negatively affected delivery of intended services.</p> <p>Management submitted that the City authority has put in place mechanisms to improve local revenue collection including digitising collection for all revenue using IRAS and is procuring another vehicle specifically for revenue mobilisation.</p>                                                                                          |                                                             |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                             |
| The Accounting Officer should consider ways of mobilizing local revenue collection so as to boost the approved budget.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                             |
| <p>This was unrealized local revenue as at the end of the financial year. To increase local revenue realization, the following interventions were implemented</p> <ul style="list-style-type: none"> <li>i) The city rolled out IRAS to minimize on the leakages in revenue mobilization</li> <li>ii) Tendered out sources with high risk of evasion.</li> <li>iii) Formed a joint revenue mobilization team composed of political leaders, technical staff and lower levels.</li> </ul> <p>These strategies increased local revenue realization fromUGX 7.97Bn in FY 2023/24 to UGX 8.43Bn in FY 2024/25.</p> |                                                             |

The affected activities were rolled over to 2024/25 financial year and have been implemented.

| Query | Un-utilised Warrants |
|-------|----------------------|
|-------|----------------------|

### Audit Findings

The City had total warrants of UGX 79.94Bn out of which UGX 67.46Bn was utilized leaving UGX 12.48Bn un-utilized. As a result, the following key activities were either partially or not implemented at all.

Management submitted that one of the Contractors for USMID was slow and failed to complete the works in time to be paid while another contract was ending in August 2024. However, the funds have been revoted and will be used to pay for these works which are now completed.

In addition, Teachers not paid are only those that had abandoned duty and had been removed from payroll pending resolution of their cases.

### Recommendation

The Accounting Officer should utilize all warrants in order to ensure continued delivery of services.

### Action Status

Major Victor Bwana, Galt and Stanley roads works were implemented and handed over to the employer on 9/01/2025. Rehabilitation of Buremba Road (1km) the project was implemented and handed over on 28<sup>th</sup> February 2024.

| Query | Failure to Implement Funded Activities |
|-------|----------------------------------------|
|-------|----------------------------------------|

### Audit Findings

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 5 outputs with 6 activities worth UGX 25.86Bn were assessed and the following was observed.

- i) Three (2) outputs with 2 activities and expenditure worth UGX 130Mn were fully implemented.
- ii) Three (3) outputs with 4 activities were partially implemented. Out of the four activities the entity fully implemented one activity worth UGX 169.68Mn and partially implemented three activities worth UGX 24.73Bn.

Management submitted that measures have been put in place to complete these projects in the current financial year.

### **Recommendation**

The Accounting Officer should prioritize completion of these projects in the subsequent financial year.

### **Action Status**

Completion of Major Victor Bwana, Galt and Stanley roads the project was implemented and handed over on 9<sup>th</sup> January 2025.

### **Query**

### **Delayed completion of works/services**

### **Audit Findings**

Out of the 5 sampled projects, 2 projects worth UGX 6.77Bn had delays averaging 6 months from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

Management submitted that the mentioned projects will be completed in the current financial year. Projects No. 2 and No. 3 are already completed.

### **Recommendation**

The Accounting Officer should expedite completion of the pending works.

## Action Status

| S/n | Project description and value                                                                                                                                                                                      | Current status                                                                                                                                                                                                        |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | <b>Project name:</b><br>Infrastructure Development and Upgrade of Nyakayojo HCIII to HCIV<br>Contractor: UPDF Engineering Brigade<br><br>Contract Amount:<br>2,429,373,848<br><br>Actual Payment:<br>1,000,000,000 | The project stalled more than 6 months as UPDF engineering brigade had abandoned site, however, the accounting officer issued a non-completion notice and works resumed in October 2025 and now in advanced finishes. |
| 2   | Rehabilitation of Buremba Road (1km)                                                                                                                                                                               | The project was completed handed over on 28 <sup>th</sup> February 2024 and completion certificate is attached.                                                                                                       |
| 3   | Construction of Water Borne Toilet at Nyamitanga HCIII                                                                                                                                                             | The project was completed in FY2024/25 and completion certificate is available for verification.                                                                                                                      |

## Query

## Delayed release of Funds

### Audit Findings

Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10<sup>th</sup> day of the first month of the period in sub regulation (2).

The Audit noted that the entity received Government grant amounting to UGX17,132,293,748 in Quarter 3 with a delay of 19 days after commencement of the quarter. Details are in the table below;

| Quarter   |  | Amount         | Expected Release date | Actual Release date | Delay (Days) |
|-----------|--|----------------|-----------------------|---------------------|--------------|
| Quarter 3 |  | 17,132,293,748 | 10/01/2024            | 29/01/2024          | 19           |

Management submitted that MoFPED has always released funds in time except this time. Maybe there was a unique problem. We hope it will not happen again.

### Recommendation

The Accounting Officer should liaise with the Ministry of Finance, Planning and Economic Development to ensure timely release of funds.

### Action Status

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

### Query Failure to Quantify Outputs

#### Audit Findings

The Audit assessed 10 budget outputs in the budget and noted that: Ten (10) outputs with thirty-two (32) activities and expenditure worth UGX 1.01Bn could not be quantified.

Failure to quantify output affects assessment of planned deliverables and non-aligned of outputs with the chart of accounts may lead to wrong classification of expenditure.

Management submitted that the anomaly was noted and will be handled in the subsequent budgeting processes and all outputs will be quantified.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                        |
| The Accounting Officer should ensure quantification of outputs to facilitate assessment of planned deliverables.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                        |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                        |
| <p>The Ministry of Finance, Planning and Economic Development has undertaken training on the use of features on the Programme Budgeting System to support votes in preparation of complete budgets.</p> <p>In addition, all heads of departments/sections were reminded of this requirement for the budget of financial year 2025/26.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                        |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Lack of Rate Payers Association</b> |
| <p><b>Audit Findings</b></p> <p>Section 37(4) of the Local Government (Rating) Act, 2005 states that property owners and occupants in any locality may form themselves into rate payer's association to oversee the provision and delivery of services. The provision and delivery of services would mainly be sourced from the collected property tax. It was noted that there was no functional rate payers' association within the City Council during the year under review, as the City had not yet mobilised property owners and occupants to form this association.</p> <p>In the circumstances; there is a risk that property rates tax could be diverted to other activities other than road construction and maintenance, street lighting, anti-malarial drains, garbage collection, physical planning and other services required by rate payers within their areas since decisions on the use of Property tax remain at the discretion of City Council Management.</p> <p>Management submitted that associations are formed by willing members of the Public and are not supposed to be forced. No Application for a Rate Payers Association has ever been received. Through engagement with City Development Forum, we are going to be deliberate in encouraging the rate Payers to form an Association.</p> |                                        |

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| The Accounting Officer should spearhead the formulation of the Rate Payers Association for effective monitoring and utilisation of the funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                |
| Management has mobilised a team of property owners and occupants in the locality to form themselves into rate payer's association to oversee the provision and delivery of services.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Failure to Carry out Market Assessments</b> |
| <p><b>Audit Findings</b></p> <p>Regulation 5 of the PPDA (rules and method for procurement of supplies, works and non-consultancy services) Regulations, 2023 states that in order to determine the market price of a procurement requirement, the Accounting Officer shall use the prices of supplies, works or non-consultancy services that conform to the guidelines on prices issued by the authority.</p> <p>It was noted that whereas the City recorded market prices of UGX 7.14Bn for a sample of procurements reviewed with a total contract amount of UGX 6.9Bn there was no supporting evidence on file on how these market prices were arrived at as summarised below;</p> <p>Failure to carry out market assessments leads to entity procuring goods and services that miss the mark hence leading to wastage of resources.</p> <p>Management submitted that for goods and supplies the entity has been adopting the PPDA common user items on PPDA website and for works the entity has been using previous similar project contract sums as estimates for subsequent year.</p> |                                                |

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| The Accounting Officer should ensure that proper market price assessment is undertaken before initiation of any procurement to guard against wastage of resources.                                                                                                                                                                                                                                                                                                                    |                                                        |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                        |
| Management currently undertakes proper market price assessments before initiation of procurements.                                                                                                                                                                                                                                                                                                                                                                                    |                                                        |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Failure to Implement Prior Year Recommendations</b> |
| <p><b>Audit Findings</b></p> <p>The Audit reviewed the implementation of recommendations by the City on issues raised in the previous audit of FY2022/23, and noted that not all the Auditor General's recommendations were implemented.</p> <p>Failure to fully implement audit recommendations denies the entity the benefits of audit, leads to repetitive queries and undermines the ability of management in undertaking its stewardship responsibility of public resources.</p> |                                                        |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                        |
| The Accounting Officer should ensure that all the recommendations contained in the audit reports are always fully addressed since they are made with the intention of enhancing efficiencies in the management of resources allocated by Parliament.                                                                                                                                                                                                                                  |                                                        |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                        |
| Management has taken stock of all recommendation of audit reports and implementation is underway to ensure compliance.                                                                                                                                                                                                                                                                                                                                                                |                                                        |

| <b>Vote 610 Soroti City Council</b>                                                                                                                                                                                                                                                                                                                    |                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                           | <b>Budgeted Activities for which no Funds were Released</b> |
| <p><b>Audit Findings</b></p> <p>The City had an approved budget of UGX 31.54Bn out of which UGX 29.43Bn was warranted resulting in a shortfall of UGX 2.11Bn representing an 93% performance.</p> <p>Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.</p> |                                                             |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                  |                                                             |
| The Accounting Officer was advised continue liaising with MoFPED to ensure that budgeted funds are released to enable implementation of activities.                                                                                                                                                                                                    |                                                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                   |                                                             |
| Requests have been placed to the Ministry of Finance, Planning and Economic Development for financial support under a transitional grant to have funds to support the implementation of some of the key activities.                                                                                                                                    |                                                             |
| The entity will continue to engage relevant authorities for support so that the entity will implement relevant activities for service delivery.                                                                                                                                                                                                        |                                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                           | <b>Unutilised Warrants</b>                                  |
| <p><b>Audit Findings</b></p> <p>The entity had total warrants of UGX 29.43Bn out of which warrants worth UGX 27.56Bn had been utilised by the close of the financial year. The balance of UGX 1.87Bn was meant for the following activities which were either partially or not implemented at all.</p>                                                 |                                                             |

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| The Accounting Officer should enhance the budgeting processes to ensure more accurate forecasting to avoid un-utilization of funds that could have been used for more other developments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                   |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                   |
| The Ministry of Finance, Planning and Economic Development undertakes training on the use of features on the Programme Budgeting System to support votes to prepare complete and accurate budgets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                   |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Failure to the Implement Funded Activities</b> |
| <p><b>Audit Findings</b></p> <p>The Audit assessed the extent of implementation of activities for which funds were availed and utilized. A total of 5 outputs with 10 activities worth UGX 3.63Bn were assessed and the following was observed.</p> <ul style="list-style-type: none"> <li>i) Four (4) outputs with 5 activities and expenditure worth UGX 3.59Bn were fully implemented.</li> <li>ii) One (1) output with one (1) activity worth UGX 43.6Mn was partially implemented. Out of 6 Activities, the entity fully implemented 5 activities, partially implemented 1 activity.</li> </ul> <p>The Accounting Officer explained that the renovation of the finance block is funded through own source Revenue and the City could not meet 100% target on its budget, due to various challenges such as non-payment by market vendors as they protested the rates that were approved by Council. However, the completion of the Finance block has been budgeted for, in financial year 2024/25.</p> |                                                   |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                   |
| The Accounting Officer should ensure that the works are funded and completed in the financial year 2024/25.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                   |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                   |
| The works were budgeted for in subsequent financial years and are almost complete.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                   |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Failure to Utilised Supplementary Budget</b>   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                   |

**Audit Findings**

Out of the supplementary funds of UGX 3.54Bn received, only UGX 2.39Bn was utilized leaving UGX 1.15Bn unspent as at the year end.

This implies that the entity requested for more funds than they needed.

The Accounting Officer explained that MoFPED released more funds for Pension and gratuity than what was requested for by Council.

**Recommendation**

The Accounting Officer should liaise with the MoFPED to release funds as requested for.

**Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

**Query****Delay in Implementation of Activities****Audit Findings**

Out of the 4 sampled projects, two (2) projects worth UGX 0.344Bn had delays averaging eight (8) months from the expected completion date.

Delayed completion of works implies that the beneficiaries will not receive the intended services in time.

**Recommendation**

The Accounting Officer advised was should reinforce revenue collection strategies in order to accumulate more funds to complete works on the Finance block.

**Action Status**

The PS/ST in the Budget Execution Circular Fy 2025/26 ref: BPD/86/179/01 dated 10<sup>th</sup> July 2025, guided that starting FY 2025/26, Government took a decision to have all local revenue

collected through one system, that is, the Integrated Revenue Administration System (IRAS).

Accounting Officers are requested to comply with this directive in order to enhance efficiency and effectiveness in local revenue management, and there should be no instances of manual receipts for local revenue.

### **Query**

### **Failure to Carry out Market Assessments**

#### **Audit Findings**

Regulation 5 of the PPDA (rules and method for procurement of supplies, works and non-consultancy services) Regulations, 2023 states that in order to determine the market price of a procurement requirement, the Accounting Officer shall use the prices of supplies, works or non-consultancy services that conform to the guidelines on prices issued by the authority.

The Audit noted that the City did not carry out market assessments for various procurements.

Failure to carry out market assessments leads to entity procuring goods and services that fall below the mark hence leading to wastage of resources.

The Accounting Officer explained that the PPDA Regulations were harmonized launched in February 2024. Regulation 5 (Rules and methods) 2023 now mandates the Authority to conduct market surveys and issue guidelines on market rates. The current PPDA market survey prices were last updated in 2020. This has been so demanding financially and technically to conduct. The entity has alternatively been managing this through conducting a competitive bidding process and relying on the competitive bidder rates and departmental estimates.

#### **Recommendation**

The Accounting Officer should use the prices of supplies, works or non-consultancy services that conform to the guidelines.

| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| Management currently undertakes market surveys in accordance with the PPDA guidelines. All the items that are procured fall within average range of prices issued by PPDA.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Failure to Appoint Contract Managers</b> |
| <p><b>Audit Findings</b></p> <p>Regulation 51 (1) (contracts), 2014, requires the accounting officer (AO) or a person appointed by the AO from the user department to manage the contract. Regulation 52 (1) (contracts), 2014, further requires a user department to appoint a person with required skills and competence as a contract manager.</p> <p>Review of the procurements stated below which were undertaken by the City showed that the Accounting Officer did not appoint the contract managers from the User department to guide the supervision of the contract as required.</p> <p>This could lead to failure to achieve contract deliverables due to lack of responsible persons.</p> <p>The Accounting Officer acknowledged the anomaly and pledged to appoint contract managers in subsequent procurements.</p> |                                             |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                             |
| The Accounting Officer should ensure that contract managers are appointed for the various procurements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                             |
| Currently management endeavors to ensure that managers are always appointed irrespective of the value and quantity of the procurement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Lack of Performance Contracts</b>        |
| <p><b>Audit Findings</b></p> <p>Regulation 12 (1) (contracts), 2014, requires a contract to have a performance security to protect the PDE against non-performance.</p> <p>On the contrary, the audit observed that the City entered/signed contracts worth UGX 0.33Bn with contractors without requiring them to avail performance security.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                             |

Without availability of performance security, there is a possibility of abandoning works.

The Accounting Officer explained that whereas all contracts were timely executed and commissioned, the fact that performance securities had either expired or not provided remains a concern. Performance securities have been a matter of debate amongst the stakeholders in the procurement function that has of late led to Circular Guidance from MoFPED to make this requirement affordable and less expensive to the contractors.

### **Recommendation**

The Accounting Officer should ensure that the new guidance from the MoFPED is adhered to.

### **Action Status**

Arising from the challenges faced in enforcing securities for consultancy services, Government of Uganda has realized that this securities should always be made affordable and less expensive for service providers as it has been found that they delay project implementation time and equally increase costs of projects. This entity therefore commits itself to implement the Circular Guidelines on Performance Securities issued by MoFPED.

## **MUNICIPAL COUNCILS**

### **Vote 701 Apac Municipal Council**

|              |                                                                          |
|--------------|--------------------------------------------------------------------------|
| <b>Query</b> | <b>Failure to transfer local revenue to the four Municipal Divisions</b> |
|--------------|--------------------------------------------------------------------------|

### **Audit Findings**

Section 85(1) of the Local Government Act, 1997 Chapter 243 of the Laws of Uganda, states that in the City and Municipal councils, revenue shall be collected by the division councils, and a division council shall retain 50 percent of all the revenue it collects in its area of jurisdiction and remit 50 percent to the City or Municipal council. Further, Regulation 14 of the Local Governments Revenue Regulations (Fifth Schedule) requires that the City or Municipal

council shall distribute at least 30 percent of the total amount of its revenue collection to division councils in its area of jurisdiction on a monthly basis.

The Audit noted that in the year under review, The Municipal collected local revenue of UGX 190.99Mn as per the Integrated Revenue Administration System and UGX 50.16Mn from the Municipal General Fund Account. The expected transfer was UGX 36.17Mn to the 4 Municipal Divisions. However, the Municipal transferred UGX 127.99Mn leaving a variance of UGX 28.85Mn unremitted to the Divisions.

Under remittance of local revenue to the Division affects implementation of activities.

The Accounting Officer attributed the anomaly to low revenue collections and also explained that the entity implements major activities on behalf of the divisions.

### **Recommendation**

The Accounting Officer should validate the unremitted local revenue to the Divisions and recognize the figure as a liability in the statement of financial position as at 30<sup>th</sup> June 2024.

### **Action Status**

Apac Municipal Council has not shared 30% of local revenue remitted by all divisions to headquarter i.e. 50% retained at Headquarters as grant back to divisions to address revenue imbalance as provided in local Government Act CAP, 243, Firth Schedule, Part V -Section 14(1-4).

Currently we only shares only 50% to divisions' prorata. This is because of the current low revenue yield of the municipality at moment, and additionally most critical tasks which is supposed to done by divisions is still being handle by the Municipal Headquarters due to gap in our current staffing structure. However, we have started giving some additional funding from local revenue to divisions with low revenue potential.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Budgeted Activities for which no Funds were Released |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| <p><b>Audit Findings</b></p> <p>The entity had an approved budget of UGX 28.85Bn out of which was warranted UGX 28.51Bn resulting in a shortfall of UGX 345.3Mn representing 99% performance. UGX 345.3Mn.</p> <p>Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.</p> <p>The Accounting Officer attributed the shortcoming to budget cuts under URF, other government transfers and under performance of local revenue.</p> |                                                      |
| <p><b>Recommendation</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                      |
| <p>i) The Accounting Officer should engage MoFPED to always ensure that funds are released as budgeted.</p> <p>ii) The Accounting Officer should roll over the unimplemented activities for implementation in the Subsequent periods.</p>                                                                                                                                                                                                                                                                                 |                                                      |
| <p><b>Action Status</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                      |
| <p>The underperformance of Budget in the period under review .i.e. FY 2023/24 was due to budget cuts of funds under URF, other government transfers and poor performance of Local Revenue in the period.</p> <p>The Accounting officer as usual will engage MoFPED and other relevant ministries to ensure all funds planned for are released. Some of affected activities is prioritized and rolled over in the current.</p>                                                                                             |                                                      |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Un-utilised Warrants                                 |
| <p><b>Audit Findings</b></p> <p>The entity had total warrants of UGX 28.51Bn out of which warrants worth UGX 25.34Bn had been utilised by the close of the financial year. The balance of UGX 3.16Bn was meant for the following activities, which were either partially or not implemented at all.</p>                                                                                                                                                                                                                   |                                                      |

The Accounting Officer attributed the shortcoming to a Ban on recruitment by MoPS and late release of gratuity funds.

### **Recommendation**

The Accounting Officer should also ensure the affected activities are rolled over to the subsequent period.

### **Action Status**

The Accounting Officer wrote to MoES & Ministry of Public service to seek for adjustment of staff ceiling in primary schools and clearance to recruit to fill critical vacancies respectively, the approval have been got and some of the position like 25 Classroom teachers-Grade III Teachers and Senior Assistant Town Clerk has been filled up and submissions have been made to DSC to initiate the process to fill critical vacancies based on availability of wage.

### **Query      Failure to Fully Implelement Activities**

### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilized. 08 outputs with 65 activities worth UGX 22.08Bn were assessed and the following was observed.

- i) Five(5) outputs with 23 activities and expenditure worth UGX 5.39Bn were fully implemented.
- ii) Three (3) outputs with 42 activities worth UGX 16.69Bn were partially implemented. Out of 28 Activities, the entity fully implemented 14 activities, and also 14 activities were partially implemented Examples of the activities that were partially implemented

The Accounting Officer explained that the shortcoming was due to slow progress of works by USMID Contractors and lack of equipment to complete roads works under Road Maintenance grant

### **Recommendation**

- i) The Accounting Officer should ensure close supervision and monitoring of contractors for timely implementation of activities.
- ii) The Accounting Officer should liaise with relevant authorities to procure essential road equipment.

### **Action Status**

Ministry of local government and Ministry of works is aware of this situation, currently lacks funds to support procurement of road

equipment neither does Ministry of works regional workshops have adequate equipment to support all the entities within the region. However, an attempt to reduce on these were approval of request to hire equipment by the district road committee and an allocation of an old grader used by ERCII from the district to the municipal council. All USMID project were substantially completed and DLP of defects ended on 30<sup>th</sup> September 2025.

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|--------------|--------------------------------------------------------------------------|
| <b>Query</b> | <b>Supplementary funding not requested for by the Accounting Officer</b> |
|--------------|--------------------------------------------------------------------------|

### **Audit Findings**

Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

The Audit noted that the Accounting Officer did not avail requests for supplementary funding amounting to UGX 6.94Bn as required by the PFMR. Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions.

The Accounting Officer did not explain the reason why the supplementary was not requested.

### **Recommendations**

The Accounting Officer should always ensure that supplementary funding is requested for.

### **Action Status**

The said supplementary funds were majorly USMID-AF and UGIFT funds for previous year swept back to the consolidated fund at end of previous financial year, which was requested for revoting by the Accounting officer and approved together with rest of the supplementary funding in quarter two (2) of FY 2023/24 under Min No.04/Excom/10/2023.

However, the only unrequested supplementary funds that came without accounting officer request was those funds which were missing from the final IPF of FY 2023/24, but it was communicated

in the budget call circular that they would be provided at later time like, Ex-Gratia for Political leaders, program conditional grant non-wage recurrent and development under production and program conditional grant non-wage under Education.

|              |                                                   |
|--------------|---------------------------------------------------|
| <b>Query</b> | <b>Failure to Spend the Supplementary Funding</b> |
|--------------|---------------------------------------------------|

**Audit Findings**

Out of the supplementary funds of UGX 7.33Bn received, only UGX 6.24Bn was utilized leaving UGX 1.09Bn unspent as at the year end. This implies that the entity requested for more funds than they needed.

