



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 VI

COMMISSIONS, STATUTORY AUTHORITIES AND
STATE ENTERPRISES



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	Rationalization of Agencies and Public Expenditure
SACCO	Savings and Credit Cooperative Organization
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, how much of the budgeted funds have been spent by an entity.

Academic Information Management System: It is an Integrated Information System locally designed and customized 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: This is the appropriated budget by the Parliament of the Republic of Uganda, which is normally undertaken in May of the proceeding 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: This is a list of accounts set up, for an organization available to classify and record transactions in the organization's books. This forms basis for the detailed budget estimates.

Commitment: In reference to a vote, this means entering into a contract or other binding arrangement which 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 recognized because:
 - i) it is not probable that an outflow of resources embodying economic benefits or service potential shall be required to settle the obligation; or
 - ii) 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): this is a web-based tool used to carry out public procurement and disposal which is used to conduct the end-to-end Government procurement and disposal process online. It involves all stages right 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 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 Fund.

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:

A. Cross-Cutting Issues

1) Change in Accounting Treatment for Non-Current Assets

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

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

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

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

2) Implementation of the item master restrictions

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

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

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

3) Management of Non-Tax Revenue

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

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

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

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

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

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

4) Utilisation of the Wage, Pensions and Gratuity Budgets

The performance of the Wage, Pensions and Gratuity Budgets continues to pose a challenge to Government. One of the key recommendations of the special audit of the payroll by the Auditor General was the full integration of the Human Capital Management (HCM) system with the Integrated Financial Management System (IFMS).

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

Government reiterates its commitment to enhancing the salaries and pensions of civil servants and ensuring they are paid by the 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:

- i) Sanctioning Accounting Officers for the creation of new domestic arrears by not renewing their contracts as Accounting Officers;
- ii) Accounting Officers should not sign any new contracts without confirmation of the availability of resources.

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

6) Implementation of Approved Work Plans and Activities

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

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

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

B. Specific Issues

Uganda Missions Abroad

7) Operationalisation of the Economic and Commercial Diplomacy Strategy

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

Accordingly, this Ministry will continue working closely with the Ministry of Foreign Affairs and the National Planning Authority to

support the Missions Abroad in fully integrating their Economic and Commercial Diplomacy interventions into the Programme Implementation Action Plans and the Mission Strategic Plans.

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

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

8) Exchange Rate fluctuations/Loss of Poundage

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

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

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

Public Universities and Referral Hospitals

9) Off-Budget Financing

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

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

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

10) Status of Medical Equipment

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

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

The Ministry of Health has taken lead in addressing 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

1.0 PART ONE: COMMISSIONS

1.1 AMNESTY COMMISSION

Query	Slow progress towards developing the Transitional Justice Policy
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Audit Findings

It was observed that the Commission has made slow progress towards developing the Transitional Justice Policy system, which has taken over two (2) years.

Recommendation

The Accounting Officer was advised to fast-track the approval and implementation of the National Transitional Justice Policy.

Action Status

Management takes note of the audit observation and wishes to clarify that the National Justice Policy was a joint effort between the Ministry of Internal Affairs and the Ministry of Constitutional Affairs. However, the Transitional Justice Policy has been withdrawn.

Query	Budgeted Shortfalls
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Audit Findings

The Amnesty Commission had a total budget of UGX 2.466Bn, out of which UGX 1.807Bn (73%) was warranted, resulting in a shortfall of UGX 066Bn which affected payment of rent, purchasing brick-making machines and sewing machines, thus affecting service delivery

Recommendation

The Accounting Officer was advised to reprioritise the budgeting and implementation of the above activities in the subsequent planning and budgeting cycle.

Action Status

Management takes note of the audit observation and wishes to state that the Commission sought the Ministry of Internal Affairs' intervention to engage the MoFPED with a view to having all budgeted funds released.

Management is planning a strategy for raising funds for the activities, which includes:

- i) Develop a project concept for the procurement of the six (06) ELock Making Machines.
- ii) Management wrote for a supplementary Budget but no positive feedback has been received.

iii) Management continues to lobby MOFPED for additional cash limits and funding.

Query	Partially Implemented Activities
--------------	---

Audit Findings

The Commission had one output with 12 activities worth UGX 1.807Bn that were assessed, of which ten (10) activities with expenditure worth UGX 1.42Bn were fully implemented, while two (2) activities worth UGX 0.38Bn were partially implemented. The partially implemented activities included the reintegration of reporters through agricultural training and the holding of radio and TV talk shows.

Recommendation

The Accounting Officer was advised to always ensure that planned activities are implemented within the allocated time frame.

Action Status

Management takes note of the audit observation and wishes to clarify that the partial implementation of the planned activities was caused by:

- 1) Increase prices of items and transportation costs.
- 2) Increase in costs of services.
- 3) Influx of reporters from Kasese and the Central African Republic.

Forty-nine (49) reporters out of 3,000 were not reintegrated; for example, 2% And 19 out of 24 talk shows were carried out. (79%).

The affected reporters were prioritised in the following financial year.

Query	Failure to recover an outstanding advance payment to Toyota Uganda.
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Audit Findings

The Commission failed to recover an advance payment to Toyota Uganda for the supply of a van worth UGX 80Mn made in December 2021.

Recommendation

The Accounting Officer was advised to fast-track the refund of the outstanding balance from the supplier.

Action Status

Management takes note of the Audit Observation and wishes to state that a communication requesting a refund was served to Toyota Uganda.

Management has continued to follow up and is set to send a delegation for a physical presentation.

Query	Failure to Budget for Domestic Arrears
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Audit Findings

The Commission did not budget for domestic arrears from the previous year of UGX 454.56Mn. As a result, no domestic arrears were settled during the year.

Recommendation

The Accounting Officer was advised to ensure that in future domestic arrears are budgeted for and settled.

Action Status

The failure was due to lapse in feedback in that The Commission has not migrated to IFMS system hence its domestic arrears are passed over to the Ministry of Internal Affairs for further management. In Financial 2021 /22 the arrears were not settled and needed to be re-submitted but The Commission was not aware and this resulted in the failure to submit the domestic arrears.

On a positive note the arrears have now been settled this financial year.

Query	Failure to Fill the Approved Staff Structure
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Audit Findings

Out of the approved structure of seven (7) Commissioners, only four (4) positions were filled, leaving three (3) vacant.

Recommendation

The Accounting Officer was advised to engage the Ministries of Internal Affairs, Office of the President and that of Public Service to ensure the Commission is fully established.

Action Status

The Appointments are made by the Appointing Authority, H.E the President. In the recent past, two appointments have been made: one Commissioner, and one for Demobilisation and Resettlement Team. The Structure now has a gap of two Commissioners and two Demobilisation, Resettlement and Team (DRT).

With the recruitment ban lifted the Secretariat gap is set to be filled soon.

Query	Partial implementation of the COSASE recommendation for the Treasury memorandum for the Financial Year 2020/21.
Audit Findings	
Out of the two (2) recommendations given by Parliament on the Treasury Memorandum of the Report of the Public Accounts Committee on Commissions, Statutory Authorities and State Enterprises for the Financial Year 2020/21, one (1) recommendation was fully implemented, while one (1) was partially implemented.	
Recommendation	
Details of my findings and conclusions in a separate report which was submitted to Parliament.	
Action Status	
The Commission prioritised and accomplished the affected activities in the following Financial Year 2021/22. This involved dialogue and reconciliation meetings, training of reporters and victims in apiary/bee keeping and tailoring in Arua DRT and Metal fabrication in Gulu DRT. The Commission also sought the intervention of the Ministry to engage the Finance Ministry so as ensure all budgeted funds are released.	
Apart from the prioritization of the reporters and victims in the following Financial Year, the financial rescue proved futile.	
1.2 EDUCATION SERVICE COMMISSION	
Query	Failure to fully Implement the Scheme of Service for Teachers
Audit Findings	
The Scheme of Service for teachers was not fully implemented.	
Recommendation	
The Accounting Officer was advised to liaise with the various stakeholders to ensure that the scheme of service is implemented.	
Action Status	
The posts of Senior Education Officer and Principal Education Officer are provided for in the scheme of Service 2008. However, these posts do not appear in the Structures of Secondary schools.	
The Education Service Commission has discussed this matter with the Ministry of Public Service and the Ministry of Education and Sports for the best way forward. The Ministry of Education and Sports has to restructure to provide for these posts in the Structures of secondary schools.	

The 150 Senior Education Officers who were appointed have been deployed and accessed to the payroll.

Query	Implementation of Funded Activities
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Audit Findings

The audit assessed the implementation of 3 outputs with 20 activities worth UGX 3.295Bn and observed that one (1) output with 9 activities and expenditure worth UGX 0.656Bn was fully implemented, while two (2) outputs with 11 activities worth UGX 2.639Bn were partially implemented.

Recommendation

The Accounting Officer was advised to ensure that planned activities are implemented according to the approved work plans and cashflow.

Action Status

A total of fourteen (14) staff in the year 2023 / 2024 were trained, 06 in long-term courses and 0j in short-term courses.

The commission had planned to support 60 District Service Commissions in the FY 2023/24, but the funds released were sufficient for only 13 districts.

1.3 EQUAL OPPORTUNITIES COMMISSION

Query	Outstanding Receivables
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Audit Findings

Receivables of UGX 248Mn have remained outstanding for more than one year.

Recommendation

Management is advised to continue engaging the concerned authorities to ensure the recovery of the funds.

Action Status

The affected staff were contacted for payment, but no recoveries have been realised. The Commission has written to the Solicitor General to seek guidance on the recovery of the funds, and action will be taken immediately upon receipt of the guidance. The CID was also requested to handover the source documents under their custody to enable the Commission to have concrete evidence in aiding recoveries, but no response was given. However, we are in constant contact with the Office of the Solicitor General and the Directorate of Police CIID.

