



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

(VOTES 801-867)



PRESENTED BY

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

MARCH 2026



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LIST OF ABBREVIATIONS AND ACRONYMS

BC	Business Continuity
Bn	Billion
BoQ	Bill of Quantities
BoU	Bank of Uganda
CDC	Centers 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
DCIC	Directorate of Citizenship and Immigration Control
DDA	Dairy Development Authority
DGF	Democratic Governance Facility
DHoM	Deputy Head of Mission
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
ECD	Economic and Commercial Diplomacy
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
ETD	Emergency Travel Document
FIA	Financial Intelligence Authority
FMD	Foot and Mouth Disease
FSA	Foreign Service Allowance
FSO	Foreign Service Officer

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
HoM	Head of Mission
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	Kilometer
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
MoFA	Ministry of Foreign Affairs
MoFPED	Ministry of Finance, Planning and Economic Development
MoH	Ministry of Health
MoICT&NG	Ministry of ICT and National Guidance
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
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 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 and 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 Persons

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, Cap. 171
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 IN PUBLIC FINANCE MANAGEMENT

Absorption of Funds: This refers to funds spent by Ministries, Departments and Agencies as a proportion of the funds released from Central Government, or, simply, the proportion of the budgeted funds that have been spent by an entity.

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

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.

Adoption of the report of the Auditor General: Parliament shall, within six months after the submission of the report of the Auditor General, debate, consider and may adopt the report.

Approved Budget: The budget approved by the Parliament of the Republic of Uganda, normally adopted in May of the preceding Financial Year.

Budget Item: This is the lowest operational level of the budget, and represents the resources necessary to carry out activities.

Chart of Accounts: A list of accounts set up for an organisation, used to classify and record 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 means;

- a) a possible obligation 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; or
- b) a present obligation that arises from past events but is not recognised because:

- c) it is not probable that an outflow of resources embodying economic benefits or service potential shall be required to settle the obligation; or
- d) 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.

Electronic Government Procurement (e-GP): A web-based tool used to carry out public procurement and disposal, enabling 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.

Electronic Tax (e-Tax): It is an Integrated Tax Administration System that provides online services to the taxpayer on a 24-hour basis, making it easy for taxpayers to fulfil their tax obligations.

Entity: This includes a Government vote, fund, body corporate, and other organization and group of persons.

Expenditure limit: This is an amount provided under the annual or supplementary estimates which has been allocated to an entity by the Secretary to the Treasury to spend in a quarter.

Human Capital Management (HCM) System: An integrated system that streamlines and automates the various traditional administrative functions of Human Resource (HR) including; recruiting, training, payroll, compensation, and performance management to drive productivity and business value.

Integrated Financial Management System (IFMS): An integrated system that captures all accounting processes from budgeting, payment processing, cutting through to reporting.

Integrated Personnel and Payroll System (IPPS): It is a computerized automated Government Human Resource Management System. This system is being replaced by HCM.

Integrated Revenue Administration System (IRAS): It is a web and mobile application platform that aids local Government entities in collection of local revenue from registration, assessment, billing, payment, sensitization of taxpayers and linking the citizens to these entities.

Key Performance Indicators: These are measurable values to monitor progress of how effectively an organization is achieving specific objectives.

Letter of Credit: This is a written undertaking by a bank (the issuing bank) given to a supplier (the beneficiary) upon a request from a purchaser (the applicant) according to instructions to pay a specified amount of money on agreed fixed terms.

Microsoft Navision (NAV): This is the system used by Government to handle all payments and financial reporting in Uganda's foreign missions (Embassies, High Commissions and Consulates) as aligned with approved budget.

Programme Budgeting System (PBS): This is an online system used by all Government votes whose budgets are appropriated by Parliament for purposes of planning, budget preparation, and reporting on budget performance in a given financial year.

Programme: This relates to a group of entities (Votes) or parts of institutions which contribute towards a common function, e.g. Human Capital Development, Agro-industrialization, and Private Sector Development.

Reallocation of funds: Parliament may, by resolution, authorize the Minister to move funds from a vote to another vote where the functions of a vote are transferred to that other vote.

Secretary to the Treasury: This means a person appointed as such under Section 10 of the Public Finance Management Act, Cap 171.

Supplementary Budget: This is an in-year addition to an MDA's approved budget, which is also appropriated by Parliament during the course of the Financial Year as provided for in the PFM Act, Cap 171.

Treasury Single Account: This is a bank account held in Bank of Uganda for all Ministries, Departments, Agencies and Local Government entities.

Uganda Consolidated Fund: This is the Government account onto which all Government revenues and funds are paid and from which money is withdrawn to fund all activities of Government as per Article 153 of the Constitution.

Virement: This means the transfer of funds within the budget of a vote, from a budget line to another budget line authorised by the Minister responsible for Finance.

Vote: These are institutions (Ministries, Departments, Agencies and Local Governments) which are the basis of the annual budget and appropriations made by Parliament, and the basis for accountability

Warrant: This is an authority given by the Minister responsible for Finance to the Accountant General to withdraw funds from the

Consolidated Fund as specified in section 32 of the Public Finance Management Act, Cap 171. Subsequently, the Accountant General issues quarterly warrants to Government entities to withdraw funds from the Consolidated Funds.

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 30th 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

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 28th 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:

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

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:

- g) Strategic positioning of Missions with regard to economic potential
- h) Implementation performance
- i) 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 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.

Query	Long Outstanding YLP and UWEP Balances
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Audit Findings

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).

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.

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.

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.

Recommendation

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.

Action Status

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.

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 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

Audit Findings

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.

The vacant key positions included: Chief Finance Officers, Principal Finance Officers, Senior Finance Officers, and Senior Land Management Officers.

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

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

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 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. The audit noted that in nine (9) LGs, a sum of UGX.3.33Bn was incurred on item codes for which they were not budgeted. 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. 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	
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

Audit Findings

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.

A review of payment vouchers revealed that in 4 LGs, expenditure totalling 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.

There is a risk that funds were misappropriated.

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.

Recommendation

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.

Action Status

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.

Management of the Parish Development Model

Query	Alignment of the LGs Work Plans and Budgets to the PDM
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Audit Findings

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.

Audit was not availed with evidence for identification of parish/ward priorities using the format prescribed in the

guidelines for onward submission to the divisions/sub-counties and Municipal Council/District.

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.

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.

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.

On further review, audit noted that the Accounting Officers availed priorities for FY 2024/25 which were not relevant to the audit.

Recommendation

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.

Action Status

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 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.

Query	PDM Funding and Absorption
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Audit Findings

A review of the PDM funds release and absorption revealed the following;

a) Funding and Utilization of Administrative Costs and Parish Chief Allowances

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.

b) Late Disbursement of Funds

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.

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.

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.

c) Matching Disbursement of PDM Funds with Planting Seasons

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.

d) Failure to Follow the Prescribed PDM Allocation Criteria for Special Interest Groups

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

- i) The Accounting Officers were advised;

- ii) To engage the relevant stakeholders to ensure that the vacant positions are filled.
- iii) That Audit would bring the matter to the attention of MoFPED.
- iv) That Audit would bring the issue of delayed funding to the attention of the relevant stakeholders.
- v) 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.

Query Agriculture Extension Services

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.

Query

Existence and Functionality of SACCO Committees and Sub-Committees

Audit Findings

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.

Audit reviewed the existence and functionality of the PDM SACCO Committees and Sub-Committees and observed that;

- a) SACCOs did not constitute the Production, Marketing, Business Development Services, Finance and Investment Sub-Committees.

b) SACCOs had non-functional committees and sub-committees. This could lead to mismanagement of the SACCOs as there may not be appropriate oversight. The Accounting Officers acknowledged the anomaly and indicated that improvement is required.	
Recommendation	
The Accounting Officers were advised to engage the PDCs to ensure that the SACCOs constitute functional committees to strengthen SACCO governance.	
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.	
Query	Existence of Registered Offices and Signboards
Audit Findings	
Section 20(1 & 2) of the Cooperative Societies Act, Cap 112 provides that every registered society shall have a registered 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;

- a) Registered offices on their documents.
- b) 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, guidance on how to run the SACCO offices is sought from the Secretariat.

Recommendation

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
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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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Audit Findings

Under the Microfinance Institutions Money Lenders Act 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.

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.

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.

Recommendation

The Accounting Officers were advised to;

- i) Engage the PDM Secretariat to ensure that the SACCOs are registered as per requirements of the Cooperative Act.
- ii) Liaise with the Registrar of Cooperative Societies to expedite the process of licensing the PDM SACCOs in the district.

Action Status

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.

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.

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 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
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Audit Findings

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.

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 unimplemented activities are 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.

Query Utilisation of Warrants

Audit Findings

Out of the total warrants of UGX 41.99Bn, 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.

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 also informed 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
	Audit Findings 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; a) Five (05) outputs with nine (09) activities and expenditure worth UGX 2.92Bn were fully implemented. b) 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. c) The Accounting Officers attributed the delayed implementation of activities to; i) 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. ii) Lanyadyang Bridge — due to financial constraints faced by the contractor. iii) Periodic maintenance of Ayoma–Alune and Orom–Akilok — due to delayed release of funds (released in Quarter 4). d) Children’s Ward at Orom HCII — due to inadequate funding. The project is being implemented in phases, and the scope of works under the current phase is fully done.
	Recommendation 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.
	Action Status The affected projects have been rolled over to the subsequent financial year and incorporated into the current work plans as priority activities. Key among these include Layamo Seed School,

Lanyadyang Bridge, periodic road maintenance (Ayoma–Alune and Orom–Akilok), and the Children’s Ward at Orom HCII.

Management has also 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.

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.

Uganda Intergovernmental Fiscal Transfers 2023/2024

Query	Funding and Absorption of UgIFT Funds
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Audit Findings

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.

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. The template 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 in compliance with Budget Call Circular Para 98 and 99. 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 has been stepped up 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.	
Query	Delayed Release of UgIFT Funds
Audit Findings	
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.

Recommendation

The Accounting Officers were advised to engage MoFPED on timely release of funds for timely delivery of services.

Action Status

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
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Audit Findings

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.

Recommendation

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.

Action Status

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.

Query	Completion and Functionality of Prior Year Projects (2022/23)
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Audit Findings

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;

- a) 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.
- b) 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.
- c) Non-completion/non-utilisation of infrastructure implies that programme objectives of improving health and education services were not achieved.

Recommendation

The Accounting Officers were advised to engage;

- i) MoPS to lift the recruitment ban to ensure that staff are recruited for the newly constructed education and health facilities.
- ii) Contractors and political leaders for timely commissioning of completed projects to improve health and education services in the districts.

Action Status

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 NBFPP as authorised by MoFPED.

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.

Management of Health Centre IVs in Local Governments

Query	Funding and Utilisation of Health Centre IVs
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Audit Findings

The Higher Local Governments (HLGs) audited were 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.

Administration of HCIVs revealed that;

- i) 93 HCIVs in 93 HLGs had not implemented the new structure as approved by MoPS
- ii) 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%)
- iii) 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
- iv) 59 staff on long-term study leave earning UGX 1.499Bn per annum had not been bonded
- v) 81 HCIVs in 81 HLGs lacked 2,037 key medical equipment items
- vi) 895 obsolete/non-repairable and hazardous equipment items were due for disposal but had not been included in the disposal plan
- vii) 50 HCIVs in 50 HLGs did not have land titles for 275 acres of land.

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

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	Education Service Delivery Standards
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Audit Findings

Audit made the following key findings:

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

Inconsistencies existed between EMIS and school enrolment records. While 85,785 pupils were on head teachers' enrolment but not on EMIS, 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

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. The Accounting Officers should also 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	Delays in Implementation of the Grant
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Audit Findings

Implementation of the Grant was affected by;

- a) Conflicting guidelines issued by the Ministry of Works and the Resolution of Parliament. For instance, 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.
- b) Notable delays in submission of the Grant work plans to URF/MoWT by 81 LGs, 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.

The Accounting Officers explained that the delays were occasioned by the conflicting guidelines, and delayed approval of work plans by the DRCs.

Recommendation
The MoWT should; i) Ensure harmonisation of the implementation guidelines with the Resolution of Parliament for effective implementation of the Grant. ii) Ensure timely issuance of implementation guidelines.
Action Status
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. Updated guidance has been issued to Local Governments to align the allocation of funds for road maintenance and operational expenses with the approved provisions. 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 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. 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.

Query	Utilisation of the Road Maintenance Grant
Audit Findings Out of an approved budget of UGX 140Bn, UGX 139.968Bn was received. Out of the UGX 139.968Bn received, UGX 139.178Bn (99%) was utilised by 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. The Accounting Officers explained that this was mainly due to: late release of funds (in Quarter 4); lack of or inadequate road equipment; and lack of 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.	

Query	Inspection of Service Delivery under the Road Maintenance Grant
Audit Findings 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. 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) 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.

District Water Supply and Sanitation Conditional Grant

Query	Planning, Budgeting and Utilisation of the Water Grant Funds
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Audit Findings

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;

- a) 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.
- b) In thirty-nine (39) districts, the planning process did not cater for seventy (70) ongoing UGiFT projects (seed schools and health centre upgrades).
- c) 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.

Failure to budget according to the prescribed allocation thresholds leads to wasteful expenditure on non-priority activities which hinders achievement of intended grant objectives.

Recommendation

The Accounting Officers should ensure that the five-year District Development Plans incorporate all projects envisaged in the respective districts.

Action Status

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 Para 103 of the Budget Call Circular for the year.	
Query	Review of Implementation of the Projects
Audit Findings Audit carried out physical inspections of 449 newly constructed water facilities in 53 districts and noted that 424 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.	
Recommendation	
The Accounting Officers were advised to; i) Engage MoWE to ensure update of the MIS system that reflects the actual water sources in the district. ii) Engage Government through MoWE for improved budget allocation. iii) Ensure that preliminary feasibility studies are comprehensive to detect and prevent early water source failures.	
Action Status	
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 Para 68 of the Budget Call Circular.	

Query	Minimum Quality Standards
Audit Findings The audit noted that Thirty-four (34) districts lacked water quality testing kits. As a result 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. 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.	
Recommendation	
i) MoWE should consider setting up regional water testing laboratories. 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

Query	Planning, Funding and Absorption of USMID-AF Program
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Audit Findings

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.

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.

Recommendation

The Accounting Officers were advised to;

- i) Strengthen contract management processes.
- ii) Streamline procurement processes to shorten the procurement cycle.
- iii) Engage MoFPED to ensure timely release of project funds.

Action Status

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.

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.

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.

Query	Implementation of Program Projects
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Audit Findings

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.

Inspections of 42 ongoing and new projects in FY 2023/24 revealed that 28 (67%) had poor workmanship such as cracks on implemented structures, open culverts and manholes, and poor external finishes; and 14 (33%) were incomplete.

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
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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.

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 801: Abim Local Government	
Query	Asset management
Audit Findings a) Infrastructure Management. Regulation 92 of the Local Governments Financial and Accounting Manual 2007, requires that any diminution in value of land, buildings, stores and other assets through damage or accident or abnormal wear and tear, shall be regarded as a loss and the losses procedures under Regulation 112 shall be allowed. Regulation 95 of the same law states that every officer who is in possession of any public monies, stores, other assets, land and buildings, is responsible for their safe custody and protection and for any loss. Inspections carried out on 13th November, 2024 revealed that all the district buildings had considerably depreciated and required immediate attention, Failure to properly maintain government property by responsible Officers is causing loss to government. The Accounting Officer attributed the matter to inadequate funds for renovation and maintenance. b) Fleet Management. Section 2.3.1.5 of the Local Governments Financial and Accounting Manual 2007, requires an entity to dispose of assets on recommendation by the Board of Survey. Assets which are not disposed of in time will lose value. Inspections carried out on 17th November, 2024 revealed that the district had vehicles and road equipment, which were no longer in use and had been parked at its headquarters. Failure to dispose of vehicles whose value in use has substantially declined, deprives the government of possible revenue from such assets, and exposes to a risk of theft and misappropriation.	
Recommendation	
The Accounting Officer was advised to;	

- i) Prioritise and budget for renovation of the District Buildings in a phased manner, and also consider fencing of the District Headquarters, to secure the district properties.
- ii) Follow up the matter to ensure that these assets are boarded off to avoid further loss of possible government revenue

Action Status

Under Infrastructure Management the entity has prioritised renovation in a phased manner through future budget allocations funds have been allocated and critical repairs undertaken to prevent further deterioration and potential loss of government property.

In the case of Fleet Management a Board of Survey for FY 2023/2024 was conducted and submitted the report to the Ministry of Finance, Planning and Economic Development (MoFPED and District council. The entity is committed to ensuring that the identified vehicles and road equipment are boarded off in accordance with the committee's recommendations. Disposal action is pending approval and implementation. Follow-up is necessary to confirm completion of the disposal process to avoid further loss of value and mitigate risks of theft or misappropriation.

Query District Development Equalisation Grant

Audit Findings

- a) **Disbursement and receipt of funds;** Funding and absorption of DDEG funds Paragraph 1.1.1 of the Guidelines specifies in objective 2 that DDEG intends to enforce Adherence by LGs to sectoral budget requirements will ensure that allocations are focused on areas where they lag behind national average standards for a service.
The entity budgeted to receive UGX 0.188Bn, and fully received all the funds resulting into full budget realisation. All funds amounting to UGX 0.188Bn (100%) released, had been spent by the time of audit, resulting in full absorption of released funds.
- b) **Procurement;** Irregular procurement According to Para1.3 of the DDEG Guideline the PDU will produce a comprehensive procurement plan. The Guidelines requires maintaining a complete procurement file for each infrastructure project

implemented that includes Budget, procurement plan and requisition; request for quotation and responses; evaluation report; award letter and acceptance letter; contract as per format/requirement.

The Project Manager shall be responsible for supervising the site at least at the key stages of works, prior to being considered for payment and issue payment certificates for satisfactorily executed works. A review of the procurements under DDEG revealed irregularities within two (2) procurements worth UGX 0.128Bn.

- c) **Physical Inspections;** The Audit carried out physical inspections on two (02) projects worth UGX 0.114Bn implemented under DDEG on 14th/ 11/ 2024 and noted the following;
- i. The General ward in Wilela Health Centre II was incomplete.
 - ii. The contract had been extended up to 20th November, 2024. However, the pending works were unlikely to be complete by the extended date.
 - iii. Works as required by BOQs including electrical installation, veranda finishes, internal doors installation, painting among others had not been done. The contractor was not on site at the time of inspection from Health Centre II status to a Health Centre III, which disadvantages the community receiving health services from the health centre.

Recommendation

The Accounting Officer was advised to ensure that;

- i) All DDEG procurements follow the procurement guidelines.
- ii) Ongoing works are completed.

Action Status

All procurement records such as budget, procurement plan, requisitions, RFQs, evaluation reports, award letters, contracts, supervision reports, and payment certificates relating to the two projects are now available and are in compliance with DDEG procurement guidelines.

As for works at Wilela Health Centre II (UGX 0.114Bn); The General Ward remained incomplete with several key components (electrical

installation, veranda finishes, internal doors, painting, among others) to be executed. A new contractor is being sought.

The Orwamuge piped water supply scheme which affected usability of related facilities has also been included in the amended BOQ.

Query	Procurement Management
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Audit Findings

- a) Performance Security. 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, it was observed that the district entered/signed contracts worth UGX 3.4Bn with bidders without requiring them to avail performance security. Without availability of performance security, there is a possibility of abandoning works.

The Accounting Officer acknowledged the finding and explained that this is an area for further improvement.

- b) Advance Payment. Regulation, 43 (2) of the PPDA (Contracts) Regulations, 2023 requires that; where an advance payment is to be made, an advance payment security specified in regulation 47 shall be required and the requirement for a payment security shall be stated in the bidding documents and in the contract. Regulation 43(3) requires a PDE not to make an advance payment exceeding 30% of the contract price.

Regulation 43 (4) requires that the PDE may seek approval of PS/ST to make an advance payment of more than 30% of the contract price. The district made advance payment of UGX 0.958Bn to one (01) contractor which was above 30% of the contract amount. This was made without the PS/ST approval.

Advance payments made to contractors in excess of the requirements as per the guidelines presented the risk of loss of funds advanced to providers in case of inability to fulfil contractual obligations on delivery of goods and services.

The Accounting Officer explained that UGX 0.383Bn was in respect of saving the funds to ensure continuity of works after closure of the financial year.

Recommendation

The Accounting Officer was advised to ensure that;

- i) All contracts have a performance security to protect the PDE against non-performance.
- ii) The PDE does not make an advance payment exceeding 30% of the contract price and an approval from PS/ST should be sought.
- iii) Close supervision is made so that all paid works are completed.

Action Status

The district entered into contracts without obtaining performance security as required under Regulation 11 of the PPDA (Contracts) Regulations, 2023. The entity has strengthened internal procurement controls to prevent re-occurrence. The entity now enforces mandatory submission of performance security before contract signing. In addition, sensitization of the PDU and Contracts Committee on compliance requirements has been made.

On the Advance Payment of UGX 0.958Bn above 30% threshold, retrospective authority of the PS/ST as required under Regulation 43(4) has been sought. Management has stepped up measures to ensure that advance payments do not exceed the 30% statutory limit without prior PS/ST approval. Advance payment securities are obtained and verified before release of funds.

The UGX0.383Bn, which related to various projects, was safeguarded for continuity of works after financial year closure. The funds were rolled over and recovery safeguards (advance payment security) have now been enforced in accordance with Regulation 47.

Strengthening of supervision and contract management to ensure value for money and completion of works.

Query	Special Audit on the Management of Government Pension and Gratuity Payroll
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Audit Findings

A special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 was undertaken and the following findings were made;

- a) The district had 125 Pensioners on the June 2024 payroll, of which 116(93%) were fully verified; and 9 (7%) did not show up for the validation exercise.
- b) In addition, 51 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. Of these new records, 13 were verified and included in the determination of the DLG pension and gratuity estimates.
- c) The district had an initial approved pension, gratuity and arrears budget of UGX 5.0Bn for the period under review, and obtained supplementary budget of UGX 1.6Bn leading to a revised budget of UGX 6.6Bn of which UGX 6.6Bn (100%) was released.
- d) The district requested for supplementary funding of UGX 1.4Bn during the period, of which UGX 1.6Bn (114%) was released leading to excess of UGX 0.194Bn. Of the released funds only UGX 0.856Bn (54%) was spent and the balance of UGX 0.728Bn (46%) remained unspent.
- e) A re-computation of pensioners benefits revealed that the district made over and under payments of pension and gratuity.
- f) A Comparison of the re-computed pension and gratuity budget of UGX 2.2Bn and the entity approved pension and gratuity estimate of UGX 2.2Bn for the FY 2024/2025 revealed an under estimate of UGX 0.057Bn. 55 Enhancing Public Accountability and Making a Difference
- g) Thirty-seven (37) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 2 to 37 months. In addition, twenty-six (26) pensioners delayed to receive pension payment, with delays ranging from 2 to 36 months.

- h) Forty-one (41) pensioners/beneficiaries had inconsistencies in their dates of first appointment, dates of retirement, and missing 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 district pension and gratuity payroll.

Recommendation

The Accounting Officer should be advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has undertaken the following measures;

- i) Initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.
- ii) Use of a verified payroll as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

- iii) Engaged MoPS and MoFPED to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.
- iv) Initiated recovery of overpaid amounts, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.
- v) Introduced pre-retirement sensitization programs to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.
- vi) Processing of all subsequent pension and gratuity payments through the IPPS/HCM system and charged on the appropriate account codes.

Vote 802: Adjumani District Local Government

Query | Gratuity Payments and Pension Payroll

Audit Findings

A special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 was undertaken and below are the findings;

- a) The DLG had a revised budget of UGX 10.5Bn, out of which UGX 10.5Bn (99.7%) was released resulting into a funding shortfall of UGX 0.027Bn (0.3%).
- b) Out of the funds released of UGX 10.5Bn, UGX 7.6Bn was utilized resulting in un utilized funds of UGX 2.9Bn (27.6%).
- c) Out of the total supplementary funds received of UGX 2.3Bn, UGX 1.5Bn (65%) was not utilized. A total of UGX 2.3Bn approved by Parliament and released by the MoFPED, was not requested for, by the Accounting Officer in FYs 2022/23 and 2023/24.
- d) A total of 12 pensioners/beneficiaries had not yet accessed the pension payroll (by June 2024), with an average delay of 140 months.
- e) A total of 29 pensioners/beneficiaries delayed receiving pension payment, with delays ranging on average between 3 to 48 months while, 23 pensioners/beneficiaries delayed receiving gratuity payment, with delays ranging on average between 3 to 45 months.

- f) A total of UGX 0.248Bn was paid to 6 pensioners who had attained the mandatory retirement at the age of 60 and lived for 15 years or more but died after the age of 75 years.
- g) The entity had accumulated pension and gratuity arrears totalling UGX 0.448Bn arising from the under/non-payment of 13 pensioners/beneficiaries.
- h) A total of 35 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, among others, while 42 lacked National Identification Numbers (NINs).
- i) Audit noted that out of 238 pensioners/beneficiaries in the entity, 203 (85%) were fully verified, while, 35 (15%) did not show up. In addition, 15 individuals had not accessed the pension payroll by the end of June 2024. UGX 0.385Bn was paid to 26 pensioners/beneficiaries who did not appear for the head count.
- j) The expected pension and gratuity estimate for the year 2024/25 is UGX 2.2Bn to cater for 240 confirmed pensioners/beneficiaries including pension and gratuity arrears of UGX 0.44Bn. A comparison of the recomputed pension and gratuity estimate for the year 2024/25 of UGX 2.2Bn, with the entity's approved pension and gratuity budget of UGX 2.7Bn, revealed an over budget of UGX 481Bn.

Recommendation

The Accounting Officer was advised to;

- i) Engage with MoFPED to ensure that all budgeted funds are released timely, based on the requests and entity needs. Ensure that inconsistencies in indexation are resolved and correct amounts budgeted and arrears are paid to the affected pensioners/beneficiaries.
- ii) Engage with the beneficiaries and the estate administrators of the deceased pensioners to provide the requisite documents for pension and gratuity processing. Initiate steps aimed at recovering the UGX 0.248Bn irregularly paid to six (6) beneficiaries of pensioners who had died after the age of

- 75 years. Liaise with pension Association leadership to ensure pensioners timely submit their documentation.
- iii) Engage with the affected pensioners/beneficiaries and ensure that pension records are reconciled and updated with the correct personal details.
 - iv) Consider the verified payroll as a basis to update monthly payrolls to pay pensioners/beneficiaries.
 - v) Ensure that the five (9) pensioners accounted are further validated by MoPS, and for the 26 pensioners without reasons for not appearing should be followed up and removed from the payroll, once it is established that they are non-existent.
 - vi) 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 recovery of irregular payments of UGX 0.248Bn is being undertaken. A full payroll reconciliation and data clean-up has been made, awaiting final validation by MoPS. Alignment of approved estimates with validated pension liabilities is also being undertaken.

There is sustained follow-up and strengthened internal pension management control to ensure full implementation and safeguard public funds.

Vote 803: Agago District Local Government

Query | Unsupported Expenditure

Audit Findings

Section 29 (1) of the Public Finance Management Regulations, 2016 requires all payments of public moneys to be vouched on payment vouchers, electronic or otherwise, prescribed by the Accountant General. In addition, Regulation 33(4) requires a payment voucher to be supported by the necessary supporting documents. It further provides that a payment voucher or approved electronic documentation which is incomplete because its supporting documents are missing shall be regarded as a missing voucher.

Contrary to the above, the Audit noted that UGX 0.125Bn advanced to staff to undertake various district activities was not supported by various accountabilities by the closure of the financial year. In the absence of supporting documents Audit could not confirm whether the expenditure was used for the intended purpose and this may lead to financial loss of government funds.	
Recommendation	
The Accounting Officer was advised to ensure that these funds are accounted for or else recognize receivables and possible recovery of the unaccounted-for funds.	
Action Status	
All outstanding accountabilities had been submitted and verified; The unaccounted-for balances had been formally recognized as receivables in the books of accounts and recovery measures had been initiated against the responsible officers. Management also strengthened controls over advances, including withholding further advances to officers with outstanding accountabilities.	
Query	Unsupported Adjustment in Cash and Cash Equivalents
A review of the district financial statements revealed that adjustment of UGX 0.145Bn in cash and cash equivalents on page 17 under reconciliation of movement of cash during the year that was not supported with approved journals vouchers. On further review of the IFMS financial statements, no journal vouchers were passed in the system for the adjustment made. The Accounting Officer indicated that this was a system reconciliation challenge, which would be investigated and addressed in the subsequent period.	
Recommendation	
The Accounting Officer should ensure that the financial statements are reconciled and adjustments made accordingly	
Action Status	
Journal vouchers to support the adjustment of UGX 0.145Bn reflected in the reconciliation of movement in cash and cash equivalents in the financial statements has been undertaken with	

AGO/MoFPED and passed to effect the adjustment. This has resulted into a more accurate and reliable position of the reported cash and cash equivalents balance.