The un utilized supplementary was unsolicited secondary wage and gratuity for the estates of the deceasedes former staff who were on IPPs and yet to be transited to HCM before we could pay them.

**Recommendation**

The Accounting Officer should ensure that all funds received by the Municipal are fully utilized.

**Action Status**

In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days.

|              |                                              |
|--------------|----------------------------------------------|
| <b>Query</b> | <b>Delay in implementation of activities</b> |
|--------------|----------------------------------------------|

**Audit Findings**

Out of the 3 sampled projects, two (2) projects worth UGX 327.07Mn had delays averaging six (6) months from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

**Recommendation**

The Accounting Officer should ensure close supervision and monitoring of contractors for timely implementation of activities.

**Action Status**

The project of construction of Administration block for the council was a multiyear project and the assigned phased could not be broken down to different contractors beside that there was inadequate fund for the entire phase resulting to overlapping in to the subsequent year. The amount for the year in question was already exhausted.

Alerwang primary school staff house construction was a financial assistance to the school to enable them complete the staff house but

unfortunately the community held behind their hand, the education officer is mobilizing for its completion.

|              |                                                             |
|--------------|-------------------------------------------------------------|
| <b>Query</b> | <b>Un-implemented activities in the Bills of Quantities</b> |
|--------------|-------------------------------------------------------------|

### **Audit Findings**

The Audit undertook physical inspections on three (03) structures worth UGX 214.75Mn and observed that the works were incomplete, Fire extinguishers not yet installed, Lightning protection and earthing not yet done. As a result of not executing works/services as per the bills of quantities, the intended objectives were not achieved.

The Accounting Officer attributed the shortcoming to inadequate funds and slow work progress by the contractor.

### **Recommendation**

The Accounting Officer should engage the relevant authorities and ensure that all works are implemented as per the Bills of Quantities

### **Action Status**

The items enumerated above fire extinguishers and lightning protections are the last items to come in the construction since the project was still ongoing they were not provided and not paid for.

|              |                                 |
|--------------|---------------------------------|
| <b>Query</b> | <b>Delayed release of Funds</b> |
|--------------|---------------------------------|

### **Audit Findings**

Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2).

The Audit noted that the entity received Government grant amounting to UGX 28.51Bn with 5.8 days on average, after commencement of each quarter.

The Accounting Officer attributed this to a time lag between the time when the releases were published and when the cash limits were

uploaded for Warranting. In addition there was also a time lag between when the warrants was submitted and actual approval of warrants by MoFPED.

### **Recommendation**

The Accounting Officer should ensure that the matter is brought to the attention of MoFPED.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

## **Vote 702 Bugiri Municipal Council**

| <b>Query</b> | <b>Budgeted Activities for which no Funds were Released</b> |
|--------------|-------------------------------------------------------------|
|--------------|-------------------------------------------------------------|

### **Audit Findings**

The District had an approved budget of UGX 7.7Bn out of which UGX 7.0Bn was warranted resulting in a shortfall of UGX 0.7Bn representing an 91% performance.

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that this was caused by the non-receipt of Local Service tax from Bugiri District Local Government as well as the negative attitude of tax payers leading to low local revenue collection.

### **Recommendation**

The Accounting Officer should intensify strategies to improve revenue mobilization and engage the District Administration on the cause for non-remittance of collected LST to the Municipal Council.

| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Management has been engaging Debtors through Demand notices, demand letters and revenue is being recovered.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                              |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Un-utilised Warrants</b>                  |
| <p><b>Audit Findings</b></p> <p>The Municipal Council had total warrants of UGX 6.980Bn out of which warrants worth UGX 6.389Bn had been utilised by the close of the financial year. The balance of UGX 0.591Bn was meant for the following activities which were either partially or not implemented at all.</p> <p>The Accounting Officer explained that the unspent funds related to wages, pension and Gratuity. He explained that the wage was unspent due to the recruitment ban and non-functionality of the District Service Commission while the pension and gratuity was unutilized due to beneficiaries not completing their files.</p> |                                              |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                              |
| The Accounting Officer should ensure that adverts are put out to have vacant positions filled. In addition, he should ensure that sensitization is done for pensioners that are soon retiring so that all pre-requisite documents are availed and timely payment made.                                                                                                                                                                                                                                                                                                                                                                              |                                              |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                              |
| <ul style="list-style-type: none"> <li>i) Recruitment on replacement basis is being done.</li> <li>ii) Sensitisation of potential pensioners is also intensified six (6) months before retirement.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                              |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Failure to Spend Supplementary Budget</b> |
| <p><b>Audit Findings</b></p> <p>Out of the supplementary funds of UGX 0.93Bn received, only UGX 0.74Bn was utilized leaving UGX 0.19Bn unspent as at the year end.</p> <p>This implies that the Municipal Council requested for more funds than they needed.</p>                                                                                                                                                                                                                                                                                                                                                                                    |                                              |

The Accounting Officer explained that the funds related to new wages for new recruits and retirement benefits for new retirees. He added that the non-utilization of Salary was caused by the Halt in recruitment by Mops and the non-functionality of the Bugiri Service Commission while the pension non-utilization related to lack of pre-requisite documentation by the retirees.

### **Recommendation**

The Accounting Officer should;

- i) Run the necessary job adverts to have vacant positions following the lifting of the recruitment ban.
- ii) Sensitize retirees about the importance of presenting accurate bio data information to ensure timely payment.

### **Action Status**

In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days.

### **Query**

### **Delay in implementation of activities**

### **Audit Findings**

Out of the 4 sampled projects, four (4) projects worth UGX 0.255Bn had delays averaging three (3) months from the expected completion date. Delayed completion of works implies that the beneficiaries will not receive the intended services in time.

The Accounting Officer explained that the delay was caused by laxity on the part of the project implementers and the contractor.

### **Recommendation**

The Accounting Officer should keep close supervision on the implementers and contractors to ensure timely implementation of planned projects.

### **Action Status**

The delay was occasioned by laxity on the part of the part of the project impleimplementers/contractors. However, management continued pressing until the projects were finally complete completed. Going forward such contractors may not be considered for award of contracts and mamagement pledges commitment to timely coordination of projects' implementation.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Delayed release of Funds |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| <p><b>Audit Findings</b></p> <p>Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2).</p> <p>The Audit noted that the Municipal Council received government grants amounting to UGX 7.217Bn with delays ranging from 13 to 20 days after commencement of each quarter.</p> <p>The Accounting Officer explained that this is a responsibility of MoFPED but shall be brought to the attention of the Ministry officials.</p> |                          |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                          |
| The Accounting Officer should continue engaging MoFPED on prompt release of funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                          |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                          |
| This matter was brought to attention of the Ministry during quarterly meeting and there is currently a positive response in this regard.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                          |
| <b>Vote 704 Busia Municipal Council</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                          |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Outstanding Receivables  |
| <p><b>Audit Findings</b></p> <p>Paragraph 15.12.5 of the Treasury Instructions, 2017 requires that, the Accounting Officer of vote is responsible for management of debtors and other amounts accruing to an entity including maintaining proper records follow up and recovery of outstanding amounts, accounting and reporting.</p> <p>The Audit noted that the Municipal Council had receivables of UGX 0.065Bn as presented in the Statement of Financial Position and disclosed in Note 23 to the financial statements. The amount relates</p>                                                                                                                                                                                        |                          |

to accrued revenue which increased by UGX 0.002Bn (3.8%) from the prior year balance of UGX 0.06Bn, implying there was limited collection of arrears of revenue in the year.

Receivable represent idle assets that would otherwise be used for service delivery.

### **Recommendation**

The Accounting Officer should strengthen local revenue mobilization and recover the outstanding amounts (arrears of revenue).

### **Action Status**

The increase in the receivable figure was due to increase in the services offered by the Municipal Council. Efforts have been made to pursue all possible means to recover the outstanding amounts owed.

### **Query**      **Local Revenue Shortfall**

### **Audit Findings**

The Audit observed that out of the budgeted local revenue of UGX 1.60Bn as disclosed in the statements of appropriations accounts on pages 16 and 17 of the financial statements, the Municipal collected only UGX 1.13Bn (70%) resulting into a shortfall of UGX 0.47Bn (30%) contrary to Regulation 32 of the LGFAR 2007.

Failure to collect all the budgeted local revenue negatively affects the implementation of the planned activities and leads to over reliance on Central Government grants.

The Accounting Officer attributed this to poor performance of local revenue at the divisions.

### **Recommendation**

The Accounting Officer should devise means of supporting Lower Local Government in sensitization and mobilisation to ensure that all budgeted local is collected as budgeted.

### **Action Status**

Management has strengthened the revenue mobilization and recovery strategies. Support supervision of the lower local governments have been enhanced to ensure that all budgeted local is collected as budgeted.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Diversions Through Misclassification of Expenditure |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| <p><b>Audit Findings</b></p> <p>The Audit noted that UGX 0.10Bn was irregularly spent on different activities using inappropriate charge account codes without seeking and obtaining the necessary approvals contrary to step 4 of 10.3.1 of the Treasury Instructions, 2017 and the requirements of the Public Finance and Management Act Cap 171, as shown in Appendix 1.</p> <p>Diversion of funds negatively affects the classification of expenditure in financial statements and negates the purpose of budgeting.</p> <p>The Accounting Officer attributed the anomaly to poor budgeting by the heads of departments when inputting information in PBS tool (occasioned by review of the chart of Accounts) but with technical support pertaining to budgeting has been given to Heads of Department, management promises improvement during budgeting of FY 2025/26.</p> |                                                     |
| <p><b>Recommendation</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                     |
| <p>The Accounting Officer should avoid using wrong codes during budgeting, and going forward the budgeting of activities by the heads of departments should strictly follow the correct codes and classification in accordance to the chart of Accounts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                     |
| <p><b>Action Status</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                     |
| <p>Failure to follow the approved work plans and budgets leads to the accumulation of domestic arrears, including Court awards and compensations. This is an indication of capacity deficiencies in planning, budgeting, and control of public resources.</p> <p>The Ministry of Finance, Planning and Economic Development has continued to support entities to come up with realistic work plans and budgets. In addition, the Ministry has strengthened the quarterly reporting of physical outputs and financial results on the Programme Budgeting System, and intensify budget monitoring and evaluation.</p>                                                                                                                                                                                                                                                              |                                                     |

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Un-Warranted Revenue                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| <p><b>Audit Findings</b></p> <p>A review of the financial statements (Statement of Appropriation) revealed that the Municipal's actual revenue performance was UGX 22.06Bn compared to the total amount warranted of UGX 21.43Bn as detailed in the IFMS Budget analysis report. This resulted into un warranted revenue of UGX 623.24Mn.</p> <p>Failure to warrant all the revenue affected the implementation of planned service delivery activities.</p> <p>The Accounting Officer explained that the variance was majorly caused by failure to warrant revenue due to outstanding cash limits not issued by MoFPED.</p> |                                          |
| <p><b>Recommendation</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                          |
| <p>The Accounting Officer should always engage Ministry of Finance, Planning and Economic development to ensure that cash limits are issued for warranting.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                          |
| <p><b>Action Status</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                          |
| <p>The government will address the funding requirements through the appropriation process in the subsequent period.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                          |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Budgeted Activities Without Fund Release |
| <p><b>Audit Findings</b></p> <p>The Busia MC did not receive UGX 1.09Bn of its approved Budget for implementation of the certain key activities.</p> <p>Failure to provide funds for these key activities budgeted negatively affected delivery of intended services. The Accounting Officer did not comment on the issue.</p>                                                                                                                                                                                                                                                                                              |                                          |
| <p><b>Recommendation</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                          |
| <p>The Accounting Officer should always engage Ministry of Finance, Planning and Economic development to ensure that funds are released as budgeted.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |
| <p><b>Action Status</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                          |

The fund releases are determined by the cashflow position of government and the prevailing economic conditions in the country. Accounting Officers were advised by the PSST in the Budget Execution Circular for FY 2024/25, to rescope the affected activities and implement them in the subsequent financial year.

|              |                            |
|--------------|----------------------------|
| <b>Query</b> | <b>Unutilised Warrants</b> |
|--------------|----------------------------|

**Audit Findings**

The entity had total warrants of UGX 21.43Bn out of which warrants worth UGX 20.93Bn had been utilised by the close of the financial year. The balance of UGX 504.77Mn was unutilized.

**Recommendation**

The Accounting Officer should liaise with other concerned stakeholders so that these funds are re-voted for implementation of service delivery activities.

**Action Status**

All the unimplemented activities were prioritized in the subsequent Financial Year 2024/25.

|              |                                            |
|--------------|--------------------------------------------|
| <b>Query</b> | <b>Partial/Non-Implementation of Funds</b> |
|--------------|--------------------------------------------|

**Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 7 outputs with 18 activities worth UGX 10.63Bn were assessed and the following was observed.

- i) Outputs with 10 activities and expenditure worth UGX 1.77Bn were fully implemented.
- ii) Outputs with 8 activities worth UGX 8.87Bn were partially implemented. Out of 18 Activities, the entity fully implemented 10 activities, partially implemented 8 activities and 0 activities were not implemented.

The Accounting Officer did not comment on the issue.

**Recommendation**

The Accounting Officer should ensure that all activities are implemented as planned so as to achieve the objective of service delivery

**Action Status**

The unimplemented activities were prioritized and executed in the subsequent Financial Year 2024/25.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Non-Functional Projects                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| <p><b>Audit Findings</b></p> <p>The Audit undertook a physical inspection of 6 projects to confirm whether these activities were implemented in a timely manner, were of acceptable quality, quantity and functionality.</p> <p>The Audit observed that supply of equipment to Sofia HC III had not been installed, Administration block was partially implemented and USMID works were incomplete rendering 6 projects worth UGX 7.84Mn not functional.</p>                                                                                                                                                                                      |                                                      |
| <p><b>Recommendation</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                      |
| <p>The Accounting Officer should make an assessment of the pending works and ensure they are completed as planned.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                      |
| <p><b>Action Status</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                      |
| <p>The supply of equipment to Sofia HC III was installed, Administration block completed and USMID works prioritised and completed in the FY 2024/25.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                      |
| <p><b>Vote 705 Entebbe Municipal Council</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                      |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Budgeted Activities for which no Funds were Released |
| <p><b>Audit Findings</b></p> <p>The Municipal Council had an approved budget of UGX 47.14Bn out of which UGX 30.36Bn was warranted resulting in a shortfall of UGX 16.77Bn representing 64% performance. The UGX 16.77Bn that was not warranted was meant for the following activities.</p> <p>Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.</p> <p>The Accounting Officer explained that the UGX 16.77Bn was as a result of over budgeting under local revenue from expected enhancement in property rates from the airport, and the sale of</p> |                                                      |

Mayango Housing Estate. However, the budget was later revised down Wards in Council under minute number 06-CSL-05-24.

### **Recommendation**

The Accounting Officer should always ensure that budgets are based on realistic and achievable estimates in order to inform planning. Any adjustments should always be reflected on the system to match the adjusted budget with the actual expenditure.

### **Action Status**

The fund releases are determined by the cashflow position of government and the prevailing economic conditions in the country. Accounting Officers were advised by the PSST in the Budget Execution Circular for FY 2024/25, to rescope the affected activities and implement them in the subsequent financial year.

### **Query**

### **Underutilisation of Warrants**

### **Audit Findings**

The Municipal Council had total warrants of UGX 30.4Bn out of which warrants worth UGX 30.13Bn had been utilised by the close of the Financial Year. The balance of UGX 0.27Bn was meant for activities which were either partially or not implemented at all.

### **Recommendation**

The Accounting Officer should devise means and strategies to eliminate bottlenecks that affect timely implementation of activities.

### **Action Status**

All the affected activities were rolled over and implemented in the FY 2024/25.

### **Query**

### **Partial/Non-Implementation of Activities**

### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. 29 outputs with 140 activities worth UGX 22.73Bn were assessed, and the following was observed;

- i) Eleven (11) outputs with seventy-two (72) activities and expenditure worth UGX.1.607 were fully implemented.
- ii) Eighteen (18) outputs with 68 activities worth UGX 21.123Bn were partially implemented. Out of the 68 activities, the entity fully implemented six (62) activities worth UGX 5.499Bn, and six (6) activities worth UGX 21.123Bn were partially implemented.

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| The Accounting Officer should come up with strategies to eliminate bottlenecks that affect timely implementation of activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                          |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                          |
| <p>The PS/ST in the Budget Execution Circular FY 25/26 dated 10th July 2025 stated that Government adopted the Framework for Tracking the Implementation and Performance of Public Investments to strengthen oversight of public investments and ensure their timely implementation.</p> <p>This framework requires all MDAs to adopt standardised tools and practices such as Earned Value Management (EVM), a Quality Performance Index (QPI), Performance-Based Contracts, Project Implementation Units (PIUs), integration with the Integrated Bank of Projects (IBP), and the certification of projects. Managers are to ensure they possess the technical expertise necessary to effectively manage complex projects.</p> <p>Accounting Officers should therefore ensure full compliance with the framework, given that it is a prerequisite for continued project financing, as well as consideration of new project proposals, and to avoid the termination of underperforming projects.</p> |                                          |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Unnecessary Supplementary Funding</b> |
| <p><b>Audit Findings</b></p> <p>Section 25 (6) of the PFMA, Cap 171, requires that the supplementary expenditure should be an expenditure that cannot be funded through virements, cannot be postponed to the next Financial Year, or was unforeseeable.</p> <p>The Audit noted that supplementary expenditure amounting to UGX 1.99Bn did not meet the supplementary expenditure criteria. This supplementary expenditure was foreseeable and should have been incorporated in the annual budget for the year.</p> <p>Supplementary expenditure that is avoidable, foreseeable and absorbable is contrary to Section 25 (6) of the PFMA, Cap 171.</p>                                                                                                                                                                                                                                                                                                                                               |                                          |

The Accounting Officer explained that the supplementary budget highlighted were conditional transfers predetermined by the Central Government for which the Municipal Council did not have control of. The MC based its budget on indicative planning figures provided by MoFPED in the BPS system, and therefore the Municipal was not in position to make any changes.

### **Recommendation**

The MoFPED should always allocate the Municipal Council realistic indicative figures for which to base its budget in order to avoid unnecessary supplementary requests.

### **Action Status**

In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days.

### **Query      Unsatisfactory quality of works/services**

### **Audit Findings**

The Audit undertook physical inspections on two (2) of the 6 projects and noted defects worth UGX 122.39Mn. Poor quality works affects usability of these facilities and therefore affects service delivery.

The Accounting Officer explained that at Kigungu Health center the contractor rectified the leakage that was caused by installation of solar panels on the roof under another project. While the Renovation of a two-classroom block at Chadwick Namate didn't provide for sufficient funds which limited the scope of work to re-roofing, painting, installation of doors and windows and floor for the veranda.

### **Recommendation**

The Accounting Officer should ensure that going for Ward, certificates of works are issued after a review of the works by the Internal Audit Department and retention monies are paid only when the defects have been rectified.

### **Action Status**

The the leakage that was caused by installation of solar panels at Kigungu Health center was rectified by the contractor. The Renovation of a two-classroom block at Chadwick Namate did not provide for sufficient funds, which limited the scope of work to re-roofing, painting, installation of doors, windows and floor for the veranda. The remaining work was prioritised in the FY 2024/25.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Non-Functional Projects                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| <p><b>Audit Findings</b></p> <p>The Audit undertook a physical inspection to confirm the functionality of the completed structures/works. The Audit however noted that one (1) out of the 6 sampled projects worth UGX 19.64Mn was not functional despite completion.</p> <p>Failure to procure fit-for-purpose desks for learners negates the purpose for which the government invested money to facilitate learning for the leaders of tomorrow.</p> <p>Management explained that the approved designs are now sent to the contractor.</p> |                                                      |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                      |
| The Accounting Officer should expedite the process to ensure that all the completed projects are put to use.                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                      |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                      |
| The contractor was notified of these and efforts have been put to put the contractor on notice to use the correct designs.                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                      |
| <b>Vote 706 Ibanda Municipal Council</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                      |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Budgeted Activities for which no Funds were Released |
| <p><b>Audit Findings</b></p> <p>The entity had an approved budget of UGX 19.72Bn out of which UGX 19.37Bn was warranted resulting in a shortfall of UGX 344.12Mn representing an 98% performance.</p> <p>Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.</p> <p>The Accounting Officer acknowledged the anomaly and commits to always liaise with MoFED for fully funding of the approved budget.</p>                                          |                                                      |

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Accounting Officer should roll over the affected activities for implementation in the subsequent period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                             |
| Management are committed to engage MoFED and other relevant authorities to ensure full funding of the entity is realized this financial year 2024/25.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Un-utilised Warrants</b> |
| <p><b>Audit Findings</b></p> <p>The entity had total warrants of UGX 19.37Bn (excluded Local revenue of UGX 658.81Mn) out of which UGX 19.24Bn was utilized leaving UGX 136.07Mn un-utilized. As a result, the following key activities were either partially or not implemented at all as summarised in the table below.</p> <p>The Accounting Officer explained that;</p> <ul style="list-style-type: none"> <li>i) The ban on recruitment prevented the Municipality from signing appointments of recruited staff to absorb the funds and charges were deducted by Banks.</li> <li>ii) Lack of road equipment always compels us to hire equipment and we could not obtain the equipment in time thereby missing out on the implementation</li> <li>iii) The pension beneficiaries delayed to submit the required information.</li> </ul> |                             |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |
| The Accounting Officer should seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget. In addition, the Accounting Officer should engage the MoWT for road equipment's as well as sensitise pensioners six months before retirement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                             |
| Management has engaged Ministry of Public Service and obtained clearance to recruit staff. Ten (10) teachers/education Assistants, two (2) enrolled midwives, one (1) Theater assistant, one (assistant athletic officer, two (2) Drivers, two (2) Dental attendants, six (6) askaris and one (1) enrolled nurse. Eight (8) officers have been promoted to new offices. However, there are still positions that are yet to be filled.                                                                                                                                                                                                                                                                                                                                                                                                       |                             |

Management reported to our mother ministry on the statu quo of our road equipment and we are hopeful that we shall soon be considered for new road equipment.

The pensioners like Rubohera Joy was paid 10.28Mn on EFT 17248693 and 17156517, Optato Barigye was paid 18.83Mn on Eft 16299802, Kasimagwa Naboth was paid 23.25Mn on EFT 15017388 and Goodyear Gilbert was paid 37.27Mn on EFT 15015691 and nowadays, all prospective pensioners are being sensitised early enough to avoid delays in submitting prerequisite documents.

|              |                                                |
|--------------|------------------------------------------------|
| <b>Query</b> | <b>Supplementary Funding not Requested For</b> |
|--------------|------------------------------------------------|

### **Audit Findings**

Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

The Audit noted that supplementary funding of UGX 1.14Bn was requested by the Accounting Officer as required by the PFMR out of the total received supplementary of UGX 4.29Bn.

Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions.

The Accounting Officer explained that the entity has been requesting for supplementary funding to finance the its budgetary activities overtime. However, evidence of supplementary requests were not provided for final verification.

### **Recommendation**

The Accounting Officer should liaise with the line Ministries to ensure that only the required and requested funds are received.

### **Action Status**

The supplementary received in excess related to wages, pension and gratuity. These could not wholly be absorbed due to non verification of pensioners during the period. The verification of pensioners delayed and the fund was retained in the Consolidated Fund account.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Failure to Quantify Outputs |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <p><b>Audit Findings</b></p> <p>The Audit assessed the Municipals activities/output in the budget and noted that: Six (6) outputs with sixteen (16) activities and expenditure worth UGX 364.13Mn could not be quantified.</p> <p>Failure to quantified output affects assessment of planned deliverables and non-aligned of outputs with the chart of accounts may lead to wrong classification of expenditure.</p> <p>The Accounting Officer explained that Budgeting is done through Programme Based Budgeting System(PBS) which does not have a provision for quantification of some budget outputs and activities but quantification of the outputs is normally indicated during quarterly budget performance reports through PBS where activities done are quantified.</p> |                             |
| <p><b>Recommendation</b></p> <p>The Accounting Officer should engage the relevant stakeholders to address the PBS challenges.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                             |
| <p><b>Action Status</b></p> <p>Management has since ensured compliance with budgeting and costing of all the planned activities to guide implementation and reporting. Detailed current costed work plans and budgets are in place.</p> <p>The Ministry of Finance, Planning and Economic Development has undertaken capacity building in Planning and Budgeting processes, including the effective use of the Programme Budgeting System.</p>                                                                                                                                                                                                                                                                                                                                   |                             |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Mischarge of expenditure    |
| <p><b>Audit Findings</b></p> <p>Treasury Instruction No.10.10.16, 2017 requires that all payments shall be fully coded according to the chart of accounts codes to enhance expenditure classification and reporting. The Audit noted</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                             |

that expenditure worth UGX 53.26Mn was incurred on item code for which they were not budgeted. Details in Appendix 10.

Mischarge of expenditure affects implementation of planned activities.

Accounting Officer explained that mischarges were due to challenges during budgeting and during implementation some activities could not align with the right codes as per approved budget. However, heads of departments have been trained on chart of accounts and further cautioned to always implement activities as per the approved budget codes.

### **Recommendation**

The Accounting Officer should engage the relevant stakeholders to address the PBS challenges.

### **Action Status**

The Senior Planner has been assigned the task of assisting in training staff on Programme Budgeting System(PBS). In addition the Ministry of Finance, Planning and Economic Development have addressed PBS challenges by equipping our technical staff with required skills and competencies through the various training sessions.

### **Query      Lack of Land Titles**

### **Audit Findings**

Section 49 (c) of the Land Act, Cap 227, states that the Uganda Land Commission shall procure certificates of title for any land vested in or acquired by the Government. The entity had 57 pieces of land with appropriate measure of 61.438238ha and estimated at UGX 13.35Bn with other lands lacking estimated costs at the reporting date. A review of the Land held by the entity revealed that the entity did not have Land titles for 43 pieces of land measuring approximately UGX 6.14Bn that have not been surveyed and not titled.

This was attributed to lack of funds to enable the titling of the land and lengthy procedure passed through during land processing. Lack of Land titles may result into encroachment, disputes and loss of public land. Accounting Officer explained that they have so far completed the titling of two pieces and others are ongoing in Bishsheshe division and were at deed plan level.

### **Recommendation**

The Accounting Officer should expedite the process of acquiring land titles and source for more funds from the Ministry of Finance.

**Action Status**

Management has so far obtained land titles for nineteen (19) pieces of Municipal Council land.

Our target is to have land titles for all Municipal council lands and we are optimistic that we shall achieve our target by end of the five-year development plan under NDPIV.

**Query****Encroachments on Public Land****Audit Findings**

Instruction 16.13.12 of the Treasury Instruction, 2017 requires that to control an asset, a government entity should be the predominant user of the asset.

The Audit noted through land inspection, document review and inquiries with management that 4 pieces of land measuring 22.069 hectares (36% of the total land measurement of 61.438238) valued at estimated UGX 3.55Bn out of the total estimated cost of UGX 13.35Bn had encroachment in the form of caveats, court injunctions and encroachment.

This hinders management's ability to utilize the affected land for the intended purpose, and may pose a risk of loss of land.

The Accounting Officer explained that they have written to relevant authorities to address the challenge of encroachment. Letter to ministry of lands for guidance was written.

**Recommendation**

The Accounting Officer should resolve all forms of encumbrances on the land to ensure uninterrupted utilization of land for service delivery.

**Action Status**

Management has engaged the Office of the RDC to help us resolve our land Issues with Prisons staff and we hope that a long lasting solution benefiting both parties will soon be found.

**Query****Failure to maintain Fuel Registers****Audit Findings**

Section 16.3.1 of the Tis, 2017 requires the Accounting Officer to put in place measures to eliminate theft, losses, wastage and misuse of

vehicles. Furthermore, Section 7(c) (F-i) of the public Service standing orders requires every Ministry, Department or Local Government to designate an officer to be in charge of transport matters, who shall among other duties, maintain a fuel register on any Government vehicle and carry out monthly fuel reconciliation exercises.

However, the Municipality did not maintain a fuel register for the various vehicles owned by the Municipality. In addition, no fuel reconciliations were carried out for the various Municipals motor vehicles.

Failure to maintain a fuel register makes it hard to keep track of fuel consumption rates for the various motor vehicles.

Accounting Officer explained that they have designated an officer to be in charge of transport. He promised to render him the necessary support and ensure that a fuel register is in place.

### **Recommendation**

The Accounting Officer should maintain a fuel register for the Municipality fleet.

### **Action Status**

Management is committed to empower the officer in charge of transport with the necessary support and ensure that fuel registers are utilised.

|              |                                                                                         |
|--------------|-----------------------------------------------------------------------------------------|
| <b>Query</b> | <b>Failure to Maintain Repair and Service Registers for Municipality Motor Vehicles</b> |
|--------------|-----------------------------------------------------------------------------------------|

### **Audit Findings**

Section 13 of the public Service standing orders requires the driver to ensure that Government vehicles are regularly serviced (including oiling and greasing). A Service Chart will be kept by the Transport Officer on every Government vehicle in his or her charge. It will, however, be the duty of the driver of the vehicle to see to it that the chart is followed strictly.

However, it was noted that the Municipals did not maintain service registers for its motor vehicles. There was no evidence that vehicle servicing followed the planned mileage. This was attributed to management laxity to enforce this control.

Failure to maintain repair and service registers can result into high vehicle maintenance costs as a result of not regularly servicing and repairing the vehicles. The Accounting Officer pledged to maintain a repair and service registers for vehicles.

### **Recommendation**

The Accounting Officer should maintain a repair and service register.

### **Action Status**

The repair and service register for vehicles is now in place and being utilized.

### **Query                      Grounded motor vehicles**

### **Audit Findings**

Paragraph 2.3.1.2 of the Local Government Financial and Accounting Manual 2007 require fixed assets to be properly maintained through an organized system of planned preventative maintenance.

On the contrary, audit inspections of the Municipality assets revealed that some of its motor vehicles remained grounded after the board of survey recommended disposal.

Continuous grounding of these assets exposes them to theft, vandalism and impairment in value. Accounting officer explained that they have no ownership of most of the assets that are due for disposal however we have communicated to relevant Ministries for authorisation to dispose.

### **Recommendation**

The Accounting Office should follow up with the relevant stakeholders for permission to dispose of the assets.

### **Action Status**

Management is in touch with Public Procurement and Disposal of Public Assets Authority for further guidance.

## **Vote 707 Iganga Municipal Council**

### **Query                      Budgeted Activities for which no Funds were Released**

### **Audit Findings**

The entity had an approved budget of UGX 8.77Bn out of which UGX 8.42Bn was warranted resulting in a shortfall of UGX 346.83Mn representing an 96% performance. A sum of UGX 346.83Mn that was not warranted was meant for the following activities.

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that the reasons for non-realisation of funds were due to shortfall in local revenue collections and under release of funds from the consolidated fund.

### **Recommendation**

The Accounting Officer should engage MOFPED to ensure full realization of budgeted funds to enhance service delivery. In addition, ensure that the un implemented projects are rolled over to the subsequent financial year.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

### **Query**

### **Underutilisation of Warrants**

### **Audit Findings**

The Council had total warrants of UGX 8.42Bn out of which warrants UGX 8.37Bn had been utilised by the close of the financial year. The balance of UGX 44.53Mn was meant for the following activities which were partially implemented.

### **Recommendation**

The Accounting Officer should expedite the process of recruitment of staff.

### **Action Status**

In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days

### **Query**

### **Partial Implementation of Activities**

### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of thirty-nine (39) outputs with two hundred five (205) activities UGX 8.37Bn were assessed and the following was observed;

- i) Thirty-seven (37) outputs with two hundred three (203) activities and expenditure worth UG 4.84Bn were fully implemented.
- ii) Two (02) outputs with two (02) activities worth UGX 3.53Bn were partially implemented.

The Accounting Officer attributed to this to the ban on recruitment.

### **Recommendation**

The Accounting Officer should engage MoPS to seek clearance for recruitment.

### **Action Status**

The ban on recruitment has since been lifted and recruitments are underway.

## **Vote 708 Kabale Municipal Council**

### **Query**

### **Budgeted Activities for which no Funds were Released**

### **Audit Findings**

The MC did not receive UGX 1.25Bn of its approved Budget for implementation of the certain key activities. Failure to provide funds for these key activities budgeted negatively affected delivery of intended services.

This is due to the late collection of revenue from MATIP market because its collection started in June 2024 after clearance by the Minister of Local Government who had halted revenue collection. However, efforts have been put in place and we have held several revenue enhancement meetings as per attached for your verification.

### **Recommendation**

The Accounting Officer should ensure that the implementation of rolled over activities is completed. In addition, the Accounting Officer should engage the MoFPED and Donor partners to ensure that future funds are released as budgeted.

### **Action Status**

The affected activities were budgeted for in the current financial year. The shortfall of UGX 1.25Bn can be explained as here under;

Transfers from Treasury: During the Financial year under review we had a budget for transfers from Treasury equivalent UGX 36.07Bn and management warranted 100%.

Transfers from other government Units: During the Financial year under review we had a budget for transfers from other Government Units equivalent UGX 0.29Bn and management warranted UGX 0.24Bn leaving a balance of UGX 0.04Bn funds that were meant for UWEP groups which were transferred directly to group Accounts.

Local Revenue: During the Financial year under review we budgeted for UGX 3.02Bn and warranted UGX 1.81Bn leaving a balance to the tune of UGX 1.21Bn that were not warranted. In addition to the above, the performance for Local revenue was mainly affected by late collection of revenue from MATIP market in form rent, and trading licences because its collection started in June 2024 after clearance by the Minister of Local Government who had halted revenue collection as per attached letter plus other revenue sources as per attached report.

However, efforts have been put in place and we have held several revenue enhancement meetings and revenue performance in financial year 2024/2025 was improved.

|              |                                    |
|--------------|------------------------------------|
| <b>Query</b> | <b>Failure to Utilise Warrants</b> |
|--------------|------------------------------------|

### **Audit Findings**

The MC had total warrants of UGX 38.13Bn out of which UGX 31.6Bn was utilized leaving UGX 6.53Bn un-utilized. As a result, the following key activities were either partially or not implemented at all.

During the Financial Year under review we didn't utilize the above funds because the procurement process was halted by Ministry of Education & Sports, under USMID there was slow progress of works of the contractors, under pension money remained unspent because of some retirees who did not submit all documents needed to complete their files to be considered for payment and unspent wage was on employees who had not yet been recruited.

### **Recommendation**

The Accounting Officer should ensure full utilization of all warrants for proper service delivery.

### **Action Status**

The unspent wage was due to:

- i) The tertiary and secondary School Teachers who were never recruited. The recruitment is done by the Education Service Commission where we have no control.

- ii) Management received wage for Health Staff for Rutooma Health Centre III but recruitment couldn't take effect because it was halted as per attached for your reference. However recruitment was done and Health workers have were posted as per attached. Staff who were granted early retirement during the course of the year and others who transferred services to other local governments.
- iii) UGIFT Education: During the Financial Year under review we didn't utilize the above funds because the procurement process was halted by Ministry of Education & Sports. However, we requested for the above funds and a supplementary budget has been given. Currently, a contract was awarded to Ms. Vidas Engineering Services Company Limited and works are now at 78% physical progress of works as per attached report by the consultant.
- iv) USMID: At the close of the Financial Year we had unspent funds because of slow progress of works of the contractors. We requested for funds and a supplementary budget has been given. However the works for the USMID projects are at 96.4% as per attached for verification.
- v) During the financial year under review, we paid pension to the pensioners save for those that had issues. Thus we could not utilise all the funds. This money remained unspent because of some retirees who did not submit all documents needed to complete their files to be considered for payment (Bazirakye Laban, Kenyangye Grace).
- vi) Pension and Gratuity arrears was paid to all the beneficiaries that were demanding arrears. Some other people had received their gratuity and this created a balance that was not utilised and one the Late Birasi Alex whose beneficiaries had not received the letters of administration.

| Query | Partial Implementation of Activities |
|-------|--------------------------------------|
|-------|--------------------------------------|

### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 2 outputs with 27 activities worth UGX 13.93Bn were assessed and the following was observed. Two(2) outputs with 27 activities worth UGX 13.93Bn were partially implemented.

Out of the 27 activities the entity fully implemented 23 activities, partially implemented two (2) activities while two (2) activities were not implemented.

During the Financial Year under review we didn't utilize the above funds because the procurement process was halted by Ministry of Education & Sports, under USMID there was slow progress of works of the contractors.

### **Recommendation**

The Accounting Officer was advised to ensure the affected activities are fully implemented.

### **Action Status**

Construction works of USMID roads are now at 96.4%. Construction of storm water drainage was completed.

- i) Lights are now installed and the roads are at 96.4% completion.
- ii) The drainage is now complete.
- iii) Rehabilitation of Kigezi College Butobere. The Ministry of Education and sports had halted this project but since money was revoked, a contract was awarded to Ms. Vidas Engineering Services Company Limited and works are now at 78% physical progress of works as already mentioned above.
- iv) Monitoring of UGIFT project was not done since the rehabilitation did not start. However, the project commenced and the monitoring reports are prepared.

### **Query**

### **Failure to Fully Utilise Supplementary Funds**

### **Audit Findings**

Out of the supplementary funds of UGX 12.7Bn received, only UGX 6.26Bn was utilized leaving UGX 6.44Bn unspent as at the year end. This implies that the entity requested for more funds than they needed.

Management responded that project funds that the votes receives every financial year and taken back to Treasury at the end of every financial year. These funds are again received as a supplementary budget after request by the Accounting Officer.

### **Recommendation**

The Accounting Officer should ensure full utilisation of all supplementary received to ensure proper service delivery.

### **Action Status**

In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days

|              |                                              |
|--------------|----------------------------------------------|
| <b>Query</b> | <b>Delay in Implementation of Activities</b> |
|--------------|----------------------------------------------|

**Audit Findings**

Out of the three (3) sampled activities, three (3) activities worth UGX 29.04Bn had delays averaging 14 months from the expected completion date.

Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

**Recommendation**

The Accounting Officer should fast track the finishing of this project and also provide an explanation for the over payments made in regard to the project.

**Action Status**

The PS/ST in the Budget Execution Circular FY 25/26 dated 10<sup>th</sup> July 2025 stated that Government adopted the Framework for Tracking the Implementation and Performance of Public Investments to strengthen oversight of public investments and ensure their timely implementation.

This framework requires all MDAs to adopt standardised tools and practices such as Earned Value Management (EVM), a Quality Performance Index (QPI), Performance-Based Contracts, Project Implementation Units (PIUs), integration with the Integrated Bank of Projects (IBP), and the certification of projects. Managers are to ensure they possess the technical expertise necessary to effectively manage complex projects.

Accounting Officers should therefore ensure full compliance with the framework, given that it is a prerequisite for continued project financing, as well as consideration of new project proposals, and to avoid the termination of underperforming projects.

|              |                                    |
|--------------|------------------------------------|
| <b>Query</b> | <b>Failure to quantify Outputs</b> |
|--------------|------------------------------------|

**Audit Findings**

The Audit assessed the 2 output in the budget and noted that:

- i) One (1) output with twenty five (24) activities worth UGX 10.8Bn was quantified.

- ii) One (1) output with Two (2) activities and expenditure worth UGX 2.97Bn was not quantified.

Failure to quantify output affects assessment of planned deliverables and non-aligned of outputs with the chart of accounts may lead to wrong classification of expenditure.

Management responded that the bills of quantities were prepared by the Ministry of Education and Sports, therefore there was no need for more quantifying. In addition, the Ministry of Education & Sports halted the procurement of works.

### **Recommendation**

The Accounting Officer should explain why the outputs were not quantified.

### **Action Status**

The Ministry of Finance, Planning and Economic Development undertakes capacity building on operations of the features on the Programme Budgeting System. The outputs are now fully quantified.

## **Vote 709 Kamuli Municipal Council**

### **Query Lack Of Land Titles**

#### **Audit Findings**

Regulation 58 (4) of the Local Government Financial and Accountability Regulation requires that the properties, and assets of a local government, shall be properly registered, titles issued, and valued and that requirement shall apply to both movable and immovable properties and assets and it shall constitute a fixed asset register.

The Audit noted that the Municipal had 5 pieces of land measuring 16.64 acres without title deeds. There is a risk of misappropriation of the land as well as exposing the land to the risk of encroachment.

The Accounting Officer explained that management is committed to have all its land titled in a phased manner since titling of land is an expensive exercise. Furthermore, titles for 4 pieces of land are in process and expected to be completed soon.

|                       |
|-----------------------|
| <b>Recommendation</b> |
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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Accounting Officer should make budget provisions for acquisition of land titles in the next financial year and follow up on the ongoing processing of the four titles. |
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|----------------------|
| <b>Action Status</b> |
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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kamuli Municipal Council has secured titles for most of its land property amidst resource constraint, titles for some land were hindered by encumbrance of unknown earlier surveys and management were advised to write to the commissioner surveys and mapping to have those surveys scrapped to allow completing the processes of titling. |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| This letter was submitted with the council resolution and management await the feedback from the commissioner on removal of the encumbrance while for other pieces of land, the titling is under process in zonal office. |
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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management has also added two more titles recently which include plot 1007 block 10 at Bunyole for recreation purposes and Namisambya II parish land plot 711 block 9 at busike. |
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|              |
|--------------|
| <b>Query</b> |
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|                                              |
|----------------------------------------------|
| <b>Failure to dispose off obsolete items</b> |
|----------------------------------------------|

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|-----------------------|
| <b>Audit Findings</b> |
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|                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Regulation 122(6) of the Local Government (PPDA) Regulations, 2006 states that the Accounting Officer shall ensure that the assets of a Council are reviewed on an annual basis to identify those which are obsolete and should be subjected to disposal. |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Audit noted that 13 (thirteen) items were recommended for disposal by the Board of Survey in the report for FY 2022/23. However, at the time of concluding the audit the machines had not been disposed off. |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Failure to dispose off these items leads to loss of asset value, thus a financial loss to government resulting from further deterioration of the asset. |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|

The Accounting Officer explained that the disposal process was pending due to the high cost of valuation of items meant for disposal, however, the amendment in the law has allowed for the constitution of committees to do the valuation of assets for disposal. Subsequently, the disposal process is on following the drafting of the disposal plan.

### **Recommendation**

The Accounting Officer should ensure that these items are disposed off as recommended by the Board of Survey report.

### **Action Status**

The process for disposing of public assets was initiated as recommended for the board of surveys for FYs 2022/23 and 2023/24, however, the local advert did not attract bids for the items. Management has now embarked on a new board of survey for FY 2024/25 and then initiate a new process of disposal.

| <b>Query</b> | <b>Budgeted Activities for which no Funds were Released</b> |
|--------------|-------------------------------------------------------------|
|--------------|-------------------------------------------------------------|

### **Audit Findings**

The Municipal Council had an approved budget of UGX 27.8Bn, out of which UGX 27.29Bn was warranted resulting in a shortfall of UGX 505.96Mn representing an 98% performance. The UGX 505.96Mn that was not warranted was meant for the following activities;

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that the revenue shortfall was mainly from other government transfers from office of the prime minister for the micro scale projects and low local revenue due to system challenges of the IRAS system.

### **Recommendation**

The Accounting Officer should intensify strategies to improve revenue mobilization and engage the MoFPED and Implementing partners to ensure funds are released as budgeted. In addition, ensure that the unimplemented projects are rolled over to the subsequent financial year.

### **Action Status**

Out of the total unwarranted amount UGX 0.51Bn, UGX 0.019Bn was for local revenue, UGX 0.07Bn for micro support projects from OPM

and the balance of UGX 0.42Bn for other Central Government Transfers.

The entity performance in local revenue has increased from UGX 0.47Bn in June 2024 to UGX 0.74Bn in June 2025 and management is ensuring that this trend continues to improve service delivery.

Ministry of Finance provided UGX 0.07Bn for micro scale projects-through a supplementary budget and the projects were implemented in FY 2024/25. For other transfers like road fund the roads were rolled over to the following FY 2024/25.

| Query | Failure to Utilise Warrants |
|-------|-----------------------------|
|-------|-----------------------------|

### **Audit Findings**

The Municipal had total warrants of UGX 27.29Bn out of which UGX 27.28Bn had been utilized by the close of the financial year. The balance of UGX 8.34Mn was meant for the following activities, which either were partially or implemented at all.

The Accounting Officer explained that the biggest percentage of the unutilized warrants at the end of the accounting period were basically wages and salaries and this was due to number of factors beyond management control which included but not limited to; non-clearance of planned recruitment by Ministry of Public service especially for health, Death of some Political leaders, failure to promote staff due to recruitment ban in departments of finance, administration, and mandatory retirement of some staff in the course of the year in production and education departments.

### **Recommendation**

The Accounting Officer should ensure timely implementation of activities so that all funds warranted are fully absorbed.