Query	Undisclosed Property
Audit Findings	
Properties worth UGX 5.238Bn were disclosed in the commentary by the Accounting Officer instead of the main financial statements.	
Recommendation	
The Accounting Officer was advised that the property in Bugolobi be disclosed in the Fixed Asset register (FAR), and the missing title be recovered	
Action Status	
The property in Bugolobi is disclosed in the Commission Asset Register, and a Special Title was acquired. The copy of the Register of the Commission showing evidence of disclosure and special title is available.	
Query	Review of the EOC Act indicated that some mandates are not adequately implemented
Audit Findings	
Nine (9) outputs with 112 activities worth UGX 18.94Bn were assessed, of which 2 outputs with 2 activities worth UGX 0.213Bn were fully implemented, while seven (7) outputs with 110 activities worth UGX 18.725Bn were partially implemented.	
Recommendation	
<ul style="list-style-type: none"> i) The Commission continues to experience a significant case backlog and therefore requires additional resources from PSST and Parliament to address and reduce the backlog. ii) Limited access to information on government programs, especially among vulnerable and hard-to-reach communities, has hindered effective participation in government programs aimed at inclusive development. 	
Action Status	
<ul style="list-style-type: none"> i) The Commission still has a case backlog attributable to limited staffing, with only 4 out of 10 positions in the approved staff structure filled. ii) Recruitment was halted by the Ministry of Public Service (MoPS) due to RAPEX. iii) The Commission engaged a qualified Legal Professional as a graduate trainee, and currently the backlog has considerably reduced. 	

Query	Irregularities in the processing of requests for supplementary funding
Audit Findings	
The entity received supplementary funding of UGX 600Mn, which was not requested by the Accounting Officer and didn't meet the criteria for supplementary funding.	
Recommendation	
The Commission received UGX 600Mn. However, the Accounting Officer should ensure that any further supplementary funding is requested in line with existing regulations.	
Action Status	
<ul style="list-style-type: none"> i) The supplementary funds from the European Union (EU) were a multi-year grant under the Ministry of Local Government, funded by the EU, and EOC was one of the implementing members in the Consortium on gender & equity budgeting. ii) The funds were released to various entities under the consortium through MoFPED. 	
Query	The Commission returned UGX 0.136Bn to Treasury
Audit Findings	
The Commission returned UGX 0.136Bn to Treasury	
Recommendation	
The return of funds led to the non-implementation of some activities that require rollover into the budget for subsequent periods.	
Action Status	
The funds returned related to salaries for staff who were not recruited due to a halt imposed by the Ministry of Public Service.	
The status quo for halted recruitment remains in place, and the funds were returned at the end of the Financial Year, as staff to absorb them are not recruited.	
1.4 HEALTH SERVICE COMMISSION	
Query	Outstanding PAYE and WHT
Health Service Commission (HSC) was assessed by the Uganda Revenue Authority (URA) to have outstanding taxes in regard to PAYE (Pay As You Earn) of UGX 1.407Bn and WHT (Withholding Tax) of UGX 0.009Bn. However, management did not reflect the tax arrears in the financial statements due to dissatisfaction based on assessment.	

Action Status	
<p>The arrears arose from June to December 2020 when Members contracts expired and there was no Commission in place for six (6) months, hence no salaries were paid out to attract PAYE. The Commission is continuing to engage URA to resolve the matter.</p>	
Query	Failure to Fully Warrant Funds
<p>Audit Findings The Commission had an approved budget of UGX 12.209Bn out of which UGX 11.545Bn was warranted resulting in a shortfall of UGX 0.665Bn. The UGX 0.665Bn that was not warranted relates to acquisition of furniture and fittings, coordination of HSC activities, purchase of small office equipment and strengthening the operations of the hubs among others.</p>	
Action Status	
<p>The Accounting Officer wrote to the PS/ST to the Treasury in a letter Ref. ADM.80/160/01 dated 2nd December 2024 requesting for additional resources to fund activities at the Commission. As a result, the Commission budget during the FY2025/26 was enhanced to UGX 21.244Bn.</p>	
Query	Un-utilised Warrants
<p>Audit Findings Out of the total warrants of UGX 11.545Bn an amount of UGX 11.097Bn had been utilized by the close of the financial year. The balance of UGX 0.449Bn was meant for activities like audits, recruitment of staff, development of the electronic document management system, integration of NITA-U and e-RS system among others.</p>	
Action Status	
<p>All the 4 internal quarterly audits were carried out through the Recruitment audit was delayed by the completion of the recruitment process.</p> <p>Procurement of some light ICT Equipment for the EDMS was carried out during the FY2024/25.</p> <p>Despite late clearance for Health Institutions to recruit, the Commission was able to meet its recruitment target. Halting recruitment pending the payroll audit by the OAG delayed the commencement of the recruitment. The integration with NITA-U SMS Gateway was successfully completely by the Developer.</p>	

Query	Failure to Cost Outputs
Audit Findings	
It was noted that the budgets for all the planned outputs were not supported by individual activity costing and budgets.	
Action Status	
For the FY under review, costing for individual activities was done. The costed workplan is available.	
Query	Partial Implementation of Activities
Audit Findings	
The audit assessed the extent of implementation of six (6) partially quantified outputs and noted that four (4) outputs had all the eight (8) quantified activities fully implemented while two (2) outputs with a total of nine (9) quantified activities were partially implemented.	
Action Status	
Partially quantified and unquantified outputs were fully quantified and implemented during the FY under review.	
Query	Lack of a Backup for Candidate Data Applications and Profiles
Audit Findings	
The audit reviewed the functionality of the e-recruitment system and observed that there was need for a more effective means of communication, such as SMS. Additionally, whereas the Health Service Commission had backups for information such as adverts and job descriptions, there was no backup for candidate data applications and profiles.	
Action Status	
The integration with NITA-U SMS Gateway was successfully completed by the Developer. SMS can now be sent from the system to applicants. Back up for candidate data applications and profiles is done manually.	
Query	Failure to Fully Equip hubs
Audit Findings	
The Commission set up regional Hubs to facilitate health workers who have difficulty accessing the internet to submit their applications. However, only 10 out of the planned 18 hubs were equipped.	
Action Status	
The Commission planned to equip Hubs in phases. To date, the Commission has equipped the following 16 Hubs: Arua, Hoima, Masaka, Mbale, Gulu, FortPortal, Mubende, Soroti, Yumbe, Kabale, Kanungu, Moroto, Lira, Mbarara, Jinja, and Central (HSC).	

<p>The Commission is left with two (2) Hubs to equip: Entebbe, which will be equipped this Financial Year, and the Uganda-China Friendship Hospital, Naguru, which will not be equipped because it lacks space. (Copy of Regional Hubs Establishment is attached as Annex</p>	
<p>The Commission set up regional Hubs to assist applicants to access the e-RS.</p>	
Query	Delayed Recruitment
<p>Audit Findings It was noted that delays in recruitment of health professionals were attributed to delays in recruitment planning, initiation and issuance of recruitment minutes.</p>	
Action Status	
<p>The recruitment process in Public Service involves a number of players who all have to execute their part efficiently to enable timely recruitments. Delays in recruitment are generally occasioned by limited alignment of the recruitment planning to the budgeting process. Amongst others, the process includes obtaining clearances to recruit, making submissions, administering aptitude exams, conducting oral interviews, issuance of Minute Extracts by HSC, Letters of Appointment and deployment by MoH.</p> <p>Clearance to recruit for Health institutions for FY2023/24 was received from the MoPS on 19th February 2024. All recruitments beginning with the running of Adverts to the eventual issuance of Minutes were all handled between the months of March and June 2024, with Interview Programmes running for as long as 3 weeks, making it difficult to schedule Ordinary Meetings to approve Minutes for issuance of Extracts, thus the delay in the months of May and June for up to 30 days to issue Minute Extracts.</p>	
Query	Mechanisms to Track Recruitment Requests
<p>Audit Findings It was noted that there were no mechanisms to track recruitment requests. For instance, recruitment clearance and recruitment minutes relating to advertised positions were not referenced with the reference number of the advert.</p>	
Action Status	
<p>The details of the recruitments are captured in the narrative part of the Minutes of the HSC Ordinary meetings and with this, the Commission able to track recruitment processes.</p>	

Query	Failure to Attract Suitable Candidates for Vacancies
Audit Findings	
<p>There were several posts namely, Consultant (Ophthalmology), Consultant (Pathology), Consultant (Psychiatry), Consultant (Internal Medicine), Medical Officer special grade (Public health), Medical Officer special grade (Anesthesia), Medical Officer special grade (Emergency medicine), Medical Officer special grade (ENT), Medical Officer special grade (Intensive Care) advertised by the Health Service Commission did not attract suitable applicants.</p>	
Action Status	
<p>The Commission will prioritize the review of the Training and Qualifications of Health Workers subject to availability of funds and is working with other partners and Training Institutions to encourage more Health workers to train in specialties that lack adequate numbers and also review the terms and conditions of service. For example, the Commission will recommend to the Ministry of Health to avail scholarship for specific specialties.</p>	
Query	Failure to Submit Performance Reports
Audit Findings	
<p>Several District Service Commissions did not submit any performance reports to the Health Service Commission during the financial year under review.</p>	
Action Status	
<p>The Commission has introduced the mechanism to DSCs through letters and during Support Supervision visits to urge them to submit reports. In addition, the Commission will work with other stakeholders such as PSC and MoLG to enforce timely submission of reports. The mandate of enforcing District Service Commission to submit quarterly performance reports lies with the PSC.</p>	
Query	Staffing Gaps
Audit Findings	
<p>Ten (10) District Local Governments did not have substantive secretaries while seven (7) were not fully constituted. There were also reports indicating non-payment of retainer fees due to inadequate budget allocations.</p>	
Action Status	
<p>The HSC, together with the PSC, ESC and MoLG, held a meeting with the Association of Local Governments Commissions of Uganda from 24th to 25th July 2024 and the issue of increased budget allocations of qualified</p>	

substantive Secretaries and other staff in all DSCs was discussed. We hope to see a positive change in the operations of DSCs.

The budgets for some DSCs have been enhanced with funds from UGIFT, but the funding still remains insufficient.

1.5 JUDICIAL SERVICE COMMISSION

Query Outstanding Domestic Arrears

Audit Findings

An analysis of the domestic arrears of the JSC revealed that the total PAYE arrears reduced by 3% from UGX 137.98Mn in the previous year to UGX 133.84Mn as at 30th June 2024. However, only UGX 4.14 Mn was budgeted to settle domestic arrears during the financial year 2023/24, resulting in the failure to clear a significant portion of the outstanding debt.

Recommendation

The Accounting Officer was advised to continue liaising with the MoFPED to ensure adequate funds are available to settle the outstanding debts or request a waiver through the Minister for Finance.

Action Status

Management takes note of the recommendation, and a letter has been written requesting funds for settling the debt or for a waiver.