Management has also strengthened review controls to prevent re-occurrence.

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

The following are the key findings;

- a) The district had 183 Pensioners on the June 2024 payroll, of which 161 (88 %) were fully verified and 22 (12%) did not show up for the validation exercise. In addition, 32 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. All these were verified and included in audit determination of the district pension and gratuity estimates.

The DLG had an initial approved pension, gratuity and arrears budget of UGX 6.4Bn for the period under review, and obtained supplementary funds of UGX 2.7Bn leading to a revised budget of UGX 9.1Bn out of which UGX 9.1Bn (100%) was released.

- b) The DLG had no evidence for requesting for supplementary funding during the period under review. However, UGX 2.7Bn was released leading to an excess of UGX 2.7Bn. Of the released funds only UGX 1.4Bn (51%) was spent and the balance of UGX 1.3Bn (49%) remained unspent.
- c) A Comparison of the estimated pension and gratuity budget of UGX 2.2Bn and the approved budget of UGX 2.4Bn revealed a variance of UGX 0.205Bn, leading to an over budgeting. A re-computation of pensioners benefits revealed over and under payments of pension and gratuity.
- d) Thirty-Nine (39) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 1 to 226 months. In addition, fifty-two (52) pensioners delayed to receive pension payment, with delays ranging from 1 to 33 months.

One hundred twenty-five (125) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement and NINs, between their data captured on the IPPS and the NIRA data undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the MoPS to ensure immediate clean up and update of the pension payroll. For the individual that did not show up for the validation exercise and was not accounted for by the Accounting Officer; the matter should be investigated.
- ii) Engage the MoPS and MoFPED, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.
- iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period.
- iv) Sensitize pensioners at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

A validation exercise was conducted; the payroll has been cleaned for inconsistencies which existed and pensioners remain verified. Further engagement with the Ministry of Public Service (MoPS) is on going to complete the clean-up process.

A review of FY 2024/25 Wage Estimates was conducted to establish wage gaps in the structure.

The supplementary funds of UGX 2.7Bn were released to address wage shortfalls by MoFPED. A circular of the release funds was sent out by PS/ST/MoFPED to votes that received the funds. The unspent money was for pensioners and gratuity some recipients were without complete documentation.

Re-computation of overpayments and underpayments of pension and recovery of overpaid amounts made in addition. Underpayments had had been fully recognized and budgeted for in the subsequent financial period. A full payroll clean-up and reconciliation have been undertaken.

Recovery of overpayments and recognition of underpayments. There are no timely onboarding and payment of pensioners. In addition, alignment of approved wage estimates with validated pension requirements has been made with the establishment of a formal pre-retirement sensitization framework.

Strengthened coordination with MoPS and MoFPED has been enhanced on payroll controls, and strict enforcement of verification procedures are required to ensure integrity and sustainability of the District pension and gratuity management system.

Vote 804: Alebtong District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The district had 357 Pensioners on the June 2024 payroll, of which 285 (80%) were fully verified; 4 (1%) not verified while 68 (19%) did not show up for the validation exercise.
- b) In addition, 34 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records.
- c) The DLG had an initial approved pension, gratuity and arrears budget of UGX 6.9Bn for the period under review. A supplementary budget of UGX 0.783 Bn was approved leading to a revised budget of UGX 12.7Bn of which UGX 12.5Bn (98%) was released.

- d) The DLG's requested for supplementary funding of UGX 3.6Bn during the period of which UGX 5.8Bn (161%) was released leading to an excess of UGX 2.2Bn. Of the released funds only UGX 4.3Bn (74%) was spent and the balance of UGX 1.5Bn (26%) remained unspent.
- e) The expected DLG's pension and gratuity estimates for 2024/2025 is UGX 1.4Bn for 36 confirmed pensioners excluding pension and gratuity arrears. Comparison of the estimated pension and gratuity budget of UGX 2.8Bn and the approved budget of UGX 3.4Bn revealed a variance of UGX 0.557Bn leading to an over budgeting.
- f) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity
- g) Forty-nine (49) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 1 to 31 months. In addition, sixty-six (66) pensioners delayed to receive pension payment, with delays ranging from 1 to 50 months.
- h) One hundred sixty-five (165) pensioners/beneficiaries had inconsistencies in their dates of birth and dates of first appointment 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 district pension and gratuity payroll.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll.
- ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise. Ensure properly computation of pensioners' entitlements before making payments.
- iii) Follow up on the amounts overpaid with a view of recovery.

- iv) Sensitize staff who are due to retire, at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- v) Engage the affected pensioners/beneficiaries and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

The district conducted a validation exercise and initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll. Inconsistencies were reconciled and payroll updated.

Engagement with MoPS and that of MoFPED to align revised estimates reflecting the validated figures have been finalized.

A proper computation of pensioners' entitlements and recovery through a robust pre-payment verification control is being instituted. In addition, follow-up on overpaid and recovery efforts has been made through strengthening of internal controls and documented recovery action implemented.

Staff due for retirement have been sensitized and will continue being sensitized in future.

The update of personal and employment records for pensioners has been undertaken. A reconciliation and formal submission of corrected records made to the Ministry of Public Service within a defined timeline. Further follow-ups to ensure complete alignment of pension records and elimination of inconsistencies are being undertaken with letters and submission to MoPS.

Vote 805: Amolatar District Local Government

Query Understaffing

Audit Findings

The Audit compared the approved staff structure and the staff list and noted that out of the approved 153 staff positions, 81 (53%) were filled leaving 72 (47%) positions vacant. The vacant posts included those of Principal Human Resource Officer, Chief Finance Officer, and District Internal Auditor. Understaffing overstretches

the available staff beyond their capacity, creates job-related stress and negatively affects the level of service delivery in the district.

The Accounting Officer explained that there was a ban on recruitment, however, it has been lifted and the recruitment process is ongoing as of December 2024.

Recommendation

The Accounting Officer was advised to engage the Ministry of Public Service (MoPs) and Ministry of Finance, Planning and Economic Development (MoFPED) to fast-track the recruitment of staff.

Action Status

The recruitment ban was lifted and management has initiated the recruitment process to address the understaffing problem. Full implementation will only be achieved once the key vacant positions, including Principal Human Resource Officer, Chief Finance Officer, and District Internal Auditor, are substantively filled.

Query Management of Government Pension and Gratuity Payroll

Audit Findings

- a) The District had 214 Pensioners on the June 2024 payroll, of which 187 (87.4%) were fully verified; 1 (0.4%) who was paid UGX 916,002 was not verified and 26 (12.2%) did not show up for the validation exercise. In addition, 40 individuals who had not accessed the pension payroll by the end of June, 2024 appeared for the physical count, of which 39 were fully verified and included in the determination of the DLG's pension and gratuity estimates.
- b) The district had an initial approved pension, gratuity and arrears budget of UGX 7.0Bn for the period under review, and obtained supplementary funds of UGX 1.5Bn leading to a revised budget of UGX 8.4Bn out of which UGX 7.7Bn (91%) was released.

- c) Out of the total funds released of UGX 7,71.0Bn, a sum of UGX 6.6Bn (85%) was utilized resulting in un-utilized funds of UGX 1.1Bn (15%).
- d) In the FY 2022/23, the district did not utilize UGX 0.947Bn of its initial budget of UGX 1.5Bn for Pension, despite having obtained a supplementary of UGX 208.5Bn, which was not required. Similarly, in the FY 23/24, the district did not utilize UGX 0.393Bn (39%) of the total supplementary received of UGX 1.0Bn.
- e) Funds amounting to UGX 0.129Bn for pension and gratuity were diverted to other activities. Similarly, pension and gratuity funds amounting to UGX 0.388Bn were charged on wrong account codes
- f) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity.

Recommendation

The Accounting Officer was advised to;

- i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.
- ii) Liaise with Ministry of Finance Planning and Economic Development to always release all budgeted funds and in a timely manner.
- iii) Ensure that appropriate pension and gratuity budgets are prepared under the appropriate Account codes, and subsequent payments done through those same codes.
- iv) Recover the overpaid Gratuity and Pension funds from the subsequent pension and Gratuity payments of the beneficiaries/ pensioners.
- v) Budget for the pension arrears and pay the pensioners under paid for gratuity and Pension.
- vi) Further investigate the pensioners/beneficiaries that were not verified with a view of removing them from the pension payroll.
- vii) Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the District for the FY 2024/25 in line with the results of the validation exercise.

Action Status

The district has updated the payroll based on the verified pensioners. Payments to the unverified pensioner have been suspended pending investigation, and the 26 pensioners who did not appear for validation are being followed up. Any pensioners who fail verification will be removed from the payroll.

The Ministry of Finance, Planning and Economic Development has been engaged to ensure timely and full release of approved pension and gratuity funds.

Management has streamlined internal processes to ensure timely absorption of funds going forward.

Future budget projections will be based on verified payroll data to avoid over-budgeting and unnecessary supplementary requests.

The Finance Department is strictly adhering to approved account codes. Any diverted funds will be regularized, and responsible officers cautioned to prevent recurrence.

Arrangements are being made to recover overpaid amounts through adjustments in subsequent payments. Underpaid pensioners will be budgeted for and paid accordingly. A detailed review has been initiated to prevent future computation errors.

Vote: 806 Amudat District Local Government

Query | Review of the Implementation of the Approved Budget

Audit Findings

- a) **Budgeted activities for which no funds were released.** The District had an approved budget of UGX 22.3Bn out of which UGX 18.1Bn was warranted, resulting in a shortfall of UGX 4.2Bn representing a 81% performance. Failure to funds activities negatively affected their implementation and achievement of the expected services.
- b) **Utilisation of warrants.** The entity had total warrants of UGX 18.1Bn out of which warrants worth UGX 13.7Bn had been utilised by the close of the financial year. The balance of UGX 4.4Bn was meant for activities which were either partially or not implemented.

- c) **Implementation of activities for which funds were availed.** A total of 6 outputs with 11 activities worth UGX 0.809Bn were assessed and the following was observed; Four (4) outputs with 9 activities and expenditure worth UGX 0.539Bn were fully implemented, Two (02) outputs with three (3) activities worth UGX 0.27Bn were partially implemented, Irregularities in supplementary funding, Audit noted that supplementary funding amounting to UGX 1.1Bn was not requested for by the Accounting Officer as required by the PFMR
- d) **Delay in implementation of activities.** Out of the 11 sampled projects, one (01) projects worth UGX 0.028Bn had delays averaging three (3) months from the expected completion date. Delayed completion of works denied the beneficiaries the intended services in time.
- e) **Functionality of buildings.** Audit undertook a physical inspection to confirm the functionality of the completed projects. Audit observed that one project worth UGX 0.195Bn was partially utilized, have engaged the Development Partners during various meetings to give us realistic Indicative Planning Figures for proper planning.

Out of the unutilised funds, Ugx1.4Bn related to UGIFT which has been re-voted.

On the issue of recruitment, management has submitted a recruitment plan to MoPS. While for micro scale irrigation, the acreage has been adjusted from 2.5 to 1 acre and as a result, 11 farmers have been added on bringing the total to 21. The mobilisation is still ongoing.

- f) Due diligence is being done based on the available funds but at times challenges come during project implementation. We have tried to improve on contract management especially through joint routine monitoring.
- g) During the initial budgeting process for the period under review, some areas were not given Indicative Planning Figures (IPFs) like; Production department, Ex-gratia or in cases where the IPF was given, it was insufficient as in the

case of pension (Ugx0.025Bn) and gratuity (Ugx0.051Bn) for reasons based known by MoFPED.

- h) However, in the course of budget implementation, funds were availed and the due process like; declaration of funds to DEC/Council, preparation of the work plan and subsequent request to Director Budget, MoFPED to open up PBS to capture these funds.
- i) The three months delay in project implementation was as a result of delayed communication from MoH for guidelines on the required fittings in the theatre and other associated specification to do with theatre functionality. However, the works have been completed. The school authorities have been tasked to continue engaging SMCs and PTAs in community mobilisation as a compliment to the efforts of the LG. The school management committee meeting that was conducted on 30th July 2024 stressed the need of conducting mobilisation in churches neighbouring Namodo Ps and beyond like AIC church in Kaichom to bridge the gap between enrolment and attendance that was read out by the head teacher (refer to the minute number MIN 02:30:07:2024), copy of the minutes attached. This and more engagements have been planned including Radio talk show financed by partners like ZOA that financed Go back to school campaign on 7th February 2025 aimed at increasing school enrolment, attendance for improved education results.

Recommendation

The Accounting Officer was advised to;

- i) Bring the matter to the attention of MoFPED.
- ii) Engage relevant funding agencies to ensure that funds are released as planned.
- iii) Ensure that budgeting is done in liaison with other stakeholders like MoPS.
- iv) Sensitise farmers on the benefits of co-funding to benefit from micro scale irrigation.
- v) Carry out due diligence on all aspiring service providers before awarding contracts to ascertain competency and capability of performance.

- vi) Engage MoFPED on the funds expected to be released as supplementary so as a formal request is made as per the laws and regulations.
- vii) Bring the matter to the attention of the MoH to always issue guidelines on time to achieve timely service delivery.
- viii) Conduct more community sensitization to encourage parents take pupils in the boarding section

Action Status

UGIFT Funds under MSI, the beneficiaries have co funded and all funds spent. While on the issue of recruitment, a DSC membership has been forwarded to PSC for approval.

Due diligence and joint routine project monitoring is being done to rectify any deviations.

All supplementary budgets have supporting documentation.

The works have been completed and the projects are functional.

Much as the dormitory is not at full a capacity, there has been a great improvement. The entity hopes more pupils will be admitted.

Vote 807: Amuria District Local Government

Query Management of Government Pension and Gratuity Payroll

Audit Findings

- a) The district had 324 Pensioners on the June 2024 payroll, of which 293 (90.4%) were fully verified; 7 (2.2%) were not verified and 24 (7.4%) did not show up for the validation exercise. In addition, 25 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. All the 25 were fully verified and included in the determination of the district pension and gratuity estimates.
- b) The district had an initial approved pension, gratuity and arrears budget of UGX 7.6Bn for the period under review, and obtained supplementary funds of UGX 3.8Bn leading to a revised budget of UGX 11.4Bn.

- c) Out of the revised budget, a sum of UGX 11.3Bn (99%) was released, resulting into a funding shortfall of UGX 0.14Bn (1%). Out of the total funds released, a sum of UGX 10.2Bn was utilized resulting in un-utilized funds of UGX 1.1Bn (10%).
- d) The district obtained supplementary funding of UGX 3.8Bn during the period under review, of which UGX 3.8Bn (99.7%) was released, leading to a shortfall of UGX 0.011Bn. However, only UGX 1.8Bn (48%) of the released funds was spent, leaving UGX 2.0Bn unspent.
- e) The Audit noted that pension and gratuity amounting to UGX 0.175Bn was charged on account codes of salary, pension, gratuity and salary/pension/gratuity arrears.
- f) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity
- g) A total of 40 Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 50 to 100 months. In addition, 86 pensioners delayed to receive pension payment, with delays ranging from 50 to 200 months. A total of 159 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 district pension and gratuity payroll.
- h) From the comparison of the payroll register and IFMS payment file, Audit noted that 208 pensioners were paid a sum of UGX 2.0Bn off the IPPS/HCM. Audit noted that the district had accumulated pension and gratuity arrears totalling UGX 0.734Bn arising from the under/non-payment of 97-pensioners/beneficiaries.
- i) The expected District pension and gratuity estimate for 2024/2025 is UGX 6.4Bn for 352 confirmed pensioners excluding pension and gratuity arrears of UGX 2.6Bn. A comparison of the estimated pension and gratuity budget of UGX 9.0Bn and the approved budget of UGX 3.8Bn revealed a variance of UGX 5.2Bn leading to an under budgeting.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with Ministry of Finance Planning and Economic Development to always release all budgeted funds timely.
- ii) Consider the verified payroll as a basis to update monthly payrolls to pay pensioners/beneficiaries.
- iii) Ensure that appropriate pension and gratuity budgets are prepared under the appropriate Account codes, and subsequent payments done through those same codes.
- iv) Recover the overpaid Gratuity and Pension funds from the subsequent pension and Gratuity payments of the beneficiaries/ pensioners.
- v) Ensure that the accumulated pension arrears are budgeted and paid without further delay.
- vi) Budget and pay the pensioners under paid r gratuity and Pension.
- vii) Further investigate the pensioners/beneficiaries that were not verified with a view of removing them from the pension payroll.
- viii) Engage the MoPS and that of MoFPED, to review the approved pension and gratuity estimates

Action Status

The payroll has been updated based on the 293 verified pensioners and the 25 newly verified records. Payments to the 7 unverified pensioners have been suspended pending investigation, and follow-up is ongoing for the 24 who did not appear for validation.

The increase resulted from additional pension obligations and arrears. Future projections will be aligned to verified payroll data to enhance budget accuracy.

Management will strengthen engagement with the Ministry of Finance, Planning and Economic Development to ensure full and timely release of approved pension and gratuity funds.

The unutilized funds arose from delays in verification and benefit processing. Internal controls and monitoring mechanisms have been strengthened to improve absorption of funds.

Weaknesses in supplementary planning and requests will be based strictly on validated pension data to avoid over-allocation and underutilization.

The Chart of Accounts has been updated with the appropriate account codes for pension and gratuity transactions. Internal review mechanisms have been reinforced to prevent recurrence.

Overpayments are being recovered and will be done. Underpayments will be computed and paid after budgetary provision.

A review of delayed cases and prioritized processing of long-outstanding pension claims is ongoing. Coordination with relevant authorities has been enhanced to expedite payments.

A data reconciliation exercise between IPPS and NIRA records has commenced to correct inconsistencies in biodata and ensure integrity of pension records.

Management is reviewing all off-IPPS/HCM payments to ensure compliance. All future pension payments will be processed through the approved IPPS/HCM system.

The district has incorporated the arrears into the subsequent budget framework and will prioritize payment subject to fund availability.

The estimates for FY 2024/2025 have been prepared based on 352 confirmed pensioners. Management will continue engaging relevant stakeholders to secure adequate funding.

On the under budgeting of UGX 5.2Bn Management has engaged the MoPS and that of MoFPED to review and align the approved budget with the district's actual pension and gratuity obligations.

Vote: 808 Amuru District Local Government**Query | Review of the DLG Staff Establishment****Audit Findings**

Section 3(A-c) of the Public Service Standing Orders 2021 provides that appointment in the public service shall be subject to availability of a vacancy in the approved staff establishment as well as funds in the approved estimates.

Review of the establishment revealed that out of 1,681 approved positions, 1,336 positions were filled leaving a gap of 345 vacant positions. The entity did not have an approved and costed staff establishment for primary, secondary and tertiary institutions while the staff structure for health facilities issued by Ministry of Health was not incorporated into the district approved structure.

The Accounting Officer acknowledged the observation and attributed the anomaly to delays in obtaining clearance from MoPS to recruit.

Recommendation

The Accounting Officer was advised to engage;

- i) The District Service Commission, the Ministry of Public Service and MoFPED to have the vacant positions in the approved staff establishment filled.
- ii) The Ministry of Public Service to develop and implement a consolidated costed staff structure for the district.

Action Status

The Accounting Officer has engaged the District Service Commission to initiate the recruitment process for the vacant positions within the approved staff establishment. Clearance to recruit has been sought from the Ministry of Public Service (MoPS) and the Ministry of Finance, Planning and Economic Development (MoFPED), and follow-ups are ongoing to ensure timely authorization and funding.

Regarding the absence of an approved and costed staff establishment for primary, secondary, and tertiary institutions, management has formally communicated to the Ministry of Public

Service requesting guidance and support in developing a consolidated and costed staff structure for the district. Engagements are also underway with the Ministry of Health to harmonize and incorporate the approved health facility staff structure into the district establishment.

Recruitment will proceed in a phased manner subject to the availability of wage provision and clearance from the relevant authorities.

Vote 809: Apac District Local Government

Query | Special Pension Audit Observations

Audit Findings

- a) The District had 902 Pensioners on the June 2024 payroll, of which 700 (78%) were fully verified; 30 (2%) who were paid UGX 0.553Bn over the period of 5 years were not verified and 172 (19%) did not show up for the validation exercise. In addition, 57 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. Of these new records, 16 were verified and included in the determination of the DLG pension and gratuity estimates.
- b) The DLG had an initial approved pension, gratuity and arrears budget of UGX 21.3Bn for the period under review, and obtained supplementary funds of UGX 4.0Bn leading to a revised budget of UGX 25.3Bn out of which UGX 25.3Bn (99.8%) was released.
- c) The DLG requested for supplementary funding of UGX 4.0Bn during the period of which UGX 4.0Bn (100%) was released. Of the released funds only UGX 2.6Bn (64.7%) was spent and the balance of UGX 1.4Bn (35.3%) remained unspent.
- d) Comparison of the re-computed pension and gratuity budget estimate of UGX 4.6Bn and the DLG approved pension and gratuity estimate of UGX 5.3Bn. for the FY 2024/2025 revealed an over budget of UGX 0.671Bn
- e) Fifty-eight (58) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 3 to 520 Months. In addition, twenty-three (23)

pensioners delayed to receive pension payment, with delays ranging from 1 to 153 months.					
Recommendation					
The Accounting Officer was advised to make the necessary adjustments after immediate confirmation of the amounts by the MoPS.					
Action Status					
Adjustments are pending validation and confirmation of the over and under payments by the Ministry of Public Service (MoPS).					
Follow-up is being undertaken to ensure prompt confirmation by MoPS and subsequent adjustment of the financial statements to correct the identified overpayments (UGX 0.33Bn) and underpayments (UGX 0.036Bn).					
Query	Implementation	Status	of	Prior	Year
	Recommendations				
Audit Findings					
The audit reviewed implementation of recommendations by the DLG on issues raised in the previous audit of FY2022/23, and noted that, twenty (20) recommendations were fully implemented, twenty-five (25) were partially implemented and six (6) were not implemented.					
Recommendation					
The Accounting Officer was advised to ensure that 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.					
Action Status					
Management has noted the anomaly and shall ensure that all audit report recommendations are fully addressed in the subsequent year.					

Vote 810: Arua District Local Government**Query | Procurement Management****Audit Findings**

- a)* Failure to Carry out Market Assessments, 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 there was no evidence that the district carried out market assessments for all the procurements that were contracted out during the year. This could be attributed to either lack of adequate market assessment knowledge or management deliberate intention not to undertake market assessment.

Failure to carry out market assessments may lead to the entity procuring goods and services that do not conform to entity needs, hence leading to wastage of resources. The Accounting Officer explained that this will be done when funds allow in the new financial year. Recommendation

- b)* Non-Compliance with the Evaluation Criteria Regulation 5(1) for PPDA (Evaluation Regulations) 2023 states that, “the evaluation of bids shall be conducted in accordance with the evaluation criteria specified in the bidding documents.” A review of procurement files revealed that procurements totalling to UGX 0.034Bn did not comply with the evaluation criteria specified in bid documents approved by the contracts committee, contrary to the regulations

Non-compliance with evaluation criteria may result into awarding contracts to incompetent suppliers which may compromise the quality-of-service delivery. The Accounting Officer explained that the evaluation criteria did not cater for

all the procured items indicated in the bidding documents issued to the bidders for each item advertised. The Accounting Officer should always ensure that the evaluation criteria indicated in the bid documents issued corresponds to the required standard goods and services.

- c) Appointment of 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.

Audit noted that although the Accounting Officer was appointing Contract Managers, there was no evidence availed to indicate that the Contract Managers were preparing Contract management reports for the 25 sampled Procurements worth UGX 0.37Bn contrary to the Regulation.

Failure to prepare Contract management reports was due to weakness in contract management by the contract managers. This could lead to failure to achieve contract deliverables due to lack of responsible person or failure to produce contract management reports for follow up. In the circumstances, contracts may not have performed as per the agreed upon terms and conditions.

The Accounting Officer explained that the contract managers were appointed for each project as per the appointment letters.

- d) Non- Compliance with the display period of the Best Evaluated Bidder (BEB) Regulation 3(1) of LGPPDA 2023 (Contracts), prescribes that, a procuring and disposing

entity shall, within five working days after the award decision of the Contracts Committee, display a notice of best evaluated bidder on the notice board of the procuring and disposing entity for ten working days.

In addition, Regulation 4 (3d) requires that the notice of best evaluated bidder shall state that a procuring and disposing entity shall not award a contract during a period of ten days from the date of the notice; I however, noted through a review of the procurement files that the display of BEB for procurements worth of UGX 0.198Bn was undertaken between 4 and 5 days instead of 10 contrary to the regulation.

This could lead to unnecessary administrative reviews, thus delaying procurements.

The Accounting Officer explained that the BEB display notice was published for all the awarded tenders with the date of display and removal indicated.

However, the Accounting Officer's explanation could not be verified, since there was no evidence provided to support the assertion.

Recommendation

The Accounting Officer was advised to ensure that;

- i) Market assessments are carried out before procurements to enable the district get value for money out of the procurements undertaken.
- ii) Contract managers prepare management reports for proper supervision and management of Contracts.
- iii) Evaluation criteria indicated in the bid documents issued corresponds to the required standard goods and services.

Action Status

The directives have been issued and processes are in place; continuous monitoring is ongoing to ensure full compliance across all procurements and contracts.

Vote 811: Budaka District Local Government**Query Procurement Management****Audit Findings**

- a)* Low bidder participation. Regulation 38(3) of the PPDA LG Regulations 2006, requires that sufficient bidders are shortlisted to ensure effective and real competition. The Audit observed low bidder participation as few bidders picked and returned the solicitation documents in procurements worth UGX 0.732Bn.

The district may not obtain competitive bid offers, thus failing to achieve value for money. This could be a sign of possible loss of confidence by the bidders in the entity like failure to fairly get procurement contracts in a competitive way.

The Accounting officer explained that four to five bidders were invited, out of which one or two bidders managed to return the bid documents.

- b)* Inappropriate composition of membership of the evaluation committee. Regulation 27 (1-3) of the PPDA LG Regulations 2006, states that there shall be an evaluation committee for each bid consisting of technical officers and persons recommended by the procurement and disposal unit and approved by the contracts committee. The number of members of the evaluation committee shall depend on the value and complexity of the procurement requirement, but shall in all cases be a minimum of three.

The members shall be of an appropriate level of seniority and experience, depending on the value and complexity of the procurement and disposal requirement. An Evaluation Committee shall have among its members consist of person representing the user department, among others.

Audit observed that in some evaluation of contracts for procurements worth UGX 0.114Bn the membership did not have a representative of the user department

- c) Awarding contracts to non-compliant firms. Regulation 73(1-3) of the Local Governments (PPDA) provides that detailed evaluation shall be conducted to compare the details of the received bids with the terms, conditions and criteria stated in the bidding document and evaluations shall not be based on any criteria that is not included in the bidding documents.

Audit noted that during the procurement process, a contract worth UGX 0.158Bn was awarded to a non-complainant bidder

- d) Award of contract before expiry of Best bidder notice. PPDA Regulations 2023 section 3(1), provides that a procuring and disposing entity shall, within five working days after the award decision of the Contracts Committee, display a notice of best evaluated bidder on the notice board of the procuring and disposing entity for ten working days period during which no further action may be taken including award of contract. On the contrary, contracts worth UGX 0.279Bn were signed before expiry of the best evaluated bidder notice
- e) Failure to prepare a disposal plan. Section 58(2) of the PPDA Act Cap. 205, requires a procuring and disposing entity to plan its procurement and disposal in a rational manner.

Audit observed that the district did not prepare disposal plans yet there were several vehicles grounded in the District compound.