### **Action Status**

The unspent balance was majorly wage meant for promotions but clearance was not obtained and therefore no promotions were achieved those in specific sectors of natural resources, trade and industry and panning unit, while exgratia the balance was for a councillor who had resigned for formal employment and allowance could be absorbed.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Partial/Non-Implementation of Activities |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| <p><b>Audit Findings</b></p> <p>The Audit assessed the extent of implementation of activities for which funds were availed and utilized. A total of 6 (six) outputs with 13 (thirteen) activities worth UGX 33.31Bn were assessed and the following was observed.</p> <ul style="list-style-type: none"> <li>i) Four (4) outputs with 10(ten) activities and expenditure worth UGX 33.26Bn were fully implemented.</li> <li>ii) One (1) outputs with 2 activities worth UGX 58Mn were partially implemented. Out of two (2) Activities, the Municipal Council fully implemented 1 (one) activities, 1 (one) partially implemented activity</li> <li>iii) One (1) output with 1 (one) activity was not implemented.</li> </ul> <p>The Accounting Officer explained that the affected activities such as completion of Renovation of staff quarter at Nakulyaku P/S and Support to Micro scale groups have both been rolled over for implementation in the current financial year budget running. And follow-up will be made to the office of prime minister on funds meant for micro small-scale project.</p> |                                          |
| <p><b>Recommendation</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                          |
| <p>The Accounting Officer should roll forward the partially and unimplemented activities to the subsequent financial year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                          |
| <p><b>Action Status</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                          |
| <p>Management, took the responsibility as advised by the audit team and rolled over the activities. For the micro scale projects the funds were provided as a supplementary budget in the FY 2024/25 and the projects implemented while for the Nakulyaku staff house it was rolled over to the budget of FY 2025/26 as indicated in the work-plan of the current year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                          |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Dealy in Implementation of Activities    |
| <p><b>Audit Findings</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                          |

Out of the 4 sampled projects, one(1) project ( Consultancy services for surveying and processing of land titles for selected areas in Kamuli MC) worth UGX 49.14Mn had delays of two (2) months from the expected completion date.

Delayed completion of works implies that the beneficiaries will not receive the intended services in time.

The Accounting Officer explained that the project of consultancy services for surveying and processing of land titles dragged on due to delays of approval by the land board and delays in the zonal office. Further stated that these are bodies not within management control however follow-ups are being made to ensure that approval is done.

### **Recommendation**

The Accounting Officer should ensure that the procurement process is started early enough to cater for any unforeseen occurrences that may delay project implementation.

### **Action Status**

Management, took the responsibility as advised by the audit team and rolled over the activities. For the micro scale projects the funds were provided as a supplementary budget in the FY 2024/25 and the projects implemented while for the Nakulyaku staff house it was rolled over to the budget of FY 2025/26 as indicated in the work-plan of the current year.

### **Query**

### **Functionality of the Inspected Structures**

### **Audit Findings**

The Audit undertook a physical inspection to confirm the functionality of the completed structures/works. The Audit however noted that two (2) out of the three (3) sampled projects worth UGX 0.49Bn were not functional despite completion due to a number of reasons.

Failure to utilize the completed structures for the intended function negates the purpose for which they government invested money to renovate the facilities.

### **Recommendation**

The Accounting Officer should ensure that the respective contractors implement the outstanding works before payment of their retention fees.

### **Action Status**

The PS/ST in the Budget Execution Circular FY 25/26 dated 10th July 2025 stated that Government adopted the Framework for

Tracking the Implementation and Performance of Public Investments to strengthen oversight of public investments and ensure their timely implementation.

This framework requires all MDAs to adopt standardised tools and practices such as Earned Value Management (EVM), a Quality Performance Index (QPI), Performance-Based Contracts, Project Implementation Units (PIUs), integration with the Integrated Bank of Projects (IBP), and the certification of projects.

Managers are to ensure they possess the technical expertise necessary to effectively manage complex projects. Accounting Officers should therefore ensure full compliance with the framework, given that it is a prerequisite for continued project financing, as well as consideration of new project proposals, and to avoid the termination of underperforming projects.

|              |                                 |
|--------------|---------------------------------|
| <b>Query</b> | <b>Delayed release of Funds</b> |
|--------------|---------------------------------|

### **Audit Findings**

Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10<sup>th</sup> day of the first month of the period in sub regulation (2).

The Audit noted that the Municipal Council received Government grant amounting to UGX 27.44Bn, with delays ranging from 5 to 24 days after commencement of each quarter.

The Accounting Officer explained that the issue of late release of funds has been discussed in a number of forums but continues to occur however efforts will continue to be made to liaise with the relevant authorities to have funds released on time, for timely implementation of activities.

### **Recommendation**

The Accounting officer should liaise with MoFPED to ensure timely release of funds for efficient implementation of planned activities.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and

Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

### **Query**

### **Failure to Quantify Outputs**

#### **Audit Findings**

The Audit assessed the 19 outputs in the budget and noted that fifty none (59) activities and expenditure worth UGX 396.97Mn was not quantified.

Failure to quantified output affects assessment of planned deliverables.

The Accounting Officer explained that the hard copy of departmental annual work plans had quantified outputs but the PIAPS indicators in the PBS are not aligned to the activities budgeted for hence the system reports do not show the input quantities.

#### **Recommendation**

The Accounting Officer should ensure that all activities are properly quantified during the budgeting process.

#### **Action Status**

The Ministry of Finance, Planning and Economic Development undetakens capacity building on operations of the features of the Programme Budgeting System, and now outputs are fully quantified.

## Vote 710 Kapchorwa Municipal Council

### Query Un Supported Expenditure (Un Accounted For And Missing Road Maintenance Grant Vouchers)

#### Audit Findings

The examination of payment records revealed that an amount of UGX.115Bn remained un accounted for at the close of the financial year contrary to Regulation 43(2) of the Local Government Financial and accounting Regulations, 2007.

These included payments not properly supported and missing vouchers for the road maintenance grant expenditure as shown in the table 1 below;

**Table 1: Missing Vouchers**

| Sn | Category                                    | Amount (UGX)         | Appendix |
|----|---------------------------------------------|----------------------|----------|
| 1  | Not properly supported                      | 145,869,378          | 1        |
| 2  | Missing Vouchers for Road maintenance grant | 1,000,000,000        | 1        |
|    | <b>Total</b>                                | <b>1,145,869,378</b> |          |

In the absence of accountability documents, there is a risk of public funds being misappropriated.

The Accounting Officer explained that the payment vouchers and supporting documents were not availed during audit but will be provided for verification.

The missing vouchers and missing accountability documents were not provided for audit verification by the time of concluding the audit.

#### Recommendation

The Accounting Officer should either obtain missing vouchers/accountability records or recover the funds from the responsible officers. In addition, going forward, the Accounting Officer should strengthen the accountability controls and records management.

#### Action Status

The payment vouchers and the supporting accountabilities were retrieved and the relevant payment grant vouchers for road

maintenance and other supporting accountabilities for un supported expenditure are available.

### Query

### Diversion of Funds

#### Audit Findings

The Audit noted that UGX 0.28Bn was irregularly spent on different activities using inappropriate charge account codes without seeking and obtaining the necessary approvals contrary to step 4 of 10.3.1 of the Treasury Instructions, 2017 and the requirements of the Public Finance and Management Act Cap.171.

Diversion of funds negatively affects the classification of expenditure in financial statements and negates the purpose of budgeting.

The Accounting Officer attributed this to un-harmonized guidelines issued by the center and this distorted the whole coding of charge lines.

#### Recommendation

The Accounting Officer should engage MoFPED for harmonization of the guidelines to ensure correct codes and classification in accordance with the chart of Accounts, are used during preparation and implementation of the budget.

#### Action Status

The PS/ST in the Budget Execution Circular FY 25-26 dated 10<sup>th</sup> July 2025 guided that funds must be warranted only against their correct expenditure category. No warranting of funds across expenditure categories will be entertained, and each expense must be charged to its proper category.

### Query

### Long Outstanding Domestic Arrears

#### Audit Findings

According to Section 24 of the Budget Execution circular (Policy issue to guide on the implementation of the Budget for FY 2020/2021), the PS/ST observed a serious concern that Accounting Officers have continued to accumulate arrears even after the recently concluded domestic arrears verification exercise across all votes by the MoFPED in contravention of Section 79 (m) of the PFMA, Cap 171.

As disclosed in Note 28 and supported by the memorandum statement of outstanding commitments Kapchorwa Municipal Council had outstanding domestic arrears of UGX 46.77Mn, that remained unpaid

by the end of the financial year end. I further noted that there was no movement in the payables in last two years, implying that the debt has been outstanding for that long.

Failure to settle all domestic arrears frustrates Government efforts given that the Budget strategy was anchored on the NDP III and the measures put in place to ensure that Government entities are funded to meet their financial obligations.

The Accounting Officer attributed this to inadequate funds to settle the obligation.

### **Recommendation**

The Accounting Officer should ensure that the outstanding amount is considered in the subsequent financial year for settlement.

### **Action Status**

In the Budget Execution Circular FY 2024/25 Ref: BPD 86/179/01, the PS/ST communicated that payment of the existing stock of arrears will only be made upon verification by an independent audit firm appointed by this ministry. To curb further accumulation of domestic arrears, this Ministry has instituted the following measures.

- i) Sanctioning Accounting Officers for the creation of new domestic arrears by not renewing their contracts as Accounting Officers; and
- ii) Accounting Officers should not sign any new contracts without confirmation of availability of resources. Multi-year contracts should take a first call on available resources. Accounting Officers who sign contracts without availability of funds will be held personally liable. Please note that the Expenditure Limits issued by this Ministry are on the basis of the available funds not the appropriated budget.

All Accounting Officers are reminded to submit their draft final accounts by 31<sup>st</sup> August 2025 to the Accountant General's Office with duly signed certificates of outstanding commitments with copies to the Internal Auditor General. Draft final accounts submitted without certificates of outstanding commitments will be rejected.

### **Query**

### **Outstanding Receivables**

### **Audit Findings**

Paragraph 15.12.5 of the Treasury Instructions, 2017 requires that, the Accounting Officer of vote is responsible for management of

debtors and other amounts accruing to an entity including maintaining proper records follow up and recovery of outstanding amounts, accounting and reporting.

The Audit noted that the Municipal Council had receivables of UGX 96.18Mn as presented in the Statement of Financial Position and disclosed under Note 23 to the financial statements. The amount relates to accrued revenue which increased by UGX 35.07Mn (57%) from the prior year balance of UGX 61.11Mn. This further implies that the Council was not taking deliberate efforts in enforcing recovery of its revenue due from its debtors.

Receivable represent idle asset that would otherwise would be used for service delivery.

### **Recommendation**

The Accounting Officer should strengthen recovery efforts of the outstanding amounts.

### **Action Status**

Management is following up the receivables with demand notices to ensure recovery.

### **Query**      **Local Revenue Shortfall**

### **Audit Findings**

The Audit observed that out of the budgeted local revenue of UGX 301Mn as disclosed in the statements of appropriations accounts on pages 13 and 14 of the financial statements, the Municipal Council collected only UGX 165.33Mn (55%) resulting into a shortfall of UGX 135.67Mn (45%) contrary to Regulation 32 of the LGFAR 2007.

Failure to collect all the budgeted local revenue negatively affects the implementation of the planned activities and leads to over reliance on Central Government grants.

The Accounting Officer attributed this to poor performance of local revenue at the divisions.

### **Recommendation**

The Accounting Officer should devise means of supporting Lower Local Governments in sensitization and mobilisation to ensure that all local revenue is collected as budgeted.

### **Action Status**

Starting FY 2025/26, Government took a decision to have all local revenue collected through one system, that is, the Integrated Revenue Administration System (IRAS).

Accounting Officers are requested to comply with this directive in order to enhance efficiency and effectiveness in local revenue management, and there should be no instances of manual receipts for local revenue.

| Query | Budgeted Activities for which no Funds were Released |
|-------|------------------------------------------------------|
|-------|------------------------------------------------------|

### **Audit Findings**

The entity had an approved budget of UGX 12.38Bn out of which UGX 12.11Bn was warranted resulting in a shortfall of UGX 282.28Mn representing an 98% performance.

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that disbursement of funds is a mandate of Ministry of Finance, Planning and Economic Development and thus out of control for the Municipal Council.

### **Recommendation**

The Accounting Officer should ensure that the implementation of rolled over activities is completed. In addition, the Accounting Officer should engage the MoFPED and Donor partners to ensure that future funds are released as budgeted.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

| Query | Failure to Fully Utilise Warrants |
|-------|-----------------------------------|
|-------|-----------------------------------|

### **Audit Findings**

The entity had total warrants of UGX 12.11Bn out of which warrants worth UGX 11.11Bn had been utilised by the close of the financial

year. The balance of UGX 997.37Mn was meant for the following activities which were either partially or not implemented at all.

The Accounting Officer attributed the above to unabsorbed wages as a result of suspension of the recruitment process and unabsorbed pension and gratuity due to delayed release of funds.

### **Recommendation**

The Accounting Officer should liaise with other concerned stakeholders so that these funds are re-voted for implementation of service delivery activities.

### **Action Status**

In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days

### **Query**      **Partial Implementation of Activities**

### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 04 outputs with 15 activities worth UGX 1Bn were assessed and the following was observed;

- i) A total of 03 outputs with 12 activities and expenditure worth UGX 451.1Mn were fully implemented.
- ii) A total of one (01) outputs with 03 activities worth UGX 552.78Mn were partially implemented(Funds were not warranted).

The Accounting Officer attributed this to the difficult terrain and the rainy season which made mobilisation of materials difficult thus slowing done the work.

### **Recommendation**

The Accounting Officer to should ensure that the pending works are fully implemented.

### **Action Status**

The partilally implemented activities were rolled over to the subsequent finacncial year and fully implemented.

| Vote 711 Kasese Municipal Council                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Budgeted Activities For Which No Funds Were Released |
| <p><b>Audit Findings</b></p> <p>The entity had an approved budget of UGX 40.293Bn out of which UGX 39.802Bn was warranted resulting in a shortfall of UGX 0.49Bn representing an 99% performance.</p> <p>Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.</p>                                                                                                                                                           |                                                      |
| <p><b>Recommendation</b></p> <p>The Accounting Officer should liaise with the relevant funding authorities such as the MoFPED to ensure release of all the budgeted funds.</p>                                                                                                                                                                                                                                                                                                                                       |                                                      |
| <p><b>Action Status</b></p> <p>The UGX 0.4Bn(Item 1 and 2 in the table above) was transferred by the Ministry of Health to the Ministry of Defence under the mechanism of UPDF construction brigade for a facility of maternity ward located at Rukoki Health Centre IV.</p> <p>The rest of the activities were recurrent in nature and were rolled over to new FY 2024/25 budget for funding. Attached is an extract of the budget for FY 2024-25 showing budget lines for the revoted expenditure heads. App 9</p> |                                                      |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Unutilised Warrants                                  |
| <p><b>Audit Findings</b></p> <p>The entity had total warrants of UGX 39.8Bn out of which UGX 38.81Bn was utilised leaving the balance of UGX 0.99Bn unutilised. The unutilised funds were meant for the following activities, which were either partially or not implemented at all. Underutilization of funds, affects service delivery.</p>                                                                                                                                                                        |                                                      |
| <p><b>Recommendation</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                      |

The Accounting Officer should seek for clearance from MoPS to recruit. In addition, the Accounting Officer should ensure the revoted retention funds are paid to the contractor after expiry of the defects liability period.

### **Action Status**

The Accounting officer sought for clearance from MoPS to recruit and some recruitments have already taken place.

## **Vote 712 Kira Municipal Council**

### **Query Irregular Transfer of Land**

#### **Audit Findings**

Instruction 16.3.1 of the Treasury Instruction, 2017 requires the Accounting Officer of an institution to take full responsibility and ensure that proper control systems exist for the proper management of noncurrent assets and that preventative mechanism are in place to eliminate theft, losses, wastage and misuse.

Regulation 122 (1) of the PPDA Local Government Regulations 2006 provides that disposal of council assets, including assets identified by a board of survey, shall be carried out in accordance with the Act, these Regulations and the guidelines.

The process of disposal of public assets involves specifying the assets for disposal in the divestment/disposal plan after carrying out an ad-hoc Board of Survey. Since land is a strategic asset, its disposal should be approved by the Minister of Finance, Planning and Economic Development and the Uganda Land Commission should be consulted before a sale is made. The CGV determines the reserve value of the land before any disposal and the proceeds from disposal should be banked intact onto the Uganda Consolidated Fund.

However, according to Minute 41/COU/KMC/6/2024 of the Council sitting on 6<sup>th</sup> June 2024, the Municipality agreed to transfer 5 acres of land located in Bulindo Zone, Block 182 Plot 190/191 Kira Ward to Internal Security Organisation (ISO) for construction of its headquarters. This was premised on the promise that a modern market will be constructed and assistance will be provided for the construction/modification of Kira Division offices as consideration for the land offered.

The Audit reviewed the documentation and interviewed management and noted the following;

- i) There was no formal agreement signed between Kira MC and ISO to formalise the transaction and to detail the terms of the agreement to be met by each party.
- ii) The land was not valued and therefore the consideration promised was not based on actual market value of the land.
- iii) The consideration promised was not monetised. For instance, the amount to be spent on the construction of a market and Division offices was not provided.
- iv) Kira Municipality was required to look for un-encumbered land in its names where the modern market would be constructed. Therefore, the transferee was not providing land for the developments promised.
- v) The transfer process was not in accordance with the provisions of the PPDA Act, Regulations and Guidelines.

Lack of an enforceable agreement will result into the Municipality losing its land without consideration.

The Accounting Officer explained that the land in view is 2.025 hectares and sits on plots 190 and 191 block 182. The Accounting Officer further explained that His Excellency the President of the Republic of Uganda directed that this land be handed over to ISO in his letter dated 9<sup>th</sup> April, 2024. This was immediately followed by a meeting at Kira headquarters attended by Security Minister, Local Government Minister, Director General ISO, PS Office of the President, PS MoLG, Mayor Kira MC among others.

Then, a Council meeting was held and a decision was taken to implement the directive. The tittle was handed over after the Minister directed so in his letter dated 30<sup>th</sup> April, 2024. Consideration was to be made as follows, construction of a modern market within Kira division and construction of Kira division offices in Kira municipal council. Valuation has however been advised by the PS ST to guide on budgeting for the consideration.

### **Recommendation**

The Accounting Officer should seek guidance from the Solicitor General to ensure that a binding agreement is signed. Meanwhile, the Accounting Officer should consult the Chief Government Valuer to

ensure that the consideration offered is at market value before transfer of title.

### Action Status

The Chief Government Valuer was contacted, the land was valued, and in financial year 2025/26 a budget provision of UGX 1Bn was appropriated by parliament in the budget as a consideration for the land in question.

### Query

### Budgeted Activities for which no Funds were Released

### Audit Findings

The Municipality had an approved budget of UGX 33.86Bn out of which UGX 30.57Bn was warranted resulting in a shortfall of UGX 3.29Bn representing a 90% performance.

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that the failure to implement activities was result of a shortfall in the collection of local revenue. However, all the aforementioned activities and projects were rolled over to the Financial Year 2024/25.

### Recommendation

The Accounting Officer should come up with strategies to enhance local revenue performance in order to support service delivery.

### Action Status

Revenue collection at the end of the financial year 2024/25 was Shs 12.19bn compared to Shs 8.96bn in the financial year 2023/24. Representing an increase of 36%. This was attributed to implemented strategies mentioned earlier on.

### Query

### Failure to Utilise Funds

### Audit Findings

The Municipality had total warrants of UGX 30.57Bn out of which warrants worth UGX 28.22Bn had been utilised by the close of the Financial Year. As a result some activities were either partially implemented or not implemented at all.

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| The Accounting Officer should ensure that procurements are undertaken promptly to allow sufficient time for full absorption of the warranted funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                              |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                              |
| <p>Management now submits the wage estimates in time. For instance, the estimate for financial year 2025/26 was submitted on time (21<sup>st</sup> August 2024). For procurements we now make appoint to fast track the procurement process and capacity of the supervision teams has been strengthened.</p> <p>The unutilised funds for UGIFIT was returned and revolted by council on 12/09/2024 under minute 267/COU/KMC/09/2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                              |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Failure to Fully Implement Activities</b> |
| <p><b>Audit Findings</b></p> <p>The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 7 outputs with 36 activities worth UGX 15.41Bn were assessed and the following was observed.</p> <ul style="list-style-type: none"> <li>i) One (1) output with one (1) activity and expenditure worth UGX 536.12Mn was fully implemented.</li> <li>ii) Two (2) outputs with 11 activities worth UGX 3.84Bn were partially implemented. Out of 11 activities, the Municipality fully implemented four (4) activities, while six (6) activities were partially implemented and one (1) activity was not implemented.</li> <li>iii) One (1) output with one (1) activity worth UGX 1.5Bn was not implemented at all.</li> <li>iv) The remaining three (3) outputs with 23 activities worth UGX 9.54Bn were not quantified to enable assessment.</li> </ul> <p>The Accounting Officer attributed the under/non-performance to the failure to realise all the budgeted local revenue and the delays in the procurement process. The Accounting Officer further added that the activity of two (2) section seals along Bweyogerere Buto road was fully</p> |                                              |

implemented while the upgrade of tarmac of Kirinya Kito road was currently at 80% completion.

### **Recommendation**

The Accounting Officer should institute efficient local revenue collection mechanisms and ensure that all the budgeted local revenue is realised to fund planned activities. I further advised the Accounting Officer to identify procurement process bottlenecks that cause delays.

### **Action Status**

The tarmacking of Kirinya Kito is practically completed, and completion certificate are available for review.

### **Query      Excess Supplementary Funding**

### **Audit Findings**

Regulation 18 (2) of the Public Finance Management Regulations (PFMR) 2016, requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

The Audit noted that the Municipality received excess supplementary funding of UGX 889.74Mn than what was requested by the Accounting Officer.

This indicates that the Municipality received supplementary funding of UGX 889.74Mn which was not requested for by the Accounting Officer, contrary to Regulation 18 (2) of the Public Finance Management Regulations (PFMR) 2016.

This may result into misappropriation of public resources arising from the utilisation of unrequested funds.

The Accounting Officer explained that the funds in question were for institutional strengthening grant under GKMA funding.

### **Recommendation**

The Accounting Officer should ensure that the Public Finance Management Regulations are complied with in respect of all funding obtained and utilised. In addition, the Accounting Officer should ensure that guidance is sought from MoFPED and Council before extra funds are utilized.

### **Action Status**

The funds in question were part of the 172 bn GKMA-UDP project for Kira MC. The program is a five (5) year effective 2023/24 of which the 5th year is for evaluation. It should be noted that the program was

meant to commence in July 2023, however, due to lengthy and bureaucratic processes, the funding delayed until April 2024.

Due to the time lag, the Government saw it necessary to release some funds for ISG of which Kira MC received UGX 0.89Mn. Never the less, the request for the funds was made and Council approved it on 19<sup>th</sup> December 2023 under minute no. 222/COU/KMC/12/2023.

|              |                                                 |
|--------------|-------------------------------------------------|
| <b>Query</b> | <b>Failure to Utilise Supplementary Funding</b> |
|--------------|-------------------------------------------------|

### **Audit Findings**

Out of the supplementary funds of UGX 3.41Bn received, only UGX 2.04Bn was utilized leaving UGX 1.36Bn unspent as at the year end.

This implies that the Municipality requested for more funds than they needed.