Query Review of the implementation of the approved budget

Audit Findings

The JSC had an approved budget of UGX 20.433Bn, out of which UGX 18.075Bn (88%) was warranted, resulting in a shortfall of UGX 2.358Bn. Out of this, warrants worth UGX 17.78Bn (84%) had been utilized by close of the financial year.

Recommendation

The Accounting Officer was advised to evaluate the impact of unimplemented activities on their mandate. If found to be critical to enabling JSC'S service delivery, they should be incorporated] into the work plans and budgets for the following year to ensure their implementation.

Action Status

Audit Findings

Management has taken note of the recommendation Of the Auditor General. The critical activities enabling JSC's service delivery have been

taken care Of in the FY 2025/2026 budget such as Recruitment, disciplinary, procurement Of ICT equipment and furniture.

Query	Implementation of funded activities
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Out of the 10 outputs with 84 activities worth UGX 16.681Bn which were assessed, three (3) outputs with 14 activities and expenditure worth UGX 2.402Bn were fully implemented while seven (7) outputs with 70 activities worth UGX 14.280Bn were partially implemented.

Out of 70 activities, JSC fully implemented 53 activities worth UGX 12.087Bn and 17 activities worth UGX 2.193Bn were partially implemented.

Recommendation

The Accounting Officer was advised to implement measures that ensure more accurate planning and budgeting for activities.

Action Status

Management takes note of the recommendation Of the Auditor General. Going forward Management undertakes to ensure accuracy in planning and budgeting.

Query	Delays in Handling Disciplinary Complaints
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Audit Findings

The audit reviewed the performance of complaints handling by the JSC and noted that whereas preliminary evaluation of complaints is expected to take one (1) day, the JSC often takes longer than the planned timeframe and has accumulated a backlog of complaints awaiting evaluation. Additionally, JSC did not maintain summary records of complaints received and evaluated, which prevented me from assessing the performance of the Commission in complaints evaluation.

Recommendation

The Accounting Officer was advised to put in place a tracking system for all complaints undergoing evaluation and to ensure that any backlogs at the evaluation stage are promptly addressed.

Action Status

The Commission has implemented an internal monitoring mechanism to ensure that all evaluations are completed within the set timelines and has planned to procure a digital complaints and case management system for recording and tracking records in the FY 20026/27. In the meantime, we have centralized the capture of all complaints received and evaluated manually.

Query	Complaints Investigation (Stage 3)
<p>Audit Findings The Investigations Department handled only 54% of the cases received from the evaluation unit under the Directorate of Disciplinary Affairs. Out of the 154 complaints received during the year, the Complaints Investigation Team investigated and recommended further action in only 84 cases, resulting in a backlog of investigation cases.</p>	
<p>Recommendation</p>	
<p>The Accounting Officer was advised to strengthen the complaints evaluation process to ensure that cases without sufficient merit are effectively filtered out and not forwarded for investigation.</p>	
<p>Action Status</p>	
<p>Management has noted the recommendation of the Auditors. Management has since put in place a manual complaint tracking system while we are planning for the Automation of the Complaints system in FY 2025/2026. The challenge has been the funding to revamp and upgrade the system.</p>	
Query	Complaints Before the Disciplinary Committee (Stage 4)
<p>Audit Findings It was observed that out of the 198 cases received by the Disciplinary Committee, only 106 were scheduled and heard, reflecting a performance rate of 53%. This partial performance resulted in a backlog of cases yet to be heard. In contrast, the full Commission’s performance during the year was a 100% clearance rate of the cases it received.</p>	
<p>Recommendation</p>	
<p>The Accounting Officer was advised to consider options to increase the committee's capacity, including appointing full-time members or expanding the Committee membership. In addition, the Commission should develop clear guidelines on when to offer alternative dispute resolution mechanisms to prevent unnecessary delays and backlogs at the Committee level.</p>	
<p>Action Status</p>	
<p>The request for appointment of full-time Members of the Commission was made by the 5th Commission way back in FY 2017/18 and submitted to the Ministry of Justice and Constitutional Affairs. This process requires an amendment to the 1995 Constitution of Uganda.</p>	

Management has raised this matter whenever it appears before the Parliamentary Committee of Legal and Parliamentary Affairs.

The Ministry of Justice and Constitutional Affairs has given the Commission guidance that Cabinet had resolved that amendment to the Constitution of Uganda cannot be done piecemeal but in future when there is a comprehensive review, the request for fulltime Members of the Commission will be considered.

On the issue of alternative dispute resolution mechanisms, it has been noted for action. However, this is being done where the complainants agree to resolve the matter out of JSC or JSC does the mediation between the parties, but on a small scale. Management makes a 14 undertaking that once the 7th Commission has been appointed by H.E the President, this will take the first call among their priorities to make this a Policy in handling disciplinary cases.

On the 100% clearance of disciplinary cases by the Commission, it means that, whenever evaluated and concluded disciplinary cases are presented to the Commission, the Commission ensures all the matters are cleared and files closed since this is the last level of the complaints management process. It is at this level that sanctions against errant Judicial Officers and other staff are made. At times, if the information on findings of the case is insufficient, the Commission refers the matter back to the disciplinary Committee.

Query

Audit of the Treasury Memorandum

Audit Findings

From the reviewed Treasury memorandum of the Report of the Public Accounts Committee on Commissions, Statutory Authorities and State Enterprises for the Financial Year 2020/21, out of the seven (7) recommendations made by Parliament, five (5) were fully implemented, one (1) was partially implemented while one (1) was not implemented.

Action Status	
<p>The partially implemented recommendation was on recruitment of staff in JSC approved structure. Management has continued engaging with the Public Service Commission and Ministry of Public Service and as at January 2025, 12 vacant positions of the JSC approved structure have been filled. The challenge is that sometimes there are delays by the PSC. Attached as Appendix III are copies of minute extracts.</p> <p>However, the other challenge is that the Commission also continues to lose staff to Judiciary due to better terms of employment there as compared to the JSC. This is a real problem because you fill positions, then others leave and you start all over again. In the last two (02) FYs for instance, the Commission has lost over 25 staff to the Judiciary at different levels of the Judicature.</p> <p>The one (01) unimplemented recommendation relates to the non-remittance of PAYE amounting to UGX 138,219,093. The amount has been declared in the financial statements for FY 2021/22 through the current year under review and verified by Internal Audit. However, the Ministry of Finance, Planning, and Economic Development only released UGX 4,139,251 in FY 2023/24. Management did write for the provision of funds to clear the debt or waive based on the recommendation of the Auditor General.</p>	
1.6 LOCAL GOVERNMENT FINANCE COMMISSION	
Query	Staffing gaps
Audit Findings	
<p>Out of the 64 approved posts, only 42 (66%) were filled, leaving 22 (34%) posts vacant.</p>	
Recommendation	
<p>The Accounting Officer was advised to liaise with the Ministries of Public Service and that of Finance, Planning and Economic Development to have the staffing gaps filled.</p>	
Action Status	
<p>The Commission continues to engage the Ministries of Public Service and that of Finance, Planning and Economic Development to have the staffing gaps filled.</p>	

Query	Failure to Adopt and Implement Proposed Amendments to the Local Government Act
Audit Findings	
The proposed amendments to enhance revenue collections for Local Service Tax, Local Hotel Tax and royalties to improve the current collection from UGX 291Bn in FY 2021/2022 to UGX 1.0Tn by FY 2025/2026 had not been actioned.	
Recommendation	
The Accounting Officer was advised to escalate the matter to the Committee of Parliament on Public Service and Local Governments so that the proposals or amendments made by the Commission are fast-tracked by the responsible entities.	
Action Status	
The Commission continue to engage the Ministry of Local Government to have the proposed amendments made to the Local Government Act.	
Query	Reinstatement of the Equalisation Grant
Audit Findings	
The recommendations of the Commission to reinstate equalization grant for Local Governments lagging in terms of basic services were not implemented.	
Recommendation	
The Accounting Officer was advised to escalate the matter to the MoFPED so that the recommendations made by the Commission are fast-tracked and implemented.	
Action Status	
The Commission continues to engage the Ministry of Local Government to reconsider equalization grants for Local Governments lagging in terms of basic services were not implemented.	

Query	Review of the Implementation of the Approved budget
Audit Findings	
Out of UGX 11.08Bn, UGX 11.07Bn had been utilized, leaving a balance of UGX 10.2Mn. This affected the implementation of planned activities.	
Recommendation	
The Accounting Officer was advised to re-assess if these activities are still relevant and if so have them rolled over to the work plan and budgets of the subsequent year.	
Action Status	
The Commission has re-assessed the activities affected and rolled over some of them to the work plan and budgets of the subsequent year.	
Query	Implementation of Funded Activities
Audit Findings	
The audit assessed the extent of implementation of five (5) outputs with 14 activities worth UGX 5.07Bn and noted that all the five (5) outputs were partially implemented.	
Recommendation	
The Accounting Officer was advised to re-assess if these activities are still relevant and if so have them rolled over to the work plan and budgets of the subsequent year.	
The Accounting Officer was further advised to cost activities in the work plan uploaded in the PBS system going forward.	
Action Status	
The Commission has re-assessed the activities affected and rolled over some of them to the work plan and budgets of the subsequent year.	
1.7 PARLIAMENTARY COMMISSION	
Query	Budget Shortfall
Audit Findings	
The Parliamentary Commission had an approved budget of UGX 945.56Bn, out of which UGX 912.41Bn was warranted, resulting in a shortfall of UGX 33.14 Bn, representing a 96% performance. This affected the construction of the new Parliamentary Chambers and the procurement of new vehicles.	

Action Status

It is true that a total of UGX 33,144,898,309/= was not released under the development budget of the Parliamentary Commission for FY 2023/24. The shortfall was due to cash flow constraints.

The budget shortfall was meant to fund the ongoing construction works for the new Chamber of Parliament (UGX 28.18Bn) and acquisition of light vehicles (UGX 4.96Bn/=) implementation of the above activities was rolled over to subsequent financial years as explained below;

In FY 2024/25, the Parliamentary Commission allocated UGX 25.682bn to fund the ongoing construction works for the new Chamber, and by the end of June 2025, 98% (UGX 25.093bn) had been absorbed to acquire key specialised materials, such as Heavy Structural Steel, from Dubai.

Query

Failure to Utilise Warrants

Audit Findings

The Commission did not utilize warrants worth UGX 4.88Bn which affected implementation of planned activities.