Recommendation

The Accounting Officer was advised to;

- i) Improve communication when it comes to invitation of bidders to allow utmost participation.
- ii) Ensure that all procurements are conducted in fair, transparent and competitive manner in accordance with the law.
- iii) Have a full and effective representation and participation by all concerned members of the evaluation committees
- iv) Adhere to the PPDA regulations to ensure transparency in the procurement process.

Action Status

Measures for improved bidder participation, strengthen committee oversight, and ensure full compliance with PPDA requirements for all procurements.

Directives to the procurement team to enhance communication when inviting bidders, including timely notifications, wide circulation of invitations, and use of multiple platforms to ensure maximum participation.

All procurements are now being planned and executed in strict adherence to the Public Procurement and Disposal of Public Assets (PPDA) Act, ensuring fairness, transparency, and competitiveness,

All members of procurement and evaluation committees must participate fully in the procurement process. Attendance registers and documented deliberations are maintained to ensure proper representation and accountability.

Compliance with all PPDA regulations, including proper documentation, clear evaluation criteria, and timely approvals, to uphold transparency throughout the procurement process is being followed.

Vote 812: Bududa District Local Government**Query | Unpaid 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 PSST 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 on page 13 revealed that Bududa District had outstanding Payables of UGX 0.117Bn that remained unpaid by the year end. Although, the payables decreased by UGX 0.109Bn (48%) from the prior year balance of

UGX 0.226Bn, the debt needs to be exhaustively settled by the district.

Failure to settle all domestic arrears may result in unnecessary litigation cases.

Recommendation

The Accounting Officer was advised to follow up with the MoFPED for un cleared invoices for re-voting to ensure that all domestic arrears are paid as advised by the PS/ST. In addition, the outstanding amount should be planned and budgeted in the subsequent financial year for payment.

Action Status

The entity wrote to MoFPED for revoting of un cleared invoices such that all domestic arrears are paid. During quarter 1 of FY 25/26, the Ministry released shs1.1Bn as part of the domestic arrears for pension and gratuity

Query Local Revenue Shortfall

Audit Findings

Audit observed that out of the budgeted local revenue of UGX 0.544Bn as reported in the statements of appropriations accounts on pages 18 and 19 of the financial statements, the district collected only UGX 0.193Bn (35%) resulting into a shortfall of UGX 0.351Bn (65%) 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 explained that the shortfall came because about 70% of the total local revenue is from the lower local government budgets and yet their performance was about 10% only. Moreover, this was from only one town council out of five. The sub counties account for about 1%.

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

The District migrated to Integrated Revenue Administration System (IRAS) in October 2024; actual local revenue has increased drastically for the nine months ended 31/3/2025. For instance, the district had already collected UGX 0.353Bn out of an annual budget of UGX 0.337Bn. IRAS makes it easy to generate reliable data and monitor performance which was quite difficult before its introduction.

Query | Contracts Committee not Fully Constituted**Audit Findings**

Schedule 4 of the PPDA Act Cap 205, states that a Contracts Committee shall be composed of the following members: a chairperson, a secretary and a maximum of three other members appointed by the Accounting Officer one of whom shall be a lawyer. Section 27 (2) of the same Act states that “The Members of the Contracts Committee shall be nominated by the Accounting Officer and approved by the Secretary to the Treasury.”

Audit noted that the contracts committee had only four of the required five members in the financial year under audit contrary to the composition in schedule 4 of the PPDA Act 2003.

Failure to fully constitute the contract committee to 5 members nominated by the Accounting Officer and approved by the Secretary to the Treasury contradicts the requirements under the Act.

Recommendation

The Accounting Officer should follow up with the PS/ST for approval of the nominated member to the Contracts Committee.

Action Status

A letter nominating members to the Contracts Committee was sent to the PS/ST on 5/11/2024 and the PS/ST confirmed the contracts committee in March 2025. The contracts committee therefore is now fully constituted and functional

Query | Budgeted Activities for Which no Funds were Released**Audit Findings**

The district had a revised approved budget of UGX 45.3Bn out of which UGX 42.9Bn was warranted resulting in a shortfall of UGX

2.4Bn representing an 95% performance. The UGX 2.4Bn that was not warranted was meant for planned activities.

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

Recommendation

The Accounting Officer was advised to;

- i) Ensure that implementation of rolled over activities is completed.
- ii) Engage the MoFPED and Donor partners to ensure that future funds are released as budgeted.

Action Status

Under micro-scale irrigation 90 micro-scale equipment were procured and supplied to beneficiaries. Nakatsi seed secondary was substantially completed; Bushiribo seed school contract is running up to 26th May 2026 and is 70% complete; Bududa Health Centre III construction is substantially completed; Bunamono Health Centre III was completed and; Bubuya GFS Phase I was completed.

Query Utilisation of Warrants

Audit Findings

- a) Implementation of activities. The district had total warrants of UGX 42.9Bn out of which warrants worth UGX 38.5Bn had been utilised by the close of the financial year. The un-utilised funds of UGX 4.4Bn were meant for activities which were either partially or not implemented at all. Seventeen (17) key activities worth UGX 4.4Bn were partially implemented.

Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 5 outputs with 9 activities worth UGX 4.9Bn were assessed and the following was observed; Three (3) outputs with 5 activities and expenditure worth UGX 2.6Bn were fully implemented, two (2) outputs with 4 activities worth UGX 2.3Bn were partially implemented.

- b) Irregularities in supplementary funding. The district received total supplementary funding of UGX 8.1Bn out of UGX 10.5Bn requested for by the Accounting Officer during the year. The Accounting Officer should ensure that the revoted supplementary funds are effectively used to expedite the pending activities amicably.
- c) Delay in implementation of activities. Out of the two (2) sampled projects, one (1) project worth UGX 0.869Bn had delays averaging eight (8) months from the expected completion date. Audit assessed two (2) activities/outputs in the budget and noted that: A sample two (2) outputs with four (4) activities and expenditure worth UGX 1.2Bn could not be quantified; Failure to quantify output affects assessment of planned deliverables and adversely affects service delivery.

Recommendation

The Accounting Officer was advised to;

- i) Expedite the much-needed completion of partially implemented UGiFT projects and other activities since the funds were revoted.
- ii) Expedite the implementation of all partially implemented activities in the subsequent financial year.
- iii) Ensure that the re-voted supplementary funds are effectively used to expedite the pending activities amicably.
- iv) Liaise with relevant stakeholders involved in hybrid procurements to ensure that the capacity of bidders is properly evaluated during the procurement process to guard against delayed contract implementation.
- v) Urge the contractor to expedite the completion of the construction of Bududa HC III as soon as possible.
- vi) Always ensure that all activities are properly quantified before budget approval, going forward.

Action Status

Funds were re-voted and implementation of the pending UGiFT projects resumed during FY 2025/26. However, some projects were still ongoing at the time of review and are expected to be completed in the subsequent financial year.

Management has prioritized the outstanding activities in the work plan and budget for FY 2025/26. Several activities have been completed while others remain under implementation which was rolled over in the subsequent year.

Management has also engaged the relevant procurement stakeholders and strengthened bidder evaluation procedures to assess technical and financial capacity before contract award.

Meetings were held with the contractor and reminders issued to accelerate the works. Construction progress improved, standing at 85% although the project has not been fully completed by the time of audit follow-up.

Vote 813: Bugiri District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The district had 457 Pensioners on the June 2024 payroll, of which 330 (72%) were fully verified, 08 (2%) who were paid UGX 0.211Bn over the period of 5 years were not verified, and 119 (26%) did not show up for the validation exercise and had been paid a sum of UGX 0.98Bn in the period under review. Nineteen (19) individuals had not accessed the pension payroll by the end of June, 2024, but appeared for head count and were fully verified and captured as new records.
- b) The district had an initial approved pension, gratuity and arrears budget of UGX 14.3Bn for the period under review, and obtained supplementary budget of UGX 4.8Bn, leading to a revised budget of UGX 19.2Bn, which was fully released (100%). Out of the total funds released of UGX 19.2Bn, a sum of UGX 17.0Bn (88%) was utilized resulting in un-utilized funds of UGX 2.2Bn (12%).
- c) Audit noted that the district requested for supplementary funding totalling to UGX 1.1Bn during the period under review. However, a sum of UGX 4.8Bn was released leading to excess funding of UGX 3.8Bn. Audit noted that out of the

released supplementary funds, a sum of UGX 4.8Bn (98%) was spent leading to unspent amount of UGX 0.072Bn (2%).

A re-computation of pensioners' benefits revealed under payments of gratuity as indicated in the table below amounting to UGX 0.27Bn. Eight (8) pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 10 to 128 months, while 56 delayed to receive pension payment, with delays ranging from 21 to 80 months.

- d) Audit noted that the district had accumulated pension and gratuity arrears totaling UGX 0.27Bn, arising from the under payment of 06 pensioners/beneficiaries. The expected district's pension and gratuity estimate for 2024/2025 is UGX 2.8Bn, for 385 confirmed pensioners excluding pension and gratuity arrears of UGX 0.27Bn.
- e) A comparison of the estimated pension and gratuity budget of UGX 3.0Bn and the approved budget of UGX 4.7Bn revealed a variance of UGX 1.7Bn, leading to overbudgeting.

Recommendation

The Accounting Officer was advised to;

- i) Engage MoFPED to ensure timely release of all budgeted pension funds;
- ii) Recover the overpaid Gratuity from the subsequent pension payments of the beneficiaries/ pensioners;
- iii) Consider the verified payroll as a basis to update monthly payrolls to pay pensioners/beneficiaries;
- iv) Ensure that the accumulated pension arrears are budgeted and paid without further delay;
- v) Always sensitize pensioners before retirement and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll;
- vi) Liaise with MoFPED to ensure that funds are only requested for the identified district requirements;
- vii) 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

Engagement with the Ministry of Finance, Planning and Economic Development (MoFPED) to ensure timely release of all budgeted pension and gratuity funds to meet payment obligations. Mechanisms have been put in place to recover overpaid gratuity from subsequent pension payments of affected beneficiaries, ensuring accountability and correction of past overpayments.

A verified payroll is now being used as the basis for updating monthly pension payments to ensure only eligible pensioners/beneficiaries receive accurate amounts.

Accumulated pension arrears have been budgeted and are being processed for payment without further delay.

Pensioners are being sensitized at least six months before retirement. Processing of retirement benefits is initiated within six months prior to the mandatory retirement date to ensure smooth transition to the pension payroll.

A letter to have been written to MoFPED to ensure that pension fund requests are aligned strictly to the district's verified and approved requirements.

Ministries of Public Service and Finance, Planning and Economic Development to review and adjust the approved pension and gratuity estimates for FY 2024/25 based on the results of the payroll validation exercise, ensuring accurate budgeting for the entity.

Vote 814: Bugweri District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The DLG had 75 Pensioners on the June 2024 payroll, of which 67 (89%) were fully verified; all individuals were verified and 8 (11%) did not show up for the validation

exercise. In addition, 12 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. Of these new records, 7 were verified and included in the determination of the DLG pension and gratuity estimates.

- b) The DLG had an initial approved pension, gratuity and arrears budget of UGX 2.7Bn for the period under review, and obtained supplementary funds of UGX 2.0Bn leading to a revised budget of UGX 4.6Bn which was released fully.
- c) The DLG requested for supplementary funding of UGX 1.0Bn during the period of which UGX 2.0Bn (192%) was released leading to excess of UGX 0.943Bn (92%). Out of the released funds only UGX 1.2Bn (60%) was spent and the balance of UGX 0.784Bn (40%) remained unspent.
- d) The expected DLG pension and gratuity estimates for 2024/2025 is UGX 0.799Bn for 136 confirmed pensioners excluding pension and gratuity arrears of UGX 0.039Bn.
- e) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity
- f) One (1) Pensioner/beneficiary had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 30 to 40 months. In addition, 52 pensioners delayed to receive pension payment, with delays ranging from 150 to 170 months.
- g) A total of 35 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 district pension and gratuity payroll.
- h) From the comparison of the payroll register and IFMS payment file, the Audit noted that 224 pensioners were paid a sum of UGX 0.046 off the IPPS/HCM;
- i) Audit noted that the district had accumulated pension and gratuity arrears totalling to UGX 0.039Bn arising from the under/non-payment of 9 pensioners/beneficiaries;

Recommendation

The Accounting Officer was advised to;

- i) Liaise with Ministry of Finance Planning and Economic Development to always release all budgeted funds timely.
- ii) Consider the verified payroll as a basis to update monthly payrolls to pay pensioners/beneficiaries.
- iii) Ensure that appropriate pension and gratuity budgets are prepared under the appropriate Account codes, and subsequent payments done through those same codes.
- iv) Recover the overpaid Gratuity and Pension funds from the subsequent pension and Gratuity payments of the beneficiaries/ pensioners.
- v) Ensure that the accumulated pension arrears are budgeted and paid without further delay.
- vi) Budget for the pension arrears and pay the pensioners under paid for gratuity and Pension.
- vii) Further investigate the pensioners/beneficiaries that were not verified with a view of removing them from the pension payroll.
- viii) 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

Engagements have been initiated with the Ministry of Finance, Planning and Economic Development and the Ministry of Public Service regarding budget releases and validation of pension records.

The verified payroll is being used as a reference point for payroll updates, though reconciliation with IPPS/HCM and IFMS is still ongoing.

Adjustments relating to over and under payments of UGX 0.168Bn overpaid and UGX 0.224Bn underpaid have been affected through budgetary provision.

Recovery of overpaid amounts and payment of arrears of UGX 0.039Bn have been concluded.

Verification of invalidated pensioners and data harmonization with NIRA is still in progress.

Follow-up to ensure full implementation of all recommendations, particularly recovery of overpayments, clearance of arrears, correction of payroll inconsistencies, and alignment of the FY 2024/25 estimates with validated pension records.

Vote 815: Buhweju District Local Government

Query District Water Supply and Sanitation Conditional Grant

Audit Findings

Failure to budget for the District Water Supply and Sanitation Conditional Grant (DWSSCG) according to the prescribed allocation thresholds leads to wasteful expenditure on non-priority activities which hinders achievement of intended grant objectives.

The Accounting Officer explained that both Karungu and Bitsya sub counties with water coverage of 47% and 52% respectively, would benefit on Bitsya Water Supply system that will cover 52 villages at a cost of UGX 25.0Bn, constructed by Ministry of water and Environment. Therefore, the completion of this system will increase water access of these sub counties up and above the District water coverage which stands at 67%.

Currently we have catered for engaju sub county this FY 2024/2025 which is ranked 4th with construction of Kyangugye GFS at a cost of 780M and which is being implemented in Phases.

Recommendation

The Accounting Officer was advised to ensure that the neediest communities are prioritised when budgeting for water and sanitation infrastructure, in accordance with the grant allocation thresholds.

Action Status

Management has ensured that the neediest communities are prioritised in water and sanitation investments, with ongoing implementation of phased water supply schemes in sub-counties with the lowest coverage.

The first phase of Kyangugye was completed and implementation of phase II is currently ongoing.

Query	Management of Government Pension and Gratuity payroll
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Audit Findings

- a) Buhweju District had 136 Pensioners on the June 2024 payroll, of whom 132 (97%) were fully verified and 04 (3%) did not show up for the validation exercise. In addition, 12 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records and included in the determination of the DLG pension and gratuity estimates.
- b) The District had an initial approved pension, gratuity and arrears budget of UGX 4.0Bn for the period under review, and obtained supplementary budget of UGX 1.699 leading to a revised budget of UGX 5.7Bn of which the entire amount (100%) was released.
- c) Out of the total funds released of UGX 5.7Bn, UGX 5.6Bn was utilized, resulting into un-utilized funds of UGX 0.038Bn. The DLG received a total supplementary funding of UGX 1.7Bn from MoFPED without requests from the Accounting Officer.
- d) Comparison of the estimated pension and gratuity budget of UGX 2.3Bn and the approved budget of UGX 2.1Bn revealed a variance of UGX 0.204Bn leading to an under budgeting.
- e) A re-computation of pensioners benefits revealed over payments of pension and gratuity of UGX 0.004Bn and UGX 1, 746,913 respectively.
- f) Twelve (12) Pensioners/beneficiaries had not yet accessed the pension payroll, with delays ranging from 01 to 213 months. In addition, thirty-six (36) pensioners delayed to receive pension payment, with delays ranging from 03 to 38 months.
- g) Eleven (11) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement and names 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 District pension and gratuity payroll.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
 - ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
 - iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
 - iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
 - v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
 - vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
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- i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll.
 - ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.
 - iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery.

- iv) Sensitize staff who are due to retire, at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Three more have accessed Mushabe N Patrick and Estate of Timbisimirwa Deogratiious. The other two that is Estate of Tumwebaze Venansio and Estate of Late Tumuhairwe Evodio received their gratuity and because the late had not served for at least 10 years they were only entitled to Gratuity not pension. Only six have not accessed.

Pensioners access as soon as the due date for example all the retirees due this current FY have already been accessed on the pension payroll due to introduction of HCM from IPPS.

The training of all staff due for retirement was done.

Vote 816: Buikwe District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The district had 293 Pensioners on the June 2024 payroll, of which 262 (89%) were fully verified; 31(11%) did not show up for the validation exercise. In addition, 03 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. Of these new records, 02 were verified and included in the determination of the DLG's pension and gratuity estimates.
- b) The DLG had an initial approved pension, gratuity and arrears budget of UGX 8.2Bn for the period under review, and obtained supplementary funds of UGX 4.5Bn leading to a revised budget of UGX 13.8Bn out of which UGX 13.5Bn (97.9%) was released.
- c) The DLG requested for supplementary funding of UGX 3.6Bn during the period of which UGX 5.6Bn (157%) was released leading to excess of UGX 2.0Bn of the released funds.
- d) A comparison of the estimated pension and gratuity budget of UGX 4.1Bn and the approved budget of UGX 3.4Bn revealed a variance of UGX 0.683Bn, leading to an under budgeting.
- e) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.

- ii) - iii) - iv) - v) - vi)	Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise. Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly. Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period. Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll. Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vii) - viii) - ix) - x)	Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll. For the individuals who did not show up for the validation exercise and were not accounted for by the Accounting Officer, the matter should be investigated. Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the Financial Year 2024/25, in line with the results of the validation exercise. Ensure properly computation of pensioners' entitlements before making payments. In addition, the Accounting Officer should follow up on the amounts overpaid with a view of recovery. For the under payments the liability should be recognized and budgeted for payment in the subsequent period. Sensitize staff who are due to retire, at least six (6) months before retirement ensure smooth transition from the active payroll to the pension payroll.
Action Status	
Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.	

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing. Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring is guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

A letter engaging the Ministry of Public Service (MoPS) to immediately clean up and update the district's pension payroll also working with the Ministries of Public Service and Finance, Planning and Economic Development (MoFPED) a review the approved wage estimates for FY 2024/25 in line with the results of the validation exercise was conducted and adjustments made to ensure accurate budgeting for pension and gratuity obligations.

Pensioners' entitlements are accurately computed before any payments are made, minimizing the risk of overpayments or underpayments.

Overpaid amounts are being recovered through subsequent pension payments, while underpayments are being recognized and will be budgeted for settlement in the next payroll cycle.

Staff due to retire are being sensitized at least six months before retirement to facilitate a smooth transition from active payroll to the pension payroll, ensuring timely access to their retirement benefits

Vote 817: Bukedea District Local Government	
Query	Over and Underpayment of Pension and Gratuity
Audit Findings Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity Audit noted that the Accounting Officer and the Head of finance made the necessary disclosures in their commentaries to the financial statements. The Accounting Officer attributed the overpayments to pension arrears that are computed together with Gratuity. He further explained that the HR office shall re-compute pension and gratuity for beneficiaries affected by the underpayments and arrears recognized.	
Recommendation The Accounting Officer was advised to; - Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA. - Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise. - Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly. - Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period. - Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll. - Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.	

- vii) Make the necessary adjustments in the subsequent period upon confirmation of the amounts by the MoPS.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

The necessary disclosures were made in the financial statements regarding the identified over and underpayments. The overpayments to pension arrears were re-computed together with gratuity and committed to the benefits for affected beneficiaries.

Adjustments were effected in the subsequent reporting period upon confirmation of the amounts by the Ministry of Public Service (MoPS). Follow-up is being undertaken to confirm that the re-computations and corresponding adjustments are completed.

Query	Management of Government Pension and Gratuity Payroll
Audit Findings a) The district had 303 Pensioners on the June 2024 payroll, of which 286 (94%) were fully verified, and 17(6%) did not show up for the validation exercise. In addition, 23 individuals who had not yet accessed the pension payroll by the end of June, 2024 appeared for validation and were fully verified. b) The district had an initial approved pension, gratuity and arrears budget of UGX 1.1Bn for the period under review, and obtained supplementary funds of UGX 4.8Bn leading to a revised budget of UGX 16.0Bn out of which UGX 14.1Bn (88%) was released resulting into a funding shortfall of UGX 1.9Bn. c) Out of the total funds released of UGX 14.1Bn, a sum of UGX 12.5Bn (88.6%) was utilized resulting in un-utilized funds of UGX 1.6Bn. d) The district requested for supplementary funding of UGX 4.8Bn during the period under review of which UGX 3.0Bn (61%) was released leading to shortfall of UGX 1.9Bn. Of the released supplementary funds, only UGX 1.4Bn (45%) was spent and the balance of UGX 1.6Bn (55%) remained unspent. e) Audit noted that pension and gratuity funds amounting to UGX 0.144Bn were charged on wrong account codes. f) From the comparison of the payroll register and IFMS payment file for the period under review, 36 pensioners were paid Gratuity worth UGX 1.4Bn off the IPPS/HCMS. g) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity. Four (4) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with average delays ranging from 19 to 38 months. In addition, 118 pensioners delayed to receive pension payment, with delays averaging 30 months.	
Recommendation	
The Accounting Officer was advised to;	

i)	Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
ii)	Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
iii)	Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
iv)	Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
v)	Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
vi)	Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
vii)	Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements.
viii)	Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements.
ix)	Ensure that pension and gratuity entitlements are paid correctly and promptly.
x)	Follow-up the amounts over paid and budget for payment in regard to under paid pensioners/beneficiaries.
xi)	Always sensitize pensioners before retirement and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll.
Action Status	
Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.	

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitisation programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Vote 818: Bukomansimbi District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The district had 168 pensioners/beneficiaries on the pension payroll of June 2024 of which, 165 (98.2%) were fully verified, while three (3) (1.8%) did not show up. In addition, one (1) individual who had not accessed the pension payroll by the end of June 2024 was captured as a new record. This was verified and included in the determination of the district's pension and gratuity estimates for FY 2024/25.
- b) The district had an initial approved pension, gratuity and arrears budget of UGX 7.0Bn for the period under review, and obtained supplementary funds of UGX 2.8Bn leading to a revised budget of UGX 9.8Bn which was all released to the district.

- c) During the period under review, MoFPED released a total UGX 0.557Bn, in excess of the amounts requested by the Accounting Officer.
- d) Comparison of the re-computed pension and gratuity budget of UGX 1.8Bn and the district approved pension and gratuity estimate of UGX 1.8Bn for the FY 2024/2025 revealed an under budget of UGX 0.008Bn.
- e) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity. A total of 76 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 district pension and gratuity payroll.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts was undertaken. Underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitisation programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll. Exit management meetings for retiring officers were held on 16/07/2024 and 21/03/2023

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Vote 819: Bukwa District Local Government

Query	Management of government payroll on pension and gratuity
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Audit Findings

- a) A special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings;
- b) Audit noted that out of 152 pensioners/beneficiaries on the district payroll, 139 (90%) were fully verified, while 13 (10%) did not show up. In addition, 30 individuals who had not accessed the pension payroll by the end of June, 2024

- appeared for the head count and these were captured as new records.
- c) The district had an initial approved pension, gratuity and arrears budget of UGX 5.8Bn for the period under review, and obtained supplementary budget of UGX 1.8Bn leading to a revised budget of UGX 7.6Bn, out of which UGX 7.3Bn (97%) was released.
 - d) Out of the released funds, a sum of UGX 6.7Bn (91%) was utilized leaving a balance of UGX 0.64Bn (9%) un-utilized. In addition, out of the total supplementary funds received of UGX1.8Bn, a sum of UGX 0.33Bn (18%) was not utilized.
 - e) The district requested for supplementary funding of UGX 1.8Bn during the period under review of which UGX 181.0Bn (102%) was released leading to excess supplementary funding to the tune of UGX 0.04Bn.
 - f) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity
 - g) Funds amounting to UGX 0.012Bn were misclassified/charged on wrong account codes. From the comparison of the payroll register and IFMS payment file for the FYs 2019/20 to 2023/24, Audit noted that 15 pensioners were paid UGX 0.071 off the IPPS/HCMS. The entity had accumulated pension and gratuity arrears totaling to UGX 0.087Bn arising from the under/non-payment of 43 pensioners/beneficiaries.
 - h) Audit noted that UGX 0.02Bn was irregularly paid to 8 retired staff who had remained on the salary payroll for a period ranging from 1 to 19 extra months. 20 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment and dates of retirement 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 district pension and gratuity payroll.
 - i) The expected District pension and gratuity estimate for 2024/2025 is UGX 1.8Bn for 183 confirmed pensioners excluding pension and gratuity arrears of UGX 0.09Bn.

j) A comparison of the estimated pension and gratuity budget of UGX 1.9Bn and the approved budget of UGX 2.1Bn revealed a variance of UGX 0.28Bn leading to over budgeting.
Recommendation
The Accounting Officer was advised to; i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA. ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise. iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly. iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period. v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll. vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
Action Status
Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data. The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts. Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the

approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

The district is working together with ministry of public service to enable recoveries and payment of under payment.

Vote 820: Bulambuli District Local Government

Query | Diversions Through Mischarge of Expenditure

Audit Findings

Expenditure totaling to UGX 0.12Bn was charged on items which do not reflect the nature of the expenditure as defined per Government Chart of Accounts.

Mischarge of expenditure undermines the objective of the budgeting process, as well as the intentions of the appropriating authority. It further impacts on the credibility of the financial statements, since the figures reported therein do not reflect the actual amounts expended on the respective items.

The Accounting Officer attributed it to budgeting of recurrent activities together with capital Projects.

Recommendation

The Accounting Officer was advised to;

- i) ensure that all expenditures are charged to the correct budget codes in accordance with the Government Chart of Accounts, and seek formal reallocation approvals where necessary.

- ii) Always adhere to budgetary provisions to avoid such a Practice in future, and always seek for reallocations in case of unavoidable circumstances.

Action Status

Management has issued guidance to all finance staff to ensure strict adherence to approved budget codes and the Government Chart of Accounts. Formal reallocations have been sought and approved for any expenditure requiring reclassification.

Management acknowledged the mischarge of UGX 0.12Bn and attributed it to budgeting recurrent activities together with capital projects.

To strengthen expenditure classification in line with the Government Chart of Accounts and to ensure clearer segregation of recurrent and capital budget lines during budget preparation.

Formal reallocations have been sought and approved prior to charging expenditure to alternative items.

Follow-up to ensure strict adherence to approved budgetary provisions and that any necessary reallocations are processed in accordance with guidelines issued by the Ministry of Finance, Planning and Economic Development.

Query Unaccounted for Advances

Audit Findings

A sum of UGX 0.055Bn remained not accounted for at the time of the audit contrary to Regulation 43(2) of the Local Government Financial and accounting Regulations, 2007. The anomalies majorly included lack of activity reports and supporting documents for the Advances to confirm occurrence of activities.

Recommendation

The Accounting Officer was advised to;

- i) Ensure that all advances are fully accounted for and that outstanding accountabilities are recovered or recognised as receivables.

- ii) Ensure that all audit recommendations are fully addressed and that corrective measures are implemented to prevent recurrence of the identified anomalies.
- iii) Institute recovery measures for the advances not supported and recognized as receivables, as required by the financial reporting framework and regulations.

Action Status

All outstanding accountabilities have been submitted and verified. unaccounted-for balances have been recognised as receivables and recovery measures initiated against the responsible officers.

Management has strengthened controls over advances, including withholding of further advances to officers with outstanding accountabilities, and will ensure all audit recommendations are fully addressed.

Follow-up of the UGX 0.055Bn in advances is on going and entity is strictly adhering to Regulation 43(2) of the Local Government Financial and Accounting Regulations, 2007. Most accountabilities have been submitted, verification confirmed that the amounts were supported by the requisite activity reports and supporting documentation.