The Accounting Officer explained that the funds in question were in respect of wage and pension, and were not utilised because of the following;

- i) Funds for gratuity for nursing assistants whose positions had been phased out, unfortunately the Ministry halted the process.
- ii) Funds for wage were intended to recruit additional employees. However, the requested supplementary was approved in May 2024, where by the remaining time was not sufficient to complete the process of recruitment.

### **Recommendation**

The Accounting Officer should ensure that proper planning is done to reduce on the requests for supplementary funding. Further, MoFPED should ensure that supplementary requests approved are funded in time to enable utilisation of the warranted funds.

### **Action Status**

Requests for wage are now submitted as per the stipulated dates by the ministry and accurately computed.

|              |                                                                |
|--------------|----------------------------------------------------------------|
| <b>Query</b> | <b>Failure to Deliver Services from implemented activities</b> |
|--------------|----------------------------------------------------------------|

### **Audit Findings**

The Audit undertook physical inspections on a sample of two (2) projects worth UGX 686.67Mn to confirm if these activities were

implemented by the Municipality in a timely manner, were of acceptable quality, quantity and functionality.

As a result of not executing works as per the bills of quantities, the intended objectives were not achieved. Defects in the projects implemented will compromise delivery of services to the intended communities.

### **Recommendation**

The Accounting Officer should fix the defects identified.

### **Action Status**

To date all funds as initially budgeted for under the project have been received and the intended works fully completed and the defects corrected.

## **Vote 714 Kitgum Municipal Council**

### **Query**

### **Budgeted Activities for which no Funds were Released**

### **Audit Findings**

The entity had an approved budget of UGX 23.79Bn out of which UGX 23.4Bn was warranted resulting in a shortfall of UGX 387.37Mn representing an 98% performance.

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer acknowledged the observation and explained that the unfunded activities were rolled over to the following financial year.

### **Recommendation**

The Accounting Officer should liaise with the relevant stakeholders to ensure that budgeted funds and activities are fully funded.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Un-utilised Warrants                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| <p><b>Audit Findings</b></p> <p>The entity had total warrants of UGX 23.4Bn out of which warrants worth UGX 22.55Bn had been utilised by the close of the financial year. The balance of UGX 851.59Mn was meant for the following activities which were either partially or not implemented at all.</p> <p>The Accounting Officer explained that the underutilization of warrants was attributed to the unpaid pension and gratuity to administrators of estates of deceased pensioners and planned recruitment that did not take place.</p>                                                                                                                                                                                                                                                                                                 |                                          |
| <p><b>Recommendation</b></p> <p>The Accounting Officer should liaise with MoPS to ensure that staff are recruited and to fast track the payment of pensioner's gratuity and pension.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                          |
| <p><b>Action Status</b></p> <p>In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Partial/Non-Implementation of Activities |
| <p><b>Audit Findings</b></p> <p>The Audit assessed the extent of implementation of activities for which funds were availed and utilized. A total of 05 outputs with 20 activities worth UGX 13.88Bn were assessed and the following was observed.</p> <ul style="list-style-type: none"> <li>i) Four (04) outputs with 11 activities and expenditure worth UGX 8.4Bn were fully implemented.</li> <li>ii) One (01) output with 3 activities worth UGX 5.47Bn were partially implemented Out of 3 Activities, the entity fully implemented two (2) activities and one (1) activities was not implemented.</li> </ul> <p>The Audit assessed the extent of implementation of activities for which funds were availed and utilized. A total of 05 outputs with 21 activities worth UGX 14.32Bn were assessed and the following was observed.</p> |                                          |

- i) Four (4) outputs with 11 activities and expenditures worth UGX 967.84Mn were fully implemented.
- ii) One (1) output with 10 activities worth UGX 13.35Bn were partially implemented. Out of 10 Activities, the entity fully implemented 07 activities, two (2) activities were partially implemented and one(1) activity was not implemented.

The Accounting Officer explained that the non-implementation of activities was attributed to lack of equipment which are borrowed from Kitgum DLG and other neighbouring Districts.

### **Recommendation**

The Accounting Officer should liaise with relevant authorities to procure road equipment for the Municipality.

### **Action Status**

The activities were rolled over to the subsequent financial year and were implemented.

### **Query**      **Failure to Spend Supplementary Fundings**

### **Audit Findings**

Out of the supplementary funds of UGX 1.47Bn received, only UGX 0.65Bn was utilized leaving UGX 0.83Bn unspent as at the year end.

This implies that the entity requested for more funds than they needed.

The Accounting Officer explained that this was attributed to the unpaid pension and gratuity to administrators of estates of deceased pensioners and planned recruitment that didn't take place.

### **Recommendation**

The Accounting Officer should liaise with MoPS to ensure that staff are recruited and to fast track the payment of pensioner's gratuity and pension.

### **Action Status**

The ban of recruitments was lifted and recruitments were done, the pension and gratuity has also been paid.

### **Query**      **Delay in Implementation of Activities**

### **Audit Findings**

Out of the 20 sampled activities, 02 activities worth UGX 8.35Bn had delays averaging 11 months from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

The Accounting Officer explained that the non-implementation of activities was attributed to lack of equipment which are borrowed from Kitgum DLG and other neighbouring districts.

### **Recommendation**

The Accounting Officer should liaise with relevant authorities to procure road equipment for the Municipality.

### **Action Status**

Management is still utilising the equipment of the District and other neighbouring votes while lobbying for its own equipment.

## **Vote 715 Koboko Municipal Council**

### **Query      Utilization of Supplementary funding**

#### **Audit Findings**

The Audit reviewed the utilization of the supplementary funding and noted that UGX 0.51Bn was not utilized.

Non- Utilization of supplementary funding negates the purpose for which the supplementary funds were requested and appropriated.

The Accounting Officer explained that most of the supplementary requests were based on the salaries with the anticipation that recruitment ban shall be lifted especially in those critical areas like health and education, where even the Municipal was about to issue Appointment letters to successful candidates then the ban came into play. However, the clearance was eventually secured in the last FY, Appointment letters issued and staff have accessed payroll.

### **Recommendation**

The Accounting Officer should only request for funds that the entity is able to absorb, furthermore, recruitment should be expedited to enable utilization of the funds.

### **Action Status**

The Municipal secured clearance, issued appointment letters and the affected staff have accessed payroll. Fresh request for clearance has also been made to MoPS awaiting feedback and was approved. As per now, vacancy declaration has been made to the District Service

Commission, an advert was put and deadline is today 3<sup>rd</sup> December 2025.

Shortlisting for promotional interviews has been done awaiting interviewing. For the case of external adverts, shortlisting of the applicants is also ongoing.

|              |                                              |
|--------------|----------------------------------------------|
| <b>Query</b> | <b>Delay in implementation of activities</b> |
|--------------|----------------------------------------------|

**Audit Findings**

Out of the 24 sampled projects, one (1) project worth UGX 0.8Bn had delays averaging 3 months from the expected completion date. Delayed completion of works /services implies that the beneficiaries will not receive the intended services in time.

**Recommendation**

Accounting Officer should ensure that activities are implemented as per the workplan and budget.

**Action Status**

The PS/ST in the Budget Execution Circular FY 25/26 dated 10th July 2025 stated that Government adopted the Framework for Tracking the Implementation and Performance of Public Investments to strengthen oversight of public investments and ensure their timely implementation.

This framework requires all MDAs to adopt standardised tools and practices such as Earned Value Management (EVM), a Quality Performance Index (QPI), Performance-Based Contracts, Project Implementation Units (PIUs), integration with the Integrated Bank of Projects (IBP), and the certification of projects. Managers are to ensure they possess the technical expertise necessary to effectively manage complex projects.

Accounting Officers should therefore ensure full compliance with the framework, given that it is a prerequisite for continued project financing, as well as consideration of new project proposals, and to avoid the termination of underperforming projects.

|              |                                                       |
|--------------|-------------------------------------------------------|
| <b>Query</b> | <b>Non-utilisation of facilities after completion</b> |
|--------------|-------------------------------------------------------|

**Audit Findings**

The Audit undertook a physical inspections of projects which commenced in the prior financial year 2022/23 on 15<sup>th</sup> September, 2024 and revealed that they were completed but not currently utilised.

**Table 1: Project not Functional**

| <b>Project</b>                                     | <b>Contract Amount</b> | <b>Photo</b>                                                                                        | <b>Inspection Remarks</b>                                                                                        |
|----------------------------------------------------|------------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| Construction of Nyangilia Health Centre III        | 1,800,000,000          |                                                                                                     | Health centre not operational it was locked from the gate                                                        |
| Construction of twin staff house at Lasanga HC III | 182,000,000            | Staff house locked with a bush growing around it.<br>Foot pump broken at the peal hence cannot pump | Surrounding around the staff house is not well taken care of, hence bushy.<br><br>Plumbing works already leaking |
| <b>Total</b>                                       | <b>1,982,000,000</b>   |                                                                                                     |                                                                                                                  |

**Recommendation**

The Accounting Officer should ensure that the completed projects are functional.

**Action Status**

Nyangilia Health Centre is fully operational.

The project in question is a twin staff house constructed in Lasanga HC III. At the time of audit, the staff house was constructed to completion and the health facility management was in the process of making a provisional toilet facility to functionalize it since this was not provided for in the project. This is done and the staff house is occupied by the Clinical Officer and Enrolled Nurse.

**Query****Inconsistencies in the Payroll****Audit Findings**

A total of 18 pensioners / beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the Municipal pension and gratuity payroll.

**Recommendation**

Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.

### Action Status

The entity has engaged MoPS and MoFPED in the various Communications /correspondences .Follow is going to be done with the Ministry of Public Service and Ministry of Finance

## Vote 716 Kotido Municipal Council

### Query

### Un-utilised Warrants

### Audit Findings

The entity had total warrants of UGX 9.65Bn out of which warrants worth UGX 6.97Bn had been utilised by the close of the financial year. The balance of UGX 2.68Bn was meant for activities which were either partially or not implemented at all. This negatively affects delivery of services.

Management submitted that this was mainly due to failure to recruit as a result of ban on recruitment.

### Recommendation

The Accounting Officer should seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget.

### Action Status

Clearance of recruitment was Sought from MoP and it was granted, the District Service Commission initiated the recruitment and is currently in the process to interview.

### Audit Findings

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 7 outputs with 7 activities worth UGX 0.89Bn were assessed and the following was observed.

- i) Five (5) outputs with five (5) activities and expenditure worth UGX 0.51Bn were fully implemented
- ii) Two (2) outputs with two (2) activities worth UGX 0.38Bn were partially implemented.

Failure to implement planned activities affects timely service delivery to the beneficiary community.

|                                                                                                                                                                                                                                                                                     |                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Management submitted that the Accounting Officer attributed the matter to lack of road equipment. The council ended up hiring the equipments towards the end of the financial year.                                                                                                 |                                                |
| <b>Recommendation</b>                                                                                                                                                                                                                                                               |                                                |
| The Accounting Officer should rollover the affected activities and ensure completion in the subsequent financial year.                                                                                                                                                              |                                                |
| <b>Action Status</b>                                                                                                                                                                                                                                                                |                                                |
| The Activities were rolled over to subsequent financial year and executed. The planned road works for Kotido -Rengen roads and Lodera – Mersiae were executed.                                                                                                                      |                                                |
| <b>Query</b>                                                                                                                                                                                                                                                                        | <b>Supplementary Funding not Requested For</b> |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                               |                                                |
| Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.                                                          |                                                |
| The Audit noted that supplementary funding amounting to UGX 787.16Mn was not requested for by the Accounting Officer as required by the PFMR. Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions. |                                                |
| Management submitted that the Accounting Officer explained that sometimes supplementary funding is usually pre-determined by MoFPED and the budget lines opened on the PBS. Management only puts the supplementary for approval by Council.                                         |                                                |
| <b>Recommendation</b>                                                                                                                                                                                                                                                               |                                                |
| The Accounting Officer was advised that the matter shall be brought to the attention of the PS/ST. The Accounting Officer should always engage MoFPED to ensure that only required funds are released.                                                                              |                                                |
| <b>Action Status</b>                                                                                                                                                                                                                                                                |                                                |
| Management engaged the Ministry of Finance, Planning and Economic Development on the above issue during the budgeting process of the subsequent financial year.                                                                                                                     |                                                |
| <b>Query</b>                                                                                                                                                                                                                                                                        | <b>Unspent Supplementary Funding</b>           |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                               |                                                |

Out of the supplementary funds of UGX 0.79Bn received, only UGX 0.067Bn was utilized leaving UGX 0.72Bn unspent as at the year end. This implies that the entity requested for more funds than they needed.

Management submitted that this was due to failure to recruit as a result of ban on recruitment, late release of funds. Management had written to MoPS and delayed response and also gratuity for which the beneficiaries had not responded especially death.

### **Recommendation**

The Accounting Officer should always engage relevant authorities to ensure recruitments are done and funds utilized in the year it relates.

### **Action Status**

The ban on recruitment was lifted and recruitment are on-going.

### **Query      Delayed release of Funds**

### **Audit Findings**

Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10<sup>th</sup> day of the first month of the period in sub regulation (2).

The Audit noted that the entity received Government grant amounting to UGX 9.31Bn 10 days on average, after commencement of each quarter. Delayed release of funds delays service delivery.

Management submitted this is a matter of Ministry which the district has no control.

### **Recommendation**

The Accounting Officer to always engage the relevant authorities for timely release of funds.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

## Vote 717 Kumi Municipal Council

### Query Lack of a Procurement Plan

#### Audit Findings

Regulation 3 of PPDA Regulations (PDE) 2014 requires a PDE to prepare a procurement plan in line with the budget.

Regulation 2 of the PPDA (Procurement Planning) Regulations, 2023 requires the Ministry/MC/Municipality/City/Authority/Commission to have an annual procurement plan for each financial year.

The Audit noted that although the Municipal Council had a procurement plan, it was not uploaded on E-procurement.

Failure to formulate a procurement plan implies that no resources will be earmarked for the activities and the associated service delivery benefits will not be achieved. Furthermore, unplanned procurements lead to diversion of funds and domestic arrears.

The Accounting Officer attributed this to system failure and limited timeframe set for uploading.

#### Recommendation

The Accounting Officer should ensure that the procurement plan is uploaded on the system.

#### Action Status

There was a challenge of uploading the procurement plan due to system failure and given the set time frame, the procurement plan could not be uploaded after the system network was rectified or restored. However, for the subsequent FY 2024/25 and FY 2025/26, Procurement plans have been successfully uploaded in the Government procurement portal

### Query Delayed Evaluations

#### Audit Findings

Regulation 5 (Evaluations) of 2014, requires evaluation exercise for each type of procurement, to be concluded within the time period specified in this regulation, that is, twenty working days for the evaluation of bids for the procurement of supplies or non-consultancy services and forty working days for the evaluation of bids for the procurement of works, from the date of opening of the bids.

Regulation 56 (1) (rules and methods for procurement of supplies, works, and non-consultancy services) of 2023, states the minimum bidding period in respect of each procurement method;

- a) 15 working days for open domestic bidding
- b) 20 working days for open international bidding
- c) 10 working days for restricted domestic bidding
- d) 15 working days for restricted international bidding
- e) 5 working days for quotation method

Regulation 56 (2), states that the direct procurement method does not have minimum bidding period.

It was however observed that procurement processes worth UGX 1.42Bn had their evaluation time frame extended beyond the specified time in the bidding document.

Delays in the evaluation can lead to loss of public image for the entity/government and/or delays in service delivery.

The Accounting Officer explained that there were other administrative commitments which caused the delay.

### **Recommendation**

The Accounting Officer should adhere to the above prescribed evaluation timelines.

### **Action Status**

Management seeks to improve further on this, however other administrative commitments by the appointed evaluation members alters the planned evaluation time frame though effort was put to work within the stipulated time. A copy of bid opening forms and evaluation reports indicating the dates are available for verification. The minimum bidding period was observed as per the guideline and a copy of an advert and invitations for other bidding methods are available for verification.

### **Query**

### **Lack of Performance Security**

### **Audit Findings**

Regulation 12 (1) (contracts), 2014, requires a contract to have a performance security to protect the PDE against non-performance.

Regulation, 11 (1) of the PPDA (Contracts) Regulations, 2023 stipulates that the bidding document shall state the requirement for

a performance security or a performance securing declaration. Regulation 11(2) states that, “The value of performance security shall be specified in the guidelines issued by the authority.” Regulation 11(5) states that, “the performance security shall not be released by a PDE until all obligations of the provider in the contract are fulfilled.”

On the contrary, the Audit observed that the MC signed contracts worth UGX 1.42Bn with bidders without requiring them to avail performance security.

In addition, the Audit observed that the MC released performance security of contracts worth UGX 1.42Bn before fulfilment of the obligations of the provider. Without availability of performance security, there is a possibility of abandoning works.

The Accounting Officer explained that the customized bid document did not have a special conditions of the contract.

### **Recommendation**

The Accounting Officer should adhere to performance security requirements to hedge against loss for the government and poor quality works.

### **Action Status**

The entity customized the bid or solicitation documents through special conditions of the contract since the threshold is not defined and therefore the agreements signed between the entity and the contractors especially for works projects did not require performance security to be submitted. For framework procurements such as vehicle maintenance, supply of road construction materials, supply of petroleum products and lubricants, and assorted all based on call off basis or Local purchase orders. Copies of contract agreements are available for verification.

| <b>Query</b> | <b>Budgeted Activities for which no Funds were Released</b> |
|--------------|-------------------------------------------------------------|
|--------------|-------------------------------------------------------------|

### **Audit Findings**

The Municipal Council did not receive UGX 80.45Mn budget for during the period under review thus affecting the implementation of the certain key activities.

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that all the funding budgeted for micro projects under OPM were not received hence causing under funding of the activities noted by the auditor and also local revenue was not collected 100% as per the budget of the Financial Year in review.

### **Recommendation**

The Accounting Officer should engage MoFPED and Donor partners to ensure that future funds are released as budgeted.

### **Action Status**

Out of UGX 0.08Bn which had not been received, UGX 0.06Bn was received from OPM and disbursed to 13 beneficiary groups under Micro Projects.

The balance was as a result of Local Revenue which did not perform at 100% as a result of enrolment of the Municipality on IRAS mid-year. This required training of IRAS users, registration of taxpayers onto the system, sensitization and mobilization of taxpayers and this took quite a while. Also data relating to some revenue sources was not uploaded on IRAS.

However, there has been a slight increase of LR from UGX 0.24Bn in FY 2023/24 to UGX 0.26Bn in FY 2024/25, an increase of UGX 0.019Bn representing 7.82%. Further, the successful upload of Property taxpayer data onto IRAS is a prospect for better performance going forward.

### **Query**

### **Un-utilised Warrants**

### **Audit Findings**

The MC had total warrants of UGX 9.49Bn out of which UGX.8,155,948,111 was utilized leaving UGX 4.36Mn un-utilized. Un-utilized funds were meant for the following activities which were either partially or not implemented at all.

The Accounting Officer attributed this to rampant transfers of staff who seek for greener pastures, Pension files not processed on time (retirees), and the ban on recruitment which gave a gap in filling

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| positions created above and hence affected the utilization of warrants 100%.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                      |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                      |
| The Accounting Officer should seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget. In addition, the Accounting Officer should ensure that funds relating to construction of the seed schools that are still ongoing were revoted so as to ensure commencement and completion of works.                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                      |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                      |
| The Accounting Officer requested for clearance to recruit from MoPS and was granted. Recruitment and placement was successfully done. Going forward non-absorption of wage will be reduced.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                      |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Partial/Non-Implementation of Activities</b>      |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                      |
| <p>The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 4 outputs with 21 activities worth expenditure UGX 3.8Bn were assessed and the audit observed the following;</p> <ul style="list-style-type: none"> <li>i) Two (2) outputs with 17 activities with expenditure worth UGX 3.79Bn were fully implemented.</li> <li>ii) One (1) outputs with three (3) activities with expenditure worth UGX 1.008Bn were partially implemented.</li> </ul> <p>One (1) outputs with one (1) activities and expenditure worth UGX 1Bn were not implemented.</p> <p>The Accounting Officer also explained that by the time of the Audit some of the activities were still ongoing, however they are now complete.</p> |                                                      |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                      |
| The Accounting Officer should engage MoFPED for sufficient funding and the contractors of the projects that are partially implemented and ensure that they are fully implemented.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                      |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                      |
| In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                      |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Non-Functionality of the Inspected Structures</b> |

**Audit Findings**

The Audit undertook a physical inspection of completed projects worth UGX 2.59Bn to confirm their functionality. The Accounting Officer attributed the works which were in progress to sharing of Road equipment with the DLG which is a challenge and hampers road works activity in the Municipality.

The Accounting Officer promised that road gangs were going to be deployed on these specific roads to weed and slash the bushy road sides

**Recommendation**

The Accounting Officer should ensure that the affected areas are addressed so as to improve service delivery.

**Action Status**

The anomaly was noted and we engaged the road gangs to work on these specific roads, to weed and slash the bushy road sides. The drainage channels could not be ditched so deep since the general topography of the area is flat. However, most of the CBD Area roads are under upgrading to paved standards which will help us to channel the side drainages to the major drainages which are under construction.

**Vote 718 Lugazi Municipal Council****Query****Unverified Payables In The Statement Of Financial Position****Audit Findings**

Section 7.0 of the Financial Reporting Circular 2024, states that only payables verified by the Internal Audit with a verification certificate duly signed by the Accounting Officer, Head of Accounts, and Internal Audit issued, will be recognized in the financial statements.

Included in the statement of financial position and Note 28 (b) is UGX 87.57Mn which does not have supporting documents to show an obligation to the suppliers by the Municipal Council.

Recognition of unverified arrears in the financial statements not only misleads the users but also leads to a risk of misappropriation of funds through fictitious payments.

The Accounting Officer explained that a request to effect adjustment was sent to the Accountant General's office, however, no response had been received yet. A disclosure of the issue was made in the section of "Commentary on the Financial Statements by the Head of Accounts."

### **Recommendation**

The Accounting Officer should engage the Accountant General and ensure that the status of these payables is established and an appropriate decision made by the Municipal Council.

### **Action Status**

Management communicated to the Accountant General and further investigation is due to be carried out before conclusion of the matter.

| <b>Query</b> | <b>Budgeted Activities for which no Funds were Released</b> |
|--------------|-------------------------------------------------------------|
|--------------|-------------------------------------------------------------|

### **Audit Findings**

The Municipal Council did not receive UGX 183.98Mn of its approved Budget for implementation of the certain key activities. Failure to provide funds for these key activities negatively affected delivery of intended services.

The Accounting Officer attributed this to the local revenue shortfall and non-release of funds from other Government Units.

### **Recommendation**

The Accounting Officer should engage the MoFPED and other government units to ensure that future funds are released as budgeted. In addition, the Accounting Officer should ensure that the unimplemented projects are rolled over to the subsequent financial year.