Action Status

- i) The un-utilised warrants of UGX 4.88 Bn are related to cumulative balances on various budget lines. In some cases, the funds remained unspent after the main planned activity was implemented. For example;
- ii) UGX 14.05M remained unspent after paying off consultancy services for the Audit of the Office of the Auditor General
- iii) UGX 94.36M remained unspent under compensation to 3rd parties because all the submitted and verified claims had been settled. In the FY 2025/26, the allocation to this budget line has significantly reduced to UGX 50M.
- iv) UGX 38.47M was not spent on hiring additional parking spaces for VIPs invited to attend Parliamentary events, because most Parliamentary functions that were held during the FY took place at Kololo, which was offered for free.
- v) UGX 1.017Bn remained unspent because the procurement for the installation of ICT infrastructure and network servers halted, and instead a more integrated ICT Infrastructure for Computers and storage systems was considered. The activity was therefore rolled over to FY 2024/25 and successfully commissioned.

vi) The other budget balances accrued due to challenges encountered by users of the new e-GP system, and as a result, some procurements were not delivered.

Query **Non-implementation of Activities**

Audit Findings

Two (2) outputs with 23 activities and expenditure worth UGX 16.23Bn were fully implemented. Four (4) outputs with 19 activities worth UGX 227.63Bn were partially implemented. Out of 19 activities, the entity fully implemented eleven (11) activities worth UGX 222Bn, while eight (8) activities worth UGX 5.63Bn were partially implemented.

Action Status

The activities worth UGX 5.63bn, which were partially implemented included the following:

No.	Activity	Action
1	Six (6) staff not trained against the planned 244 staff	<p>During the execution of the training plan for FY2023/24, the Commission training budget got exhausted towards the end of the FY. The training of remaining six staff was therefore differed to FY2024/25.</p> <p>Under training plan for FY2024/25, priority was given to six staff who had missed out in the previous FY2023/24. These six staff have since been trained.</p> <p>To ensure comprehensive training for staff, the focus is now on group training sessions to ensure that all staff benefit.</p>
2	Of the planned 140 live broadcast Parliamentary proceedings were implemented and only two (20 sessions sittings/meetings were not undertaken	<p>Provision of live broadcasting of Parliamentary proceedings is very vital in order to reach out to various stakeholders. In the FT2023/24 only two meetings/sittings of the planned 140 meetings were not covered because of the budget constraints. As a way forward, Parliament has enrolled other media Houses like UBC with the view of obtaining competitive rates, and optimize coverage. In addition, the Commission now relays the Plenary sittings via other social media platforms like You tube, to supplement of the TV coverage.</p>
3	Proportion of Multi-stakeholder policy consultative meetings achieved at 85%	<p>The 15% variance was not delivered due to inadequate budget. The activity was rolled over to subsequent financial years for implementation over the NDVIV.</p>
4	Three staff not trained against the planned 33	<p>The three staff that had been trained were given priority in FY2024/25. However, as explained under (i) above, Management is</p>

		encouraging group training sessions to ensure that all staff benefit.
5	Only one of the planned two Data production and development system was automated	Due to the limited budget, only one Data production system was developed. The second phase of the system was intended to ensure that the system runs on other Parliament ICT platforms. Implementation of this phase (which includes user training) is ongoing and is scheduled to be completed in FY2025/26.
6	Upload and access of Parliamentary documents on KOHA System (Used to upload and enable access of Parliament documents online)	The improvement from 60% to 85% is a great improvement. However, with the planned upgrade of the KOHA System and increased digitization during the FY2025/26 the Commission projects greater improvement.
7	9% of the museum collection attained	This is expected to improve significantly once the Commission has secured the allotted Museum space in the New Chamber.
8	89 out of the planned 100 Opposition briefs to Committees were prepared	Performance of this activity is dependent upon the requests received from the Committees. The baseline of 100 briefs was based on the performance trend observed over the previous years.

Query	Failure to implement one output with one activity
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Audit Findings

One (1) output with one (1) activity worth UGX 1.59Bn was not implemented at all.

Action Status

The total Budget of UGX 1.59 Bn was intended to be implemented through seven Monitoring and Evaluation (M&E) activities. Six of the seven activities were fully implemented at a cost of UGX 1.55bn, save for the automation of the M&E system. This automation process required broader consultations regarding system specifications, interfaces, and compatibility with other systems. The activity was therefore rolled over to FY 2026/27 as captured under the Legislation Oversight and Representation (LOR) Programme Implementation Action Plan (PIAPS) under NDPIV.

Query	Construction of the New Parliamentary Chambers
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Audit Findings

The contract for the construction of the new Parliamentary Chambers was significantly behind schedule, with only 44.4% of the work completed despite most of the contract timelines (83.5%) having passed. Additionally, the contract completion date has been revised four (4) times as of December 2024.

Action Status	
<p>The slow progress of the project was mainly attributed to;</p> <ul style="list-style-type: none"> i) The contractor’s poor cash flow, and it took a lot of time to raise certificates for payment. ii) Intermittent supply of building materials. iii) Contractor's failure to implement agreed strategies for recovery of lost time iv) Failure by the contractor to expedite work tasks, especially those on the critical path, as per the revised work program. <p>However, to expedite the ongoing works on the new Chamber, in addition to the numerous issued warnings, the Commission implemented the following interventions.</p> <ul style="list-style-type: none"> i) Timely processing of verified advance payments to enable the contractor obtain the necessary materials for the project. ii) Make direct payments to Sub-Contractors and suppliers of specialised and customised material so as to ease their manufacture, shipping, delivery and installation. iii) Following the directive by H.E the President to substitute bank advance payment guarantee with insurance bonds, the cash flow of the contractor has been unlocked <p>As a result of the above interventions, the current project progress has improved to 50% completion. The Commission projects substantial progress on the project within the extended completion period.</p>	
1.8 PUBLIC SERVICE COMMISSION	
Query	Rollout of the e-Recruitment System
<p>After four (4) years of the Strategic plan implementation, PSC had not rolled out the e-recruitment system to the 135 DSCs and 10 City Service Commissions (CSCs) to enable smooth recruitment of public servants.</p>	
Recommendation	
<p>The Accounting Officer was advised to engage MoFPED to provide resources in the first year of the Strategic period, FY 2025/26 – FY 2029/30, so that the e-recruitment system can be rolled out to the districts and cities.</p>	

Action Status	
<p>The Commission has lobbied for and will begin implementing a five-year retooling project in FY 2025/2026. The project will enable the Commission to procure hardware and software for the rollout of the e-recruitment system to 50 Local Governments annually over the next three years of the project.</p> <p>The Commission is rolling out the e-recruitment system, with 15 District Local Governments and five (5) City Local Governments to be covered as a pilot project in FY 2025/2026.</p>	
Query	Failure to Warrant UGX 10 million
Audit Findings	
<p>UGX 10Mn was not warranted, which affected research activities and payment of water expenses.</p>	
Recommendation	
<p>The Accounting Officer was advised to rollover the unfunded activities to the subsequent financial year for implementation.</p>	
Action Status	
<p>The Commission rolled over the unfunded activities and has committed to continuing engagements with MoFPED to achieve 100% budget release in subsequent financial years.</p> <p>The Commission continues to engage with MoFPED to achieve 100% budget release.</p>	
Query	Utilisation of warrants
Audit Findings	
<p>Out of UGX 11.9Bn that was warranted, UGX 11.8Bn was utilised. The unutilised funds of UGX 125Mn were meant for salaries and pension.</p>	
Recommendation	
<p>The Accounting Officer was advised to ensure that the Human Resources Department of the Commission follows-up with the affected retirees so that all the pending documents are submitted. In addition, the Accounting Officer was advised to engage MoPS for authority to recruit and fill the vacant positions.</p>	
Action Status	
<p>The Commission had engaged the affected pensioners to provide missing documents. The Commission had also contacted the responsible mother ministries to ensure that all vacant common cadre positions are filled.</p>	

The Commission is currently paying all its pensioners and pension beneficiaries in a timely manner. Vacant positions in the staffing establishment have also been filled. Responsible MDAs are being promptly alerted whenever vacancies occur for the quick deployment of the required staff.

Query	Implementation of the Strategic Plan
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Audit Findings
 Eight (8) outputs with 27 activities worth UGX 4.86Bn were not supported by individual activity costing and budgets. The extent of implementation of these activities could not be assessed.

Recommendation

The Accounting Officer was advised to re-assess all the unimplemented activities and ensure that those that are still relevant are rolled over and included in the subsequent strategic plan.

Action Status

Management notes that some key activities in the Strategic Plan were not executed due to financial constraints. The Commission has also had its Development Budget reinstated and therefore pledges to roll over the unimplemented activities to the Strategic Plan being developed for 2025/2026 to 2029/2030.

Management has, in the interim, undertaken cost cutting measures and made efficiency gains that have enabled the Commission to implement some of the activities contained in the Strategic Plan, despite the constrained resources. This is illustrated below:

S/N	Activity	Progress made
1	Selection Framework – Compile selection manuals and guidelines; disseminate and train users and offer support supervision	Competence Based Recruitment (CBR) Manual and Training materials have been developed
2	Competence based recruitment promoted across Government <ul style="list-style-type: none"> • Develop Competence Profiles for jobs in the Uganda Public Service, develop selection instruments to update the question data bank, train users of selection examinations on handling and management of tests/examinations 	<ul style="list-style-type: none"> • A total of 180 Competence Profiles have been developed under the Ministries of; Public Service; Defense and Veteran Affairs; Gender Labour and Social Development; Water and Environment; Tourism Wildlife and Antiques • Over 200 question items for top, senior middle and lower management positions were developed to support recruitment.

	<ul style="list-style-type: none"> Develop the user manual, train the users pilot, disseminate and institute the systems in MDAs and LGs 	
3	District and City Service Commissions enabled to handle applicants with disabilities	A set of 3 braille machines, Jaws software and three laptops were procured to support both the Centre and Local Governments.
4	Works with MoPS to update the job specifications	Job specifications under the Ministry of Defense and Veteran Affairs and KCCA have been updated.

The unimplemented and partially implemented activities have been rolled over to the new Strategic Plan for 2025/2026 to 2029/2030.

1.9 UGANDA AIDS COMMISSION

Query

Poor Performance of NTR

NTR amounting to only UGX 700,000 out of the approved budget of UGX 45Mn was realized resulting into a shortfall of UGX 44.3Mn representing 1.6% performance.

Action Status

The Commission improved in planning for NTR in the FY 2024/25. All planned NTR were received as planned.