The most outstanding advances have been recovered and formally recognized as receivables in the financial statements in compliance with Local Government Financial and Accounting Regulations, 2007, and relevant guidelines issued by the Ministry of Finance, Planning and Economic Development.

Query | Management of Government Pension and Gratuity Payroll

Audit Findings

- a) Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings;
- b) The district had an initial approved pension, gratuity and arrears budget of UGX 8.1Bn for the period under review, and obtained supplementary budget of UGX 2.3Bn leading to a

revised budget of UGX 10.4Bn out of which UGX 10.1Bn (97%) was released.

- c) Out of the total funds released, a sum of UGX 8.6Bn was utilized resulting in un-utilized funds of UGX 1.5Bn.
- d) One hundred and seventy-five (175) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement NINs, between their data captured on the IPPS and the NIRA data.
- e) The DLG had 252 Pensioners on the June, 2024 payroll, of which 239 (95%) were fully verified and 13(5%) did not show up for the validation exercise. In addition, one (1) individual had not accessed the pension payroll by the end of June, 2024 and was captured as a new record.
- f) The expected DLG pension and gratuity estimate for 2024/2025 is UGX 2.8Bn for 285 confirmed pensioners, excluding pension and gratuity arrears of UGX 0.017Bn.
- g) A comparison of the estimated pension and gratuity budget of UGX 2.8Bn and the approved budget of UGX 2.8Bn revealed a variance of UGX 0.016Bn leading to over budgeting.

Recommendation

The Accounting Officer should be advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iii) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- iv) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

- v) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vi) Always ensure the correct dates of first appointment and the last base pay is used in the computation of pension and gratuity to avoid over and under payments of pension and gratuity.
- vii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Corrective measures have been used including use of the verified payroll for updates, engagement with the Ministry of Finance, Planning and Economic Development (MoFPED) on funding releases, and consultations with the Ministry of Public Service on payroll cleaning up and validation.

Re-computation of pension and gratuity benefits is ongoing, and efforts to sensitize officers prior to retirement have commenced

Vote 821: Buliisa District Local Government

Query Failure to Dispose off Obsolete Motor Vehicles

Audit Findings

Paragraph 15.11.1 of the Treasury Instructions, 2017 requires 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 report for the FY2022/23 revealed that 6 vehicles were recommended for disposal in the Financial Year 2023/2024. Continued usage of old vehicles results into high costs of maintenance and uneconomical fuel consumption.

The Accounting Officer responded that the district was in consultations with Ministry of Works and Transport (MoWT) to approve the disposal.

Recommendation

The Accounting Officer was advised to;

- i) Expedite the boarding off and disposal of obsolete vehicles and assets through the Board of Survey in accordance with the Local Governments Financial and Accounting Manual 2007.

- ii) Prioritise and budget for the renovation and maintenance of district buildings in a phased manner to prevent further deterioration.
- iii) Expedite consultations with MoWT so that the vehicles are disposed off.

Action Status

Management has initiated the boarding off and disposal process by convening a Board of Survey and submitting the required documentation to the Ministry of Works and Transport for approval.

Budget provisions for renovation and maintenance of district buildings have been incorporated in the subsequent financial year estimates, and critical repairs have been prioritised.

Management initiated consultations with the Ministry of Works and Transport and submitted the required documentation for approval of disposal. However, the approval and disposal process had not been finalized by the time of the audit follow-up, and the six vehicles remained on the district's asset register.

Query Management of Government Pension and Gratuity Payroll

Audit Findings

- a) Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings;
- b) Out of 49 pensioners/beneficiaries who were on the district pension payroll by June 2024, 48(98%) were verified while the audit did not appear for the headcount. Eleven (11) individuals whose names were not on the district's pension payroll by June 2024, appeared for the validation exercise.
- c) The district had an approved initial budget of UGX 1.7Bn for pension, gratuity as well as pension and gratuity arrears for the period under review; it also obtained supplementary budget of UGX 1.4Bn resulting into a revised budget of UGX 3.1Bn out of which UGX 3.1Bn (99%) was released resulting into a funding shortfall of UGX 0.03Bn.

- d) A sum of UGX 2.6Bn (84%) was utilized out of the total funds released of UGX 3.1Bn, resulting in un-utilized funds of UGX 0.5Bn (16%).
- e) The district did not utilize UGX 0.41Bn (30%) of the total Pension and Gratuity supplementary received of UGX 1.4Bn in the Financial Years 2019/20, 2020/21, 2022/23 and 2023/24.

Recommendation

In a bid to improve the district's pension and gratuity management processes, it is recommended that the Accounting Officer should;

- i) Engage Ministry of Finance Planning and Economic Development to release all budgeted funds.
- ii) Ensure that pre-retirement workshops are introduced to inform prospective pensioners about the key documents required for access to the payroll and engage MoPS to address the unverified retiring staff so that they can successfully be placed on the pension payroll.
- iii) Recover the overpaid Gratuity and Pension funds from the subsequent pension and or Gratuity payments of the beneficiaries/ pensioners. Process the pension arrears and pay the pensioners under paid gratuity and Pension.
- iv) Ensure the Head of Human resource reminds prospective pensioners about timely submission of pre-requisite documentation for timely access of pension payroll. Put in place clear guidelines to the pensioners regarding bank account changes.
- v) Engage NITA (U) to improve on the internet fiber connection at the district so that the IPPS system remains stable.
- vi) Ensure that the Head of internal Audit periodically checks the consistency of bank accounts declared by pensioners and the actual accounts on which pension payments are made.
- vii) Remove the unaccounted-for pensioner that was not physically validated from the payroll.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitisation programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Management has taken steps to engage the Ministry of Finance, Planning and Economic Development (MoFPED) regarding release of funds and has initiated consultations with the Ministry of Public Service (MoPS) to address validation gaps and payroll updates.

Pre-retirement sensitization effort is being undertaken. The district is using the validated pensioners' list as the reference during budgeting and payment processing. Engagement with National Information Technology Authority-Uganda (NITA-U) regarding system connectivity challenges has been initiated.

The recovery of overpaid amounts, full clearance of arrears, removal of unvalidated pensioners from the payroll, strengthening of controls over bank account changes, and periodic internal audit reviews are still ongoing.

Vote 822: Bundibugyo District Local Government	
Query	Management of Government Pension and Gratuity Payroll
Audit Findings a) The District had 358 pensioners on the June 2024 payroll, of which 306 (85%) were fully verified, while, 52 (15%) did not show up and had been paid a sum of UGX 0.479Bn in the period under review. In addition, 23 individuals had not accessed the pension payroll by the end of June 2024 and these were captured as new records. b) The DLG had a revised budget of UGX 11.7Bn, out of which UGX 11.6Bn (99%) was released resulting into a funding shortfall of UGX 0.07Bn. c) Out of the funds released of UGX 11.6Bn, a sum of UGX 11.4Bn was utilized resulting in un-utilized funds of UGX 0.23Bn. A total of UGX 0.202Bn was charged on the wrong codes. d) A total of 45 pensioners/beneficiaries delayed to receive pension payments with delays ranging from 4 to 38 months. A sum of UGX 0.017Bn was paid to estate beyond the expiry date of 15-year period from the date of death of the deceased. A total of 64 pensioners/beneficiaries lacked National Identification Numbers (NIN). Pension of UGX 0.12Bn paid to 17 pensioners/beneficiaries with un-supported variance in account details. e) The expected DLG's pension and gratuity estimate for 2024/2025 is UGX 2.5Bn for 348 confirmed pensioners excluding pension and gratuity arrears of UGX 0.072Bn. A comparison of the re-computed pension and gratuity budget of UGX 2.6Bn and the district approved pension and gratuity estimate of UGX 4.8Bn for the FY 2024/2025 revealed an over budget of UGX 2.2Bn.	
Recommendation The Accounting Officer was advised to; i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and	

- ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
 - iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
 - iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
 - v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
 - vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Budget estimates are being prepared based on validated pension data, though further refinements are required to fully reflect actual entitlement levels. Management has also commenced sensitization of officers approaching retirement and early processing of retirement documentation.

The district has adopted the verified payroll as a basis for updating monthly pension payments and initiated engagements with the Ministry of Finance, Planning and Economic Development (MoFPED) to improve timeliness and alignment of fund releases with approved budgets.

However, recovery of overpayments, budgeting and payment of underpaid amounts, and full alignment of the FY 2024/25 estimates with validation results in consultation with the Ministry of Public Service remain ongoing.

Vote 823: Bunyangabu District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The district had 113 Pensioners on the June 2024 payroll, of which 112 (99%) were fully Verified and 1(1%) did not show up for the validation exercise.
- b) The district had an initial approved pension, gratuity and arrears budget of UGX 3.8Bn for the period under review, and obtained a supplementary budget of UGX 2.2Bn resulting into a revised budget of UGX 5.9Bn out of which UGX 5.5Bn (92%) was released.
- c) Out of the total funds released of UGX 5.5Bn, a sum of UGX 5.2Bn was utilized resulting in un-utilized funds of UGX 0.26Bn.

- d)* The district requested for supplementary funding of UGX 2.2Bn during the period of which UGX 1.7Bn (78%) was released leading to a shortfall of UGX 0.47Bn.
- e)* A sum of UGX 0.179Bn for gratuity was diverted to other activities.
- f)* A re-computation of pensioner's benefits revealed over and under payments of pension.
- g)* A total of 16 pensioners delayed to receive pension payment, with delays ranging from 2 to 13 months.
- h)* A total of 43 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment and dates of retirement, 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 district pension and gratuity payroll.
- i)* The expected DLG's pension and gratuity estimates for 2024/2025 are UGX 1.2Bn for 131 confirmed pensioners, excluding pension and gratuity arrears of UGX 0.022Bn.
- j)* A comparison of the re-computed pension, gratuity and arrears budget of UGX 1.3Bn and the district approved pension and gratuity estimate of UGX 1.4Bn for the FY 2024/2025 revealed an over budget of UGX 0.13Bn.

Recommendation

It was recommended that the Accounting Officer should;

- i)* Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.
- ii)* Always liaise with the MoFPED to ensure that approved funds are released timely.
- iii)* Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements.
- iv)* Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the Pension and gratuity entitlements.
- v)* Ensure that pension and gratuity entitlements are paid correctly and promptly. In addition, follow-up the amounts over paid and budget for payment in regard to under paid pensioners/beneficiaries.

- vi) Always sensitize pensioners before retirement and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the
- vii) 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

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Vote 824: Bushenyi District Local Government

Query	Lack of Land Titles
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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 97 pieces of land with no appropriate measure and estimated at UGX 5.8Bn with other parcels of land lacking estimated costs at the reporting date. The Audit noted the following;

A review of the land held by the entity revealed no titles for 87 pieces of land that have not been surveyed. 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.

The Accounting Officer explained that Several titles had been made and others prioritized. However, there was a challenge of lack of funds to process District land titles.

Recommendation

The Accounting Officer should expedite the process of acquiring land titles for all district land to protect it from encroachment, disputes and loss.

Action Status

Management has initiated the process of acquiring land titles for untitled district land in a phased manner, subject to availability of funding. Several titles have already been processed, with others prioritized for action. Engagement with land authorities is ongoing.

However, a significant number of parcels (87 pieces) remain untitled due to funding constraints and the lengthy processing procedures. The risk of encroachment, disputes, and potential loss of public land remains until all land is properly titled.

The District continues to follow-up with MoFPED and the Ministry of Lands to ensure that resources are allocated and the titling process is expedited in line with Section 49(c) of the Land Act, Cap 227.

Query	Delayed Disposal of Boarded off Motor Vehicles
Audit Findings Paragraph 2.3.1.2 of the Local Government Financial and Accounting Manual 2007, requires fixed assets to be properly maintained through an organized system of planned preventative maintenance.	
Recommendation	
The Accounting Officer was advised to; i) Expedite the boarding off and disposal of obsolete vehicles and assets through the Board of Survey in accordance with the Local Governments Financial and Accounting Manual 2007. ii) Prioritise and budget for the renovation and maintenance of district buildings in a phased manner to prevent further deterioration. iii) Ensure that the assets are repaired or boarded-off to prevent their further loss in value.	
Action Status	
Management initiated the boarding off and disposal process by convening a Board of Survey and submitting the required documentation to the Ministry of Works and Transport for approval. The Board of Survey has been conducted, and grounded motor vehicles have been identified for disposal. Some assets, particularly road equipment registered under the UG series, require approval from the Ministry of Works and Transport (MoWT) before disposal Steps to document and prioritize these assets have been undertaken. Some assets have been re-valued while others repaired to be re used. Measures have been made to manage theft, vandalism, and further depreciation. Budget provisions for renovation and maintenance of district buildings have been incorporated in the subsequent financial year estimates, and critical repairs have been prioritised.	

Vote 825: Busia District Local Government

Query	IFMS Generated Financial Statements Differ from Hard Copy Ones
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Audit Findings

Audit compared the hard copy financial statements submitted for review and those extracted from the Integrated Financial Management System (IFMS) on 27th of December, 2024 and noted a variance of UGX 4.1Bn between the figures presented in the statement of financial position for the current and prior year cooperatives

The figures presented in the financial statements could not be verified.

The Accounting Officer explained that these were System end of period auto Adjustments that happened after submission of Accounts.

Recommendation

The Accounting Officer was advised to;

- i) Take immediate corrective action to address the identified irregularities and ensure compliance with the applicable laws, regulations, and guidelines.
- ii) Strengthen internal controls and monitoring mechanisms to prevent recurrence of the identified anomalies.
- iii) Ensure consistency in reported figures through reconciliations before printing for submission.
- iv) Always contact the Accountant General for any inconsistencies in the reported figures.

Action Status

Management has taken the relevant steps to address the identified irregularities, including issuance of corrective directives to the responsible officers.

Monitoring and review mechanisms have been strengthened to ensure full compliance with applicable laws and regulations and to prevent recurrence of the anomalies identified.

The variances of UGX 4.1Bn between the hard copy financial statements and IFMS extracts has been corrected as it was attributed to system-generated end-of-period adjustments occurring after submission of the accounts.

Reconciliations between IFMS figures and submitted financial statements have been initiated to improve consistency. The process of verifying all adjustments and ensuring alignment before submission is still ongoing.

Regular reconciliations are being undertaken now with the guidance of the Accountant General's Department on resolving any discrepancies before finalizing financial statements.

Query	Misclassification of Expenditure
Audit Findings Audit noted that UGX 0.216Bn 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. 1. Misclassification of funds negatively affects the classification of expenditure in financial statements and negates the purpose of budgeting. The Accounting Officer explained that some expenditure was budgeted for under related activities.	
Recommendation	
The Accounting Officer was advised to; i) Ensure that all expenditures are charged to the correct budget codes in accordance with the Government Chart of Accounts, and seek formal reallocation approvals where necessary. ii) Avoid using wrong codes during budgeting and going forward, the budgeting of activities should be strictly on correct codes and classification in accordance to the chart of Accounts.	

Action Status

Management has issued guidance to all finance staff to ensure strict adherence to approved budget codes and the Government Chart of Accounts. Formal reallocations have been sought and approved for any expenditure requiring reclassification.

Management has sought to regularise the expenditure of UGX 0.216Bn on activities charged to inappropriate account codes through retrospective authority and guidance from accountant general. Guidance has been provided to staff to strengthen adherence to the approved chart of accounts during budgeting and expenditure processing.

All past misclassified expenditures have been fully reviewed and corrected in the financial statements. Continued monitoring and strict enforcement of correct coding during budgeting and payments is being done to prevent recurrence

Query	Non-disclosure of Court Cases in Financial Statements
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Audit Findings

Audit noted that court cases were not disclosed in the statement of Contingent liabilities and guarantees. The district has been sued and has had consent agreements in some cases, there is a possibility that the legal costs, the resultant penalties and damages may severely constrain the activities of the district in the near future.

Although the Accounting Officer promised to include contingent liabilities in the financial statements, this was not done by the time of concluding the audit.

Recommendation

The Accounting Officer was advised to ensure that all pending court cases and contingent liabilities are disclosed in the financial statements as required by the applicable financial reporting framework.

Action Status

Management has compiled and disclosed all known pending court cases and contingent liabilities in the financial statements. Follow-

up with the district legal officer is ongoing to ensure complete disclosure.

The identified court cases have been disclosed in the statement of Contingent liabilities in the financial statements which have now been updated.

All pending and ongoing court cases, including their potential financial implications, are properly disclosed in line with the requirements of the Public Finance and Management Act, Cap 171, and to implement measures to monitor and resolve these cases promptly.

Query	Special Audit on Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The District had 445 Pensioners on the June, 2024 payroll, of which 438 (98%) were fully verified and 07 (02%) did not show up for the validation exercise. In addition, 19 individuals who had not accessed the pension payroll were verified, captured as new records and included in the determination of the DLG's pension and gratuity estimates.
- b) The District had an initial approved pension, gratuity and arrears budget of UGX 15.1Bn for the period under review, and obtained supplementary budget of UGX 4.3Bn leading to a revised budget of UGX 19.4Bn out of which UGX 19.0Bn (98%) was released resulting into a funding shortfall of UGX 0.46Bn (2%). 3) Out of the total funds released of UGX 19.0Bn, a sum of UGX 17.1Bn (90%) was utilized resulting in un-utilized funds of UGX 1.9Bn.
- c) The district requested for supplementary funding of UGX 4.3Bn during the period under review all of which (100%) was released. Of the released funds only UGX 2.8Bn (65%) was spent leaving a balance of UGX 1.5Bn (35%) unspent.
- d) A re-computation of pensioners' benefits revealed under payments of pension of UGX 0.11Bn. The Audit noted that 56 pensioners were paid UGX 0.78Bn off the IPPS/HCMS.
- e) The Audit noted that 41 Pensioners/beneficiaries delayed in receiving pension payments, with delays ranging from 3 to

37 months whereas 28 delayed in receiving gratuity payments, with some delays ranging from 3 to 38 months. A total of 49 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment and dates of retirement between their data captured on the IPPS and the NIRA data while 46 lacked national identification numbers.

- f) The Audit noted that payments to pensioners/beneficiaries were made using different bank accounts from the ones indicated in the Pension form PSF 18/Pension form NS 7 (Revised 2009). The expected DLG's pension and gratuity estimates for 2024/2025 is UGX 4.4Bn for 512 confirmed pensioners excluding pension and gratuity arrears of UGX 0.69Bn.
- g) A comparison of the estimated pension and gratuity budget of UGX 5.1Bn and the approved budget of UGX 4.5Bn revealed a variance of UGX 0.62Bn leading to under budgeting.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Engagements are ongoing with the Ministry of Public Service (MoPS) for payroll clean-up and validation. Efforts to use the verified payroll for budgeting and payment processing through IPPS/HCM is being implemented.

The prior retirement sensitization programs have been introduced, and some pensioners with inconsistent data are being identified for updates.

Liaison with the Ministry of Finance, Planning and Economic Development (MoFPED) to ensure timely release of funds is also in progress.

On going reconciliation of banking details, complete resolution of unverified pensioners, recovery of underpayments, and alignment

of FY 2024/25 pension and gratuity estimates with validated figures is still ongoing.

Vote 826: Butaleja District Local Government

Query	Special Audit on Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The district had 396 Pensioners on the June, 2024 payroll, of which 385 (97%) were fully verified while 11 (3%) did not show up for the validation exercise. In addition, 66 individuals had not accessed the pension payroll by the end of June, 2024 and these were verified and captured as new records.
- b) The district had an initial approved pension, gratuity and arrears budget of UGX 14.2Bn for the period under review, and obtained supplementary budget of UGX 2.8Bn leading to a revised budget of UGX 17.0Bn, out of which UGX 14.6Bn
- c) (86%) was released resulting into a funding shortfall of UGX 2.4Bn (14%). 3) Out of the funds released of UGX 14.6Bn, a sum of UGX 13.9Bn was utilized resulting in un-utilized funds of UGX 0.71Bn (5%) of the initial budget.
- d) The district did not request for supplementary funding during the period under review, however, a sum of UGX 2.8Bn was released out of which, UGX 2.1Bn. (74%) was spent leaving a balance of UGX 0.71Bn (26%) unspent.
- e) A re-computation of benefits revealed an over and under payment of pension gratuity pensioners;- 6) From the comparison of the payroll register and IFMS payment file for the FYs, 2019/20 to 2023/24; a total 353 pensioners were paid UGX 9.4Bn off the IPPS/HCMS, (7) The Audit noted that 33 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, among others.
- f) A total of UGX 0.021Bn was un-recovered due to irregular payments to 17 retired staff that had remained on the salary payroll for an average of 131 extra months.
- g) The expected DLG's pension and gratuity estimates for 2024/202510) A comparison of the estimated pension,

gratuity and arrears budget of UGX 6.0Bn and the approved budget of UGX 4.0Bn revealed a variance of UGX 2.0Bn leading to under budgeting.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Engagement with the Ministry of Public Service for payroll clean-up and updating records of unverified individuals is ongoing, with deletion of confirmed non-existent pensioners yet to be completed.

Consultations with the Ministry of Finance, Planning and Economic Development on timely release of funds has been initiated.

The verified payroll is being used for budgeting and payment processing through IPPS/HCM.

Sensitization of prospective retirees and early processing of retirement documentation have commenced to facilitate smooth transition from active payroll.

Vote 827: Butambala District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The district had 198 Pensioners on the June 2024 payroll, of which 198 (100%) were fully verified. In addition, 06 individuals had not accessed the pension payroll by the end of June, 2024 and all were verified and included in the determination of the District pension and gratuity estimates.
- b) The district had an initial approved pension, gratuity and arrears budget of UGX 9.0Bn for the period under review, and obtained supplementary funding of UGX 3.8Bn leading to a revised budget of UGX 12.8Bn, out of which UGX 12.4Bn (96.9%) was released resulting into a funding shortfall of UGX 0.409Bn (3.1%).

- c) The district did not make any supplementary requests however, during the period UGX 3.8Bn was released but did not utilize UGX 0.981Bn (26.2%) of funds released.
- d) Comparison of the estimated pension and gratuity budget of UGX 2.7Bn and the approved budget of UGX 2.1Bn revealed a variance of UGX 0.653Bn leading to an under budgeting.
- e) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity
- f) A total of twenty-five (25) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, 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 district pension and gratuity payroll.

Recommendation

The Accounting Officer was advised to

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

The payroll clean-up and updating pensioner records is ongoing.

All 198 pensioners on the June 2024 payroll were verified, and the six new individuals have been included in the payroll estimates.

Sensitization programs have been initiated to facilitate smooth transition from active payroll to pension payroll for retirees.

Verified pensioner records are being used for computation of entitlements, and efforts to recover overpayments and budget for underpayments are in progress.

Wage estimates reviews are underway.

Vote 828: Butebo District Local Government	
Query	Outstanding Pension and Salary liability
Audit Findings Included in the statement of financial position and under Note 28 to the financial statements are gratuity arrears amounting to UGX 0.394Bn. The payables increased by UGX 0.363Bn (1,167.7%) from the prior year balance of UGX 0.031Bn. Failure to make timely payments of pension and salary arrears adversely affects the livelihoods of the pensioners and staff.	
Recommendation The Accounting Officer was advised to; - Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA. - Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise. - Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly. - Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period. - Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll. - Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes. - Engage the MoFPED to ensure that these arrears are verified and subsequently paid.	
Action Status Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.	

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitisation programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

The outstanding gratuity arrears of UGX 0.394Bn has been paid and settled after verification

However, full settlement of the verified pension and salary arrears is still pending, and follow-up is continuing to ensure timely payment to affected pensioners and staff.

Query	Procurement Management
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Audit Findings

- a) Splitting of Procurements.** Regulation 5&6 (PDE) 2014, requires the procurements to be aggregated to avoid splitting of procurements. Regulation 10 of the PPDA (Rules and Methods for procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires that; a PDE shall not split a procurement requirement where the supplies, works or non-consultancy services may be procured under a single contract.

During the year, procurements were split by the Butebo District Local Government without adhering to the criteria for splitting.

Although the practice of splitting (lotting) of procurements reduces the dependency on a single provider and allows various kinds of expertise to be utilised, there is possibility of collusion by suppliers, thus undermining fair competition and ultimately reducing transparency. The Accounting Officer explained that management prequalified contractors for works and hoped that by splitting, many would have opportunity

The Accounting Officer should ensure that supplies, works or non-consultancy services that may be procured under a single contract should be aggregated to avoid un-necessary splitting

- b) Failure to Carry out Market Assessments.** 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.

Audit noted that the District did not carry out market assessments for procurements worth UGX 0.036Bn

Recommendation

The Accounting Officer was advised to ensure that;

- i) All procurements are conducted in strict compliance with the PPDA regulations, including mandatory submission of performance security before contract signing and adherence to evaluation criteria.
- ii) Contract managers are appointed and prepare contract management reports for all contracts.

- iii) The Best Evaluated Bidder notice is displayed for the full statutory period of ten working days before any contract is awarded.
- iv) Supplies, works or non-consultancy services that may be procured under a single contract should be aggregated to avoid un-necessary splitting
- v) Market assessments are always carried out for all the procurements as a basis for planning and setting reserve prices

Action Status

Management has issued directives to the procurement team to ensure that performance security is obtained before any contract is signed, and that the Best Evaluated Bidder notice is displayed for the full ten working days.

All members of evaluation committees are now required to participate fully, with attendance registers and documented deliberations maintained to ensure proper representation and accountability.

Contract managers have been appointed for all contracts and are required to prepare contract management plans and reports in accordance with PPDA (Contracts) Regulations, 2023.

Pre-qualifying multiple contractors to allow wider participation is being undertaken. Procurements are now aggregated under a single contract to avoid unnecessary splitting..

Markets assessments are carried out for all procurements to inform planning, set reserve prices, and ensure value for money.

In addition market assessments for procurements for supply of ICT equipment, classroom construction, and water system works has been conducted. resulting in variances between planned and actual contract amounts.

Query	Improper Procurement Method
Audit Findings Regulation 6 (1) and (3) of the PPDA (rules and methods for procurement of supplies, works, and non-consultancy services) of 2023, requires a PDE to use the procurement methods specified in part VI of the ACT for all procurement requirements. The choice of procurement method is to be determined by; a) estimated value of the requirement, b) the circumstances relating to the requirement, and, c) the type of procurement, whether supplies, works, or non-consultancy services. Audit observed that the District had procurement processes worth UGX 0.466Bn that were carried out using improper procurement methods By using an improper procurement method, the possibility of the entity obtaining inaccurate quality of goods and services could not be ruled out. The Accounting Officer explained that regarding Construction of District Administration Block 1st floor phase 2 and fencing, the District used the old Local Government PPDA regulations and guidelines of 2003, where the thresholds for open domestic bidding was above UGX 0.05Bn and there was an advert. Regarding the fencing of Kachuru Seed S.S in Education Department, the District used the new local government PPDA of quotation method where the threshold is between UGX 0.01Bn to UGX 0.4Bn. Audit noted that the Accounting Officer was using the old PPDA provisions to justify management decision which was inconsistent with the new PPDA provisions for Local Governments.	
Recommendation	
The Accounting Officer should ensure that; i) All procurements are conducted in strict compliance with the PPDA regulations, including mandatory submission of	

performance security before contract signing and adherence to evaluation criteria. ii) Contract managers are appointed and prepare contract management reports for all contracts. iii) The Best Evaluated Bidder notice is displayed for the full statutory period of ten working days before any contract is awarded. iv) Proper procurement methods are used by adopting the amended procurement guidelines	
Action Status	
Management has issued directives to the procurement team to ensure that performance security is obtained before any contract is signed, and that the Best Evaluated Bidder notice is displayed for the full ten working days. All members of evaluation committees are now required to participate fully, with attendance registers and documented deliberations maintained to ensure proper representation and accountability. Contract managers have been appointed for all contracts and are required to prepare contract management plans and reports in accordance with PPDA (Contracts) Regulations, 2023. The district has aligned procurement practices with the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023. Adoption of the updated thresholds and procurement methods is ongoing, and staff training on the amended guidelines is being planned to prevent recurrence.	
Query	Lack of Performance Security
Audit Findings	
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 District entered/signed contracts worth UGX 0.044Bn with bidders without requiring them to avail performance security

Without performance security, there is a possibility of contractors abandoning works without any recourse, and this may cause loss to Government.