### **Action Status**

The projects were not implemented like completion of the office block because local revenue was not realized. Management will improve revenues and priority will be put on the administration block. The accounting officer has put in place a strategy for registration of each business and performance examined regularly.

| <b>Query</b> | <b>Un-utilised Warrants</b> |
|--------------|-----------------------------|
|--------------|-----------------------------|

### **Audit Findings**

The MC had total warrants of UGX 26.41Bn out of which UGX 25.74Bn was utilized leaving UGX 676.93Mn un-utilized. As a result, the following key activities were not implemented at all. The Accounting Officer explained that the unutilised wage allocation was

a result of a ban by MoPs pending Auditor General's special audit report on salary payroll.

### **Recommendation**

The Accounting Officer should seek clearance from MoPS to have the vacant positions filled.

### **Action Status**

Clearance was sought and council recruited more teachers and to date a total of 23 (twenty three) teachers have been recruited.

### **Query**      **Partial Implementation of Activities**

#### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of four (4) outputs with eight (8) activities worth UGX 17.06Bn were assessed and the following was observed.

One (1) output with one (1) activity worth UGX 91.72Mn were partially implemented.

The Accounting Officer explained that the construction of a 3 classroom block at Kikube was a phased project and that the Phase that had been planned for FY 2023/24 had been completed. The Accounting Officer further explained that the 5-stance pit latrine had been completed and put to use.

### **Recommendation**

The Accounting Officer should ensure that all the funds required for the completion of the classroom block at kikube are included in the budget for FY 2024/25. Going forward, the Accounting Officer should ensure timely completion of service delivery outputs by contractors.

### **Action Status**

The construction of Kikube classroom block was completed in the FY 2024/25.

### **Query**      **Unspent Supplementary Funding**

#### **Audit Findings**

Out of the supplementary funds of UGX 1.23Bn received, only UGX 1Bn was utilized leaving UGX 231.48Mn unspent as at the year end.

This implies that the Municipal Council requested for more funds than they needed, thus denying other Government entities the opportunity to utilize the funds.

The Accounting Officer explained that the MC had a number of staff that passed on, however, their families had not yet concluded the process of the Administrator General and therefore were not paid pension and gratuity despite their benefits being included in the budget.

### **Recommendation**

The Accounting Officer should engage the next of kins of the deceased staff to ensure that the process of appointing administrators is concluded to have their benefits paid.

### **Action Status**

Management has continued guiding those we know and requested especially the Head Teachers to trace their next of kin for their teachers.

### **Query**

### **Delay in implementation of activities**

### **Audit Findings**

The Audit undertook a physical inspection on 20<sup>th</sup>/11/2024 of four (4) projects worth UGX 358.13Mn. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

The Accounting Officer attributed the delayed road construction to delays in mobilising road equipment from Ministry of Works and Transport (MoWT) and delayed release of funds by URF. The Accounting Officer also explained that the UPDF project was delayed by heavy rains.

### **Recommendation**

The Accounting Officer should always engage contractors to document any expected delays that were not foreseen at the initial drafting of contracts and request for a new completion date to be approved.

### **Action Status**

Under works, the delay of routine mechanization of roads was attributed to delayed release of funds from the centre (no release of funds from URF in the 1<sup>st</sup> and 2<sup>nd</sup> qtr 2023/24 and failure by the MoWT to avail road equipment for the works despite the accounting officer having requested them in the second quarter.

### **Query**

### **Implemented activities in the Bills of Quantities**

### **Audit Findings**

The Audit undertook physical inspections on 20<sup>th</sup> /11/2024 on four (4) structures worth UGX 358.13Mn. As a result of partial execution of works/services, the intended objectives were not achieved.

The Accounting Officer explained that the construction of a three (3) classroom block at Kikube was a phased project and that the Phase that had been planned for FY 2023/24 had been completed.

### **Recommendation**

The Accounting Officer should ensure that all the funds required for the completion of the classroom block at kikube are included in the budget for FY 2024/25.

### **Action Status**

The project was included in Fy 2024/25 work plan and budget and works was completed this FY 2024/25.

### **Query**

### **Delayed release of Funds**

### **Audit Findings**

Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10<sup>th</sup> day of the first month of the period in sub regulation (2).

The Audit noted that the Municipal Council received Government grant amounting to UGX 18.42Bn with delays ranging from 6 to 78 days after commencement of each quarter. The Accounting Officer explained that the transfer of funds was a responsibility of the MoFPED.

### **Recommendation**

The Accounting Officer should continue engaging MoFPED on prompt release of funds.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

### **Query**

### **Failure to Quantify Outputs**

### **Audit Findings**

The Audit assessed the six activities/outputs in the budget and noted that; Six (6) outputs with six (6) activities and expenditure worth UGX 1.15Bn could not be quantified. Failure to quantify outputs affects

assessment of planned deliverables and non-aligned of outputs with the chart of accounts may lead to wrong classification of expenditure.

The Accounting Officer explained that the actual measurement of the outputs had not been clearly captured in the work plans and promised to improve on the quantification, going forward.

### **Recommendation**

The Accounting officer should ensure proper quantification of outputs and activities in the work plan to enable proper evaluation of performance.

### **Action Status**

It is true the heads of department had not mastered the quantification of outputs in the Programme Budgeting System , in roads sector and health department . The heads of department have been reoriented by the planning unit.

### **Query**

### **Under collection of Local Revenue**

### **Audit Findings**

Regulation 32 of LGFAR, 2007 states that the Head of Finance is responsible for ensuring that revenue collectors, defined under these regulations, carry out their duties properly to ensure that all revenue due to the council is promptly collected in the approved manner and banked intact.

The Audit noted that the Municipal Council together with its divisions had budgeted to collect a total of UGX 1.81Bn and only managed to collect UGX 1.38Bn resulting into a shortfall of UGX 427.82Mn.

Local revenue shortfalls affect the implementation of planned activities and hence resulted in ineffective service delivery. The Accounting Officer explained that the shortfall was due to non- receipt of property tax from government entities.

### **Recommendation**

The Accounting Officer should put more effort in enforcement to realise all the assessed property tax as per the valuation roll.

### **Action Status**

The Accounting Officer has , held a stakeholders engagement at the council where we invited tax payers and other stake holders in the municipal council on 03/10/2025. There is also continued sensitisation of tax payers on the timelines.

### **Query**

### **Over payment of salary**

**Audit Findings**

Section B-a (7) of the Uganda Public Standing Orders, 2021 requires salaries to be fixed at annual rates and paid in twelve (12) equal instalments. It also requires salaries to be paid correctly, promptly and as a lump sum in accordance with the approved salary structure for the Public Service.

Whereas, article 254 (1) & (3) of the constitution of the Republic of Uganda 1995 as amended provides that a public officer shall, on retirement, receive such pension as is commensurate with his or her rank, salary and length of service. The payment of pension shall be prompt and regular and easily accessible to pensioners.

The review of the payroll data (HCM) and IFMS payments revealed variances in total salary net pay amounts which indicated that six (6) staff were over paid salaries amounting to UGX 6.91Mn. Over payment of salaries creates financial loss to government.

The Accounting Officer attributed this to HCM system challenges and promised to effect recoveries from the affected staff. The Accounting Officer also explained that a request to effect the adjustment was sent to the Accountant General's office, however, no response had been received yet. A disclosure of the issue was made in the section of "Commentary on the Financial Statements by the Head of Accounts."

**Recommendations**

The Accounting Officer should always carry out reconciliations after salary payments and also follow up with the MoPS for timely resolution of any challenges and reversal of any payments made in error.

**Action Status**

Recoveries have been made from staff.

**Vote 719 Makindye Ssabagabo Municipal Council****Query****Undisbursed funds To Division Councils****Audit Findings**

Section 88 (1) of the Local Government Act Cap 138, states that in the City and Municipal Councils, revenue shall be collected by the Division Councils, and a Division Council shall retain 50 percent of all the revenue it collects in its area of jurisdiction and remit 50 percent to the city or Municipal Council.

The Audit noted that from a total collection of UGX.4.194Bn, the Municipal Council was expected to share UGX 2.097Bn (50%) with the divisions. However, the Audit observed that only UGX 0.76Bn (42%) was disbursed, leading to a shortfall of UGX 0.34Bn (8%).

This affected the implementation of services at the lower-level Councils.

The Accounting Officer explained that an additional 30% amounting to UGX.0.184Bn was shared with the divisions in July. However, there was a delay in receiving the cash limits for May amounting to UGX.0.199Bn and all payments after the 10<sup>th</sup> of June 2024 were cleared by the Accountant General on the 11<sup>th</sup> of July 2024 after the end of the financial year, thus causing a variance in remittances at the year-end. In addition, June collections were cleared by the Accountant General in the month of August.

### **Recommendations**

The Accounting Officer should engage MoFPED on the timely release of local revenue collections, as this affects the implementation of service delivery activities at the Division level.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

| <b>Query</b> | <b>Budgeted Activities for which no Funds were Released</b> |
|--------------|-------------------------------------------------------------|
|--------------|-------------------------------------------------------------|

### **Audit Findings**

The MC had an approved budget of UGX 29.16Bn out of which UGX 26.99Bn was warranted resulting in a shortfall of UGX 2.16Bn representing a 93% performance.

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that the MC does not have control over warrants. However, engagements with MoFPED are continuous and activities for funds not warranted have been re-budgeted.

### **Recommendation**

The Accounting Officer should roll over the affected activities for implementation in the subsequent period.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

### **Query**      **Failure to Utilise Warrants**

### **Audit Findings**

The Municipal Council had total warrants of UGX 26.99Bn out of which warrants worth UGX 26.13Bn had been utilised by the close of the financial year. The balance of UGX 865.92Mn was meant for the following activities, which were either partially or not implemented at all.

As a result, the following key activities were either partially or not implemented at all. The Accounting Officer stated that all unspent funds were sent back to the Consolidated fund. Affected activities have been rolled over to the current financial year.

### **Recommendation**

The Accounting Officer should ensure that the issue of excess release and late release of funds will be brought to the attention of MoFPED. In addition, the Accounting Officer should always seek guidance from MoFPED and authority from Council whenever excess funds are received before utilisation.

### **Action Status**

The matters were brought to the attention of the MoFPED during the budgeting process for FY 2024/25.

### **Query**      **Partial/Non-Implementation of Activities**

### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of ten (10) outputs with ten (10) activities worth UGX 12.76Bn were assessed and the following was observed;

- i) Six (6) outputs with six (6) activities and expenditure worth UGX 3.43Bn were fully implemented.
- ii) Two (2) outputs with 2 activities worth UGX 10.45Bn were partially implemented.

Therefore, out of the 10 activities, the entity fully implemented six (6) activities worth UGX 3.36Bn, two (2) activities worth UGX 10.45Bn were partially implemented, while two (2) activities worth UGX 0.03Bn remained unimplemented.

The Accounting Officer attributed this to failure to release local revenue on time and wrong coding of funds by MoFPED.

### **Recommendation**

The Accounting Officer should engage MoFPED on timely release of local revenue funds so as not to affect planned activities.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

## **Vote 720 Masindi Municipal Council**

### **Query**

### **Lack of Contract Implementation Plans**

### **Audit Findings**

Regulation 119(3) of the PPDA Local Government Regulations, 2006, requires a contract supervisor to prepare a contract implementation plan upon receipt of a copy of the contract.

The Audit noted that there were no contract implementation plans for procurements worth UGX 0.07Bn.

As a result, there is a risk that the contracts may not be implemented according to the agreed terms and conditions in the contracts. The Accounting Officer did not respond to this matter.

### **Recommendation**

The Accounting Officer should emphasize preparation of contract implementation plans by contract supervisors to facilitate proper supervision and monitoring of progress.

| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| Contract implementation plans are available for verification.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Budgeted Activities for which no Funds were Released</b> |
| <b>Audit Findings</b><br><p>The Municipal Council did not receive UGX 1.57Bn of its approved Budget for implementation of the certain key activities. Failure to provide funds for these key activities negatively affected delivery of intended services.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                             |
| <b>Recommendation</b><br><p>The Accounting Officer should engage MoFPED and GAVI on the possibility of funding these activities and consider rolling them forward to the next financial year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                             |
| <ul style="list-style-type: none"> <li>i) Support to coffee nursery bed farmers was not released during the period under review however part of this money amounting to UGX 0.029Bn was released in July this F/Y and the evidence is available and the said money was paid to the beneficiary groups.</li> <li>ii) Double cabin vehicle, has been procured and registration is in progress.</li> <li>iii) It's not true that no money was released towards this activity some money was released.</li> <li>iv) All funds were released and pensioners were paid fully and the excess funds were swept back to the consolidated fund at the close of the financial year.</li> <li>v) All funds due to divisions was released 100%.</li> <li>vi) Money for HIV/AIDS coordination activities was not released by Baylor Uganda</li> <li>vii) This was so because of insufficient funds but we have since paid some.</li> </ul> |                                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Un-utilised Warrants</b>                                 |
| <b>Audit Findings</b><br><p>The Municipal Council had total warrants of UGX 14.86Bn out of which UGX 14.03Bn was utilized leaving UGX 0.84Bn un-utilized. As a result, some key activities were either partially or not implemented at all this negatively affecting service delivery.</p> <p>The Accounting Officer explained that;</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                             |

- i) Funds for Salaries were not utilized due to absence of the District Service Commission that is meant to facilitate the recruitment process.
- ii) Pension and gratuity funds were not utilized because the Municipal council was provided funds it had not requested from MoFPED.

### Recommendation

The Accounting Officer should engage;

- i) MoPS and Council on the appointment of members of the District Service Commission.
- ii) MoFPED to only release funds upon request by the Municipal Council.

### Action Status

The District Service Commission is now fully constituted and recruitment is now taking place. Attached are the appointment letters of the posts that have been filled so far.

### Query

### Partial/Non-Implementation of Activities

### Audit Findings

The Audit assessed a total of six (6) outputs with 26 activities worth UGX 1.18Bn to determine the extent of implementation of activities for which funds were availed and utilized and noted the following;

- i) Three (3) outputs with three (3) activities and expenditure worth UGX 0.073Bn were fully implemented.
- ii) Two (2) outputs with 22 activities worth UGX 0.93Bn were partially implemented. Out of 22 Activities, 20 activities were fully implemented, and 2 activities were partially implemented.
- iii) One (1) output with one activity worth UGX 0.18Bn was not implemented at all.

Partially/not implemented activities negatively affect delivery of intended services.

### Recommendation

The Accounting Officer should engage MoFPED;

- i) To release funds timely
- ii) On the possibility of funding these activities with a view of rolling them forward to the next financial year.

### Action Status

- i) Non implementation of some of the planned activities especially those to do with Human resource management were not as a result of late release of funds but rather it was due to non-

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| <p>functionality of the District service commission which has been addressed as mentioned earlier.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                               |
| <p>ii) On issue of non-procurement of the double cabin pickup, this was because we secured the authority to buy the same from Ministry of public service a bit late towards the end of the financial year and hence funds swept at the end of the FY, but it was revoted back. This vehicle was procured and registration is in progress as mentioned above.</p>                                                                                                                                                                                                           |                                               |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Unapproved Supplementary Funding</b>       |
| <p><b>Audit Findings</b></p> <p>Regulation 3.12(3) of the Local Government Finance and Accounting Regulations, 2007 require Supplementary estimates to be approved by the Council. The Audit noted that a sum of UGX 1.72Bn (100%) was not approved by the Council.</p> <p>Failure to obtain Council approval of supplementary funds along with their workplans negatively affects oversight over utilization of these funds.</p>                                                                                                                                          |                                               |
| <p><b>Recommendation</b></p> <p>The Accounting Officer should always obtain Council approval of the supplementary budgets on receipt of the advice of the supplementary funds by MoFPED.</p>                                                                                                                                                                                                                                                                                                                                                                               |                                               |
| <p><b>Action Status</b></p> <p>All the supplementary funding was approved by council and the minute extracts that approved these funds are available for verification.</p>                                                                                                                                                                                                                                                                                                                                                                                                 |                                               |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Criteria for supplementary expenditure</b> |
| <p><b>Audit Findings</b></p> <p>Section 25 (6) of the PFMA, Cap 171, requires that the supplementary expenditure should be an expenditure that cannot be funded through virements, cannot be postponed to the next financial year, or was unforeseeable.</p> <p>The Audit noted that supplementary expenditure of UGX 1.72Bn did not meet the supplementary expenditure criteria.</p> <p>There is a risk of misappropriation of funds since it creates an opportunity to circumvent normal budgeting processes. The Accounting Officer did not respond to this matter.</p> |                                               |

| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| The Accounting Officer should engage MoFPED to provide realistic Indicative Planning Figures (IPF) that can be fully funded.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                              |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                              |
| This money had not been appropriated by parliament in the original budget but instead came as a supplementary in the 2 <sup>nd</sup> quarter which included money for secondary capitation grant, pension, gratuity, Ex-gratia for councillors among others. These requests were presented to all relevant committees of council for approval.                                                                                                                                                                                                                                                                                      |                                              |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Un-utilised Supplementary Funding</b>     |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                              |
| <p>Out of the supplementary funds of UGX 1.72Bn released, only UGX 1.38Bn was utilized leaving UGX 0.34Bn un-utilized as at the year end.</p> <p>This implies that the Municipal Council requested for more funds than they needed.</p> <p>The Accounting Officer explained that;</p> <ul style="list-style-type: none"> <li>i) Funds for Salaries were not utilized due to absence of the District Service Commission that is meant to facilitate the recruitment process.</li> <li>ii) Pension and gratuity funds were not utilized because the Municipal council was provided funds it had not requested from MoFPED.</li> </ul> |                                              |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                              |
| <p>The Accounting Officer should engage MoFPED;</p> <ul style="list-style-type: none"> <li>i) And Council on the appointment of members of the District Service Commission.</li> <li>ii) To only release funds upon request by the Municipal Council.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                    |                                              |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                              |
| <ul style="list-style-type: none"> <li>i) UGX 4Bn was not utilised because the Ministry of Finance, Planning and Economic Development communicated that money had been captured on a wrong code during budgeting and hence the system could not allow the payment to go through and hence this money was swept back to the consolidated fund.</li> <li>ii) UGX 0.33Bn was part of the money that was released as a supplementary and was meant for pension and gratuity which money we did not request for.</li> </ul>                                                                                                              |                                              |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Untimely Implementation of Activities</b> |

### Audit Findings

The Audit noted that one project worth UGX 0.024Bn was not completed within the expected completion date. Details are in the table below;

**Table 1: Showing delayed projects/works**

| S/n | Project description and value                                                                                                                                                                                     | Commencement Date | Expected Completion Date | Actual Completion Date             | Delay in Months |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------|------------------------------------|-----------------|
| 1   | <b>Project:</b><br>Construction of 5 stance VIP Latrine at Masindi Army<br><b>Contract amount:</b><br>24,890,846<br><b>Contract start date:</b><br>13/03/2024<br><b>Expected Contract end date:</b><br>30/06/2024 | 15/04/2024        | 30/06/2024               | Rectifying snags is still on-going | 5               |

Delayed completion of the latrine denies students access to clean and safe health services.

### Recommendation

The Accounting Officer should ensure that contract supervisors prepare contract implementation plans to guide execution of works within the contract duration.

### Action Status

Management now ensures that contract supervisors prepare contract implementation plans to guide execution of works within the contract duration.

### Query Issue in Projects

### Audit Findings

The Audit undertook physical inspections on two (2) projects worth UGX 0.06Bn and observed the following.

- i) Rectification of snags at the five (5) stance VIP Latrine at Masindi Army were still ongoing
- ii) Supply, installation and repair of street lights were done as per Bills of Quantities and no exceptions were noted

Delays caused by snag corrections delay delivery of intended services. The Accounting Officer did not respond to this matter.

### Recommendation

The Accounting Officer should expedite correction of the snags so that the latrine is put to use.

### Action Status

This has since been rectified and the project was handed over for use. The certificate of completion and the appreciation by the head teacher are available for verification.

## Vote 721 Mityana Municipal Council

| Query | Budgeted Activities for which no Funds were Released |
|-------|------------------------------------------------------|
|-------|------------------------------------------------------|

### Audit Findings

The Municipal Council had an approved budget of UGX 14.33Bn out of which UGX 13.9Bn was warranted resulting in a shortfall of UGX 0.43Bn representing an 97% performance. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that these were funds from central Government that were not warranted because no cash limit was provided by MoFPED. Since we are in the new budget cycle, we shall rollover these activities to the next budget.

### Recommendation

The Accounting Officer should rollover the affected activities to the next budget cycle to be implemented on first call. The Accounting Officer should as well engage MoFPED to ensure timely release of funds as per the budget.

### Action Status

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

| Query | Un-Utilised Warrants |
|-------|----------------------|
|-------|----------------------|

### Audit Findings

The Municipality had total warrants of UGX 13.9Bn out of which warrants worth UGX 13.87Bn had been utilised by the close of the financial year. The balance of UGX 0.02Bn was meant for salaries for staff not recruited on a replacement basis.

Failure to utilise all the warranted funds affected the implementation of the planned activities and thereby denying the community the intended services.

The Accounting Officer explained that the un- utilized warrants on human capital development was for the staff that left the entity during the year whose vacancies were not filled during the year.

### **Recommendation**

The Accounting Officer should prioritise recruitment on replacement basis to utilise the existing wage.

### **Action Status**

Currently, the Municipal recruited 76 staff after obtaining clearance to recruit from Ministry of Public Service.

### **Query      Failure to Fully Implementy Activities**

### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 6 outputs with 29 activities worth UGX 3.7Bn were assessed and the following was observed.

- i) Four (4) outputs with 24 activities worth UGX 1.5Bn were partially implemented. Out of 24 activities, the Municipality fully implemented 10 activities, while four (4) activities were partially implemented and 10 activities were not implemented.
- ii) The remaining 2 outputs with five (5) activities worth UGX 2.21Bn were not quantified to enable assessment.

The Accounting Officer explained that some projects such as the construction of the administration block were phased whereas other activities had since been completed.

### **Recommendation**

The Accounting Officer should ensure activities planned are completed in accordance with the planning period to avoid time overlaps and sweep back of un-utilised funds at the year end.

### **Action Status**

In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days

### **Query      Excess Supplementary Funding**

### **Audit Fundings**

Regulation 18 (2) of the Public Finance Management Regulations (PFMR) 2016, requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

The Audit noted that the Municipality received excess supplementary funding of UGX 0.32Bn than what was requested by the Accounting Officer.

This implies that the Municipality received supplementary funding of UGX 0.32Bn which was not requested for by the Accounting Officer and hence contrary to Regulation 18 (2) of the Public Finance Management Regulations (PFMR) 2016.

This may result into misappropriation of public resources arising from the utilisation of unrequested funds.

The Accounting Officer explained that the Municipal Council received this supplementary funding which was for pension, gratuity, production and ex-gratia. This was fully utilised.

### **Recommendation**

The Accounting Officer should ensure that all supplementary funds have clear and approved activities to justify its expenditure.