Query

Failure to Ensure Compliance

Audit Findings

25 districts out of 135 districts did not allocate 0.1% of their total budgets (excluding pension, gratuity and transfers) for HIV and AIDS interventions as required by the Budget Circular for FY 2018/19 to all MDAs and LGs.

Action Status

The Commission wrote to MoFPED requesting access to PBS to monitor allocation of 0.1% of the budget for the HIV & AIDS response. 90% of the Local Government allocated 0.1% of its budget to HIV & AIDS in FY 2024/25.

Query

Failure Develop HIV & AIDS Strategic Plans.

Audit Findings

Although 118 Local Governments out of 135 were supported to develop HIV& AIDS strategic plans, only 60 districts developed them.

Action Status

The Commission has completed development of the National HIV Strategic Plan for 2025/26 – 2029/30 where districts have specific role to extract as they prepare their HIV work plans.

Query	Incomplete National HIV Sustainability Framework
Audit Findings	
The entity completed validation of the National HIV sustainability framework and awaiting for Cabinet consideration and approval.	
Action Status	
The National Sustainability Framework has been approved by the National Steering Committee.	
Query	Budget Shortfall
Audit Findings	
UGX 16.967Bn out of the approved budget of UGX 17.600Bn was warranted resulting into a shortfall of UGX 0.633Bn representing 96% performance.	
Action Status	
The Commission requested for additional funds from MoFPED, for which the Commission received additional UGX 1billion in supplementary budget in FY 2024/25.	
Query	Unutilized funds
Audit Findings	
A total of UGX 16.529Bn out of UGX 16.967Bn that was warranted had been fully utilized by the close of the financial year resulting into UGX0.438 to remain unutilized.	
Action Status	
The Commission has written to Ministry of Public Service to seek for clearance to recruit to absorbed budgeted wages.	
Query	Partial implementation of Activities
Audit Findings	
Out of the four (4) outputs with 61 activities worth UGX 1.235Bn assessed, two (2) outputs with eighteen (18) activities and expenditure worth UGX 0.551Bn were fully implemented, while two (02) outputs with 43 activities worth UGX 0.614Bn were partially implemented.	
Action Status	
The partially implemented activities which included technical support to MDA/LG, cultural institutions, faith based action plan, dissemination of HIV messages were carried forward to 2024/25.	

Query	Audit of the Treasury Memorandum 2020/21
Audit Findings	
An audit of the Treasury Memorandum for the 485 Commission noted that out of the 6 recommendations by Parliament, only 5 were fully implemented while one (1) was partially implemented	
Action Status	
Recommendation of the Treasury Memorandum for 2020/21 on the lease of land by Uganda AIDS Commission from Namirembe Diocese, Church of Uganda was implemented as the Land Lord declined to review the leased when it expires in December 2024.	
1.10 UGANDA HUMAN RIGHTS COMMISSION	
Query	Absence of a comprehensive strategy
Audit Findings	
UHRC is not adequately prepared for RAPEX, given the lack of a clear and comprehensive strategy discussed and agreed upon by the Commission's Board, pending legal issues, and transparency in managing human and other resources post-merger for both UHRC and EOC. As a result, the institution is unlikely to anticipate and adequately address the challenges they will likely face.	
Recommendation	
The Accounting Officer was advised to ensure that the rationalisation of UHRC is managed in a transparent and non-disruptive manner. In addition, UHRC should collaborate with all other stakeholders, including the Equal Opportunities Commission and the Ministry of Public Service, to develop a detailed reorganisation strategy, ensure that all legal and financial approvals are done, plan for the governance of the merged (rationalised) entities, and prioritize the interests and rights of the affected staff to avoid future legal disputes.	
Action Status	
The Commission adopted the comprehensive RAPEX strategy of government that was rolled out by the Ministry of Public Service, and implemented critical areas that are applicable to the Commission. Additionally, the Commission adopted the additional guidelines on management of liabilities and assets issued by the Ministry of Finance, Planning and Economic Development.	
In implementing the RAPEX strategy the Uganda Human Rights Commission, Equal opportunities Commission and the Ministry of Public	

Service worked out a costed structure to accommodate staff of the Rationalized Institution.

The structure provided for a directorate for Equal Opportunities and the Uganda Human Rights Commission made further proposals to add 24 positions in the 12 Regional Offices of the Uganda Human Rights Commission located in various parts of the Country.

The Uganda Human Rights Commission submitted its position on the Constitutional amendment bill to merge the two institutions to Parliament, and Equal Opportunity also made a submission. The Uganda Human Rights Commission and Equal Opportunities Commission await the conclusion of the Legal framework to finalise the rationalisation of the two institutions.

Query	Failure to utilise the Warranted Funds
Audit Findings	
The Commission had an approved budget of UGX 19.57Bn, out of which UGX 18.67Bn (95.4%) was warranted, resulting in a shortfall of UGX 0.90Bn. UGX 18.337Bn had been utilised by the close of the financial year, resulting in an unspent balance of UGX 0.329Bn.	
Recommendation	
The Accounting Officer was advised to await the outcome of the pending rationalisation before carrying out any recruitments as instructed by the Ministry of Public Service.	
Action Status	
The Commission sought authority from the Ministry of Public Service to recruit. In a letter dated 20th March 2025, authority was granted. A total of 18 staff were recruited in May 2024.	
Additional authorisation to recruit 8 staff in a letter dated 20th October 2025 has been granted, and the structure will be fully filled, with no balances, thereby improving utilisation of wages and the attendant costs.	
Query	Partial implementation of three (3) outputs
Audit Findings	
The audit assessed the extent of implementation of activities for which funds were availed and utilised, and observed that nine (9) outputs with 40 activities and expenditure of UGX 0.792Bn were fully implemented,	

while three (3) outputs with 11 activities worth UGX 17.545Bn were partially implemented.

Recommendation

The Accounting Officer was advised to await the outcome of the pending rationalisation before proceeding with any recruitments, as instructed by the Ministry of Public Service.

The Accounting Officer should ensure that all planned and funded activities are implemented and that any changes to these activities follow the proper process as outlined in the Public Finance Management Act.

Action Status

Audit Findings

Appropriate authority to recruit was sought and granted by the Ministry of Public Service to facilitate service delivery, as the Commission awaits the finalisation of RAPEX. Recruitment was conducted in May 2025 and will be completed during the financial year 2025/2026, and the structure will be fully filled.

Adequate controls have been put in place to monitor budget execution and ensure all planned activities are implemented. This is done through Finance Committee meetings and quarterly performance reviews by management and the Commission. This will enhance compliance with the provisions of the Public Finance Management Act, Cap 171.

Query

Case Backlog at the investigation level

Audit Findings

The Commission investigated 531 complaints out of a total of 917, representing a 60% performance rate.

Recommendation

The Accounting Officer was advised to prepare and submit proposals for establishing new regional offices, particularly in areas where the existing regional offices have extensive geographical coverage and serve a large population.

Action Status

The caseload at Investigations currently stands at 757 complaints with the highest caseload being in Kampala Regional Office -249, Gulu141, Mbarara -83, Soroti-72 and Moroto-71. Kampala and Gulu regional office account for 51% of the caseload.

In Q1, a total of 84 cases were fully investigated while 110 were partially investigated.

In order to support this the case backlog reduction at both tribunal and investigations, the Commission recruited 8 short term HRO's on special assignment and they were deployed as follows;

Headquarters (Directorate of Complaints, Investigations and Legal Services) - 2 (Two) Kampala Regional Office -2 (Two) Gulu Regional Office -1 (One) Mbarara Regional Office -1 (One) Soroti Regional Office -1 (One) Moroto Regional Office -1 (One)

The Commission approved the proposal for new regional offices. This includes two (2) regional offices in Mubende and Mbale, and one (1) field office in Apac. This expansion is expected to create over eighteen (18) new positions, including two (2) Principal Officers, eight (8) Officers, two (2) Assistant Officers, two (2) Administrative Assistants, 2 two) Officers and 2 (two) drivers.

Query	Special File Audit-Ageing Analysis at Investigation Level
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Audit Findings
 A review of 100 files revealed delays of more than one (1) year, with some complaints going up to 10 years before the completion of investigations. The Commission had not started on the investigation of 90 out of 681 cases (13.2%) for over five (5) years.

Recommendation

The Accounting Officer was advised to assess all cases that have remained pending for more than five (5) years to determine whether they are still worth investigating or should be closed.

Additionally, the long-pending cases should be prioritised for conclusion in the financial year 2024/2025.

Action Status

The Commission has conducted and continues to conduct a special audit of all files pending hearing before the tribunal. This was intended to ensure that cases that are cause-listed for hearing meet the tribunal's threshold. The case load at the beginning of the FY stood at 1309. The caseload as of 30th September was 1078, indicating a reduction of 231 cases.

Of the 1078 cases pending hearing, 190 are ongoing and 888 are pending hearing. In July 2025, with funding under JLOS, 466 of these files were audited. Of the 466 files audited, 20 were recommended for tribunal, 09 for further investigations, while during 2025/2026, 87 closure letters were drafted. The 350 closure letters pending are expected to be concluded in quarter two. Additionally, another audit of the 422 pending files is planned in Quarter Two.

Given the trajectory of the previously audited files, the Commission anticipates that it is on track to meet the target of reducing the caseload at the tribunal level to fewer than 250 files by December 2025. There are currently approximately 137 files pending legal opinion.

Other measures taken arising from the recommendations;

With additional funding from government of Uganda, the Commission is now able to hold two tribunal sessions in a month. This is expected to address the issue of long-pending cases at the regional office.

The issue of qualified Commissioners will be brought to the attention of the appointing authority, along with appropriate recommendations, at the time of contract renewal or at the request for appointments.

Query

Case Backlog at Tribunal Level

Audit Findings

The audit analysed the UHRC tribunal's disposal of complaints in the financial year 2023/2024 and noted that of 1,325 cases brought forward, only 171 (13%) were closed.

Recommendation

The Accounting Officer was advised to devise and implement mechanisms for increasing the frequency of Tribunal hearings and explore options of increasing the number of qualified Commissioners to help manage the caseload more effectively. Furthermore, the Accounting Officer was also advised to continue expanding the use of Alternative Dispute Resolution (ADR) to resolve complaints outside of the Tribunal process.