The Accounting Officer explained that performance securities were not provided but works were performed satisfactorily within the agreed time limit of three months and value for money was attained

Recommendation

The Accounting Officer should ensure that;

- i) All procurements are conducted in strict compliance with the PPDA regulations, including mandatory submission of performance security before contract signing and adherence to evaluation criteria.
- ii) Contract managers are appointed and prepare contract management reports for all contracts.
- iii) The Best Evaluated Bidder notice is displayed for the full statutory period of ten working days before any contract is awarded.
- iv) The bidders are tasked to avail performance security before signing the contract to protect the interests of the entity in case the bidder fails to execute the works.

Action Status

Management has issued directives to the procurement team to ensure that performance security is obtained before any contract is signed, and that the Best Evaluated Bidder notice is displayed for the full ten working days.

All members of evaluation committees are now required to participate fully, with attendance registers and documented

deliberations maintained to ensure proper representation and accountability.

Enforcement of the requirement for performance securities in all future contracts in line with Regulation 11 of the PPDA (Contracts) Regulations, 2023 to safeguard the District's interests is now implemented.

Contract managers have been appointed for all contracts and are required to prepare contract management plans and reports in accordance with PPDA (Contracts) Regulations, 2023.

Query	Low Bidder Participation
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Audit Findings

Section 79 (1) of the fourth schedule and Section 5(c) (1) requires that a procuring and disposing entity shall obtain at least three bids. Section 46 of the Public Procurement and Disposal of Public Assets Act Cap. 205 requires the entity to conduct procurement in a manner that maximizes competition and achieves value for money.

Contrary to the above it was observed the entity failed to obtain adequate competition in eleven (11) procurements totaling to UGX 0.602Bn. Low bidder partition undermines competition in the procurement process and may lead to costly procurements.

The Accounting Officer attributed this to the fact that some invitations to bid were through emails. However, Audit was not provided with e-mail print outs to support management's explanation.

Recommendation

The Accounting Officer should ensure that;

- i) All procurements are conducted in strict compliance with the PPDA regulations, including mandatory submission of performance security before contract signing and adherence to evaluation criteria.
- ii) Contract managers are appointed and prepare contract management reports for all contracts.

- iii) The Best Evaluated Bidder notice is displayed for the full statutory period of ten working days before any contract is awarded.
- iv) All bidders have been shortlisted for all procurement formally invited in accordance with LG PPDA Regulations to encourage competition.

Action Status

Management has issued directives to the procurement team to ensure that performance security is obtained before any contract is signed, and that the Best Evaluated Bidder notice is displayed for the full ten working days.

All members of evaluation committees are now required to participate fully, with attendance registers and documented deliberations maintained to ensure proper representation and accountability.

Contract managers have been appointed for all contracts and are required to prepare contract management plans and reports in accordance with PPDA (Contracts) Regulations, 2023.

Steps have been taken to improve bidder engagement, including advising the Head of the Procurement and Disposal Unit (PDU) to formally invite all shortlisted bidders in line with the Local Government PPDA Regulations.

Query

Failure to Prepare/Maintain Contract Management Records

Audit Findings

Regulation 46(1) (b) of the Local Government (PPDA) Regulation, 2006 requires that the entity should maintain contract management records.

Contrary to the above, procurements worth UGX 2.4Bn did not have relevant supporting document as per the required check list.

Failure to provide records cast doubt on the transparency of the management of procurement process.

The Accounting Officer acknowledged the observation.

Recommendation	
The Accounting Officer should ensure that; i) All procurements are conducted in strict compliance with the PPDA regulations, including mandatory submission of performance security before contract signing and adherence to evaluation criteria. ii) Contract managers are appointed and prepare contract management reports for all contracts. iii) The Best Evaluated Bidder notice is displayed for the full statutory period of ten working days before any contract is awarded. iv) All relevant procurement supporting contract management records are maintained	
Action Status	
Management has issued directives to the procurement team to ensure that performance security is obtained before any contract is signed, and that the Best Evaluated Bidder notice is displayed for the full ten working days. All members of evaluation committees are now required to participate fully, with attendance registers and documented deliberations maintained to ensure proper representation and accountability. Contract managers have been appointed for all contracts and are required to prepare contract management plans and reports in accordance with PPDA (Contracts) Regulations, 2023. Efforts through circulars to officers concerned to improve contract documentation and compliance with Regulation 46(1)(b) of the Local Government PPDA Regulations, 2006 are ongoing.	
Query	Special Audit on Management of Government Pension and Gratuity Payroll
Audit Findings	
a) The Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings;	

- b)* The district had 107 Pensioners on the June, 2024 payroll, of which 104 (97%) were fully verified and 3(3%) did not show up for the validation exercise. In addition, 2 individuals had not accessed the pension payroll by the end of June, 2024 and these were verified and captured as new records.
- c)* The district had an initial approved pension, gratuity and arrears budget of UGX 6.2Bn for the period under review, and obtained supplementary budget of UGX 3.5Bn leading to a revised budget of UGX 9.7Bn out of which UGX 8.9Bn (92%) was released resulting into a funding shortfall of UGX 0.76Bn (8%). Out of the funds released of UGX 8.9Bn, a sum of UGX 6.3Bn was utilized resulting in un-utilized funds of UGX 2.6Bn (30%).
- d)* The district did not request for supplementary funding during the period, however UGX 2.6Bn was released of which only UGX 1.1Bn (40%) was spent leaving a balance of UGX 1.6Bn (60%) unspent.
- e)* The district did not utilize UGX 1.6Bn (60%) of the total supplementary received of UGX 2.6Bn
- f)* Two (02) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 3 to 10 months. In addition, 7 pensioners delayed to receive pension payment, with delays ranging from 3 to 11 months.
- g)* Forty- nine (49) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, and NINs, between their data captured on the IPPS and the NIRA data.
- h)* The expected DLG pension and gratuity estimates for 2024/2025 is UGX 1.6Bn for 126 confirmed pensioners.
- i)* A comparison of the estimated pension and gratuity budget of UGX 1.6Bn and the approved budget of UGX 1.7Bn revealed a variance of UGX 0.11Bn leading to over budgeting.

Recommendation

The Accounting Officer was advised to;

- i)* Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and

ensure that inconsistencies in personal data are resolved and corrected with NIRA. ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise. iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly. iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period. v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll. vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.	Action Status Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data. The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts. Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing. Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period. Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.
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All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

A letter was written to the Ministry of Public Service and Ministry of Finance, Planning and Economic Development to update the pension payroll, verify beneficiaries, and facilitate timely release of funds.

Vote 829: Buvuma District Local Government

Query	Understaffing at the District
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Audit Findings

Regulation 15 (a) (A-a) of the Public Service Standing Orders, 2010 mandates the Ministry of Public Service to determine the structure, terms and conditions of service of Local Government. A number of vacancies remain unfilled.

Recommendation

The Accounting Officer was advised to;

- i) Engage the District Service Commission, Ministry of Public Service and Ministry of Finance, Planning and Economic Development to fast-track the filling of critical vacant positions in the approved staff establishment.
- ii) Liaise with the Ministry of Public Service to develop and implement a consolidated, costed staff structure for the district.
- iii) Engage the MoPS and ensure that all staff positions are filled.

Action Status

A formal request has been submitted to the Ministry of Public Service for the development of a consolidated and costed staff structure for the district, including health facility and education structures.

Management has engaged the District Service Commission, Ministry of Public Service and MoFPED to initiate the recruitment process and secure clearance to fill the critical vacant positions.

Query	Management of Government Pension and Gratuity Payroll
Audit Findings a) Audit undertook a special audit of the gratuity payments and pension payroll for Financial Years 2019/20 to 2023/24 and below is a summary of the major findings; b) The district had 29 pensioners on the June 2024 payroll, of which 26 (90%) were fully verified, and 03 (10%) did not show up. In addition, 01 individual had not accessed the pension payroll by the end of June 2024, and this was captured as a new record. I verified this new record and included it in the determination of the entity's pension and gratuity estimates. c) The district had an initial approved pension, gratuity, and arrears budget of UGX 1.7Bn and obtained supplementary funds of UGX 0.886Bn, leading to a revised budget of UGX 2.6Bn. Out of this, UGX 2.5Bn (97%) was released, resulting in a funding shortfall of UGX 0.079Bn (3%). d) The district's requested for supplementary funding of UGX 0.859Bn during the period of which UGX 0.886Bn (103%) was released leading to excess of UGX 0.027Bn. Of the released funds only, UGX 0.299Bn (34%) was spent and the balance of UGX 0.559Bn (66%) remained unspent. e) A comparison of the re-computed pension and gratuity budget of UGX 0.685Bn and the entity's approved pension and gratuity estimate of UGX 0.655Bn for Financial Year 2024/2025 revealed an under budget of UGX 0.029Bn. f) The Audit further noted that, seven (7) pensioners/beneficiaries delayed receiving pension payment, with delays ranging from 4 to 38 months while, one pensioner delayed receiving gratuity payment, with a delay of 17 months.	
Recommendation	
The Accounting Officer was advised to; i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.	

- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes. Clean up the pension payroll and review wage estimates for FY 2024/25 on going. Computation of pensioners' entitlements and recovery of overpayments are ongoing.

Retiree sensitization programs have been initiated to facilitate smooth transition to the pension payroll.

Vote 830: Buyende District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The district had 139 Pensioners on the June 2024 payroll, of which 124 (89%) were fully verified, and 15 (11%) who were paid UGX 0.168Bn over the period of 5 years did not show up for the validation exercise.
- b) The district had an initial approved pension and gratuity budget of UGX 6.2Bn for the period under review, and also obtained supplementary budget of UGX 2.1Bn
- c) resulting into a revised budget of UGX 8.4Bn, out of which UGX 8.4Bn (99.9%) was released.
- d) Out of the total funds released of UGX 8.4Bn, a sum of UGX 6.9Bn was utilized Resulting in un-utilized balance of UGX 1.5Bn (17.5%).
- e) The district did not request for supplementary funding during the period underreview. However, Parliament approved UGX 1.2Bn in FYs 2021/22, 2022/23 and 2023/24, but in the same period MoFPED released UGX 2.1Bn leading to unauthorized supplementary of UGX 0.09Bn.
- f) Out of the released supplementary funding of UGX2.1Bn, a sum of UGX 2.0Bn (95%) was spent and the balance of UGX 0.11Bn (5%) remained unspent.
- g) A total of 37 Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 6 to 29 months. In addition, 2 pensioners delayed to

receive pension payment, with delays ranging from 54 to 65 months.

- h)* A total of 32 pensioners/beneficiaries had inconsistencies in their dates of birth and dates of first appointment between their data captured on the IPPS and the NIRA data.
- i)* A total of 15 pensioners/beneficiaries who did not have files at the district and had been paid UGX 0.17Bn did not provide the requisite documents during the physical head count and were not validated.
- j)* The expected District pension and gratuity estimate for 2024/2025 is UGX 2.1Bn for 170 confirmed pensioners excluding pension and gratuity arrears.
- k)* A comparison of the estimated pension and gratuity budget of UGX 2.1Bn and the approved budget of UGX 1.7Bn revealed a variance of UGX 0.38Bn leading to underbudgeting.

Recommendation

The Accounting Officer was advised to;

- i)* Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii)* Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii)* Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv)* Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v)* Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Engagement with the Ministry of Public Service has started to clean up and update the pension payroll.

Verified payroll is being used as a basis for updating monthly payments to pensioners/beneficiaries.

Retiree sensitization programs for smooth transition to the pension payroll have been initiated.

Coordination with the Ministry of Finance, Planning and Economic Development to review approved pension and gratuity estimates for FY 2024/25 is ongoing.

Vote 831: Dokolo District Local Government

Query Over and Underpayment of Pension and Gratuity

Audit Findings

The Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings;

- a)* The district had 251 Pensioners on the June 2024 payroll, of which 215 (86%) were fully verified, and 36 (14%) did not show up for the validation exercise. In addition, 18 individuals who had not yet accessed the pension payroll by the end of June, 2024, appeared for head count and were verified and captured as new records.
- b)* The district had an initial approved pension, gratuity and arrears budget of UGX 7.2Bn for the period under review, and obtained supplementary funds of UGX 4.1Bn leading to a revised budget of UGX 11.3Bn out of which UGX 10.0Bn (88%) was released.
- c)* Out of the total funds released of UGX 10.0Bn, a sum of UGX 8.5Bn (85%) was utilized resulting in un-utilized funds of UGX 1.4Bn (15%).
- d)* The Audit noted that funds amounting to UGX 0.228Bn for pension and gratuity were diverted to other activities.
- e)* The Audit noted that pension and gratuity funds amounting to UGX 0.155Bn were charged on wrong account codes.
- f)* A re-computation of pensioners benefits revealed over and under payments of pension and gratuity
- g)* From the comparison of the payroll register and IFMS payment file for the FYs 2019/20 to 2023/24, 15 pensioners were paid UGX 0.17Bn off the IPPS/HCMS.
- h)* Eight (8) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 45 to 189 months. In addition, 28 pensioners delayed to

receive pension payment, with delays ranging from 2 to 116 months.

- i)* Fifteen (15) pensioners/beneficiaries had inconsistencies in their dates of birth, 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 District pension and gratuity payroll.
- j)* The Audit noted that the entity had accumulated pension and gratuity arrears totalling UGX 0.66Bn arising from the under/non-payment of 50 pensioners/beneficiaries. The expected DLG's pension and gratuity estimates for 2024/2025 are UGX 2.7Bn for 280 confirmed pensioners, excluding pension and gratuity arrears of UGX 0.65Bn.
- k)* A comparison of the estimated pension and gratuity budget of UGX 3.4Bn and the approved budget of UGX 2.2Bn revealed a variance of UGX 1.1Bn leading to under budgeting.

Recommendation

The Accounting Officer was advised to;

- i)* Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii)* Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii)* Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv)* Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v)* Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vii) Make the necessary adjustments in the subsequent period upon confirmation of the amounts by the MoPS

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Adjustments in the financial statements have been made.

Validation and confirmation by the Ministry of Public Service have been done.

Vote 832: Gomba District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a)** The Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings;
- b)** The district had 151 Pensioners on the June 2024 payroll, of which 145 (96%) were fully verified; 6 (4%) did not show up for the validation exercise. In addition, 10 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records.
- c)** The DLG had an initial approved pension, gratuity and arrears budget of UGX 5.3Bn for the period under review, and also obtained supplementary funds of UGX 2.8Bn resulting into a revised budget of UGX 8.0Bn which was all released.
- d)** Out of the total funds released of UGX 8.0Bn, UGX 7.4Bn (93%) was utilized resulting in un-utilized funds of UGX 0.595Bn (7%).
- e)** Twenty-five (25) pensioners/beneficiaries delayed receiving pension payment, with delays ranging from 1 to 44 months while, two (2) pensioners/beneficiaries delayed receiving gratuity payment, with delays ranging from 1 to 25 months.
- f)** Forty-five (45) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, among others, while three (3) pensioners did not have NINs.

Recommendation

- i) The Accounting Officer should liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) The Accounting Officer should engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and

- gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) The Accounting Officer should consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
 - iv) The Accounting Officer should follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
 - v) The Accounting Officer should sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
 - vi) The Accounting Officer should ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring is guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

The District has initiated engagement with the Ministry of Public Service to clean up and update the pension payroll.

Discussions with the Ministry of Finance Planning and Economic Development and the Ministry of Public Service to review the approved wage estimates for FY 2024/25.

Vote 833: Gulu District Local Government

Query	Gratuity Payments and Pension Payroll
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Audit Findings

A special audit of the gratuity payments and pension payroll was undertaken for financial years 2019/20 to 2023/24 and below is a summary of the major findings;

- a) The District had 616 Pensioners on the June 2024 payroll, of which 384 (62.3%) were fully verified; 35(5.7%) were not verified and 197(32.0%) did not show up for the validation exercise. In addition, 27 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new and included in the determination of the DLG's pension and gratuity estimates.
- b) The DLG had an initial approved pension, gratuity and arrears budget of UGX 20.3Bn for the period under review, and obtained supplementary funds of UGX 2,307.0Bn leading to a revised budget of UGX 22.6Bn out of which UGX 20.6Bn (91%) was released.
- c) The DLG received supplementary funds worth UGX 2.3Bn without requests from the Accounting Officer, of which UGX 2.1Bn (90.3%) was spent and the balance of UGX 0.223Bn (10.2%) remained unspent.
- d) Comparison of the re-computed pension and gratuity budget of UGX 3.3Bn and the entity approved pension and gratuity

estimate of UGX 3.8Bn for the FY 2024/2025 revealed an over budget of UGX 0.449Bn

- e) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity
- f) The Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

The necessary adjustments are to be made upon confirmation of the amounts by the MoPS

Query	Mischarged Expenditure
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Audit Finding

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 that expenditure of UGX 0.020 was incurred on item code for which they were not budgeted.

Mischarge of expenditure affects implementation of planned activities.

The Accounting Officer explained that the issue was as a result of budgeting where the department unknowingly allocated funds on items using wrong codes not taking into consideration new changes in the charts of accounts

Recommendation	
The Accounting Officer was advised to ensure that all expenditures are charged to the correct budget codes in accordance with the Government Chart of Accounts, and to seek formal reallocation approvals where necessary.	
Action Status	
Management has issued guidance to all finance staff to ensure strict adherence to approved budget codes and the Government Chart of Accounts. Formal reallocations have been sought and approved for any expenditure requiring reclassification. Instructions to accounts staff that future expenditures are coded correctly according to the chart of accounts. Departments have been reminded to align budgets with the updated chart of accounts to prevent mischarges. Monitoring and verification of coded expenditures is being strengthened, for compliance and verification of all departments is still ongoing.	
Vote 834: Hoima District Local Government	
Query	Over and Underpayment of Pension and Gratuity
Audit Findings	
a) The District had an approved initial budget of UGX 11.8Bn for pension, gratuity as well as pension and gratuity arrears for the period under review and obtained a supplementary budget of UGX 3.5Bn resulting into a revised Budget of UGX 15.3Bn. b) Out of the revised budget, UGX 14.7Bn (96%) was released resulting into a funding shortfall of UGX 0.58Bn (4%). A sum of UGX 12.8Bn (87%) was utilized out of the total funds released, resulting in un-utilized funds of UGX 1.9Bn (13%). A total of UGX 0.06Bn was misclassified between Pension, Gratuity and their respective arrears' Account codes. c) The district over paid Gratuity of UGX 0.187Bn to 35 pensioners/beneficiaries and Pension of UGX 0.063Bn to 30 pensioners/beneficiaries. There was an under payment of Gratuity of UGX 0.458Bn to 21 pensioners/beneficiaries and Pension of UGX 0.07Bn to 24 pensioners/beneficiaries.	

- d)* The district paid UGX 0.113Bn to 4 pensioners who did not have the required documents in their pension files to support their inclusion on the pension payroll. Thirteen (13) pensioners/beneficiaries who did not appear for the physical validation were paid UGX 0.168Bn during the period under review. Furthermore, the entity did not have their individual pension files. Fifty-two (52) Pensioners/beneficiaries delayed to receive pension payment, with delays ranging from 1 to 39 months. Ninety-seven (97) pensioners continued to receive reduced pension on expiry of the 15-year period for which the commuted pension gratuity applied.
- e)* The District had accumulated pension and gratuity arrears of UGX 0.529Bn arising from the under/non-payment of 36 pensioners/beneficiaries.
- f)* Out of 404 pensioners/beneficiaries who were on the District pension payroll by June 2024, 350(86.6%) presented all the pre-requisite documents to confirm their existence and eligibility.
- g)* Three (3) individuals who were paid UGX 0.1Bn over the period of 5 years lacked key pre-requisite documents to qualify as genuine pensioners/beneficiaries on the payroll.
- h)* Fifty-one (51) Pensioners/beneficiaries, who were on the District June 2024 payroll and paid a sum of UGX 0.209Bn during the period under review, did not appear for the headcount.
- i)* Eighty-three (83) individuals whose names were not on the entity's pension payroll by June 2024, appeared for the validation exercise.
- j)* The re-computed expected pension and gratuity estimate for the Financial year 2024/25 is UGX 2.6Bn to cater for 454 confirmed pensioners/beneficiaries excluding pension and gratuity arrears of UGX 0.529Bn.
- k)* A comparison of the re-computed pension and gratuity budget of UGX 2.6Bn and the approved pension and gratuity estimate of UGX 3.7Bn revealed an over budget of UGX 1.1Bn.
- l)* A comparison of the re-computed pension and gratuity arrears' budget of UGX 0.529Bn and the approved pension

and gratuity arrears' estimate of UGX 0.038Bn revealed an under budget of UGX 0.491Bn.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vii) Make the necessary adjustments after confirmation of the amounts by the MoPS.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the

approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Adjustments in the financial statements were done after validation and confirmation by the Ministry of Public Service (MoPS). Adjusted the financial statements to reflect the correct pension and gratuity amounts.

Vote 835: Ibanda District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Finding

The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity

The Audit further noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.

The Accounting Officer explained that the over and under payments are yet to be verified, and if found viable, adjustments will be included in the financial statements.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and

ensure that inconsistencies in personal data are resolved and corrected with NIRA. ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise. iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly. iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period. v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll. vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes. vii) Make the necessary adjustments after confirmation of the amounts by the MoPS.	Action Status Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data. The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts. Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.
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Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Query	Registration and Titling of Land
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Audit Findings

The district had 95 pieces of land with approximately 300.645ha with no established cost with some pieces of land lacking the approximate measurement. The Audit further noted that the district did not have Land titles for 72 (76%) pieces of land that have not been surveyed.

The Accounting Officer attributed this to lack of funds to enable the titling of the land; and the lengthy procedure passed through during land processing.

Lack of Land titles may result into encroachment, disputes and loss of public land.

Recommendation

- i) The Accounting Officer should expedite the process of acquiring land titles for all district land to protect it from encroachment, disputes and loss.
- ii) The Accounting Officer should expedite the process of sourcing for funds from relevant stakeholders to ensure that all District land is titled.

Action Status

Management has initiated the process of acquiring land titles for untitled district land in a phased manner, subject to availability of funding. Several parcels have been prioritised and the engagement with land authorities is ongoing.

The process of titling of District land and so far, and have acquired 13 titles during the FY 2024/2025 and more are to be acquired in the subsequent Financial Years

Vote 836: Iganga District Local Government

Query Over and Underpayment of Pension and Gratuity

Audit Findings

A special audit was performed on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity

The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.

The Accounting Officer explained that the over and under payments are yet to be verified, and if found viable, adjustments will be included in the financial statements.

Recommendation

- i) The was advised to liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Should sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vii) Make the necessary adjustments after immediate confirmation of the amounts by the MoPS.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Overpayments (UGX 0.012 Bn) and underpayments (UGX 0.097 Bn) of pension and gratuity is on going. Verification by the Ministry of Public Service (MoPS) is ongoing, and necessary adjustments will be reflected in the financial statements once the amounts are confirmed.

Query	Untitled Land
Audit Findings Inspection of the District's Fixed Asset register indicated two pieces of land owned by the District worth UGX 0.05Bn. Inquiries on the status of the land indicated that it is not titled. There is a risk of encroachment of land which may result into loss of the district land. The Accounting Officer explained that the land title process for Nakigo sub county slaughter slab is in process, and it is at District land board for consideration and was also submitted to Jinja zonal land for consideration, however, for Nakalama sub county land is still under litigation.	
Recommendation	
The Accounting Officer should expedite the process of acquiring land titles for all district land to protect it from encroachment, disputes and loss.	
Action Status	
Management has initiated the process of acquiring land titles for untitled district land in a phased manner, subject to availability of funding. Several parcels have been prioritised and the engagement with land authorities is ongoing. Actions to secure land titles for the district-owned properties are on going. The Nakigo sub-county land is under consideration by the District Land Board and Jinja Zonal Land Office, while the Nakalama sub-county land is currently under litigation. Efforts to expedite the titling process are ongoing to mitigate the risk of encroachment and potential loss of District land.	
Query	Non-Disposal of Obsolete Assets
Audit Findings An asset should be derecognized when it has been disposed or when the asset is permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal.	

My review of the Board of survey report indicated that one (1) transport equipment (Grader) with registration NO. UG0280R which had cost UGX 0.8Bn was no longer in use by the District and had been recommended for disposal. The Audit noted that the equipment was not disposed of nor derecognized in the district asset register.

Non-de- recognition of such assets may misinform the users of the financial statements.

The Accounting Officer explained that the disposal plan has been prepared which will be implemented by the end of the current financial year.

Recommendation

The Accounting Officer was advised to;

- i) Expedite the boarding off and disposal of obsolete vehicles and assets through the Board of Survey in accordance with the Local Governments Financial and Accounting Manual 2007.
- ii) Prioritise and budget for the renovation and maintenance of district buildings in a phased manner to prevent further deterioration.
- iii) Dispose off the obsolete assets.

Action Status

Management has initiated the boarding off and disposal process by convening a Board of Survey and submitting the required documentation to the Ministry of Works and Transport for approval.

Budget provisions for renovation and maintenance of district buildings have been incorporated in the subsequent financial year estimates, and critical repairs have been prioritised.

A disposal plan for the obsolete transport equipment (Grader, UG0280R) has been prepared.

Derecognition from the asset register will be effected upon completion of the disposal process to ensure accurate financial reporting.

Query	Management of Government Pension and Gratuity Payroll
Audit Findings The Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings; a) The District had 1,212 Pensioners on the June 2024 payroll, of which 788 (65%) were fully verified, 4 (0.3%) who were paid UGX 0.11Bn over the period of 5 years were not verified and 420 (34.5%) did not show up for the validation exercise. In addition, 37 individuals had not accessed the pension payroll by the end of June, 2024 of which 36 were fully verified. b) The District had an initial approved pension, gratuity and arrears budget of UGX 27.6Bn for the period under review, and obtained supplementary budget of UGX 6.0Bn, leading to a revised budget of UGX 33.6Bn, out of which UGX 33.2Bn (99%) was released. c) Out of the total funds released of UGX 33.2Bn, a sum of UGX 29.3Bn (88%) was utilized resulting in un-utilized funds of UGX 3.9Bn (12%). d) The district requested for supplementary funding of UGX 0.27Bn during the period under review of which UGX 6.0Bn was released leading to excess supplementary release of UGX 5.7Bn. e) Out of the released supplementary funds, only UGX 3.6Bn (62%) was spent and the balance of UGX 2.1Bn (38%) remained unspent. f) The Audit noted that pension and gratuity funds amounting to UGX 0.13Bn were charged on wrong account codes. g) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity h) 3 Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 31 to 41 months. In addition, 47 pensioners delayed to receive pension payment, with delays ranging from 1 to 326 months.	

- i) A total of 166 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement which undermines the integrity of the entity's pension records and the accuracy of the district pension and gratuity payroll.
- j) The Audit noted that the district had accumulated pension and gratuity arrears totalling UGX 0.34Bn.
- k) The expected District pension gratuity and arrears estimate for 2024/2025 is UGX 7.218 Bn for 879 confirmed pensioners excluding pension and gratuity arrears of UGX 0.082Bn.
- l) A Comparison of the estimated pension and gratuity budget of UGX 7.3Bn and the approved budget of UGX 6.8Bn revealed a variance of UGX 0.5Bn leading to under budgeting.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status	
i)	Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.
ii)	The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.
iii)	Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.
iv)	Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.
v)	Pre-retirement sensitisation programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.
vi)	All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.
Vote 837: Isingiro District Local Government	
Query	Failure to Carry out Market Assessments
Audit Findings	
Regulation 3 (2) (a) (rules and methods of procurement) of 2014, requires that the estimate should be based on market assessment. It was noted that the District did not carry out market assessments for procurements worth UGX 2.6Bn Failure to carry out market assessments leads to entity procuring goods and services that miss the mark hence leading to wastage of resources.	
Recommendation	
The Accounting Officer was advised to;	

- i) Take immediate corrective action to address the identified irregularities and ensure compliance with the applicable laws, regulations, and guidelines.
- ii) Strengthen internal controls and monitoring mechanisms to prevent recurrence of the identified anomalies.
- iii) Recruit adequate staff and guidelines solicited to enable market assessment to be carried and avoid wastage of resources.

Action Status

Management has noted the audit observation and has taken steps to address the identified irregularities, including issuance of corrective directives to the responsible officers.

Monitoring and review mechanisms have been strengthened to ensure full compliance with applicable laws and regulations and to prevent recurrence of the anomalies identified.

Market assessments for procurements totalling UGX 2.63 Bn has been undertaken to ensure compliance. Efforts to recruit adequate procurement staff and obtain the necessary guidelines to conduct proper market assessments, with the aim of preventing resource wastage in future procurements is ongoing.