### **Action Status**

All the supplementary funds were received and initiated in the PBS for approval by MoFPED upon which warrants were released and fully utilized for their intended use.

## **Vote 722 Moroto Municipal Council**

### **Query Over Payment of Salaries**

#### **Audit Findings**

According to Public service standing orders, 2010, an employee is entitled to salary payment for a period not exceeding 12 months in a financial year. A review of IFMS payment file revealed that the Municipal Council made double payments of UGX.0.010Bn to Seven (7) staff. Over payments leads to financial loss to government.

This amount was not recognized as receivables hence understating the receivables while overstating expenditure.

The Accounting Officer explained that these staff had issues on the payroll within the year and management thought payments had not gone through leading to other payments as missed salaries in the following months within the year. He promised to recover from the staff on the payroll.

### **Recommendation**

The Accounting Officer should make adjustment to the opening balance of the reserve for the financial year 2023/24 with the overpaid amounts and ensure recoveries of overpaid funds from responsible Officers.

### **Action Status**

These staff had issues on the payroll within the year, and management thought payments had not gone through, leading to other payments as missed salaries in the following months within the year. However, recoveries are being made evidence is available for verification.

### **Query**

### **Unsupported Payables**

### **Audit Findings**

A review of the statement of Financial Position indicated an outstanding Payable amount of UGX 0.17Bn out of which UGX 0.087Bn (51%) was supported with a schedule of creditors leaving UGX 0.083Bn unsupported. The Audit could not confirm whether the amount presented in the financial statements actually occurred.

This further exposes the Council to a risk of fictitious payments leading to loss of funds.

The Accounting Officer explained that these arrears were inherited before he took over office in March 2023 and stated that management was investigating these arrears to establish the correct position and take action.

### **Recommendation**

The Accounting Officer should adjust the opening balance of reserves in 2024/25 upon the ascertaining the correct arrears position.

### **Action Status**

The opening balance to the reserves has been adjusted in the financial statements of financial year 2024/25 after ascertaining the correct arrears position.

### **Query**

### **Overstatement of Revenue Collected in Statement of Appropriation**

**Audit Findings**

The Financial Reporting Guide 2024 by the Accountant General require that the statement of appropriation be prepared on cash basis. The statement of Appropriation included UGX 0.037Bn which relates to accrued revenue, yet it is a non-cash item.

This inflated the revenue collected during the year in statement of appropriation.

The Accounting Officer explained that this arose as a result of capacity gap which management was addressing before the end of the financial year 2024/25.

**Recommendation**

The Accounting Officer should ensure accurate presentation of arrears of revenue in the financial statement.

**Action Status**

Accurate presentation of arrears of revenue has been made in the adjusted financial statements.

|              |                                                                                   |
|--------------|-----------------------------------------------------------------------------------|
| <b>Query</b> | <b>Inconsistence between the Notes and the Statement of Financial Performance</b> |
|--------------|-----------------------------------------------------------------------------------|

**Audit Findings**

Note 11 presented UGX 0.033Bn as depreciation for the year contrary to UGX 1.153Bn presented in the statement of financial performance resulting in an unexplained variance of UGX 1.120Bn. The Accounting Officer did not reconcile the figures. This overstated the assets in the statement of financial position.

The Accounting Officer explained that this arose as a result of capacity gap which management was addressing before the end of the financial year 2024/25.

**Recommendation**

The Accounting Officer should adjust opening balance of the property plant and equipment for the financial year 2024/25 to reflect correct asset position.

**Action Status**

Adjustments to the opening balance of the reserve for the financial year 2024/25 with the over paid amounts. And the over paid amounts are being recovered from responsible officers.

|              |                                                                    |
|--------------|--------------------------------------------------------------------|
| <b>Query</b> | <b>Failure to Close the Municipal Council General Fund Account</b> |
|--------------|--------------------------------------------------------------------|

### Audit Findings

The Audit noted that the Municipal Council still operated the Municipal Council General Fund Account where transfers of LST worth UGX 0.015Bn were made contrary to the PS/ST directive that all Districts and Municipalities on IRAS to close all the revenue collection accounts. Details are as shown in the table below;

**Table 1: Showing LST transfer on municipal General Fund Account**

| INVOICE NO   | ACTIVITY DESCRIPTION                          | EFT NO   | PAYMENT DATE | AMOUNT PAID (UGX'Bn) | PAYEE                                 | Auditor's remark                             |
|--------------|-----------------------------------------------|----------|--------------|----------------------|---------------------------------------|----------------------------------------------|
| LST/JUN /001 | PAYMENT OF LST FROM JULY 2023 TO OCTOBER 2023 | 12921476 | 25/06/2024   | 0.015                | MOROTO MUNICIPAL COUNCIL GENERAL FUND | LST payments made on MC General fund Account |

Non-compliance to the directives may lead to diversion of monies. The Accounting Officer acknowledged the finding and promised to close the general fund account.

### Recommendation

The Accounting Officer should transfer funds to the Treasury and close the Account immediately.

### Action Status

The Municipal general fund account has been closed.

|              |                                                        |
|--------------|--------------------------------------------------------|
| <b>Query</b> | <b>Excess Expenditure Over Local Revenue Collected</b> |
|--------------|--------------------------------------------------------|

### Audit Findings

A review of revenue collection report from the IFMS indicates that the Council collected UGX 0.373Bn against the assessed revenue of UGX 0.596Bn as shown in the table below. However, the entity spent UGX 0.384Bn on code 003-Local revenue funding, creating over expenditure of UGX 0.011Bn.

This implies a diversion from other sources which suffocated activities from the source where the funds were diverted from. The Accounting Officer did not respond to matter.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                             |
| The Accounting Officer should always make realistic budget estimates and also commit to planned budget implementation.                                                                                                                                                                                                                                                                                                                                                           |                                                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                             |
| Management acknowledges the audit finding; however, the over expenditure is due to the donation received from General Salim Saleh for management of the market.                                                                                                                                                                                                                                                                                                                  |                                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Budgeted Activities for which no Funds were Released</b> |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                             |
| <p>The MC had an approved budget of UGX 15.38Bn out of which UGX 15.12Bn was warranted resulting in a shortfall of UGX 0.26Bn representing an 98% performance.</p> <p>Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.</p> <p>The Accounting Officer explained that the shortfall was due to budget cuts by the Central government beyond the control of the Municipal Council.</p> |                                                             |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                             |
| The Accounting Officer should ensure that the matter would be brought to the attention of MoFPED. The Accounting Officer should roll over the affected activities for implementation in the subsequent period.                                                                                                                                                                                                                                                                   |                                                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                             |
| The affected activities have been rolled over for implementation in the subsequent period.                                                                                                                                                                                                                                                                                                                                                                                       |                                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Un-utilised Warrants</b>                                 |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                             |
| The entity had total warrants of UGX 15.12Bn out of which warrants worth UGX 13.98Bn had been utilised by the close of the financial year. The balance of UGX 1.14Bn was meant for activities which were either partially or not implemented at all. The Accounting Officer attributed the underutilization to late release of funds by MoFPED.                                                                                                                                  |                                                             |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                             |
| The Accounting Officer should engage MoFPED for re-voting of funds to the MC to implement the affected activities .                                                                                                                                                                                                                                                                                                                                                              |                                                             |

| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.                                                                                                                                                                                                                                                                                               |                                                                  |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Failure to Implement Activities</b>                           |
| <b>Audit Findings</b><br><p>The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 05 outputs with 11 activities worth UGX 6.9Bn were assessed and the following was observed;</p> <ul style="list-style-type: none"> <li>i) Two (2) outputs with 02 activities and expenditure worth UGX 0.03Bn were fully implemented.</li> <li>ii) Three (3) outputs with 09 activities worth UGX 6.9Bn were partially implemented.</li> </ul> <p>Examples of the activities that were partially or not implemented. The Accounting Officer attributed this to late release of funds from MoFPED.</p> |                                                                  |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                  |
| The Accounting Officer should engage the MoFPED to always ensure timely release of funds. In the meantime, the affected activities should be rolled over for implementation in the next financial year.                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                  |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                  |
| The activities that were partially implemented were rolled over and fully implemented in the subsequent financial year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                  |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Supplementary Funding Not Requested For By The Accounting</b> |
| <b>Audit Findings</b><br><p>Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.</p> <p>The Audit noted that supplementary funding amounting to UGX 3.8Bn was not requested for by the Accounting Officer as required by the PFMR. Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions.</p>                                                                                                    |                                                                  |

|                                                                                                                                                                                                                                                                                                                                                         |                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                   |                                              |
| The Accounting Officer should ensure that the matter would be brought to the attention of MoFPED.                                                                                                                                                                                                                                                       |                                              |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                    |                                              |
| The supplementary fund was meant to cater for wages, pension and gratuities that were not foreseen at the time of budgeting. It was approved by the Council and when this was brought to the attention of the Ministry of Finance, Planning and Economic Development, it was released to avoid accumulation of wages, pension and gratuities arrears.   |                                              |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                            | <b>Delay in implementation of activities</b> |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                   |                                              |
| Out of the 09 sampled projects, eight (8) projects worth UGX. 9,489,729,564 had delays averaging four (4) months from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.                                                                                 |                                              |
| The Accounting Officer attributed the delay in implementation of activities to late release of funds from the Ministry responsible.                                                                                                                                                                                                                     |                                              |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                   |                                              |
| The Accounting Officer should engage the MoFPED to always ensure timely release of funds. In the meantime, the affected activities should be rolled over for implementation in the next financial year.                                                                                                                                                 |                                              |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                    |                                              |
| In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions. |                                              |
| <b>Vote 723 Mubende Municipal Council</b>                                                                                                                                                                                                                                                                                                               |                                              |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                            | <b>Irregular Procurement Method</b>          |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                   |                                              |
| Regulation 6 (1) (rules and methods), 2014, requires a procuring and disposing entity to use the procurement methods specified in Part VI of the Act for all procurement requirements determined by the estimated value of the requirement/thresholds; the circumstances relating to the requirement.                                                   |                                              |

Contrary to the rules above, the Municipal Council awarded three (3) contracts using unjustified direct procurement methods worth UGX 0.06Bn.

In the three contracts, direct procurement method was used inappropriately hence limiting competition and competitive prices as intended by the regulations of PPDA. This could have led to loss of government funds.

The Accounting Officer explained that supply of Motorcycles was a direct procurement in line to implementation of the directive by His Excellency the President dated 9<sup>th</sup> March, 2021, aimed at support our local industry. For the supply of Laptop computers, selective method of Procurement was used where 4 providers were invited from PPDA's List of providers including 3 companies from the PPDA National List of Providers.. The other bidder was from the entities list of providers, who emerged the best evaluated bidder and was contracted to supply.

However, no evidence was provided to support the Accounting Officer's response during audit verification.

### **Recommendation**

The Accounting Officer should always follow the PPDA guidelines to ensure that there is appropriate competition in all procurements.

### **Action Status**

Management follows the PPDA guidelines to ensure that there is appropriate competition in all procurements.

| <b>Query</b> | <b>Budgeted Activities for which no Funds were Released</b> |
|--------------|-------------------------------------------------------------|
|--------------|-------------------------------------------------------------|

### **Audit Findings**

The entity had an approved budget of UGX 38.92Bn out of which UGX 37.95Bn was warranted resulting in a shortfall of UGX 0.97Bn representing an 98% performance. The UGX 0.97Bn that was not warranted was meant for the several activities.

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that there was an under release and this was caused by shortfall in revenue sources most especially External Financing, URF and local revenues.

### **Recommendation**

The Accounting Officer should ensure that the implementation of rolled over activities is completed. In addition, the Accounting Officer should engage MoFPED and Development partners to ensure that future funds are released as budgeted.

### **Action Status**

Management prioritised the un implemented activities in the subsequent financial year.

### **Query**      **Un-utilised Warrants**

#### **Audit Findings**

The entity had total warrants of UGX 37.95Bn out of which warrants worth UGX 37.9Bn had been utilized by the close of the financial year. The balance of UGX 0.04Bn was meant for the several activities which were partially implemented.

Un-utilized funds affected service delivery especially in the Education sector (tertiary education) and other planned recruitments planned that could not be undertaken.

The Accounting Officer explained that unutilized funds were majorly due to a ban on recruitment and failure to replace staff by MoES which was beyond management control.

### **Recommendation**

The Accounting Officer should seek clearance from the MoPS to recruit the required staff and ensure utilisation of the wage budget.

### **Action Status**

Management made a request to recruit to MoPS early this financial year and clearance to recruit was obtained. Recruitment has been done.

### **Query**      **Partial Implementation of Activities**

#### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilized. A total of 6 outputs with 17 activities worth UGX 23.54Bn were assessed and the following was observed;

- i) Five (5) outputs with 13 activities and expenditure worth UGX 1.08Bn was fully implemented.
- ii) One (1) outputs with 4 activities worth UGX 22.45Bn were partially implemented. Out of the 4 activities, the Municipality fully implemented three (3) activities worth UGX 17.45Bn and one (1) activity worth UGX 5Bn were partially implemented.

Partially implementing this activity has lead to delayed service delivery to the public.

The Accounting Officer explained that the delays to complete the works contracted were due to the rainy seasons and Ebola outbreak which affected the contractor, however works have been done satisfactorily to completion and the hand over is slated 19<sup>th</sup> December 2024.

### **Recommendation**

The Accounting Officer should ensure that in case of unforeseen circumstances, close supervision and monitoring is done so that works are completed on time as such factors are factored in the project duration.

### **Action Status**

Management undertakes close supervision and monitoring so that works are completed on time.

### **Query      Supplementary Expenditure Without Request**

### **Audit Findings**

Section 25 (6) of the PFMA, Cap 171, requires that the supplementary expenditure should be an expenditure that cannot be funded through virements, cannot be postponed to the next financial year, or was unforeseeable.

The Audit noted that all supplementary expenditure amounting to UGX 6.09Bn did not meet the supplementary expenditure criteria.

Supplementary expenditure that is avoidable, foreseeable and absorbable is contrary to Section 25 (6) of the PFMA, Cap 171.

The Accounting Officer explained that low IPFs were received from MoFPED and the MC requested for supplementary funding relating to foreseeable expenditure.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                             |
| The Accounting Officer that the matter will be brought to the attention of MoFPED.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                             |
| The supplementary fund was for wages, pension and gratuities that were not foreseen at the time of budgeting. It was approved by the Council and when this was brought to the attention of the Ministry of Finance, Planning and Economic Development, it was released to avoid accumulation of wages, pension and gratuities arrears.                                                                                                                                                                                                                                                                                          |                                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Un-utilised Supplementary Funding</b>                    |
| <p><b>Audit Findings</b></p> <p>Out of supplementary funds of UGX 6.09Bn received, only UGX 6.05Bn was utilized leaving UGX 0.04Bn un-utilized at the end of year.</p> <p>This implies that the entity requested for more funds than was actually needed.</p> <p>The Accounting Officer explained that the under utilization of supplementary funds was caused by un honored request of clearance to fill the two critical positions of Principal Assistant Town Clerk and Senior Assistant Town Clerk and the teachers that were transferred of which the mandate of making replacements is for the Ministry of Education.</p> |                                                             |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                             |
| The Accounting Officer should ensure realistic supplementary requests are duly supported by respective activities to be undertaken.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                             |
| Management ensures that realistic supplementary requests are duly supported by respective activities to be undertaken.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Non-Functionality of Facilities/Buildings/Structures</b> |
| <p><b>Audit Findings</b></p> <p>The Audit undertook a physical inspection to confirm the functionality of the completed structures/works. The Audit however noted that one (1) out of the three (3) sampled projects worth UGX 0.26Bn was not functional as it lacked medical equipment and furniture.</p> <p>Failure to use the completed structures to complete and put the health facility to use has led to delayed service provision to the community.</p>                                                                                                                                                                 |                                                             |

The Accounting Officer explained that this construction had been implemented in a phased manner and funding for furniture and medical equipment not yet been availed by the Ministry of Health.

### **Recommendation**

The Accounting Officer should liaise with the MoH and MoFPED so that funding is availed to procure the equipment to enable facility start operating.

### **Action Status**

Management ensures that facilities, buildings start operating for example the central market.

## **Vote 724 Mukono Municipal Council**

### **Query Outstanding Payables**

#### **Audit Findings**

Disclosed in Note 28 on page 36 of the financial statements are accumulated payables of UGX 0.58Bn. It was however noted that the payables increased by 1,383% from UGX 0.04Bn in 2022/23 to UGX 0.58Bn in 2023/24. Non-payment of arrears could lead to litigation and loss of funds.

Accounting officer attributed the increase to the uncompleted projects within the financial year.

### **Recommendation**

The Accounting Officer should prioritize these payables in the proceeding financial year and ensure that the liability is progressively settled to avoid incidences of litigation.

### **Action Status**

The management has resolved to make provision each year settling out payables and strictly issuing of IFMS LPO which only generated when funds are available.

### **Query Under-Collection of Revenue**

#### **Audit Findings**

According to the approved budget, the Municipal Council was supposed to collect Local revenue to the tune of UGX 5.89Bn however; by the end of the year only UGX 5.43Bn had been collected representing 92% performance.

The Audit further noted that out of UGX 5.43Bn collected, only UGX.5.36Bn relates to the year under review which represents 91% performance.

Under collection of Local revenue at vote level negatively affects NTR collections at Treasury level, thereby denying government resources to implement activities.

The Accounting Officer explained that Mukono Municipal Council is strategically updating all sources of Local Revenue registers so that during the budget process, revenue estimates are based on updated information.

### **Recommendation**

The Accounting Officer should always ensure that the budgeted Local revenue is realistic and reflect the entity's revenue potential.

### **Action Status**

All sources of revenues have been registered and assessed through Elog-Rev system which gives accurate and reliable information to base on figures that are included in the budget.

### **Query**

### **Unbudgeted Domestic Arrears**

### **Audit Findings**

Section 21(2) of the Public Finance Management Act, 2015 states that a vote shall not take any credit from any local company or body unless it has no un paid domestic arrears from a debt in the previous financial year; and it has capacity to pay the expenditure from the approved estimates as appropriated by Parliament for that financial year. Also, paragraph 10.10.17 of the Treasury 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 review of payment file revealed that the Municipal Council paid arrears in relation to construction of an administration block worth UGX 0.088Bn. The Audit however noted that the arrears paid were not budgeted and therefore, the funds were diverted from planned activities.

Diversion of funds is not only contrary to the Public Finance and Management Act and the Treasury Instructions but it negatively affects the delivery of services and negates the purpose of budgeting.

The Accounting Officer explained that the payments relate to contract variation amounts.

### **Recommendation**

The Accounting Officer should adjust the accounts to reflect the correct amount of domestic arrears paid during the period under review.

### **Action Status**

The Accounts were adjusted accordingly and are available for review.

|              |                                                             |
|--------------|-------------------------------------------------------------|
| <b>Query</b> | <b>Budgeted Activities for which no Funds were Released</b> |
|--------------|-------------------------------------------------------------|

### **Audit Findings**

The MC had an approved budget of UGX 29.12Bn out of which UGX 28.28Bn was warranted resulting in a shortfall of UGX 0.83Bn representing a 99% performance. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer attributed this to shortfall in local revenue collections.

### **Recommendation**

The Accounting Officer should come up with a robust local revenue mobilization and enforcement strategy aimed at boosting compliance of tax payers. Meanwhile, the un-implemented activities should be rolled over to the next budget cycle and ensure that they are implemented on first call.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

|              |                             |
|--------------|-----------------------------|
| <b>Query</b> | <b>Un-utilised Warrants</b> |
|--------------|-----------------------------|

### **Audit Findings**

The entity had total warrants of UGX 28.28Bn out of which warrants worth UGX 27.36Bn had been utilised by the close of the financial year. The balance of UGX 0.92Bn was meant to pay salaries for staff.

The Accounting Officer attributed this to non-functionality of the DSC. However, the DSC has now been appointed and ready to commence its activities.

### **Recommendation**

The Accounting Officer should expedite the recruitment process in order to enhance service delivery.

### **Action Status**

The ban on recruitment was lifted and recruitments are on-going.

### **Query**      **Partial Implementation of Activities**

### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 8 outputs with 16 activities worth UGX 2.79Bn were assessed and the following was observed;

- i) Four (4) outputs with 9 activities and expenditure worth UGX 1.62Bn were fully implemented.
- ii) Four (4) outputs with 7 activities worth UGX 1.17Bn were partially implemented. Out of 7 activities, the Municipal Council fully implemented three (3) activities and partially implemented four (4) activities.

The Accounting Officer attributed this to late release of funds and shortfall in local revenue collections. Meanwhile, some un-completed works have been completed.

### **Recommendation**

The Accounting Officer should come up with a robust local revenue mobilization and enforcement strategy aimed at boosting compliance by tax payers. In addition, the Accounting Officer should always ensure that contracts are supervised to ensure that they are completed within stipulated time frame.

### **Action Status**

Starting FY 2025/26, Government took a decision to have all local revenue collected through one system, that is, the Integrated Revenue Administration System (IRAS).

Accounting Officers are requested to comply with this directive in order to enhance efficiency and effectiveness in local revenue management, and there should be no instances of manual receipts for local revenue.

| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Irregular Criteria for Supplementary Fundings |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| <p><b>Audit Findings</b></p> <p>Section 25 (6) of the PFMA, Cap 171, requires that the supplementary expenditure should be an expenditure that cannot be funded through virements, cannot be postponed to the next financial year, or was unforeseeable.</p> <p>The Audit noted that supplementary expenditure amounting to UGX 0.81Bn did not meet the supplementary expenditure criteria. Supplementary expenditure that is avoidable, foreseeable and absorbable is contrary to Section 25 (6) of the PFMA, Cap 171.</p> <p>The Accounting Officer explained that indicative figures for some expenditure items were not provided initially but later provided after budgeting. However, in future, the Municipal Council will assess all its needs so that they are incorporated in the initial budget.</p> |                                               |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                               |
| The Accounting Officer should ensure that the Public Finance Management Regulations are complied with in respect to all funding.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                               |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                               |
| Management ensures that budgeting process is handled in line with the Public Finance Management Act and regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                               |
| Query                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Unspent Supplementary Funding                 |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                               |
| <p>Out of the supplementary funds of UGX 4.97Bn received, only UGX 4.72Bn was utilized leaving UGX 0.25Bn unspent as at the year end. This implies that the Municipality requested for more funds than they needed.</p> <p>The Accounting Officer explained that the unspent balance was a result of shortfall in the anticipated Local revenue collection.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                               |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                               |
| The Accounting Officer should always utilize the supplementary funding according to request or purpose for which the supplementary was requested. In addition, the Accounting Officer should come up with a robust local revenue mobilization and enforcement strategy aimed at boosting compliance by tax payers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                               |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                               |
| Currently management has electronically updated most of local revenue registers of Local Service tax, Advertisements, hotels tax,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                               |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| updated property valuation roll and business license. Management has put in place robust sensitization system and accountability mechanism to enhance awareness among tax payers.                                                                                                                                                                                                                                                                                                                                                                                                     |                                              |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Delay in implementation of activities</b> |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                              |
| Out of the four (4) sampled projects, two (2) projects worth UGX 0.62Bn had delays averaging four (4) months from the expected completion date.                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                              |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                              |
| The Accounting Officer should conduct adequate supervision to ensure that all projects are executed timely.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                              |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                              |
| Office Block: Mukono Municipal Council planned to do framing, casting the first floor slab and completion of works on the ground floor slab in the period from 8/4/2024 to 8/8/2024 however, a period of 75 days was given to the contractor (see copy of external letter attached ) due to delay in works arising from the project manager's instruction for additional works i.e Modification and repairs of the existing offices to provide working space and delayed approval of septic tank location and details and currently the planned works were completed and commissioned |                                              |
| Construction of a 2 Classroom block at Misindye PS: The delay in works was caused due to death of one of the Company Director who controlled the company accounts and there was a delay in accessing the funds however management assessed the situation and was given a reasonable time extension to sort out the matter and complete and currently works are complete.                                                                                                                                                                                                              |                                              |
| Construction of theatre at Goma: Works are now completed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                              |
| Construction of Lweza bridge: Construction is now completed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                              |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Non-Functionality of Facilities</b>       |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                              |
| The Audit undertook a physical inspection to confirm the functionality of the completed structures/works. The Audit however noted that two (2) sampled projects worth UGX 0.88Bn were not functional despite completion.                                                                                                                                                                                                                                                                                                                                                              |                                              |
| Failure to use the completed structures for the intended function negates the purpose for which they government invested money to construct the facilities.                                                                                                                                                                                                                                                                                                                                                                                                                           |                                              |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                              |

The Accounting Officer should engage the responsible Stakeholders responsible for currying these facilities so that they are put to use.