Action Status
<p>ADR has been given priority in case management. Staff have been trained, and ADR guidelines have been provided to all staff engaged in case management.</p> <p>Awareness of amicable settlement and ADR is a continuous process, and complaints are always given the opportunity to choose to proceed with the tribunal hearings of an amicable settlement, although most of them opt for tribunals. The parties must agree.</p>

Query	Delays at the Tribunal level
Audit Findings	
<p>Files spent an average of four (4) years at the tribunal between the first hearing and the last tribunal decision, and more than 97% of the total cases pending at the tribunal level were six years old or more.</p>	
Recommendation	
<p>The Accounting Officer was advised to lobby for the Secondment and deployment of more State Attorneys to represent the Attorney General at countrywide tribunal sessions and to promote awareness of amicable settlements through ADR.</p> <p>Additionally, efforts should be made to secure sufficient evidence well in advance before listing a complaint for a Tribunal hearing.</p>	
Action Status	
<p>The issue of a few State Attorneys is being progressively addressed by the office of the Attorney General. However, even with the limited numbers, State Attorneys' attendance at tribunal sessions has greatly improved compared to the past.</p> <p>Efforts are made to ensure sufficient evidence, especially with new complaints being received. With old files, file audits have been carried out to determine whether files can proceed to tribunals; if not, they are closed, while efforts have been made to gather additional information to beef up the files.</p>	
Query	Failure to Develop Land owned by the Commission
Audit Findings	
<p>The Commission owns five (5) pieces of land in prime locations in various districts. However, none of the land properties has been developed.</p>	

Further, a review of the entity's work plan shows that in the short term, there are no plans to develop the land to construct regional offices or other uses.

Recommendation

The Accounting Officer was advised to prioritise the development of the Commission's land holdings, particularly those that are at risk of being reclaimed by local authorities or encroached upon due to lack of development. For the land in Lira and Hoima, the Commission should engage with the respective local authorities to secure formal and final land allocations.

In addition, the Accounting Officer should expedite the feasibility study for the Buganda Road property to facilitate its development under the Public-Private Partnership.

Action Status

Funding for a feasibility study of Buganda road has been released in quarter two and the procurement process is ongoing.

Valuation of the Buganda Road property was completed and submitted to finalise the title for the 99-year lease for the three plots.

Progress has been made in the acquisition of land in Lira. A final Approval from the Minister of Local Government is awaited.

Progress has not been made in land acquisition of land in Hoima. The city requires the Commission to demonstrate a financial capacity to build which has not been met yet.

Query

Failure to Act on the Recommendations of KCCA

Audit Findings

KCCA declared the UHRC buildings on Plot 20, 22 & 24 Buganda Road as unfit for occupation and condemned them for demolition due to concerns regarding the structural integrity of the buildings and their noncompliance with building standards. However, UHRC still occupies the buildings despite its being condemned.

Recommendation

The Accounting Officer was advised to prioritise identifying a suitable PPP partner to ensure that the development process moves forward. In

addition, the Commission should expedite the finalisation of the renewal of the land lease and conduct the required property valuation as recommended by the MoFPED.

Action Status

The PPP for Buganda road plots is ongoing. Funds have been released in quarter two for the procurement of services of a transaction advisor and carrying out a feasibility study. Procurement processes are ongoing.

Audit Findings

UHRC did not plan for and, therefore, did not undertake any inspections during the financial year 2023/2024.

Recommendation

The Accounting Officer was advised to ensure that the inspection of places of detention is prioritised in the Commission's subsequent annual work plans and budgets.

In addition, the Commission should advocate for increased budgetary allocations from the MoFPED to support these critical inspections or explore partnerships with civil society organisations, international human rights bodies, and other stakeholders to supplement the funding with both technical and financial resources.

Action Status

The budget allocations for the Commission will continue to be addressed through the Government appropriation processes.

Query

Audit of the Treasury Memorandum

Audit Findings

A verification of the Treasury Memorandum of the Report of the Public Accounts Committee on Commissions, Statutory Authorities and State Enterprises for the Financial Year 2020/21 showed that out of eight (8) recommendations, six (6) were fully implemented, one (1) was partially implemented while one (1) was not implemented. Details were issued in a Separate report.

One (1) Treasury Memorandum recommendation was partially implemented, while one (1) was not implemented at all.

Recommendation

- i) Utilisation budget
Budget for staff in post and approved recruitments for the year to avoid under-absorption of funds

- ii) Review of the entity staff establishment
To liaise with the authorities to address the issue of vacant positions

Action Status

Corrective measures have been taken. In FY 2025/2026 and in the proposed budget for the financial year 2026/2027, the Commission budgeted for staff in post.

In addition, the Commission sought authority from the Ministry of Public Service to recruit. In a letter dated 20th March 2025, authority was granted. A total of 18 staff were recruited in May 2024.

Further authorisation to recruit 8 staff in a letter dated 20th October 2025 has been granted, and the structure will be fully filled, and there will be no balances, hence an improved utilisation of wages and the attendant costs.

1.11 UGANDA LAND COMMISSION

Query

Increase in Payables

Audit Findings

The payables increased by UGX 22.98Bn from UGX 148.97Bn in financial year 2022/2023 to UGX 171.95Bn in the current year, mainly resulting from court awards and failure to pay the outstanding amounts for Land Compensations

Recommendation

The Accounting Officer was advised to liaise with MoFPED to have the arrears cleared and fast-track the regulation of the Land Fund, where such payments can be made.

Action Status

The increase in domestic arrears is attributed to the ongoing verification and updating of compensation files, as well as a rise in legal claims arising from delays in land compensation payments, primarily due to funding constraints.

The Commission has engaged MoFPED on this matter on several occasions. The challenges related to compensation, court awards and other accumulated arrears are well known. You responded by requesting that the PS-MoLHUD set up an inter-ministerial committee to evaluate the performance of the land fund and verify outstanding compensation claims, with clear recommendations to strengthen the budgeting, execution, monitoring and overall management of the same.

The inter-ministerial verification committee was constituted, comprising members from MoLHUD, the Attorney General’s chambers, the MoFPED, and ULC, and commenced work. The report is expected by the end of the current FY.

The Auditor General contracted KPMG to conduct a separate and independent verification of Domestic Arrears for all MDAs and Local Governments. A team from KPMG is on ground and currently conducting an independent verification of the Commissions domestic arrears. This exercise will provide a clear and accurate position on the outstanding liabilities, notwithstanding legal cases which remain beyond the Commissions direct control.

The Commission is grateful that in the budget for the current FY2025/26, MoFPED provided additional resources to the Commission in form of domestic arrears of UGX 60Bn to address this matter. The Commission shall continue engaging MoFPED to provide resources until all the arrears are cleared.

Query	Increased Contingent Liabilities
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Audit Findings

The Commission contingent liabilities increased by UGX 36.53Bn from UGX 28.86Bn in financial year 2022/2023 to UGX 65.39Bn in the current year, resulting from court awards

Recommendation

The Accounting Officer was advised to strengthen the legal department to get representation in Court and encouraged the entity to settle matters out of court if possible.

Action Status

The Commission is progressing with the development of the ULC Bill, which will provide for an adequate institutional structure, including a dedicated legal Unit. As an interim measure, legal officers seconded by the Attorney General’s Office.

The Commission is actively pursuing out-of-court settlements with willing claimants to mitigate interest accruals and reduce contingent liabilities.

Query	Failure to Withhold Tax
<p>Audit Findings The Commission did not withhold tax of UGX 0.087 Bn paid to different suppliers contrary to the Income Tax Law.</p>	
<p>Recommendation The Accounting Officer was advised to ensure that tax is deducted as required and paid to URA.</p>	
<p>Action Status The Commission has reviewed the cases pointed out and noted the following;</p> <ul style="list-style-type: none"> i) Most of the suppliers were WHT-exempt and had provided their WHT-exempt certificates. ii) For suppliers who were not exempt from WHT, the tax was applied in accordance with the IFMS ULC Payables Invoice entry. iii) Where the WHT had not been withheld, the suppliers provided evidence of remitting income tax to URA as per their end-of-year tax returns. 	
Query	Outstanding Ground Rent
<p>Audit Findings UGX 1.1Bn in respect of ground rent remained outstanding.</p>	
<p>Recommendation The Accounting Officer was advised to notify the defaulters and, if the outstanding amount remains unpaid, to subsequently terminate the lease offers.</p>	
<p>Action Status To enhance revenue collection, the Commission contracted Computer Medics Ltd to develop a comprehensive Lease Management System. This system will provide real-time alerts and notifications to lessees, improving compliance and efficient management of lease obligations.</p> <p>The system is in advanced stages, with integrations with NITA-U and NIRA already concluded, awaiting completion of the URA integration to go live.</p> <p>The Commission supported by the MoLHUD is also undertaking a nationwide effort to identify and document all Government land, which will be incorporated into a central land inventory to strengthen revenue assurance.</p>	

The Commission issued a notice in the print media, urging all lessees to regularize their ground rent payments, and is also undertaking radio campaigns to this effect.

Some leases that had been listed in the Attorney General's report were never formally registered and therefore did not create a payment obligation. In contrast, other lessees have since settled their dues.

Query	Procurement of Goods and Services Without Carrying out a Market Survey
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Audit Findings

ULC procured goods and services totalling UGX 0.139Bn without conducting a market survey.

Recommendation

The Accounting Officer was advised to always ensure that market analysis is done and documented.

Action Status

Management conducted a review of this query, which revealed the following;

- i) For hotel accommodation, the Commission had utilised the PPDA list of common user items.
- ii) For air conditioners and mobile shelving systems, the entity's prequalified supplier list was applied.
- iii) Only on procurement for the Lease Management Information System required a market assessment, and formal one had been completed.

None the less, Management ensures that market surveys are conducted for procurements that require them.

Query	Failure to fully warrant all the funds
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Audit Findings

The Commission had an approved budget of UGX 47.33Bn, out of which UGX 46.92Bn was warranted resulting in a shortfall of UGX 0.421Bn (0.9%). UGX 46.20Bn (98%) of the total warrants had been utilized by the close of the financial year.

Recommendation

The Accounting Officer was advised to expedite the recruitment process.

Action Status

The appointments of the Chairperson, Members and Secretary of the Commission were concluded by H.E the President and members were sworn in office in October 2024.