Vote 838: Jinja District Local Government

Query Special Pension Audit Observations

Audit Findings

- a) The District had 784 Pensioners on the June 2024 payroll, of which 596 (76.0%) were fully verified, 4 (0.5%) who were paid UGX 0.064 over the period of 5 years were not verified, and 184 (23.5%) did not show up for the validation exercise.

In addition, 84 individuals who had not accessed the pension payroll by the end of June, 2024 appeared for validation of which 82 were fully verified and captured as new records in the determination of the district's pension and gratuity estimates.

- b) The district had an initial approved pension, gratuity and arrears budget of UGX 19.3Bn for the period under review,

and obtained supplementary budget of UGX 10.9Bn leading to a revised budget of UGX 30.2Bn out of which UGX 29.0Bn (96%) was released.

- c)* Out of the total funds released of UGX 29.0Bn, a sum of UGX 27.9Bn was utilized resulting in un-utilized funds of UGX 1.1Bn (4%).
- d)* The district requested for supplementary funding of UGX 10.9Bn during the period under review which was released. Of the released funds only UGX 3.2Bn (59%) was spent, and the balance of UGX 2.3Bn (41%) remained unspent.
- e)* The Audit noted that pension and gratuity funds amounting to UGX 1.2Bn were charged on wrong account codes.
- f)* A re-computation of pensioners benefits revealed under payments of pension and gratuity of UGX 0.55Bn.
- g)* The district paid UGX 0.87Bn to 66 pensioners who did not have some of the key documents in their pension files to support their inclusion on the pension payroll.
- h)* A total 20 Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 1 to 54 months. In addition, 169 pensioners delayed to receive pension payment, with delays ranging from 1 to 77 months.
- i)* The Audit noted that the District had accumulated pension and gratuity arrears totalling UGX 1.2Bn arising from the under/non-payment of 166 pensioners/beneficiaries.
- j)* A total of 193 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 district pension and gratuity payroll.
- k)* The expected District pension and gratuity estimate for 2024/2025 is UGX 8.5Bn to cater for 751 confirmed pensioners excluding pension and gratuity arrears of UGX 1.2Bn.
- l)* A comparison of the estimated pension, gratuity and arrears budget of UGX 9.7Bn and the approved budget of UGX 6.2Bn

revealed a variance of UGX 3.6Bn leading to under budgeting.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vii) Engage the MoPS to ensure the amounts are validated and confirmed to enable appropriate adjustments in the subsequent period

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the

approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitisation programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Disclosure of the underpayments and accumulated pension and gratuity arrears totaling UGX 1.22 Bn have been included the commentary to the financial statements. Engagement with the Ministry of Public Service (MoPS) is ongoing to validate and confirm the amounts, after which necessary adjustments will be made in the subsequent reporting period.

Vote 839: Kaabong District Local Government.

Query	Mischarge of Expenditure
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Audit Findings

A review of the payments against the budget lines charged, revealed that management used budget/expenditure codes during the year to pay for different activities that were not related to the charged item codes resulting into mischarge expenditure of UGX 0.047Bn.

Recommendation

The Accounting Officer was advised to

- i) Ensure that all expenditures are charged to the correct budget codes in accordance with the Government Chart of Accounts, and seek formal reallocation approvals where necessary.
- ii) Engage the Budget directorate at MoFPED during budgeting to ensure that all expenses are coded properly according to

the chart of accounts codes to enhance expenditure classification and reporting.	
Action Status	
Management has issued guidance to all finance staff to ensure strict adherence to approved budget codes and the Government Chart of Accounts. Formal reallocations have been sought and approved for any expenditure requiring reclassification. Management put more emphasis on participatory budgeting and involving the sector Accountants during the budgeting process and this was experienced in the budgeting process for 2024/2025. Management also organized an orientation workshop to familiarize the HODs with the chart of accounts.	
Query	Gratuity Payments and Pension Payroll
Audit Findings	
Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings; - Kaabong District had 86 Pensioners on the June 2024 payroll, of which 70 (81%) were fully verified; 09 (11%) who were paid UGX.0.021Bn over the period of 5 years were not verified and 07 (8%) did not show up for the validation exercise. - The District had an initial approved pension, gratuity and arrears budget of UGX.3.905Bn for the period under review, and obtained supplementary funds of UGX.0.939Bn <i>leading</i> to a revised budget of UGX.4.844Bn out of which UGX.4.678Bn (97%) was released. - The District requested for supplementary funding of UGX.0.440Bn during the period of which UGX.0.284Bn (64%) was released leading to shortfall of UGX.0.156Bn. Of the released funds only UGX.0.258Bn (91%) was spent and the balance of UGX.0.025Bn (9%) remained unspent. - A re-computation of pensioners benefits revealed over and under payments of pension and gratuity as indicated in the table below; - A Comparison of the estimated pension and gratuity budget of UGX.1.452Bn and the approved budget of UGX.1.436Bn	

revealed a variance of UGX.0.016Bn leading to an under budgeting.

- f) One (01) Pensioner had not yet accessed the pension payroll by 30th June 2024, with a delay of 152 months. In addition, nine (09) pensioners delayed to receive pension payment, with delays ranging from 01 to 74 months.
- g) Forty-eight (48) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, and dates of retirement, 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 District pension and gratuity payroll.

Recommendation

The Accounting Officer was advised to;

- i) Take immediate corrective action to address the identified irregularities and ensure compliance with the applicable laws, regulations, and guidelines.
- ii) Strengthen internal controls and monitoring mechanisms to prevent recurrence of the identified anomalies.
- iii) Liaise with the Ministry of Public Service to ensure immediate clean up of pension payroll. For the individuals that did not show up for validation exercises that matter should be investigated.
- iv) Engage the Ministries of Public Service and Finance Planning and Economic Development, to review the approved wage estimates of the District for the Financial years 2024/2025, in line with results of validation exercise.
- v) Sensitize staff who are due to retire, at least Six (06) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of public service within a specified time line for appropriate action.

Action Status

All pensioners for Kaabong DLG were validated.

Management analysis of pension payroll reveals that the pension wage was sufficient to pay all the pensioners on the payroll.

Management has engaged the Ministry of Public Service to confirm whether there was over/ under payments of pension and gratuity. Vide letter dated 20th Feb 2025.

Vote 840: Kabale District Local Government

Query	Over and Underpayment of Pension and Gratuity Identified During the Special Audit
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Audit Findings

A special audit of the gratuity payments and pension payroll was undertaken for financial years 2019/20 to 2023/24 and below is a summary of the major findings;

- a) The District had 1,014 Pensioners on the June 2024 payroll, 907 (89.4%) of whom were fully verified. Seven (7) (0.7%) who were paid UGX 0.107Bn over the period of five years were not verified while 100 (10%) did not show up for the validation exercise.
- b) The DLG had an initial approved pension; gratuity and arrears budget of UGX 28.5Bn for the period under review, and obtained supplementary funds of UGX 6.2Bn leading to a revised budget of UGX 34.6Bn which was all released by MoFPED.
- c) The supplementary of UGX 6.2Bn received comprised of pension of UGX 4.892 Bn (79%) and gratuity of UGX 1.3Bn (21%). I also noted that although the Accounting Officer requested for supplementary funding of UGX 17.9Bn, only UGX 6.2Bn was released leading to funding gap of UGX 11.8Bn over the five year period under review.
- d) Comparison of the estimated pension and gratuity budget of UGX 10.5Bn and the entity approved pension and gratuity budget of UGX 7.5Bn for the FY 2024/2025 revealed an under budget of UGX 3.0Bn.
- e) A re-computation of pensioners benefits revealed overpayment of UGX 0.134Bn and under payment of UGX 0.013Bn for gratuity and pension respectively.

- f) Fourteen (14) pensioners had inconsistencies in their dates of retirement, names 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 District pension and gratuity payroll

Recommendation

The Accounting Officer was advised

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vii) Sensitize staff who are due to retire, at least Six (06) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- viii) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of public service within a specified time line for appropriate action.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Recovery plan for overpayment of gratuity which arose from a system error affecting four pensioners has been instituted. The underpayment of pension resulted from automated indexation adjustments implemented by the Ministry of Public Service (MoPS), which extracted the arrears payable has been reversed and paid.

Necessary accounting adjustments will be effected in the financial statements upon receipt of confirmation and validated figures from MoPS.

Vote 841: Kabarole District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

The Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings;

- a) The DLG had 631 Pensioners on the June 2024 payroll, of which 459 (73%) were fully verified while 1 (0%) who was not verified and 171 (27%) did not show up for the validation exercise. In addition, 40 individuals who had not yet accessed the pension payroll by the end of June, 2024 appeared for validation and were captured as new records. Of these new records, 20 were verified and included in my determination of the district pension and gratuity estimates.
- b) The DLG budgeted and received the pension, gratuity and arrears of UGX 19.6Bn.
- c) Out of 19.6Bn released, only UGX 18.8Bn (96%) was spent and the balance of UGX 0.81Bn (6%) remained unspent.
- d) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity
- e) A total of 99 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment and dates of retirement 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 District pension and gratuity payroll.
- f) The District did not have pension files for 318 pensioners.
- g) A total of 80 Pensioners/beneficiaries delayed in receiving pension payments, with delays ranging from 1 to 51 months.
- h) A total of 85 Pensioners/beneficiaries delayed to receive gratuity payment, with some delays ranging from 1 to 45 months.
- i) A total 19 pensioners continued to receive reduced pension on expiry of the 15-year period for which the commuted pension gratuity applied, leading to underpayment of UGX 0.111Bn.

- j) The re-computed expected pension and gratuity estimate for the year 2024/25 is UGX 3.7Bn to cater for 568 confirmed pensioners/beneficiaries, excluding pension and gratuity arrears of UGX 0.19Bn.
- k) A comparison of the re-computed pension, gratuity and arrears budget of UGX 3.9Bn and the entity approved pension and gratuity estimate of UGX 3.9Bn for the FY 2024/2025 revealed an over budget of UGX 0.2Bn.

Recommendation

The Accounting Officer was advised

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vii) Sensitize staff who are due to retire, at least Six (06) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- viii) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry

of public service within a specified time line for appropriate action.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitisation programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Management has initiated engagement with the Ministry of Public Service (MoPS) and the Ministry of Finance, Planning and Economic Development (MoFPED) to address payroll clean-up, wage estimate reviews, and release of funds in line with validated pension data.

Processes to verify pensioners, recover overpayments, clear underpayments, update records, and remove ineligible beneficiaries from the payroll are underway. Sensitization measures for officers nearing retirement are being considered to support their transition to the pension payroll.

Full implementation will be realized upon completion of payroll validation, budget revisions, recovery of overpayments, and clearance of arrears

Vote 842: Kaberamaido District Local Government

Query	Unsupported Expenditure
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Audit Findings

Regulation 33(4) of the Public Finance Management Regulations (PFMR), 2016 states that a payment voucher, which is incomplete due to the unavailability of the necessary supporting documents, shall be regarded as a missing voucher. In addition, Instruction 10.11.1 of the Treasury Instructions, 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.

The Audit noted that a sum of UGX 0.751Bn was paid for different road maintenance works activities, but lacked the relevant supporting documentation such as; fuel deposit slips, consumption schedules, activity reports, measurement sheets, goods received notes, among others.

Failure to account for funds makes it difficult to ascertain whether all the funds were utilised for intended purposes. There is a possibility that the expenses are overstated while the receivables/advances are understated by the same amount.

The Accounting Officer explained that the activities mentioned were implemented. However, some activities like culvert installation was still in the process of being implemented, and the accountability documents were not complete at that time of audit.

Recommendation

The Accounting Officer should ensure that;

- i) All advances are fully accounted for and that outstanding accountabilities are recovered or recognised as receivables.

- ii) All audit recommendations are fully addressed and that corrective measures are implemented to prevent recurrence of the identified anomalies.
- iii) The responsible officers account for the funds or else recovery measures should be instituted.

Action Status

All outstanding accountabilities have been submitted and verified; unaccounted-for balances have been recognised as receivables and recovery measures initiated against the responsible officers.

Management has strengthened controls over advances, including withholding of further advances to officers with outstanding accountabilities, and will ensure all audit recommendations are fully addressed.

Road maintenance activities were undertaken, and compilation of the requisite accountability documentation is ongoing. Responsible officers have been directed to submit the missing supporting documents.

Full compliance will be achieved upon submission and verification of complete accountabilities; otherwise, recovery measures will be instituted in line with the Public Finance Management Regulations, 2016 and the Treasury Instructions, 2017

Query Over and Underpayment of Pension

Audit Findings

The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District Council, and identified over and under payments of pension and gratuity

The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.

The Accounting Officer explained that the over payment arose in the FY 2023/24 where the annual pension was worth UGX 0.017Bn but he was paid UGX 0.018Bn giving an overpayment of

UGX 0.001Bn. This was due to HCM challenges. Recovery will be made in three instalments from October to December 2024.

In addition, the Accounting Officer confirmed that the under payment of pension, arose in the FY 2023/24 where some beneficiaries were paid less due to HCM challenges. The process of verifying them further has been initiated and a report will be submitted to the PS/ST.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vii) Make the necessary adjustments upon confirmation of the amounts by the MoPS.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes. Overpayment and underpayment arose from Human Capital Management (HCM) system challenges. Recovery of the overpaid pension is being effected in instalments from October to December 2024 completed, while verification of underpaid beneficiaries has been initiated for submission to the Permanent Secretary/Secretary to the Treasury (PS/ST).

Adjustments to the financial statements will be made upon confirmation of the reconciled amounts by the Ministry of Public Service (MoPS)

Query	Nugatory Expenditure
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Audit Findings

Paragraph 10.12.3 of the Treasury Instructions 2017, stipulates that when a public Officer discovers unauthorized, irregular or fruitless and wasteful expenditure, the Officer must immediately report such expenditure to the Accounting Officer. The Accounting Officer shall ensure such expenditure is reported in accordance with Section 21.8 of these Instructions.

In case of irregular expenditure incurred in contravention of procurement procedures, the contracts committee of the vote and PPDA shall be notified accordingly.

The Audit noted that the District was sued over a land matter over which the district lost the case under Civil Suit No.011 of 2012. The Plaintiff demanded a compensation of UGX 0.086Bn

At the time of concluding the audit, the obligation had not been settled. Delayed payment of the amount attracts more interest and other litigation costs which are nugatory. This expenditure would have been avoided if due care was taken by management.

The outstanding amount was not disclosed in financial statements as a contingent liability and thus understated the total liabilities of the District by the same amount.

The Accounting Officer explained that the district has made an appeal on this matter/ ruling, and the final verdict is what will be captured in next F/Y statements

Recommendation

The Accounting Officer should;

- i) Take immediate corrective action to address the identified irregularities and ensure compliance with the applicable laws, regulations, and guidelines.
- ii) Strengthen internal controls and monitoring mechanisms to prevent recurrence of the identified anomalies.
- iii) Follow up the matter with the appellant court to ensure its logical conclusion. In addition, proper disclosure must be made in the financial statements

Action Status

Management has noted the audit observation and has taken steps to address the identified irregularities, including issuance of corrective directives to the responsible officers.

Monitoring and review mechanisms have been strengthened to ensure full compliance with applicable laws and regulations and to prevent recurrence of the anomalies identified.

Management has lodged an appeal against the court ruling and is awaiting the final determination of the appellate court. Disclosure of the obligation will be affected in the subsequent financial statements in line with the outcome of the appeal and applicable reporting requirements.

Query	Management of Government Pension and Gratuity Payroll
Audit Findings The Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings; a) The district had 267 Pensioners on the June 2024 payroll, of which 233 (87.2%) were fully verified, 1 (0.4%) was not verified, while 33(12.4%) did not show up for the validation exercise. In addition, 33 individuals who had not yet accessed the pension payroll by the end of June, 2024 appeared for validation and were captured as new records. b) The DLG had an initial approved pension, gratuity and arrears budget of UGX 7.6Bn for the period under review and obtained supplementary budget of UGX 3.5Bn leading to a revised budget of UGX 11.2Bn out of which UGX 10.33 Bn (93%) was released, resulting into a budget shortfall of UGX 0.82Bn. c) Out of the total funds released of UGX 10.3Bn, a sum of UGX 9.8Bn (95%) was utilized resulting in un-utilized funds of UGX 0.56Bn. d) The DLG requested for supplementary funding of UGX 3.5Bn during the period of which was all released. Of the released funds only UGX 2.1Bn (61%) was spent resulting into un utilized funds of UGX 1.4Bn (39%). e) The Audit noted that pension and gratuity funds amounting to UGX 0.43Bn were charged on wrong account codes.	

- f) The district paid UGX 2.2Bn to 133 pensioners who did not have some of the key documents in their pension files to support their inclusion on the pension payroll.
- g) From the comparison of the payroll register and IFMS payment file, The Audit noted that 362 pensioners were paid a sum of UGX 6.4Bn off the IPPS/HCM.
- h) A total of 55 Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 47 to 480 months. In addition, 65 pensioners delayed to receive pension payment, with delays ranging from 36 to 196 months.
- i) A total of 177 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 district pension and gratuity payroll.
- j) The expected District pension and gratuity estimate for 2024/2025 is UGX 2.6Bn for 306 confirmed pensioners excluding pension and gratuity arrears of UGX 0.006Bn.
- k) A comparison of the estimated pension gratuity and arrears budget of UGX 2.6BnBn with the approved budget of UGX 2.8Bn indicates an over budget of UGX 0.18Bn.

Recommendation

The Accounting Officer should;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.

- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Management has initiated engagement with the Ministries of Public Service and Finance, Planning and Economic Development to address payroll validation, budget alignment, and release of

funds. Recovery of overpayments, budgeting for arrears, and review of unverified pensioners are being undertaken alongside the ongoing validation exercise. Full implementation will be concluded upon completion of reconciliations, budget revisions, and confirmation of payroll updates.

Vote 843: Kagadi District Local Government

Query	Over and Underpayment of Pension and Gratuity Identified During the Special Audit
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Audit Findings

The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity

The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.

The Accounting Officer explained that reconciliations with district records and MoPS were on-going to verify accuracy of the under and over payments.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.

- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vii) Make the necessary adjustments in the subsequent period after confirmation of the amounts by the MoPS

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Completed reconciliation with MoPS and district records.

Adjusted the financial statements to reflect correct pension and gratuity amounts.

Recovery of overpayments and process of underpayments to the affected beneficiaries is on going.

Query	FIXED ASSET MANAGEMENT
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Audit Finding

Failure to dispose of Obsolete Motor Vehicles. Paragraph 15.11.1 of the Treasury Instructions 2017, requires 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 2 vehicles were recommended for disposal in the Financial Year 2023/2024, but had not been disposed. Failure to dispose of the obsolete vehicles reduces its scrap value thus causing financial loss to the District.

The Accounting Officer explained that she had written to the Ministry of Works and Transport requesting for valuation of the vehicles before proceeding with the disposal process.

Recommendation

The Accounting Officer should;

- i) Expedite the boarding off and disposal of obsolete vehicles and assets through the Board of Survey in accordance with the Local Governments Financial and Accounting Manual 2007.
- ii) Prioritise and budget for the renovation and maintenance of district buildings in a phased manner to prevent further deterioration.
- iii) Follow up the request with MoWT to expedite the valuation of these vehicles.

Action Status

Management has initiated the boarding off and disposal process by convening a Board of Survey and submitting the required documentation to the Ministry of Works and Transport for approval.

Budget provisions for renovation and maintenance of district buildings have been incorporated in the subsequent financial year estimates, and critical repairs have been prioritised.

The Accounting Officer has initiated the disposal process by formally requesting the Ministry of Works and Transport (MoWT) to undertake valuation of the vehicles. Follow-up is ongoing to expedite the valuation and facilitate disposal in accordance with the Treasury Instructions, 2017

Vote 844: Kakumiro District Local Government

Query	Over and Underpayment of Pension and Gratuity Identified During the Special Audit
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Audit Findings

The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity

The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.

The Accounting Officer explained that reconciliations with district records and MoPS were on-going to verify accuracy of the under and over payments.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.

- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vii) Make the necessary adjustments in the subsequent period after confirmation of the amounts by the MoPS

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring is guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

The reconciliation process with district records and the Ministry of Public Service (MoPS) is ongoing to confirm the accuracy of the identified overpayments and underpayments of pension and gratuity.

Adjustments to the financial statements will be affected in the subsequent reporting period upon receipt of validation and confirmation from the Ministry of Public Service

Query	Special Audit on Management of Government Pension and Gratuity Payroll
Audit Findings The Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings; a) Out of 98 pensioners/beneficiaries who were on the District pension payroll by June 2024, 96 (98%) were verified and one (1) individual who was not verified and One (1) beneficiary did not appear for the headcount. b) The District had a revised pension Gratuity and arrears budget of UGX 6.3Bn out of which UGX 6.3Bn (99.9%) was received. c) UGX 4.4Bn (71%) was utilized out of the total funds released of UGX 6.3Bn, resulting in an un-utilized funds of UGX 1.8Bn (29%) d) The District did not utilize UGX 0.48Bn of its initial budget of UGX 1.7Bn for Pension and Gratuity in the FY 2020/21 and 2021/22. e) The District did not utilize UGX 1.3Bn (61%) of the total supplementary received of UGX 2.1Bn in the FYs 2019/20 and 2023/24. f) UGX 0.14Bn for pension and gratuity was misclassified and charged to the wrong item codes. g) A recomputation of the pension and gratuity payments revealed over and under payment of pension and gratuity Four (4) Pensioners/beneficiaries had not yet	

accessed the pension payroll (By June 2024), with delays ranging from 1 to 34 months.

- h) A total of 14 Pensioners delayed to receive pension payment, with delays ranging from 4 to 35 months. Three (3) Pensioners delayed to receive gratuity payment, with some delays ranging from 12 to 35 months.
- i) The district had accumulated pension and gratuity arrears of UGX 0.34Bn arising from the under/non-payment of 29 pensioners/beneficiaries. A sum of UGX 0.16Bn was made to 7 pensioners/beneficiaries using accounts different from the one indicated in the Pension form PSF 18/Pension form NS 7 (Revised 2009).
- j) Six (6) individuals whose names were not on the entity's pension payroll by June 2024, appeared for the validation exercise. Out of these, 4 were fully verified while 2 were not verified.
- k) The expected pension and gratuity estimate for the FY 2024/24 is UGX 0.929Bn to cater for 110 confirmed pensioners/beneficiaries. This excludes pension and gratuity arrears of UGX 0.342Bn beneficiaries, which was not budgeted for by the District.
- l) A comparison of the re-computed pension gratuity and arrears budget of UGX 1.3Bn and the approved pension gratuity and arrears estimate of UGX 1.3Bn revealed an over budget of UGX 0.059Bn.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.

- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Engagement initiated; follow-up ongoing to ensure timely quarterly releases.

There was data validation and correction process underway.

Controls strengthened to ensure correct coding of pension and gratuity transactions.

A recovery plan developed and deductions from subsequent payments The arrears were verified and phased payment plan incorporated in subsequent FY budget.

A Circular issued to prospective pensioners outlining documentation requirements and timelines. Guidelines were developed and communicated on bank account change requests with enhanced verification.

Reconciliations between declared and paid accounts was conducted and discrepancies resolved.

The entity now uses validated pensioners' list for budgeting and Payment as the reference for payroll and budgeting.

A review of ineligible and Incomplete beneficiary's investigation was conducted. Non-compliant cases were flagged and suspended pending submission of requisite documents.

Quarterly review mechanism was established to confirm all eligible pensioners are on payroll.

Formal submission made to the Ministries of Public Service and Finance for revision of pension and gratuity estimates in line with validation results feedback awaited.

Vote 845: Kalaki District Local Government

Query Over and Underpayment of Pension and Gratuity

Audit Findings

- a) The district had 75 Pensioners on the June 2024 payroll, of which 74 (99%) were fully verified; and 1 (1%) did not show up for the validation exercise. In addition, 4 individuals who had not yet accessed the pension payroll by the end of June, 2024 appeared for validation and were captured as new records.
- b) The district had an initial approved pension, gratuity and arrears budget of UGX 2.5Bn for the period under review, and obtained supplementary budget of UGX 1.1Bn, leading to a revised budget of UGX 3.6Bn out of which UGX 3.4Bn (92%) was released.
- c) Out of the total funds released of UGX 3.4Bn, a sum of UGX 3.2Bn was utilized resulting in un-utilized funds of UGX 0.15Bn (5%).
- d) Out of the supplementary budget of UGX 1.1Bn, the district received UGX 0.97Bn of which UGX 0.77Bn was spent, leaving a balance of UGX 0.2Bn un-utilized. I further noted that of the released supplementary funds, the districts only requested UGX 0.95Bn.
- e) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity. 6)Six (6) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 13 to 58 months. In addition, 40 pensioners delayed to receive pension payment, with delays ranging from 7 to 13 months.
- f) Thirteen (13) 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 District pension and gratuity payroll.

- g) The expected DLG's pension and gratuity estimates for 2024/2025 is UGX 1.2Bn for 101 confirmed pensioners excluding pension and gratuity arrears of UGX 0.029Bn.

A comparison of the estimated pension gratuity and arrears budget of UGX 1.2Bn with the approved budget of UGX 1.3Bn revealed a variance of UGX 0.13Bn leading to over budgeting.

The Audit noted that the Accounting Officer had not made the necessary adjustments in the financial statements awaiting validation and confirmation by the MoPS.

The Accounting Officer explained that the under and over payment of pension and gratuity were as a result of varying dates of births used in the calculation of pension and gratuity.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vii) Make the necessary adjustments in the subsequent period upon confirmation of the amounts by the MoPS.

Action Status

Validation of the identified over and under payments has been submitted to the Ministry of Public Service (MoPS) for confirmation.

Adjustments in the financial statements has been done with the AGO/MoFPED

Recovery of the overpaid amounts (UGX 0.017Bn) through structured deductions is being done on pension and/or gratuity payments.

Processed and paid the underpaid pension balances (UGX 0.01Bn) to the affected beneficiaries.

Harmonized dates of birth and related records to prevent recurrence of similar discrepancies.

Follow-up with MoPS is ongoing, and adjustments and will be reflected in the next set of financial statements once confirmation is received.

Vote 846: Kalangala District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The district had 95 pensioners/beneficiaries on the June 2024 payroll of which 93 (97.9%) were fully verified, while two (2) (2.1%) did not show up. In addition, four (4) individuals had not accessed the pension payroll by the end of June 2024 and these were captured as new records. All the four (4) were verified and included in the determination of the District's pension and gratuity estimates.
- b) The district had an initial approved pension, gratuity and arrears budget of UGX 4.7Bn for the period under review,

and obtained supplementary funding of UGX 1.7Bn leading to a revised budget of UGX 6.4Bn, out of which UGX 6.4Bn (99.99%) was released. Out of the total supplementary funds received of UGX 1.7Bn, UGX 0.722Bn (43.3%) was utilised resulting into un-utilized funds of UGX 0.944Bn (56.7%).

- c) Comparison of the re-computed pension and gratuity budget of UGX 1.8Bn and the district approved pension and gratuity estimate of UGX 1.2Bn for the FY 2024/2025 revealed an under budget of UGX 0.612Bn.
- d) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity
- e) Four (4) pensioners/beneficiaries delayed receiving pension payment, with delays ranging from 2 to 30 months while, six (6) pensioners/beneficiaries delayed receiving gratuity payment, with delays ranging from 2 to 10 months. A total of 47 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, among others.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll.
- ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.
- iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period.
- iv) Sensitize staff who are due to retire, at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry

of Public Service within a specified timeline for appropriate action.	
Action Status	
Engagement with the Ministry of Public Service was initiated a letter written and response received the pension payroll cleaning up and data update ongoing.	
The wage estimates in line with validation results	
Pre-payment verification controls strengthened to ensure accurate computation of entitlements; recovery of overpayments commenced and underpayments recognized and budgeted for settlement.	
Retirement sensitization program now being implemented.	
Affected pensioners engaged with their records updated and submitted to the Ministry of Public Service within set timelines for action.	
Vote 847: Kaliro District Local Government	
Query	Understaffing
Audit Findings	
The audit compared the approved staff structure with the staff list and noted that, of the approved 1,923 staff positions, 88 (61%) were filled, leaving 52 (39%) positions vacant.	
The vacant positions included key positions, such as Deputy Chief Administrative Officer, Senior IT Officer, Senior Assistant Secretary, Records Officer, Senior Finance Officer, District Planner, Senior Engineer (Water), and District Community Development Officer.	
Understaffing overstretches available staff beyond their capacity, creates job-related stress, and negatively affects the quality of service delivery.	
The Accounting Officer explained that the District recruits on a replacement basis; however, recruitment to fill other positions will be conducted once the recruitment ban is lifted.	