### Action Status

Kyesereka was commissioned, Nyanja HC will be commissioned before 24th December, 2024 is therefore to be commissioned on Friday 22/11/2024.

## Vote 725 Nansana Municipal Council

### Query

### Budgeted Activities For Which No Funds Were Released

### Audit Findings

The Municipality had an approved budget of UGX 36.52Bn out of which UGX 34.04Bn was warranted resulting in a shortfall of UGX 2.48Bn representing 93% performance.

Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer attributed the observation to poor performance in local revenue and unreleased funds from MoFPED. The unfunded activities have been rolled to the current FY for Implementation.

### Recommendation

The Accounting Officer should engage MoFPED on this matter.

### Action Status

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions. The unfunded activities were rolled over to the subsequent FY for Implementation.

### Query

### Under-collection of Revenue

### Audit Findings

According to the approved budget, the MC was supposed to collect Local revenue to the tune of UGX 9.64Bn however; by the end of the year only UGX 8.04Bn had been collected representing 83% performance.

The Accounting Officer attributed the poor performance to the ongoing upgrades of the automated revenue collection system (IRAS) which affected the business licences and Local Service Tax. Market rent revenue failed to materialise having been taken on under GKMA that committed to construct a new market in FY2025/26.

### **Recommendation**

The Accounting Officer should strengthen local revenue mobilisation campaigns in the MC and also, identify new alternative sources to generate local revenue. Meanwhile, the unimplemented activities should be rolled over to FY 2024/25.

### **Action Status**

Starting FY 2025/26, Government took a decision to have all local revenue collected through one system, that is, the Integrated Revenue Administration System (IRAS).

Accounting Officers are requested to comply with this directive in order to enhance efficiency and effectiveness in local revenue management, and there should be no instances of manual receipts for local revenue

### **Query      Unspent warrants**

### **Audit Findings**

The MC had total warrants of UGX 34.04Bn out of which warrants worth UGX 33.89Bn had been utilised by the close of the financial year. The balance of UGX 0.16Bn was meant for staff salaries and salary arrears which were not paid. As a result, the following key activities were either partially or not implemented at all.

The Accounting Officer explained that during the FY under review there was a ban on new recruitments by the Government of Uganda.

### **Recommendation**

The Accounting Officer should engage MoPS to lift the ban on recruitment in order for the MC to recruit the much-needed staff to offer service delivery. The MoFPED should release the funds on first call during the financial year 2024/25.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

| Query                                                                                                                                                                                                                                                                                                                                                          | Failure to Spend Supplementary Funding |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| <p><b>Audit Findings</b></p> <p>Out of the supplementary funds of UGX 2.85Bn received, only UGX 2.69Bn was utilized leaving UGX 0.16Bn unspent as at the year end. This implies that the entity requested for more funds than they needed.</p> <p>The Accounting Officer attributed this to a ban placed by Government on recruitment of additional staff.</p> |                                        |
| <p><b>Recommendation</b></p>                                                                                                                                                                                                                                                                                                                                   |                                        |
| <p>The Accounting Officer should engage MoPS and MoFPED to lift the ban on recruitment so as to fully utilize the wage appropriated in the year.</p>                                                                                                                                                                                                           |                                        |
| <p><b>Action Status</b></p>                                                                                                                                                                                                                                                                                                                                    |                                        |
| <p>The ban on recruitment was lifted and recruitment is on-going.</p>                                                                                                                                                                                                                                                                                          |                                        |

## Vote 726 Nebbi Municipal Council

### Query Un-utilised Warrants

#### Audit Findings

The MC had total warrants of UGX 8.86Bn out of which UGX 5.58Bn was utilized leaving UGX 3.28Bn un utilized.

#### Recommendation

The Accounting Officer should ensure all funds are warranted and utilised according to the budget.

#### Action Status

In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days

### Query Fasilure to Fully utilise Supplementary Funding

#### Audit Findings

Out of the supplementary funds of UGX 0.58Bn received for salaries, gratuity and pension, only UGX 5.82Mn was utilized leaving UGX 0.57Bn unspent as at the year end.

#### Recommendation

The Accounting Officer was advised to liaise with MoFPED to release funds early for implementation.

#### Action Status

In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days

### Query Excess Supplementary Funding

#### Audit Findings

The Municipal Council requested for supplementary funding of UGX 0.226Bn during the period, however, UGX 0.453Bn (200%) was released leading to excess of UGX 0.226Bn.

#### Recommendation

The Accounting officer was advised to liaise with MoFPED and ensure that the supplementary funds are released in accordance with the entity's request.

#### Action Status

This matter was communicated to the Ministry of Finance, Planning and Economic Development during the budgeting process FY 2024/25.

## **Vote 727 Njeru Municipal Council**

### **Query      Failure to dispose off obsolete items**

#### **Audit Findings**

Regulation 122(6) of the Local Government (PPDA) Regulations, 2006 states that the Accounting Officer shall ensure that the assets of a Council are reviewed on an annual basis to identify those which are obsolete and should be subjected to disposal.

The Audit noted that nine (9) items were recommended for disposal by the Board of Survey in the report for FY 2022/23. Failure to dispose-off these items leads to loss of asset value and a financial loss to government resulting from total deterioration of the asset.

The Accounting Officer explained that the disposal process had started as management had written to the relevant authorities requesting for valuation team to aid in the disposal process.

#### **Recommendation**

The Accounting Officer should ensure disposal is undertaken.

#### **Action Status**

Management has written to the Chief Government Valuer requesting for guidance on this matter.

### **Query      Lack of Approved Urban Physical Planning Development Plan and Detailed Plan**

#### **Audit Findings**

Section 25(2) (b) of the Physical Planning Act (2010) states that the secretary to the Board may, at the request and cost of a local government through the district physical planning committee, urban physical planning committee or sub-county planning committee, prepare a city, municipality or town physical development plan or Sub County physical development plan. An approved physical plan helps in ensuring orderly developments, maximizes the use of land and other resources and also helps to address environmental problems.

The Audit noted that the Municipal Council did not have an approved Urban Physical Development Plan and detailed plans to facilitate organized physical developments.

Consequently, the Municipal Council is exposed to risks of unregulated physical developments including creation of undesirable slums which may become expensive to the Municipal Council at a time of implementing its urban physical development plan in future.

The Accounting Officer explained that Preparation of the physical development plan 2024-2040 is in its last stage (Phase III) scheduled to be completed at the end of this financial year 2024/25.

### **Recommendation**

The Accounting Officer should fast track the preparation and approval of the Urban Physical Planning Development Plan and detailed plan.

### **Action Status**

The final phase of the preparation of the PDP has been reached, the plan is now at the Ministry of Lands, Housing and Urban Development awaiting final approval.

### **Query**      **Lack of facilities for Garbage disposal**

### **Audit Findings**

Sec 14 of Part Five-A of the Second Schedule of Local Government Act, 1997 (as amended) provides that the Procurement and management of refuse tipping sites as one of the functions and services to remain at City or Municipal Council (i.e. not to be devolved to the divisions). To manage the function, Urban Council should have adequate equipment, facilities and logistics to collect and dispose garbage.

The Audit noted through document review, interviews and physical inspection that the Municipal Council did not have a refuse dumping site.

Lack of dumping plant makes it difficult for the Municipal Council to undertake its function of collection and safe disposal of garbage.

The Accounting Officer explained that Council has kick started the process of procuring land for the establishment of a compost plant.

### **Recommendation**

The Accounting Officer should expedite the process of acquiring land for the dumping site and budget for waste treatment equipment and protective gears in the subsequent budgets.

### **Action Status**

The Council is in the final stages of procuring land for a dumping site. Management has also acquired approval from NEMA, obtained valuation report and now awaiting payment.

|              |                                                             |
|--------------|-------------------------------------------------------------|
| <b>Query</b> | <b>Budgeted Activities for which no Funds were Released</b> |
|--------------|-------------------------------------------------------------|

### **Audit Findings**

The Municipal Council had an approved budget of UGX 18.39Bn out of which UGX 16.23Bn was warranted resulting in a shortfall of UGX 2.16Bn representing an 89% performance. This negatively affected the delivery of the intended services.

The Accounting Officer explained that these activities were not undertaken due to financial constraints; however, these were rolled over to the current financial year 2024/25.

### **Recommendation**

The Accounting Officer should ensure that the implementation of rolled over activities is completed. In addition, the Accounting Officer should develop strategies to improve on revenue collections.

### **Action Status**

In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.

|              |                             |
|--------------|-----------------------------|
| <b>Query</b> | <b>Un-Utilized Warrants</b> |
|--------------|-----------------------------|

### **Audit Findings**

The Municipality had total warrants of UGX 16.23Bn out of which UGX 16.21Bn was utilized leaving UGX 0.019Bn un-utilized. This affects service delivery and staff livelihood.

The Accounting Officer explained that this was due to delayed submission of the required documentation for processing the benefits by the pensioners/beneficiaries.

### **Recommendation**

The Accounting Officer should ensure timely implementation of activities so that all funds warranted are fully absorbed.

### **Action Status**

In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days.

| Query | Partial/Non-Implementation of Activities |
|-------|------------------------------------------|
|-------|------------------------------------------|

### Audit Findings

The Audit assessed the extent of implementation of activities for which funds were availed and utilized. A total of nine(9) outputs with 16 (sixteen) activities worth UGX 15Bn were assessed and the following was observed;

- i) Five (5) outputs with 7(Seven) activities and expenditure worth UGX 1,29Bn were fully implemented.
- ii) One (1) outputs with six (6) activities worth UGX 0.19Bn were partially implemented. Out of 6 Activities, the Municipal Council fully implemented five(5) activities, one (1) partially implemented activity

Three (3) outputs with 3 (three) activities were not implemented.

The Accounting Officer explained that some activities were not undertaken due to financial constraints; however, these were rolled over to the current financial year 2024/25.

### Recommendation

The Accounting Officer should roll forward the partially and unimplemented activities to the next financial year.

### Action Status

The un-implemented activities were rolled over to the subsequent financial year.

| Query | Supplementary Expenditure Did Not Meet Criteria |
|-------|-------------------------------------------------|
|-------|-------------------------------------------------|

### Audit Findings

Section 25 (6) of the PFMA, Cap 171, requires that the supplementary expenditure should be an expenditure that cannot be funded through virement, cannot be postponed to the next financial year, or was unforeseeable.

The Audit noted that supplementary expenditure of UGX 0.78Bn did not meet the supplementary expenditure criteria.

Supplementary expenditure that is avoidable, foreseeable and absorbable is contrary to Section 25 (6) of the PFMA, Cap 171.

The Accounting Officer explained that Heads of Departments have been advised to incorporate all foreseeable expenditure into the normal budget to avoid unnecessary supplementary requests.

### **Recommendation**

The Accounting Officer should sensitize the Heads of departments to consider all foreseeable expenditure during the normal budgeting processes to avoid unnecessary supplementary requests.

### **Action Status**

Management has sensitised Heads of Departments to ensure budgeting is done appropriately.

### **Query**      **Delays in implementation of activities**

### **Audit Findings**

Out of the sampled 4 projects, one (1) project worth UGX 0.105Bn had a delay of four (4) months from the expected completion date.

Delayed completion of works implies that the beneficiaries will not receive the intended services in time.

The Accounting Officer explained attributed this to delays by the Solicitor General and NEMA to clear the purchase of land. However, this was rolled over to the current financial year 2024/25.

### **Recommendation**

The Accounting Officer should strengthen the monitoring and supervision of the preparation of the physical development plan to ensure it is completed timely.

### **Action Status**

The draft physical development plan is in place awaiting approval.

### **Query**      **Delayed Release of Funds**

### **Audit Findings**

Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10<sup>th</sup> day of the first month of the period in sub regulation (2).

The Audit noted that the Municipality received Government grant amounting to UGX 13.61Bn with delays ranging from 2 to 21 days after commencement of each quarter.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| <p>Delayed release of funds leads to late implementation of planned activities which impedes service delivery to the community and may also result into unnecessary litigation.</p> <p>The Accounting Officer explained that release of funds is at the discretion of MoFPED and that management will engage MoFPED going forward on the subject matter.</p>                                                                                                                                                                                       |                                    |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                    |
| <p>The Accounting officer should liaise with MoFPED to ensure timely release of funds for efficient implementation of planned activities.</p>                                                                                                                                                                                                                                                                                                                                                                                                      |                                    |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                    |
| <p>In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions.</p>                                                                                                                                                                                     |                                    |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Failure to Quantify Outputs</b> |
| <b>Audit Findings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                    |
| <p>The Audit assessed the six (6) outputs with six (6) activities/output in the budget and noted that; Six (6) outputs with 6(six) activities and expenditure worth UGX 0.22Bn was not quantified. Failure to quantify outputs affects assessment of planned deliverables.</p> <p>The Accounting Officer explained that management has prioritized technical support under performance Improvement and capacity building (CB) plan for all Heads of departments to enable them fully quantify budget outputs/items for financial year 2025/26.</p> |                                    |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                    |
| <p>The Accounting officer should ensure the Municipal Planner quantifies all activities in the budget.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                    |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                    |
| <p>The ministry of Finance, Planning and Economic Development has undertaken capacity building on operation of the features of the Programme Budgeting System and currently all outputs are quantified.</p>                                                                                                                                                                                                                                                                                                                                        |                                    |

## Vote 731 Tororo Municipal Council

### Query      Outstanding Receivables

#### **Audit Findings**

Paragraph 15.12.5 of the Treasury Instructions, 2017 requires that, the Accounting Officer of vote is responsible for management of debtors and other amounts accruing to an entity including maintaining proper records follow up and recovery of outstanding amounts, accounting and reporting.

The Audit noted that the Municipal Council had total receivables of UGX 3.31Bn as presented in the Statement of Financial Position and disclosed under Note 23 to the financial statements.

The amount relates to accrued revenue, administrative advances and land purchase advance. This implies that the Municipal Council is not employing adequate strategies in improving its local revenue collection, which is resulting into significant receivables balance.

Receivable represent idle asset that would otherwise be used for service delivery.

#### **Recommendation**

The Accounting Officer should strengthen local revenue mobilization and employ strategies that lead to recovery of outstanding amounts.

#### **Action Status**

- i) The introduction of IRAS in Tororo municipal council has improved revenue collection from all revenue sources.
- ii) SEATINI (U) has also helped Council come up with a comprehensive Revenue Enhancement plan which contains strategies for revenue mobilization and collection skills, this has improved revenue collection.

### Query      Local Revenue Shortfall

#### **Audit Findings**

The Audit observed that out of the budgeted local revenue of UGX 3.49Bn as disclosed in the statements of appropriations accounts on pages 11 and 12 of the financial statements, the Municipal Council

collected only UGX 2.49Bn (71%) resulting into a shortfall of UGX 0.10Bn (29%) contrary to Regulation 32 of the LGFAR 2007.

Failure to collect all the budgeted local revenue negatively affects the implementation of the planned activities and leads to over reliance on Central Government grants.

The Accounting Officer attributed this to poor performance of local revenue at the sub counties in addition to loss of major sources to newly created town councils

### **Recommendation**

The Accounting Officer should devise means of supporting Lower Local Governments in sensitization and mobilisation strategies to ensure that all local revenue is collected as budgeted.

### **Action Status**

- i) The introduction of IRAS in Tororo municipal council has improved revenue collection from all revenue sources
- ii) The council has managed to collect part of the shortfall(receivables) reported in the subsequent years.
- iii) SEATINI (U) has also helped Council come up with a comprehensive Revenue Enhancement plan which contains strategies for revenue mobilization and collection skills, this has improved revenue collection.

### **Query      Unwarranted Revenue**

#### **Audit Findings**

A review of the financial statements (Statement of Appropriation) revealed that the Municipal's actual revenue performance was UGX 28.58Bn compared to the total amount warranted of UGX 27.68Bn as detailed in the IFMS Budget analysis report. This resulted into un warranted revenue of UGX 0.89Bn.

Failure to warrant all the revenue affected the implementation of planned service delivery activities.

The Accounting Officer explained that the variance was majorly caused by failure to warrant revenue due to outstanding cash limits not issued by MoFPED.

### **Recommendation**

The Accounting Officer should always engage Ministry of Finance, Planning and Economic development to ensure that cash limits are issued for warranting.

| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| In the Budget Execution Circulars, the PS/ST has continuously guided Accounting Officers to warrant 100% expenditure limits issued and submit them in a timely manner i.e within five (5) working days                                                                                                                                                                                                                                                                                                                                                                             |                                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Budgeted Activities for which no Funds were Released</b> |
| <p><b>Audit Findings</b></p> <p>The entity had an approved budget of UGX 28.91Bn out of which UGX 27.68Bn was warranted resulting in a shortfall of UGX 1.23Bn representing a 96% performance.</p> <p>Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.</p> <p>The Accounting Officer attributed this to poor local revenue performance at the Council.</p>                                                                                                                            |                                                             |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                             |
| The Accounting Officer should ensure that the implementation of rolled over activities is completed. In addition, the Accounting Officer should devise strategies to improve on local revenue collections.                                                                                                                                                                                                                                                                                                                                                                         |                                                             |
| <b>Action Status</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                             |
| <p>i) In the Budget Execution Circular FY 2023/24 Ref: BPD 86/179/01, the PS/ST guided that the Ministry of Finance, Planning and Economic Development issues Quarterly Expenditure Limits for all categories of funds once every quarter, depending on the revenue position of Government, approved work plans, and the prevailing macroeconomic conditions</p> <p>ii) The entity has put in place several strategies like having in place a 5 year revenue enhancement plan, such that whatever strategy is not handled in the current year can be handled in the next year.</p> |                                                             |
| <b>Query</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Un-utilised Warrants</b>                                 |
| <p><b>Audit Findings</b></p> <p>The Municipal Council had total warrants of UGX 27.68Bn out of which UGX 25.89Bn was utilized leaving UGX 1.79Bn un-utilized by the close of the financial year.</p>                                                                                                                                                                                                                                                                                                                                                                               |                                                             |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                             |
| The Accounting Officer should prioritise monitoring and supervision of buildings under construction to ensure planned works are                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                             |

completed. Furthermore, the Accounting Officer should ensure all planned recruitments are done since the Municipal council has been cleared to recruit more staff.

#### **Action Status**

- i) The entity was cleared for recruitment in FY 2024/2025, and recruitment was concluded in June 2025. All vacant positions were advertised and filled, only two positions were not filled due to failure to attract a suitable candidate.
- ii) Kyamwinula HCIII by end of financial year, to date Kyamwinula hc III is complete and has been handed over to the entity and its operational.
- iii) Aturukuku seed secondary school has also progressed and is at 65% for actual work progress and time progress is at 82%.

#### **Query**

#### **Partial/Non-Implementation of Activities**

#### **Audit Findings**

The Audit assessed the extent of implementation of activities for which funds were availed and utilized. A total of 5 outputs with 6 activities worth UGX 10.43Bn were assessed and the following was observed;

- i) Three (3) outputs with two (2) activities and expenditure worth UGX 8.99Bn were fully implemented.
- ii) Two (2) outputs with three (3) activities worth UGX 1.43Bn were not implemented.

The Accounting Officer explained that the purchase of Land for Construction of Morukatipe View p/s (education) was not undertaken because the procurement process was still on going and the funds were transferred to the Division operation account.

The construction of Maternity ward at Tororo Police Health was not undertaken as management was informed that Police health centre does not belong to Tororo municipal council and funds were repurposed for construction of Nyangole health centre III.

#### **Recommendation**

The Accounting Officer should fast-track the purchase of land to ensure that timely construction is undertaken for effective service delivery.

#### **Action Status**

The land was purchased and the vendor handed over the vacant procession to Tororo Municipal Council. The entity handed over the

site to the contractor. And to date a five (5) stance VIP pit latrine has been constructed.

The construction of the Maternity ward at Tororo Police Health centre was not under taken as management was informed that Police health centre II does not belong to Tororo Municipal Council and therefore these funds were repurposed for construction of Nyangole Health Centre III, to date the actual work progress at the health centre is at 85%.

|              |                                           |
|--------------|-------------------------------------------|
| <b>Query</b> | <b>Diversion of Supplementary Funding</b> |
|--------------|-------------------------------------------|

### **Audit Findings**

The Audit reviewed the utilisation of the supplementary funding and noted that UGX 0.028Bn was diverted from the purpose for which the supplementary was granted and used for other activities.

Diversion of supplementary funding negates the purpose for which the supplementary funds were requested and appropriated.

The Accounting Officer explained that the education department had a plan to renovate St. Kizitos P/s, under local revenue, however the funds were not released in the Financial year, the department therefore repurposed the funds highlighted above to renovate an emergency 10 stance toilet which was blown and destroyed heavy storm.

### **Recommendation**

The Accounting Officer should always ensure supplementary funds are spent on projects/activities for which the funds were released and always seek for approval in case of any re-allocation.

### **Action Status**

The department of Education budgeted for replacement of funds that were repurposed to renovate the emergency 10 stance VIP pit Latrine at St. Kizitos Primary School, to construct a five (5) stance VIP pit Latrine at Morukatipe View Primary School. To date the latrine has been constructed at Morukatipe view P/s.







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**Formulate policies that enhance economic stability and development,  
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