Query	Partial Implementation of Activities
Audit Findings	
<p>The audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 7 outputs with 23 activities were assessed and observed that the entity did not have costs per activity instead it was costed at output level, seven (7) outputs with 15 activities were fully implemented, seven (7) outputs with 8 activities were partially implemented.</p>	
Recommendation	
<p>The Accounting Officer was advised to fast track the partially implemented activities to ensure they were fully implemented.</p>	
Action Status	
<p>The activities referred to here concern systematic land acquisition and certification of land acquired by the Government from Absentee Landlords for redistribution to lawful and bona fide occupants. These activities involve multiple procedural steps requiring engagement with various stakeholders, including sensitization of local leaders, extension of files controls and boundary opening, field cadastral surveys, physical planning approvals, survey file compilation, deed plan issuance at the various MoLHUD Zonal Offices, processing of subdivide titles in the names of the ULC, Stamp duty assessment by the CGV, signing of transfer forms in favour of the beneficiaries, payment of stamp duty by beneficiaries to URA and final registration of certificates of title in the names of the beneficiaries and handover.</p> <p>The specific activities referred to concerned systematic demarcation of land acquired by ULC in Bunyoro-Greater Kibaale, which were fast tracked and concluded. H.E the President issued some of the certificates of title to the beneficiaries in Kakumiro District on 20th September 2025 at a thanksgiving function held by the Hon. Fred Byabakama at Nyarweyo Primary School playground.</p>	
Query	Wrong Expenditure Codes
Audit Findings	
<p>It was observed that the Commission charged wrong expenditure codes to the tune of UGX 116.6Mn</p>	
Recommendation	
<p>The Accounting Officer was advised to allocate funds in the budget in accordance with expected expenditure and to reallocate funds when there are inadequate budget provisions for an expenditure line.</p>	

Action Status	
<p>Management reviewed this query and realized that, in accordance with the revised chart of accounts, the line item 211106 – Allowances is permitted for various expenditure categories, including overtime, Honoraria, Bonuses, Sitting Allowances, and Welfare and Entertainment Allowances. The charges had been applied within this framework.</p> <p>Nonetheless, Management is heeding the Auditor General's advice to allocate funds in the budget in accordance with expenditure and to reallocate funds when there are inadequate budget provisions for an expenditure line.</p>	
1.12 UGANDA LAW REFORM COMMISSION	
Query	Implementation of the Rationalisation of Government Agencies and Public Expenditure
<p>As part of the Rationalisation of Government Agencies and Public Expenditure (RAPEX), the government decided to merge, streamline, and transfer the functions of the ULRC to the Ministry of Justice and Constitutional Affairs.</p> <p>It was noted that there was no clear strategy on how the staff of the ULRC would be absorbed within the Ministry of Justice, which has created uncertainty and low morale, while the lack of job security for experienced staff poses a risk of disruptions in the services that ULRC offers to the citizens, particularly in reviewing and revising the laws that serve the public.</p>	
Recommendation	
<p>The Accounting Officer was advised to ensure that the rationalisation of ULRC is managed in a transparent and non-disruptive manner.</p>	
Action Status	
<p>The Commission has undertaken several engagements to prepare the staff in change management, retirement planning and financial management in preparation for the RAPEX. In addition, the Commission received the roadmap from the MoFPED to guide the rationalisation process.</p>	

Query	Accumulation of Domestic Arrears
Audit Findings	
As at 30 th June 2024, ULRC had accumulated arrears amounting to 529 UGX 8.852 Bn, comprising outstanding social security contributions for current and former staff of the Commission, with no clear plan on how these payables will be settled after rationalisation.	
Recommendation	
The Accounting Officer was advised to report the outstanding liabilities to the Ministry of Finance, Planning and Economic Development on the rationalisation of public expenditure initiatives so that the arrears are prioritised.	
Action Status	
The Commission is engaging the Ministry of Justice and Constitutional Affairs, and the Ministry of Finance, Planning and Economic Development to provide funding to settle the obligation Appendix (ii) correspondences between ULRC with MoFPED & MoJCA.	
Query	Compliance with Tenancy Agreement for the Office Space
Audit Findings	
ULRC is a tenant at Workers' House, NSSF building and is required by the tenancy agreement to pay rent three (3) months in advance. The tenancy agreement also requires ULRC to provide a minimum notice period of three (3) months upon termination.	
Therefore, given that the quarterly rent is UGX 255Mn, there is a need for proper planning of the timing of the rationalisation to avoid nugatory and unnecessary rent expenditure.	
Recommendation	
The Accounting Officer should not enter into an agreement with Service providers/contractors for contracts beyond 12 months, that is, one financial year.	
Action Status	
The Commission is awaiting the finalisation of the RAPEX process, and the property manager has been informed that, among other JLOS institutions, the Commission has been allocated office accommodation at the JLOS House in Naguru.	

Query	Failure to Budget for Domestic Arrears
Audit Findings	
A review of the approved budget estimates for the year revealed that no budgetary estimates were provided to settle the outstanding domestic arrears amounting to UGX 8.852Bn on employer and employee social contributions to NSSF.	
Recommendation	
The Accounting Officer is advised to develop strategies for the settlement of domestic arrears and, going forward, adhere to the Government commitment control system	
Action Status	
The Commission has disclosed the arrears to the Ministry of Finance, Planning and Economic Development for verification, which is a prerequisite to budget provision	
Query	Unspent balance
Audit Findings	
ULRC had total warrants of UGX 17.34Bn, out of which warrants amounting to UGX 15.69Bn had been utilised by the close of the financial year, resulting in an unspent balance of UGX 1.65Bn.	
Recommendation	
The Accounting Officer is required to explain the anomaly and is further advised to always ensure that controls surrounding budgeting are improved and budgets are more realistic	
Action Status	
The unspent balance was meant for a number of activities, with the majority being payment of salaries, gratuity expenses and pension.	
Query	Partial Implementation of Activities
The audit assessed the extent of implementation of ten (10) outputs with 25 activities worth UGX 15.69Bn for which funds were availed and utilised. It was observed that three (3) outputs, with three (3) activities and expenditure totaling UGX 3.94Bn, were fully implemented, while seven (7) outputs, with 22 activities and expenditure totaling UGX 11.75Bn, were partially implemented.	
Recommendation	
The Accounting Officer is required to explain (line by line) performance gaps and is advised to always ensure that all planned activities are fully implemented and uncompleted activities rolled over to the subsequent year for implementation.	

Action Status	
The partial payment included the procurement of furniture, which was processed and approved in time but due to challenges with uploading the invoice onto the fixed asset module the payment was not successful.	
Query	Unimplemented Activities
Audit Findings	
Out of the 22 activities, the entity fully implemented 12 activities; eight (8) activities were partially implemented, while two (2) activities remained unimplemented.	
Recommendation	
The Accounting Officer is advised to ensure that funds are expended on activities for which they were originally budgeted.	
Action Status	
The finalisation of the Subsidiary Laws was affected by the resignation of key staff due to RAPEX and the inability to recruit. The Compendium of family-related laws was compiled and is awaiting the finalisation of the subsidiary laws so that it can be printed.	
Query	Delayed completion of Activities
The audit undertook procedures on a sample of 11 activities worth UGX 6.373Bn to ascertain if the entity implemented its activities on time. It was also noted that two (2) activities worth UGX 445Mn had not been completed by the end of the financial year. The delayed completion of activities implies that the beneficiaries will not receive the intended services in time.	
Recommendation	
The Accounting Officer was advised to take proactive steps to address implementation risks in advance, prevent delays, and set realistic timelines.	
Action Status	
The Commission had challenges identifying translators for the minority languages; however, the activity was completed. The publication of the Subsidiary Laws was carried over to the following year to allow completion of the revision of the Principal Laws.	
Query	Outdated Stock of old laws
Audit Findings	
The audit inspected the Commission's stores and found that after the ULRC published the 7th Revised Edition of the Principal Laws (which took effect on the 7th July 2024), publications of old laws worth UGX 689.2Mn were still in store and were unlikely to be sold since they were outdated.	

Recommendation	
The Accounting Officer is advised to put in place measures to improve demand forecasting to avoid over stocking books and publications for which there is no ready Market. In addition, it was recommended that the Accounting Officer dispose of the obsolete stock, as advised by the Ministry of Finance, Planning and Economic Development, to minimise stock holding.	
Action Status	
The Commission requested an adhoc Board of Survey, which recommended the disposal of obsolete stock. The donation disposal method was recommended to dispose of outdated laws at various educational institutions and public libraries.	
Query	Undistributed 84,518 Printed Copies of the Revised Laws
Audit Findings	
The audit reviewed the Commission's performance regarding the printing and distribution of the new or revised laws that had been published. It was observed that while 13,630 copies of printed laws (books) had been distributed during the FY 2023/24, the Commission was yet to distribute 84,518 printed copies as at 30th June 2024. The Commission did not have sufficient storage space to keep all the printed publications.	
Recommendation	
The Accounting Officer was advised to popularise the use of digital copies of the books and adopt more prudent stock management practices, such as just-in-time printing of books and better demand analysis and forecasting, to avoid the accumulation in stores and loss of funds through stock obsolescence.	
Action Status	
The Local Council Courts Act has been distributed during the financial year, while the translated Constitutions have been uploaded to the ULRC web publishing portal.	

2.0 PART TWO: STATUTORY AUTHORITIES

2.1 KAMPALA CAPITAL CITY AUTHORITY

Query

Increase in Domestic Arrears

Audit Findings

The Authority's domestic arrears increased by 192% from UGX 79.39Bn in 2022/23 to UGX 231.71Bn in 2023/24.

Recommendation

The Accounting Officer was advised to always ensure that sufficient budget provisions are made to settle outstanding domestic arrears and to strictly adhere to the government commitment control system to avoid the risk of overcommitting government.

Action Status

In addition to the earlier submission by the Accounting Officer, the reclassification and revaluation of the long term outstanding KCC loan contributed to the domestic arrears value as shown below:

Narrative	June 2023	June 2024
KIIDP2	8,093,498,636	28,704,309,268
KCRRP	0	25,101,162,248
Litigation	15,462,349,272	17,204,201,319
Old Loan	0	76,727,448,000
Other Payables	55,840,815,731	83,973,704,681
Total	79,396,663,639	231,710,825,516

Footnote:

The old loan of USD20,700,000 had been kept in the books at the old value of 42,570,448,999 and reported separately from domestic arrears. However, in the year 2024, it was revalued and then included among the domestic arrears.

The domestic arrears as at the end of June 2024 were duly submitted to the MoFPED, and we received an allocation of 39Bn in the FY2025/26, which will slightly alleviate outstanding domestic arrears.