Recommendation	
The Accounting Officer should liaise with MoPS and MoFPED to fast-track the recruitment in key positions to enhance service delivery in the district.	
Action Status	
The Accounting Officer has engaged with MoPS and MoFPED to obtain clearance to recruit for the vacant key positions. Recruitment is currently conducted on a replacement basis, pending the lifting of the recruitment halt to enable filling of critical posts and improve service delivery.	
Vote 848: Kalungu District Local Government	
Query	Unexplained Transfers to Treasury
Audit Findings	
The Audit noted that UGX 1.1Bn was disclosed in the Statement of Financial Performance and in the Appropriation Statements (page 10) as transfers to Treasury. However, on further analysis, Audit noted that only UGX 0.526Bn had been collected as local revenue during the period and transferred to Treasury. Audit was not provided with the details of the source of the extra UGX 0.421Bn transferred. This implies that the transfers were overstated by this balance and therefore the amount disclosed is inaccurate.	
Recommendation	
The Accounting Officer was advised to; i) Take immediate corrective action to address the identified irregularities and ensure compliance with the applicable laws, regulations, and guidelines. ii) Strengthen internal controls and monitoring mechanisms to prevent recurrence of the identified anomalies. iii) Always reconcile the account balances and report accurate figures in the financial statements	
Action Status	
Management has taken steps to address the identified irregularities. Account reconciliations have been conducted to verify all transfers to Treasury. Discrepancy of UGX 0.421Bn is	

under review and adjustments will be reflected in the next financial statements, including issuance of corrective directives to the responsible officers.

Monitoring and review mechanisms have been strengthened to ensure full compliance with applicable laws and regulations and to prevent recurrence of the anomalies identified.

Query	Un reconciled Revenue Balances
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Audit Findings

Comparison of the local revenue reported in the statement of financial performance with the revenue collected on both the IRAS and the General Fund receipts in the IFM IRAS report revealed an understatement of Local revenue in the in the Financial Statements.

Understatement of the revenue does not only affect the accuracy of the financial statements but also misleads the users of the financial statements in decision making.

Recommendation

The Accounting Officer was advised to;

- i) Devise strategies to support Lower Local Governments in sensitisation and mobilisation to ensure that all local revenue is collected as budgeted.
- ii) Always ensure that the system balances are reconciled and the correct position reported in the financial statements.

Action Status

Management has strengthened local revenue collection mechanisms, including enrolment on the Integrated Revenue Administration System (IRAS), and has engaged Lower Local Governments to improve their revenue performance.

Query	Understatement of Pension and Gratuity Arrears
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Audit Findings

The Audit noted that the District reported a closing balance of arrears of UGX 0.041Bn, for pension and gratuity in the Statement of Financial Position. However, during special audit of Pension and Gratuity, The Audit noted that the District had outstanding

Pension and Gratuity Arrears of UGX 0.049Bn as at 30th June 2024.

Furthermore, a review of the verified arrears reports by the Internal Auditor General noted that UGX 0.076Bn was indicated, as verified arrears.

This implies that the disclosed amount for arrears in the financial statements is understated

Recommendation

The Accounting Officer should;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
- vii) Ensure that reported arrears are accurately reconciled and verified.

Action Status

Pension and gratuity arrears reconciled against verified Internal Audit reports.

Discrepancies between reported and actual arrears identified and the accounting records updated.

Controls have been established to ensure accurate verification and reporting of arrears and disclosed in the financial statements

Vote 849: Kazo District Local Government

Query Over and Under Payment of Pension and Gratuity

Audit Findings

The Audit noted that the Accounting Officer had not made the necessary adjustments in the financial statements awaiting validation and confirmation by MopS

Recommendation

The accounting officer should make the necessary adjustments upon confirmation of amounts by MoPS

Action Status

Overpayment of gratuity-0.005Bn This was not overpayment; it was pension arrears paid to 4 pensioners together with gratuity when they accessed pension payroll. have provided a line-by-line explanation for each case, personal files and payroll registers for verification

Overpayment of pension UGX 0.004Bn This was not overpayment; this was an aggregation of differences that resulted from use of wrong monthly pension figures used by the auditors. and have provided a line-by-line explanation for each case, personal files and payroll registers for verification (Annex 1.3)

Underpayment of Gratuity UGX0.025Bn This was not an underpayment; there were difference that resulted from use of wrong basic pay in computation of gratuity by the auditors and have provided personal files and payroll registers for verification.

Underpayment of pensionUGX0.011Bn, This was not an underpayment; these were differences that resulted from use wrong monthly pension figures by the auditors and have provided personal files and payroll registers for verification

Query	
Audit Findings Comparison of the re-computed pension and gratuity budget of 0.778Bn and the entity approved pension and gratuity estimates of UGX 0.867Bn for the FY 2024/2025 revealed an over budget of UGX 0.089Bn. Three (03) pensioners /beneficiaries had not yet accessed the pension payroll by 30TH June 2024.in addition ,25 pensioners delayed to receive pension payment, with delays ranging from 1 to 6.4 months. Eleven (11) pensioners /beneficiaries had inconsistencies in their dates of birth, dates of first appointment and dates of retirement between their data captured on the IPPS and the NIRA data, which undermines the integrity of the entity’	
Recommendation	
i) The Accounting Officer should take immediate corrective action to address the identified irregularities and ensure compliance with the applicable laws, regulations, and guidelines. ii) The Accounting Officer should strengthen internal controls and monitoring mechanisms to prevent recurrence of the identified anomalies. iii) Liaise with the MoPS to ensure immediate clean up of the pension payroll iv) Engage the MoPS and MoFPED to review the approved wage estimates of the district for the FY 2024/2025 in line with the validation exercise v) Ensure proper computation of pensioner’s entitlements before payments are made. In addition, should follow up the amount over paid with a view of recovery vi) Sensitize the staff who are due to retire six (6) months before retirement to ensure smooth transition from active payroll to pension payroll vii) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of MoPS within specified timeline for appropriate action	

Action Status

- i) The district has 62 pensioners and 60 were verified during the validation exercise. For the two who were not verified, we liaised with MOPS to ensure that these are also validated. We are still awaiting a circular from the Auditor General about the second verification.
- ii) The district engaged the Ministry after verification of all pensioners and the wage estimates for FY 2024/2025 were reviewed by MoFPED in line with the validation exercise. The over-budgeting of UGX 0.089Bn was noted and adjustments made accordingly.
- iii) Three pensioners pending payroll access have been engaged; access to payroll has been facilitated.
- iv) Data inconsistencies for 11 pensioners have been investigated; records updated to align IPPS and NIRA information

Vote 850: Kamwenge District Local Government

Query	Special Pension Audit Observations
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Audit Findings

The Audit noted that the Accounting Officer had not made the necessary adjustments in the financial statements awaiting validation and confirmation by the MoPS. The Accounting Officer explained that the underpayments occurred due to some pensioners automatically dropping off the payroll in some of the months, however, management commits to paying the affected individuals. For over-payments, the Accounting Officer acknowledged the anomaly and pledged to recover the funds.

Recommendation

The Accounting Officer should make the necessary adjustments in the subsequent period upon confirmation of the amounts by the Ministry of Public Service (MoPS).

Action Status

Overpayments (UGX 0.012Bn) and underpayments (UGX 0.016Bn) were identified and submitted to the Ministry of Public Service (MoPS) for validation. Recovery of the overpayments and payment of underpaid amounts planned have since been effected.

Adjustments were made in the financial statements after confirmation from MoPS.

Audit Findings

- a) Kamwenge DLG had 273 Pensioners on the June 2024 payroll, out of which 257 (94%) were fully verified; 16 (06%) who were paid UGX 0.171Bn over the period of 5 years were not verified. All those who were verified were included in the determination of the DLG's pension and gratuity estimates.
- b) Kamwenge DLG had an initial approved pension, gratuity and arrears budget of UGX 11.1Bn for the period under review, and also obtained supplementary budget of UGX 0.91Bn, resulting into a revised budget of UGX 12.0Bn out of which UGX 12.0Bn (99.9%) was released.
- c) Out of the total funds released of UGX 12.0Bn, a sum of UGX 10.0Bn was utilized resulting in un-utilized funds of UGX 2.0Bn (83%).
- d) The DLG requested for supplementary funding of UGX0.451Bn during the period of which UGX 0.91Bn (202%) was released leading to excess of UGX 0.459Bn
- e) Out of UGX 0.91Bn supplementary funds released, only UGX 0.434Bn (48%) was spent and the balance of UGX0.476Bn (52%) remained unspent.
- f) A re-computation of pensioners benefits revealed over and under payments of gratuity
- g) One (01) beneficiary had not yet accessed the pension payroll by 30th June 2024, with delays of 14 months.
- h) A total of 31 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 district pension and gratuity payroll.
- i) The expected DLG's pension and gratuity estimates for 2024/2025 is UGX 2.0Bn for 283 confirmed pensioners excluding pension and gratuity arrears of UGX 0.029Bn
- j) A comparison of the re-computed pension gratuity and arrears budget of UGX 2.0Bn and the entity approved pension and gratuity estimate of UGX 2.5Bn for the FY 2024/2025 revealed an over budget of UGX 0.43Bn.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

257 verified pensioners included on the payroll and pension/gratuity There were 16 unverified cases (UGX 0.171Bn) under investigation.

Total pension and gratuity budget was reconciled.

Released funds accounted with unutilized balance of UGX 2.0Bn returned.

Supplementary fund release excesses of UGX 0.459Bn was identified as per schedule from MoFPED. The unspent balance UGX 0.476Bn was earmarked for reallocation.

Gratuity overpayments UGX 0.012Bn recovered and underpayments of UGX 0.016Bn initiated for settlement.

Payroll access delay for one beneficiary (14 months) has been addressed.

Records for 31 pensioners have been harmonised on the IPPS and NIRA.

The over-budget of UGX 0.43Bn has been adjusted as planned

Vote 851: Kanungu District Local Government

Query	Procurement Management
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Audit Findings

Failure to Carry out Market Assessments, Section 26(4) of the PPDA 2003 states that Prior to the commencement of a procurement process, an Accounting Officer shall undertake an assessment of the market price of the supplies, services or of the unit costs of the works in respect of which the procurement is to be made by a procuring and disposing entity.

The Audit noted that procurements worth UGX 1.6Bn were done without carrying out a market survey to get the market price in determining the reserve prices. This makes it was difficult to ascertain if the goods, services and works were obtained at reasonable prices that achieve value for money. It could also result into unrealistic technical estimates and/or overpricing on the part of the contractor and could have an adverse effect on the budget performance resulting into loss of public funds.

The Accounting Officer acknowledged the finding and pledged that going forward, the District would carry out market survey.

Recommendation

The Accounting Officer was advised to ensure that;

- i) All procurements are conducted in strict compliance with the PPDA regulations, including mandatory submission of performance security before contract signing and adherence to evaluation criteria.
- ii) Contract managers are appointed and prepare contract management reports for all contracts.

- iii) The Best Evaluated Bidder notice is displayed for the full statutory period of ten working days before any contract is awarded.
- iv) Market surveys are done so that the best prices are taken into consideration

Action Status

Management has instructed the procurement team to conduct market assessments prior to initiating procurement processes. Retrospective review of procurements worth UGX 1.6Bn have been undertaken to determine compliance gaps.

Guidelines and trainings have also been provided to ensure that future procurements adhere to Section 26(4) of the PPDA 2003.

Controls established to verify that reserve prices are supported by documented market surveys before tendering.

Query Contract Management and Supervision

Audit Findings

Irregular Payment of Value Added Tax (VAT). Section 29(1) of the VAT Act 2014 states that a taxable person making a taxable supply to any person shall provide that other person at the time of supply, with an original tax invoice for the supply.

However, Audit noted that some suppliers were awarded contracts worth UGX 0.095Bn that were Value Added Tax (VAT) inclusive yet they were not registered for VAT. A further analysis of their files revealed that there was no original tax invoices availed by the respective suppliers and they had no VAT registration certificates which led to irregular payment of UGX 0.017Bn

Payment of VAT to non-qualifying suppliers is irregular and leads to loss of public funds. The Accounting Officer explained that the highlighted contractors at the time of evaluation were checked on the portal and they were VAT registered after payment but found out that they defaulted and had been scrapped off the list.

Recommendation

The Accounting Officer was advised to ensure that;

- i) All procurements are conducted in strict compliance with the PPDA regulations, including mandatory submission of performance security before contract signing and adherence to evaluation criteria.
- ii) Contract managers are appointed and prepare contract management reports for all contracts.
- iii) The Best Evaluated Bidder notice is displayed for the full statutory period of ten working days before any contract is awarded.
- iv) Due diligence is always carried out before making payments to the contractors.

Action Status

Management has issued directives to the procurement team to ensure that performance security is obtained before any contract is signed, and that the Best Evaluated Bidder notice is displayed for the full ten working days.

All members of evaluation committees are now required to participate fully, with attendance registers and documented deliberations maintained to ensure proper representation and accountability.

Contract managers have been appointed for all contracts and are required to prepare contract management plans and reports in accordance with PPDA (Contracts) Regulations, 2023.

Suppliers without VAT registration certificates have been identified and their contracts reviewed.

Recovery of UGX 0.017Bn irregular VAT payments has been initiated.

Procurement and finance teams instructed to ensure VAT compliance, including verification of registration and submission of original tax invoices before payments.

Controls established to prevent payments to non-VAT-registered suppliers in future procurements.

Vote 852: Kapchorwa District Local Government

Query Over and Underpayment of Pension and Gratuity Identified During the Special Audit

Audit Findings

The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity and noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.

The Accounting Officer explained that management is taking steps to effect recoveries for over payments while under payments were part payments as a result of insufficient funds

Recommendation

The Accounting Officer was advised;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

vi)	Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.
vii)	Make the necessary adjustments in the subsequent period upon confirmation of the amounts by the Ministry of Public Service (MoPS)
Action Status	
Over and underpayments of pension and gratuity identified and submitted to the Ministry of Public Service (MoPS) for validation.	
Adjustments in the financial statements after MoPS confirmed the figures has been done.	
Settlement of underpayments planned has been effected and recovery of overpayments being done	
Query	Payables
Audit Findings	
Reported in the statement of financial position and under Note 28 to the financial statements are payables amounting to UGX 0.062Bn, relating to supply of goods and services. There was no movement in the payables in the past two years reflecting lack of interest in settling the obligation.	
Failure to comply with commitment control system poses the risk of poor control and management of entity commitments. Accumulation of un-sustainable arrears and delays in settlement of such obligations are a risk to the organisational image.	
The Accounting Officer committed to clearing the outstanding payables and to comply with the commitment control system to avoid accumulation of unnecessary domestic arrears	
Recommendation	
The Accounting Officer was advised to;	
i)	Follow up with MoFPED for revoting of uncleared invoices and ensure that all domestic arrears are budgeted and paid as directed by the PS/ST.

- ii) Comply with the commitment control system to avoid accumulation of unnecessary domestic arrears by making budget provisions to clear all due obligations

Action Status

Management has written to MoFPED for the revoting of uncleared invoices, and the outstanding domestic arrears have been incorporated in the subsequent year budget for settlement.

Outstanding payables of UGX 0.062Bn were reviewed and an ageing analysis conducted.

A payment plan has been developed in line with FIFO guidelines to clear long-standing obligations in a phased manner.

Commitment control procedures have been reinforced to ensure timely settlement of future payables and prevent accumulation of arrears.

A monitoring mechanism established to track payables and enhance accountability.

Query	Special Audit on Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The DLG had 367 Pensioners on the June, 2024 payroll, of which 345 (94%) were fully verified. 03 (01%) who were paid UGX 0.038 over the period of 5 years were not verified and 18 (5%) did not show up for the validation exercise.
- b) In addition, 11 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. Of these new records, 9 were verified and included in audit determination of the entity's pension and gratuity estimates while 2 were not verified and therefore not included in the determination of the pension and gratuity estimates
- c) The DLG had an initial approved pension, gratuity and arrears budget of UGX 9.6Bn for the period under review, and obtained supplementary budget of UGX 1.6Bn leading to a

- revised budget of UGX 11.2Bn out of which UGX 11.23 Bn (100%) was released.
- d) Out of the funds released of UGX 11.2Bn, UGX 11.2Bn (99%) was utilized. The entity failed to utilize UGX 0.050 (1%) of the approved budgeted amount.
 - e) The DLG requested for supplementary funding of UGX 1.6Bn during the period of which UGX 1.6Bn (100%) was realised. Of the released funds only UGX 1.6Bn (98%) was spent and the balance of UGX 0.028 (2%) remained unspent.
 - f) The expected DLG pension and gratuity estimates for 2024/2025 is UGX 2.8Bn for 383 confirmed pensioners excluding pension and gratuity arrears of UGX 0.15Bn.
 - g) Comparison of the estimated pension and gratuity budget of UGX 2.9Bn and the approved budget of UGX 3.4Bn revealed a variance of UGX 0.53Bn leading to overbudgeting.
 - h) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity
 - i) Funds amounting to UGX 0.027Bn for pension and gratuity were diverted to other activities.
 - j) Funds amounting to UGX 0.17Bn were misclassified/charged on wrong account codes⁹) from the comparison of the payroll register and IFMS payment file for the FYs 2019/20 to 2023/24, 157 pensioners were paid UGX 0.45Bn off the IPPS/HCMS.
 - k) The entity had accumulated pension and gratuity arrears totaling to UGX 0.148Bn arising from the under payment of 15 pensioners/beneficiaries. All arrears relate to validated pensioners/beneficiaries.
 - l) UGX 0.074Bn was un-recovered out of UGX. UGX 0.074Bn irregularly paid to 36 retired staff who had remained on the salary payroll for an average of 14 to 463 extra months.
 - m) 52 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment and dates of retirement 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 District pension and gratuity payroll.

Recommendation

The Accounting Officer was advised to;

- i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.
- ii) Always liaise with the MoFPED to ensure that approved funds are released timely.
- iii) Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements.
- iv) Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements.
- v) Ensure that all district expenditure is charged on the appropriate budget codes.
- vi) Ensure that pension and gratuity entitlements are paid correctly and promptly.
- vii) Follow-up the amounts over paid with a view of recovery. For the underpayments the liability should be recognized and budgeted for payment in the subsequent period.
- viii) Ensure that pension and gratuity paid is processed through IPPS/HCMS.
- ix) Always initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll. In addition, sensitize pensioners 6 months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- x) Liaise with the MoFPED and ensure that funds approved are released timely and arrears followed up for prompt payment.
- xi) Continue engaging the affected pensioners/beneficiaries and ensure that pension
- xii) Records are duly updated and brought to the attention of MoPS.
- xiii) Review the approved wage estimates of the District for the FY 2024/25 in line with the results of the validation exercise to ensure accurate pension and gratuity budget for the entity

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitisation programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Verified payroll adopted as the basis for monthly pension and gratuity payments.

Entity has engaged MoFPED to ensure timely release of approved funds.

Budget estimates have been reviewed and aligned to projected pension and gratuity obligations.

All district expenditure now charged to appropriate budget codes.

Payment verification strengthened and overpayments recovered and underpayments recognized and budgeted for settlement.

All pension and gratuity payments are now processed through IPPS/HCMS.

Retirement processing initiated six months prior to retirement and sensitisation done to ensure smooth transition.

Vote 853: Kapelebyong District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The DLG had 68 Pensioners on the June 2024 payroll, of which 67 (99%) were fullyverified; none was not verified and 1(1%) did not show up for the validation exercise. In addition, 11 individuals had not accessed the pension payroll by the endof June, 2024 and these were captured as new records. Of these new records, 7 were verified and included in the determination of the DLG's pension and gratuityestimates.
- b) The DLG had an initial approved pension, gratuity and arrears budget ofUGX 2.0Bn for the period under review, and obtained supplementary funds ofUGX 1.9Bn leading to a revised budget of UGX 3.9Bn out of whichUGX 3.2Bn (82%) was released.
- c) The expected DLG's pension and gratuity estimates for 2024/2025 is UGX 0.696Bnfor 82 confirmed pensioners excluding pension and gratuity arrears of UGX 0.5Bn.
- d) Comparison of the estimated pension and gratuity budget of UGX 1.2Bn and theapproved budget of UGX 0.881Bn revealed a variance of UGX 0.314Bn. leading to an under budgeting.
- e) A re-computation of pensioners benefits revealed over and under payments ofpension and gratuityNine (9) Pensioners/beneficiaries had not yet accessed the pension payroll by 30thJune 2024, with delays ranging from 1 to 34 months. In addition, 44 pensioners delayed to receive pension payment, with delays ranging from 1 to 52 months.
- f) A total of 22 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between theirdata captured on the IPPS and the NIRA data which undermines the integrity of theentity's pension records and the accuracy of the district pension and gratuity payroll.

Recommendation

The Accounting Officer was advised;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Pension payroll cleanup was done in coordination with the Ministry of Public Service. The unverified individuals that were identified are under investigation.

Engagement with MoFPED is ongoing to ensure that only requested supplementary funds are released and reconciliation of released amounts underway.

FY 2024/25 wage and pension estimates were reviewed with Ministry of Public Service to ensure accurate budgeting.

Payment controls have been strengthened and the overpayments recovery is in progress. Underpayments have been recognized and budgeted for settlement.

Pensioners sensitized six months before retirement;

The retirement processing timelines have been enforced for smooth transition.

Affected pensioners engaged; records updated and submitted to Ministry of Public Service for action

Vote 854: Karenga District Local Government

Query Over and Under Payment of Pension and Gratuity

Audit Finding

Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity

Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the Ministry of Public Service (MoPS).

Recommendation

The Accounting Officer was advised to make the necessary adjustments upon confirmation of the amounts by the MoPS.

Action Status

Over and underpayments of pension and gratuity were identified and submitted to the Ministry of Public Service for validation.

Adjustments have been made in the financial statements pending confirmation.

Recovery of overpayments and settlement of underpayments planned to be effected in the subsequent reporting period upon validation

Query Management of Government Pension and Gratuity Payroll

Audit Finding

- a) The District had 15 Pensioners on the June 2024 payroll, of which 14 (93.3%) were fully verified; 01 (6.7%) did not show up for the validation exercise.

- b) The District had an initial approved pension, gratuity and arrears budget of UGX 0.905Bn for the period under review, and obtained supplementary funds of UGX 0.333Bn leading to a revised budget of UGX 1.2Bn out of which UGX 1.2Bn (99.9%) was released.
- c) The District requested for supplementary funding of UGX 0.333Bn during the period of which UGX 0.333Bn (100%) was released. Of the released funds only UGX 0.16Bn (48%) was spent and the balance of UGX 0.173Bn (52%) remained unspent.
- d) A Comparison of the estimated pension and gratuity budget of UGX 0.517Bn and the approved budget of UGX 0.283Bn revealed a variance of UGX 0.234Bn leading to an under-budgeting

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll.
- ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY2024/25, inline with the results of the validation exercise.
- iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budgeted for payment in the subsequent period.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Pension payroll clean-up and updates initiated in coordination with the Ministry of Public Service.

Engagement with Ministries of Public Service and Finance is ongoing with the review of the wage estimates in line with validation results.

Pre-payment verification has been strengthened. Overpayments are being recovered and underpayments recognised and budgeted for settlement.

Vote 855: Kasanda District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Finding

- a) The Audit noted that out of 93 pensioners/beneficiaries in Kasanda DLG, 89 (95.7%) were fully verified, while, 4 (4.3%) did not show up. In addition, 19 individuals had not accessed the pension payroll by the end of June, 2024. These were captured as new records in the determination of the DLG pension and gratuity estimates.

- b) The district had a pension, gratuity and arrears budget of UGX 4.2Bn for the period under review and also obtained supplementary funds amounting to UGX 2.2Bn resulting into a total revised pension, gratuity and arrears budget of UGX 6.4Bn out of which UGX 5.9Bn (91%) was released resulting into a funding shortfall of UGX 0.583Bn (9%)
- c) Comparison of the re-computed pension and gratuity budget of UGX 2.7Bn, and the entity approved pension and gratuity estimate of UGX 1.7Bn, for the FY 2024/2025 revealed an under budget of UGX 0.914Bn.
- d) Seven (7) pensioners/beneficiaries delayed receiving pension payment, with delays ranging from 4 to 48 months.
- e) 14 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, among others.

Recommendation

The Accounting Officer was advised to;

- i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll.
- ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.
- iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery.
- iv) Sensitise staff that are due to retire, at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

Pension payroll clean-up and updates initiated with the Ministry of Public Service.

Recovery for the overpayments is on going

Engagement with stakeholders is ongoing to review FY 2024/25 wage estimates in line with validation results.

Pre-payment verification has been strengthened

Pre-retirement sensitization implemented six months before retirement to ensure smooth transition.

Affected pensioners engaged; records updated and submitted to MoPS for action

Vote 856: Kasese District Local Government

Query Over and Underpayments Of Pension and Gratuity

Audit Findings

The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity.

The Audit noted that the Accounting Officer had not made the necessary adjustments in the financial statements awaiting validation and confirmation by the MoPS

Recommendation

The Accounting Officer should make the necessary adjustments in the subsequent period upon confirmation of the amounts by the Ministry of Public Service.

Action Status

Engagement with the Ministry of Public Service (MoPS) for validation of the payment.

Adjustments in the financial statements are pending MoPS confirmation.

Recovery of overpayments and settlement of underpayments will be effected in the subsequent reporting period upon validation.

Query	Management of Government Pension and Gratuity Payroll
Audit Findings a) Out of 861 pensioners/beneficiaries who were on the District pension payroll by June 2024, a total of 756 (88%) were verified; 105 (12%) did not show up, and had been paid a sum of UGX 0.346Bn in the period under review. In addition, 48 individuals who had not yet accessed the pension payroll by the end of June, 2024 appeared for validation and were captured as new records. b) The district had an initial approved pension, gratuity and arrears budget of UGX 28.0Bn for the period under review, and also obtained supplementary funds of UGX 12.8Bn, resulting into a revised budget of UGX 35.7Bn out of which UGX 35.4Bn (99%) was released. Out of the total funds released of UGX 35.4Bn, a sum of UGX 33.2Bn (94%) was utilized resulting into un-utilized funds of UGX 2.2Bn. c) The district requested for supplementary funding of UGX 11.2Bn but received UGX 12.7Bn (114%) which was in excess by UGX 1.5Bn. d) Out of the supplementary funds of UGX 12.7Bn released, only UGX 10.1Bn (79%) was spent and the balance of UGX 2.6Bn (21%) remained unspent. e) The district over paid gratuity of UGX 0.062Bn to 1 pensioner, 16 pensioners/beneficiaries under paid pension of UGX 0.092Bn. In addition, pensioners/beneficiaries were under paid gratuity of UGX 0.216Bn. f) A sum of UGX 0.06Bn for pension and gratuity was misclassified and charged to the wrong Item codes. g) The district paid UGX 0.123Bn to 14 beneficiaries (estates) beyond 15 years from the date of death of the deceased employee. A sum of UGX 0.023Bn was paid to 03 pensioners who had attained the mandatory retirement at the age of 60 and lived for 15 years or more but died after the age of 75 years. h) A total of 224 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.

- i) The re-computed expected pension and gratuity estimate for the year 2024/25 is UGX 13.6Bn for cater for 1,068 confirmed pensioners/beneficiaries, excluding pension and gratuity arrears of UGX 0.63Bn.
- j) A comparison of the re-computed pension, gratuity and arrears budget of UGX 14.2Bn and the entity approved pension and gratuity estimate of UGX 8.6Bn for the FY 2024/2025 revealed an under budget of UGX 5.6Bn

Recommendation

The Accounting Officer was advised to;

- i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.
- ii) Always liaise with the MoFPED to ensure that approved funds are released timely.
- iii) Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements.
- iv) Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements.
- v) Ensure that wage, pension and gratuity expenditure is charged on the appropriate codes.
- vi) Ensure that pension and gratuity entitlements are paid correctly and promptly. In addition, follow-up the amounts over paid with a view of recovery. For the underpayments the liability should be recognized and budgeted for payment in the subsequent period.
- vii) Ensure sensitization of pensioners and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll.
- viii) Continue engaging the affected pensioners/beneficiaries and ensure that pension records are duly updated and brought to the attention of MoPS.
- ix) 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

Verified payroll adopted as the basis for updating and processing monthly pension payments.

Continuous engagement with MoFPED to ensure timely release of approved funds and alignment with budget estimates.

All wage, pension, and gratuity expenditures have now been charged to the appropriate codes.

Payment verification strengthened has been improved.

The entity is undertaking pre-retirement sensitization sessions and retirement processing within the timeline of six months prior to retirement.

Pensioners have been engaged with records updated and submitted to MoPS for action.

Coordination to review FY 2024/25 pension and gratuity estimates in line with validation results is on going with MoPS and MOFPED.

Vote 857: Katakwi District Local Government

Query	Failure to Remit Statutory and Non-Statutory Deductions
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Audit Findings

Section B-a (17) of the Uganda Public Standing Orders, 2021 requires the Accounting Officer to deduct any monies due to Government from an Officer's salary by way of statutory taxes and any other authorized deductions. Furthermore, section B-a (18) requires that a public officer's individual contractual obligations such as hire purchase, loan, and contributions to saving schemes, trade unions and staff associations may be deducted from his or her salary in accordance with the regulations.

In addition, section 10.2 of the guidelines and procedures for decentralized salary processing 2014 required MALGS to pay

deductions to the respective beneficiaries and that no arrears in respect to payroll deductions would be accepted.

The Audit compared the deductions in the IPPS payroll registers with the payments in the IFMSdetails XML payment file and noted an under payment of UGX 0.772 Bn. The Audit further noted that this amount had been disclosed appropriately in the financial statements

Under remittance may result in increases of Payables of the Council.

The Accounting Officer attributed the shortcoming to inadequate wage for June 2024 to pay secondary education category staff and Production department staff hence Non deducted remittances.

Recommendation

The Accounting Officer was advised to;

- i) Take immediate corrective action to address the identified irregularities and ensure compliance with the applicable laws, regulations, and guidelines.
- ii) Strengthen internal controls and monitoring mechanisms to prevent recurrence of the identified anomalies.
- iii) Ensure that these payables are verified by the internal audit department and accordingly provided for in the budget for payment.

Action Status

Under-remitted payroll deductions of UGX 0.772Bn were verified and reconciled by the Internal Audit Department. Provisions have been made in the budget to ensure timely settlement of the under-remittance..

Controls have been strengthened to ensure that all statutory and contractual deductions are fully remitted. Monitoring mechanism have been established to prevent recurrence and maintain accurate financial reporting

Vote 858: Kayunga District Local Government	
Query	Performance of Local Revenue from Lower Local Governments
Audit Finding Section 30 (1) of the Local Government Finance and Management Act, 2015 states that all revenue or other money raised shall be paid into and shall form part of the consolidated fund except the revenues specified in section 29(2) b and (3) A review of the Integrated Revenue Administration System (IRAS) report of December 2024 revealed that all LLG's did not fully perform as required for the period under review with some like Galilaya Sub County performing at only 55%. This denies the district revenue to implement the planned Activities This affected implementation of planned activities. The Accounting Officer attributed this to poor revenue performance to multiple Government priorities such as PDM, Emyooga which hampered the ability of the Parish Chiefs to hit their targets and also delay by the responsible staff to generate payment reference numbers (PRNs) to the assessed taxpayers.	
Recommendation The Accounting Officer was advised to devise strategies to support Lower Local Governments in sensitisation and mobilisation to ensure that all local revenue is collected as budgeted.	
Action Status Management has strengthened local revenue collection mechanisms, including enrolment on the Integrated Revenue Administration System (IRAS), and has engaged Lower Local Governments to improve their revenue performance. Monitoring and supervision of revenue staff strengthened across all Lower Local Governments (LLGs).	

Query	Management of Government Pension and Gratuity Payroll
Audit Findings a) The district had 443 Pensioners on the June 2024 payroll, of which 367 (83%) were fully verified; 10 (2%) who were paid UGX 0.116Bn over the period of 5 years were not verified and 66 (15%) did not show up for the validation exercise. In addition, 14 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. Of these new records, 14 were verified and included in the determination of the DLG pension and gratuity estimates. b) The DLG had an initial approved pension, gratuity and arrears budget of UGX 13.4Bn for the period under review, and obtained supplementary funds of UGX 3.8Bn leading to a revised budget of UGX 17.2Bn out of which UGX 17.2Bn (99.99%) was released. c) The DLG requested for supplementary funding of UGX 0.343Bn during the period of which UGX 3.8Bn (91%) was released leading to excess of UGX 3.4Bn of the released funds only UGX 2.4Bn (70%) was spent and the balance of UGX 1.0Bn (30%) remained unspent. d) Comparison of the estimated pension and gratuity budget of UGX 5.9Bn and the approved budget of UGX 4.2Bn revealed a variance of UGX 1.7Bn leading to an under budgeting.	
Recommendation	
The Accounting Officer was advised to; i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer; the matter should be investigated. ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the Financial Year 2024/25, in line with the results of the validation exercise.	

- iii) Ensure proper computation of pensioners' entitlements before payments are made.
- iv) Follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budgeted for payment in the subsequent period.
- v) Sensitise staff who are due to retire, at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring are guided on the documentation required for timely access to the pension payroll. All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Vote 859: Kazo District Local Government**Query Over and Under Payment of Pension and Gratuity****Audit Findings**

The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity

The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS

Recommendation

The Accounting Officer should make the necessary adjustments upon confirmation of the amounts by the MoPS

Action Status

The over and underpayments of pension and gratuity identified and submitted to MoPS for validation.

Adjustments in the financial statements are waiting for MoPS confirmation.

Recovery of overpayments and settlement of underpayments has been planned in the subsequent reporting period upon validation

Query Management of Government Gratuity Payments and Pension Payroll**Audit Findings**

- a) The district had 62 Pensioners on the June 2024 payroll, of which 60 (96.8%) were fully verified and 02 (3.2%) did not show up for the validation exercise. In addition, 03 individuals had not accessed the pension payroll by the end of June 2024 and these were captured as new records. All these new records were verified and included in the determination of the entity's pension and gratuity estimates.
- b) The DLG had an initial approved pension, gratuity and arrears budget of UGX 1.6Bn for the period under review, and obtained supplementary funds of UGX 1.8Bn, leading to a revised budget of UGX 3.3Bn, out of which UGX 3.3Bn (100%) was released.

- c) The DLG received a total supplementary of UGX 1.8Bn comprising pension of UGX 0.703Bn (39.5%), gratuity of UGX 1.1Bn (60.5%). However, UGX 0.795Bn was released without supplementary requests by the Accounting Officer.
- d) Comparison of the re-computed pension and gratuity budget of UGX 0.778Bn and the entity approved pension and gratuity estimates of UGX 0.867Bn for the FY2024/2025 revealed an over budget of UGX 0.089Bn
- e) Three (03) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024. In addition, 25 pensioners delayed to receive pension payment, with delays ranging from 1 to 6.4 months. g) Eleven (11) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment and dates of retirement 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 District pension and gratuity payroll.

Recommendation

The Accounting Officer has been advised;

- i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll.
- ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the district for the FY2024/25, in line with the results of the validation exercise.
- iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery.
- iv) Sensitize staff who are due to retire, six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

Pension payroll cleanup and updates were done with the Ministry of Public Service.

MoPS and MoFPED have been engaged for ongoing review of FY 2024/25 wage estimates in line with validation results.

Strengthened the pre-payment verification and overpayments recovery underway.

The pre-retirement sensitization is taking place within six months before retirement for smooth transition.

The affected pensioners have been engaged and records updated and submitted to MoPS for appropriate action.

Vote 860: Kibaale District Local Government**Query Government Pay on Pension and Gratuity****Audit Findings**

- a) Kamwenge DLG had 273 Pensioners on the June 2024 payroll, out of which 257 (94%) were fully verified; 16 (06%) who were paid UGX 0.171Bn over the period of 5 years were not verified. All those who were verified were included in the determination of the DLG's pension and gratuity estimates.
- b) Kamwenge DLG had an initial approved pension, gratuity and arrears budget of UGX 11.1Bn for the period under review, and also obtained supplementary budget of UGX 0.91Bn, resulting into a revised budget of UGX 12.0Bn out of which UGX 12.0Bn (99.9%) was released.
- c) Out of the total funds released of UGX 12.0Bn, a sum of UGX 10.0Bn was utilized resulting in un-utilized funds of UGX 2.0Bn (83%).
- d) The DLG requested for supplementary funding of UGX 0.451Bn during the period of which UGX 0.91Bn (202%) was released leading to excess of UGX 0.459Bn. Out of UGX 0.91Bn supplementary funds released, only UGX 0.434Bn (48%) was spent and the balance of UGX 0.476Bn (52%) remained unspent.

- e) One (01) beneficiary had not yet accessed the pension payroll by 30th June 2024, with delays of 14 months. 8) A total of 31 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 district pension and gratuity payroll.
- f) The expected DLG's pension and gratuity estimates for 2024/2025 is UGX 2.0Bn for 283 confirmed pensioners excluding pension and gratuity arrears of UGX 0.029Bn.
- g) A comparison of the re-computed pension gratuity and arrears budget of UGX 2.0Bn and the entity approved pension and gratuity estimate of UGX 2.5Bn for the FY2024/2025 revealed an over budget of UGX 0.43Bn

Recommendation

The Accounting Officer has been advised to;

- i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.
- ii) Always liaise with the MoFPED to ensure that approved funds are released timely.
- iii) Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements.
- iv) Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements.
- v) Ensure that pension and gratuity entitlements are paid correctly and promptly. In addition, follow-up the amounts over paid and budget for payment in regard to underpaid pensioners/beneficiaries.
- vi) Always sensitize pensioners before retirement and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll.
- vii) 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
Adopted the verified payroll as the official basis for all monthly pension and gratuity payments.
Periodic reconciliations are being conducted with MoPS and IPPS/HCMS to ensure accuracy.
Engaged MoFPED to ensure timely release of approved funds and that releases reflect budgeted estimates.
Reviewed and aligned FY 2024/25 pension and gratuity estimates with validation results.
Fully absorbed released funds and monitoring unutilized or excess supplementary allocations.
Strengthened prepayment verification to ensure correct computation of pension and gratuity entitlements.
Recovered overpayments and recognized the underpayments; budget for their settlement in subsequent periods.
Pre-Retirement Sensitization carried out
Sensitize staff at least six months before retirement.
Implemented retirement benefit processing early to ensure timely access to the pension payroll.
Records Management & Engagement
Engaged affected pensioners to verify and update records and to submit updates to MoPS for action.
Removed unverified individuals from the payroll until verification is complete.
Carrying out regular monitoring mechanisms to track payroll accuracy, fund releases, and arrears.

Periodically report to MoPS and MoFPED on pension and gratuity compliance and budget execution.

Vote 861: Kiboga District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The Audit noted that out of 271 pensioners/beneficiaries in the District June 2024 payroll, 257(95%) were fully verified and 14 (5%) did not show up. In addition, 6 individuals who had not yet accessed the pension payroll by the end of June 2024 appeared for validation and were captured as new records.
- b) The district had an approved initial budget of UGX 6.6Bn for pension, gratuity as well as pension and gratuity arrears for the period under review, and also obtained supplementary budget of UGX 3.6Bn resulting into a revised budget of UGX 10.2Bn, which was all released.
- c) A sum of UGX 10.0Bn (98%) was utilized out of the total pension, gratuity and arrears released of UGX 10.1Bn, resulting in un-utilized funds of UGX 0.202Bn (2%).
- d) The District did not utilize UGX 0.153Bn of its initial budget of UGX 2.5Bn for pension, gratuity as well as arrears in the FY 2020/21.
- e) Gratuity of UGX 73.0Bn was diverted to pay Ex-Gratia for political leaders. A sum of UGX 0.371Bn for pension and gratuity was misclassified and charged to the wrong Item codes

Recommendation

- i) Three (3) pensioners/beneficiaries who neither appeared for physical validation nor had a pension file at the district were paid UGX 0.175Bn during the period under review.
- ii) Four (4) Pensioners/beneficiaries had not yet accessed the pension payroll (By June 2024), with delays ranging from 3 to 45 months.
- iii) The district paid UGX 0.17Bn to 3 pensioners/beneficiaries who delayed to receive pension payment, with delays ranging from 1 to 5 months.

- iv) Five (5) pensioners continued to receive reduced pension on expiry of the 15-year period for which the commuted pension gratuity applied, leading to an underpayment of UGX 0.015Bn.
- v) A sum of UGX 0.107Bn was paid to 8 pensioners/beneficiaries using accounts different from the ones indicated in the Pension form PSF 18/Pension form NS 7 (Revised 2009).
- vi) A sum of UGX 0.036Bn was paid to 14 pensioners/beneficiaries who did not appear for the headcount did not have reasons for not appearing.
- vii) The expected pension and gratuity estimate for the FY 2024/25 is UGX 2.6Bn to cater for 283 confirmed pensioners/beneficiaries excluding pension and gratuity arrears of UGX 0.39Bn.
- viii) A comparison of the re-computed pension gratuity and arrears budget of UGX 2.99bn and the approved pension gratuity and arrears estimate of UGX 2.1Bn revealed an under budget of UGX 0.84Bn.

Action Status

Investigation initiated for three pensioners paid UGX 0.175Bn without validation or files the payroll access restricted until verification is complete.

Four pensioners who had not accessed the payroll by June 2024 are being facilitated to join the system; delayed payments of UGX 0.17Bn are being processed.

Underpayments of UGX 0.015Bn for five pensioners receiving reduced pensions after commuted gratuity expiry are being corrected.

- k) Payments made to incorrect accounts (UGX 0.107Bn) are being reconciled and corrected with beneficiaries.
- l) Outstanding payments to 14 pensioners who missed headcount (UGX 0.036Bn) under review; follow-up initiated.
- m) FY 2024/25 pension and gratuity estimates revised to UGX 3.0Bn to cover 283 confirmed pensioners and UGX 0.39Bn

arrears; under-budget of UGX 0.84Bn addressed in updated budget planning

Vote 862: Kibuuku District Local Government

Query	Special Audit on Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The DLG had 212 Pensioners on the June, 2024 payroll, of which 183(86%) were fully verified while 29(14%) did not show up for the validation exercise. In addition, 27 individuals who had not yet accessed the pension payroll by the end of June, 2024 appeared for validation and were verified as new records.
- b) The DLG had an initial approved pension, gratuity and arrears budget of UGX 7.1Bn for the period under review, and obtained supplementary budget of UGX 2.5Bn leading to a revised budget of UGX 9.6Bn out of which UGX 8.2Bn (86%) was released.
- c) Out of the total funds released of UGX 8.2Bn, a sum of UGX 7.7Bn (93%) was utilized resulting in un-utilized funds of UGX 0.58Bn.
- d) The district requested for supplementary funding of UGX 2.5Bn during the period under review of which was all released. Of the released funds only UGX 1.9Bn (77%) was spent and the balance of UGX 0.58Bn remained unspent.
- e) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity
- f) The Audit noted that pension and gratuity funds amounting to UGX 0.11Bn were charged on incorrect account codes.
- g) A total of 81 pensioners/beneficiaries were paid UGX 0.55Bn off the IPPS/HCM.
- h) A total of 22 Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 64 to 86 months. In addition, 15 pensioners delayed to receive pension payment, with average delays ranging from 9 to 12 months. Furthermore, 57 Pensioners/beneficiaries delayed to receive gratuity payment, with average delays ranging from 8 to 10 months.

- i) The Audit noted that the district had accumulated pension and gratuity arrears totalling UGX 0.11Bn arising from the under/non-payment of 33 pensioners/beneficiaries.
- j) A total of 29 pensioners/beneficiaries had inconsistencies in their dates of first appointment 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 district pension and gratuity payroll.
- k) The expected District pension and gratuity estimate for 2024/2025 is UGX 2.3Bn for 244 confirmed pensioners, excluding pension and gratuity arrears of UGX 0.11Bn.
- l) A comparison of the estimated pension, gratuity and arrears budget of UGX 2.4Bn and the approved budget of UGX 2.5Bn, revealed a variance of UGX 0.038Bn, leading to over budgeting.

Recommendation

The Accounting Officer was advised;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status	
Completed reconciliation of all pension and gratuity records.	
Recovered overpaid amounts and settled underpayments.	
All new retirees are captured timely to avoid delays in accessing the payroll.	
Maintained continuous engagement with MoPS and MoFPED for funding and payroll updates.	
Vote 863: Kikuube District Local Government	
Query	Failure to Report loss of Assets to the Accountant General
Section 34(1) of the PFMR, 2016 states that an Accounting Officer who incurs losses in a financial year to inform the Accountant General of the losses incurred in that financial year within thirty days after the end of the financial year.	
The Audit noted that various assets at Nyairongo seed secondary school, were stolen but the Accounting Officer had not yet reported the theft of these Assets to Accountant General.	
Failure to disclose the lost assets is not only irregular, but also implies that the users of the accounts have not been provided with complete information regarding the District's assets.	
The Accounting Officer explained that this was caused by failure by the school management to provide security for the safety of the ICT equipment's. He added that the case was handed over to police for investigation.	
Recommendation	
The Accounting Officer should report this matter to the Accountant General and disclose this loss in the Financial statements.	
Action Status	
Management has initiated the boarding off and disposal process by convening a Board of Survey and submitting the required documentation to the Ministry of Works and Transport for approval.	

Budget provisions for renovation and maintenance of district buildings have been incorporated in the subsequent financial year estimates, and critical repairs have been prioritised.

All the stolen assets have been reported to the Accountant General as required under PFMR 2016. In addition the losses have been disclosed in the financial statements to provide complete and transparent accounting for assets.

Security measures at schools and other offices have been strengthened to prevent re-occurrence of asset theft.

Followed up with police investigations and ensure documentation of recovered assets.

Query	Special Audit on Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) The district had an approved initial budget of UGX 2.9Bn and obtained supplementary budget of UGX 0.85Bn resulting into a revised pension Gratuity and arrears budget of UGX 3.7Bn.
- b) Out of the revised budget, a sum of UGX 3.7Bn (100%) was received of which UGX 2.6Bn (70%) was utilized, resulting in un-utilized funds of UGX 1.1Bn (30%).
- c) The district did not utilize UGX 0.91Bn of its initial budget of UGX 2.3Bn for Pension and Gratuity, yet it obtained a supplementary of UGX 0.19Bn in the Financial Years 2020/21, 2021/22 and 2022/23.
- d) The district did not utilize UGX 0.015Bn (5%) of the total supplementary received of UGX.0.288Bn in the financial year 2023/24.
- e) A total of UGX 0.18Bn for pension and gratuity was misclassified and charged to the wrong Item codes.
- f) The district over paid Gratuity of UGX 0.026Bn to 15 pensioners/beneficiaries and Pension of UGX 0.005Bn to 13 pensioners/beneficiaries.

- g) The district under paid Gratuity of UGX 0.675Bn to 18 pensioners/beneficiaries and Pension of UGX 0.121Bn to 43 pensioners/beneficiaries.
- h) Twelve (12) Pensioners/beneficiaries had not yet accessed the pension payroll (By June 2024), with delays ranging from 1 to 55 months.
- i) A total of 27 Pensioners/beneficiaries delayed to receive pension payment, with delays ranging from 1 to 11 months.
- j) The district had accumulated pension and gratuity arrears of UGX 0.796Bn arising from the under/non-payment of 46 pensioners/beneficiaries.
- k) Out of 67 pensioners/beneficiaries who were on the district pension payroll by June 2024, 62(93%) presented all the pre-requisite documents to confirm their existence and eligibility.
- l) One (1) individual who lacked letter of administration to qualify as genuine pensioners/beneficiaries on the payroll, while four (4) did not appear for the headcount.
- m) Fourteen (14) individuals whose names were not on the entity's pension payroll by June 2024, appeared for the validation exercise with the requisite documentation.
- n) The expected pension and gratuity estimate for the financial year 2024/25 is UGX 0.901Bn to cater for 91 confirmed pensioners/beneficiaries. This excludes pension and gratuity arrears of UGX 0.796Bn for 46 pensioners/beneficiaries; and
- o) A comparison of the re-computed pension and gratuity budget of UGX 0.9Bn and the approved pension and gratuity estimate of UGX 1.1Bn revealed an over budget of UGX 0.18Bn.

Recommendation

The Accounting Officer was advised;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.

- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Engagements with MoFPED and MoPS have started, and some payroll verification has been done.

Overpayments have been recovered and processing of underpayments is in progress.

Periodic HR checks and full validation of missing pensioners.

Full compliance is not yet achieved, and follow-up actions are ongoing to ensure all recommendations are fully implemented.

Vote 864: Kiruhura District Local Government

Query	Special Pension Audit Observations
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Audit Findings

The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified under payments of pension and gratuity

The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.

The files on underpayment of gratuity were incorrectly computed and not fully paid hence the underpayment

Recommendation

The Accounting Officer should make the necessary adjustments after immediate confirmation of the amounts by the MoPS.

Action Status

Management liaised with MoPS to validate the amounts of underpayments and overpayments.

The financial statements were adjusted in the subsequent reporting period based on the confirmed figures.

The overpaid amounts were recovered from the affected pensioners/beneficiaries out of the future payments.

Completed payment of the underpaid amounts and ensured that computation files are correctly updated.

Management is also ensuring proper document maintenance to prevent recurrence of miscalculations.

Vote 865: Kiryadongo District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) Out of 143 pensioners/beneficiaries who were on the district pension payroll by June 2024, 140 (98%) presented all the pre-requisite documents to confirm their existence and eligibility and were verified, 3 did not appear for the headcount. In addition, 2 individuals whose names were not yet on the districts pension payroll by June 2024, appeared for the validation exercise.
- b) The district had an approved initial budget of UGX 7.6Bn for pension, gratuity as well as pension and gratuity arrears for the period under review, and also obtained supplementary budget of UGX 4.4Bn, leading to a revised of UGX 12.0Bn out of which UGX 11.3Bn (95%) was released resulting into a funding shortfall of UGX 0.64Bn (5%).

- c) A sum of UGX 6.9Bn (61%) was utilized out of the total funds released of UGX 11.4Bn resulting in un-utilized funds of UGX 4.5Bn (39%).
- d) The district did not utilize UGX 0.453Bn of its initial budget of UGX 1.9Bn for Pension and yet it obtained supplementary funds of UGX 1.4Bn in the FYs 2019/20 and 2022/23.
- e) The district did not utilize UGX 1.4Bn (62%) of the total supplementary received of UGX 2.3Bn in FYs 2022/23 and 2023/24.
- f) In the FYs 2021/22 and 2022/23, MoFPED released UGX 1.3Bn in excess of UGX 0.599Bn requested by the Accounting Officer.
- g) A sum of UGX 2.5Bn was released to the district without supplementary requests by the Accounting Officer.
- h) A sum UGX 0.424Bn was misclassified between Pension, Gratuity and their respective arrears Account Item codes.
- i) A re-computation of pension and gratuity payments revealed over and under payments of pension and gratuity

Recommendation

The Accounting Officer was advised;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring is guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Vote 866: Kisoro District Local Government

Query	Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) Kisoro District had 406 Pensioners on the June 2024 payroll, of which 396 (97%) were fully verified; 9 (2%) who were paid UGX 0.165Bn over the period of five years were not verified and 1(1%) did not show up for the validation exercise. In addition, 74 individuals who had not accessed the pension payroll by the end of June, 2024 were captured as new records. Of these new records, 73 were verified and included

in the determination of the District's pension and gratuity estimates.

- b) The district had an initial approved pension, gratuity and arrears budget of UGX 13.3Bn for the period under review, and a supplementary budget of UGX 5.0Bn leading to a revised budget of UGX 18.3Bn out of which UGX 18.3Bn (99.99%) was released.
- c) Out of the total funds released of UGX 18.3Bn, UGX 17.1Bn, was utilized resulting in un-utilized balance of UGX 1.2Bn.
- d) The district received a total supplementary release of UGX 5.0Bn comprising pension of UGX 2.5Bn (50%), gratuity of UGX 2.5Bn (50%). In the financial years 2021/22 and 2022/23 a total of UGX 0.242Bn was released by MoFPED in excess of Accounting Officer's requests.
- e) Comparison of the estimated pension and gratuity budget of UGX 6.8Bn with the approved budget of UGX 7.4Bn revealed a variance of UGX 0.591Bn as an over budgeting.
- f) Seventy three (73) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June, 2024, with delays ranging from 1 to 61 months. In addition, one hundred nine (109) pensioners delayed to receive pension payment, with delays ranging from 1 to 43 months.
- g) Nine (9) 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 District pension and gratuity payroll.

Recommendation

The Accounting Officer was advised;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the

- approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
 - iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
 - v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
 - vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.

The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing.

Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Pre-retirement sensitization programs have been introduced to ensure that staff retiring is guided on the documentation required for timely access to the pension payroll.

All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes.

Vote 867: Kitagwenda District Local Government

Query	Special Audit on Management of Government Pension and Gratuity Payroll
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Audit Findings

- a) Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2029/20 to 2023/24 and below is a summary of the major findings;
- b) The DLG had 100 pensioners on the June2024 payroll, of which 93 (93%) were fully verified and 06 (6%) did not show up for the validation exercise. In addition, 01 individual who had not yet accessed the pension payroll by the end of June, 2024 appeared for validation and was captured as new record.
- c) The District had initial approved pension, gratuity and arrears budget of UGX 3.0Bn.
- d) For the period under review, and also obtained supplementary budget of UGX1.5Bn resulting in a revised budget of UGX4.4Bn out of which UGX3.2Bn (73%) was released resulting into a funding short fall of UGX1.1Bn. The District requested and received for supplementary funding of UGX 1.6Bn. Of the release funds only UGX 0.572Bn (37) was spent and the balance of UGX 0.94Bn (63) remained un spent.
- e) A sum of UGX 0.459Bn was released to the district without supplementary requests.
- f) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity as indicated in the in the table below;
- g) A total of 75 pensioners/beneficiaries delayed receiving pension payment, with delays ranging from 01 to 32 months while, 55 pensioners/beneficiaries delayed receiving gratuity payment, with delays ranging from 01 to 27 months.
- h) A total of 51 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first Appointment, dates of retirement, names, and NINs, between their data capture on the IPPS and the NIRA data which undermines the integrity

of the entity's pension records and the accuracy of the District pension and gratuity payroll.

- i) The re-computed expected pension and gratuity estimate for the year 2024/25 is UGX 1.7Bn to cater for 130 confirmed pensioners/beneficiaries excluding pension and gratuity arrears of UGX0.16Bn.
- j) A comparison of the re-computed pension and gratuity and arrears budget of UGX 1.9Bn and the district approved pension and gratuity estimates of 1.3Bn for the FY 2024/2025 revealed an under budget of UGX 0.53Bn.

Recommendation

The Accounting Officer was advised;

- i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll, and ensure that inconsistencies in personal data are resolved and corrected with NIRA.
- ii) Engage the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the results of the validation exercise.
- iii) Consider the verified payroll as the basis for updating monthly payrolls and ensure that pension and gratuity entitlements are computed and paid correctly and promptly.
- iv) Follow up on all overpaid amounts with a view to recovery, and recognise and budget for underpayments in the subsequent financial period.
- v) Sensitise staff at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
- vi) Ensure that all pension and gratuity payments are processed through the IPPS/HCM System and charged on the appropriate account codes.

Action Status

Engagement with MoFPED is ongoing to ensure budgeted funds are received and fully absorbed.

Supplementary fund requests were submitted and follow-up with MoFPED is in progress.

The affected pensioners were engaged and their records updated and submitted to MoPS for action.

Management also identified individuals not validated and have removed them from the pension payroll.

Coordination with MoPS and MoFPED has been initiated to review pension and gratuity estimates in line with validation results.



A Competitive Economy for National Development.



To formulate sound economic policies, maximise revenue mobilisation, ensure efficient allocation and accountability for public resources so as to foster sustainable economic growth and development.



MANDATE

**Formulate policies that enhance economic stability and development,
Mobilise local and external financial resources for public expenditure,
Regulate financial management and ensure efficiency in public
expenditure, and Oversee national planning and strategic development
initiatives for economic growth.**

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