The release of funds is awaited to settle domestic arrears upon completion of the ongoing arrears verifications.

Query	Implementation/utilisation of Uganda Road Funds																																																		
Audit Findings																																																			
Out of 1,800kms of roads, only 595kms were maintained under the URF arrangement due to repurposing of funds to pay for domestic arrears. Furthermore, the planned 2km drainage and bridge works were not undertaken.																																																			
Recommendation																																																			
The Accounting Officer was advised to engage MoFPED for additional funding to clear the outstanding commitments and implement activities as planned in the annual work plan.																																																			
Action Status																																																			
<p>i) KCCA had outstanding financial obligations to various suppliers and service providers relating to road maintenance. These were arrears carried over from the previous financial years. Therefore, to avoid further interest charges due to delayed payments, the institution prioritised them, resulting in not meeting the planned commitments.</p> <p>ii) The variance in planned versus executed activities was due to the fact that some roads had significantly deteriorated, and instead of pothole patching, sectional repairs were carried out. This consumed much more material than had initially been planned to be utilised on other Kms of roads. It was also attributed to repetitive work on the core network. Works were executed on the following roads:</p>																																																			
<table border="1"> <thead> <tr> <th>SN</th> <th>ROAD NAME</th> <th>DIVISION</th> <th>AREA PATCHED (M2)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>MULAGO HOSPITAL RD</td> <td>KAWEMPE</td> <td>590</td> </tr> <tr> <td>2</td> <td>KAWAALA RD</td> <td>LUBAGA</td> <td>760</td> </tr> <tr> <td>3</td> <td>ISMAIL RD</td> <td>NAKAWA</td> <td>775</td> </tr> <tr> <td>4</td> <td>LUMUMBA AVENUE</td> <td>CENTRAL</td> <td>648</td> </tr> <tr> <td>5</td> <td>MUKWANO RD</td> <td>MAKINDYE</td> <td>401</td> </tr> <tr> <td>6</td> <td>BUKOTO KYEBANDO RD</td> <td>NAKAWA</td> <td>517</td> </tr> <tr> <td>7</td> <td>MOBUTU RD</td> <td>MAKINDYE</td> <td>358</td> </tr> <tr> <td>8</td> <td>BOMBO ROAD</td> <td>KAWEMPE</td> <td>777</td> </tr> <tr> <td>9</td> <td>SALAAMA RD</td> <td>MAKINDYE</td> <td>1089</td> </tr> <tr> <td>10</td> <td>UPPER NAGURU EAST</td> <td>NAKAWA</td> <td>806</td> </tr> <tr> <td colspan="3" style="text-align: center;">TOTAL AREA</td> <td>6721</td> </tr> </tbody> </table>				SN	ROAD NAME	DIVISION	AREA PATCHED (M2)	1	MULAGO HOSPITAL RD	KAWEMPE	590	2	KAWAALA RD	LUBAGA	760	3	ISMAIL RD	NAKAWA	775	4	LUMUMBA AVENUE	CENTRAL	648	5	MUKWANO RD	MAKINDYE	401	6	BUKOTO KYEBANDO RD	NAKAWA	517	7	MOBUTU RD	MAKINDYE	358	8	BOMBO ROAD	KAWEMPE	777	9	SALAAMA RD	MAKINDYE	1089	10	UPPER NAGURU EAST	NAKAWA	806	TOTAL AREA			6721
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Query		Reduction of URF Funding																																																	
Audit Findings																																																			
The funding for URF reduced by 59% from UGX 24.14Bn in FY 2022/2023 to UGX 10Bn in 2023/2024.																																																			

Recommendation	
The Accounting Officer was advised to engage MoFPED for additional funding to clear the outstanding commitments and implement activities as planned in the annual work plan	
Action Status	
MoFPED was engaged, and submissions were made requesting additional funding.	
As a result of the budget cut from UGX 24Bn to UGX 10Bn, the institution has accumulated liabilities because demand exceeded the available budget. Management has compiled all the outstanding commitments and reported them in the domestic arrears profile. For the year ended June 2025, KCCA received only UGX 8.4 billion from the Road Fund. In the FY2025/26, out of the allocated UGX10Bn.	
Query	Partially Filled Staff Structure
Audit Findings	
Out of the approved 1,424 Positions, only 838 (59%) Were Filled, leaving 586 Vacant.	
Recommendation	
The Accounting Officer was advised to continue engaging the relevant authorities to have the structure revised and staffing gaps filled.	
Action Status	
KCCA continued to engage with the Ministry of Public Service and obtained an approved new Staffing Structure on 23 rd January 2025.	
Following receipt of the new structure, KCCA formed a Staffing Re-alignment Committee that has been reviewing the report, addressing the underlying issues regarding the structure, and making recommendations and redress, while also mapping out an implementation roadmap for the structure.	
The new structure incorporated all other unfunded structures, such as the Market Structure, PDM and the Governance Structure.	
KCCA has engaged with the Ministry of Finance, Planning and Economic Development (MoFPED) and has received an additional wage allocation of UGX 23.8 billion to facilitate the implementation of the new structure.	

<p>The Ministry of Public Service has also concluded its review of the job descriptions, and Management is to engage the respective Commissions to start the recruitment process to address the current staffing issues within the allocated wage budget.</p>	
Query	Land Parcels under Court Injunctions
<p>Audit Findings Twenty-seven (27) parcels of land with no definite measurements and values had encumbrances in form of court injunctions.</p>	
<p>Recommendation The Accounting Officer was advised to closely monitor these cases to ensure uninterrupted land utilisation for service delivery.</p>	
<p>Action Status These are ongoing Court cases, and management cannot do much until they are finalised.</p>	
Query	Lack of Equipment and a Leachate Treatment Plant
<p>Audit Findings The Authority lacked equipment and a leachate treatment plant to manage solid waste in Kampala and consequently UGX 1.54Bn was spent on hiring equipment.</p>	
<p>Recommendation The Accounting Officer was advised to liaise with all relevant stakeholders to ensure adequate resources are allocated to managing waste in the City.</p>	
<p>Action Status The prevailing challenges in waste management stem from inadequate equipment, staffing, and a lack of funds for investment in a modern waste disposal and treatment facility. Limited funding has hindered capital investments in new alternative sanitary landfills, recycling machinery and plants, as well as the maintenance of existing facilities and the fleet. KCCA has procured land in Buyala, where a new landfill is now located, as mobilisation for a modern waste management facility goes on.</p>	
Query	Ineffective Solid Waste Management System
<p>Audit Findings Following the Kitezi disaster, KCCA put in place measures to ensure better solid waste management in the City and the surrounding areas however,</p>	

land in Ddundu Mukono had not been accessed, funding of UGX 4.92Bn for disaster response had not been utilised while the temporary dumping sites at Nkumba and Katikolo lacked the capacity to handle the volume of waste collected in Kampala.

Recommendation

The Accounting Officer was advised to prioritize and expedite the interventions to address this environmental and health risk, and in the meantime, improve the current waste management practices.

Action Status

Ddundu Land Utilisation

Community resistance delayed the utilisation of the Ddundu site. KCCA has maintained full custody of the land and is fencing it off to ensure its boundaries remain intact against any encroachment. Fencing of the Ddundu land is being undertaken by planting trees along the boundaries.

Funding for Disaster

The UGX 4.92Bn allocated for interim operations was earmarked for emergency waste management operations. By the time of the audit, the Contingencies Fund was being set up on the IFMS. Since then, payments were made, and the funds were duly utilised as follows:

Item	Amount
Part payment on the Buyala land	2,415,000,000
Katikolo dumpsite	625,600,000
Nkumba Dumpsite	150,000,000
Kiteezi livelihood restoration package	145,511,740
Meals for the rescue team at Kiteezi	109,482,800
Hire of toilets for the camp for affected persons	69,484,500
Hire/ maintenance of equipment & purchase of murrum for works at Kiteezi following the disaster	687,462,699
Fuel & lubricants for trucks secured to work at Kiteezi after the disaster	400,170,000
Allowances for Emergency response team	120,134,432
Cadastral & topographic survey of the area covered by waste after the disaster	99,763,100
Community sensitisation & public awareness	61,836,200
Structural integrity assessment of Kiteezi landfill	31,754,063
TOTAL	4,916,199,534

The contingency fund accountability report was also submitted to MoFPED on 6th October 2025.

The Buyala land, measuring 230 acres, was acquired for UGX 16.1Bn. With UGX 2.415Bn paid, the balance has been provided for in this financial year’s budget and will be paid as and when the MoFPED Finance releases the funds.

Waste Management

Cognisant of the operational limitations at Nkumba and Katikolo sites, KCCA has since January 2025 relocated waste disposal operations to the newly acquired land at Buyala in Mpigi and is currently exploring capital-funding mechanisms for the development of new and modern waste management facilities for sustainable waste management services in the city.

The Solicitor General (SG) raised some issues pertaining the cost implications proposed under the Kiteezi decommissioning project. KCCA engaged MoFPED and the SG to address the SG’s concerns and to handle the contract for the commencement of the urgent remedial works. MoFPED advised that KCCA undertake competitive bidding for the decommissioning works.

In the meantime, KCCA, together with UN-Habitat, secured a grant of USD 1 million from the Government of Japan to address the immediate risks in the most affected areas of Kiteezi. Rehabilitation will be carried out for seven (7) acres out of the 35 acres. Implementation has commenced with community engagement of the leaders.

Full decommissioning awaits the conclusion of the procurement process, as advised by MoFPED.

Query	Implementation of interventions at Kiteezi Landfill
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Audit Findings

Inspections carried out at Kiteezi revealed that despite the interventions undertaken by KCCA, the residents who were compensated had returned in spite of the cracks developing in the various landfill spots.

Recommendation	
The Accounting Officer was advised to follow up on this matter with the CGV and ensure that the valuation is done urgently and the report is presented to Cabinet for discussion and funding of the compensation exercise.	
Action Status	
KCCA communicated to the Chief Government Valuer (CGV) to support in the valuation process, vide letter on 13 th February 2025. CGV returned values of UGX 2,144,286,300= and UGX 2,211,160,713= to cover the category of property that was covered by the garbage.	
KCCA is engaging the concerned stakeholders for the provision of the funds. The properties that were demolished to get access were compensated under Office of the Prime Minister.	
Query	Partial Utilisation of the e-GP system
Audit Findings	
The e-GP system is not being fully utilised due to system breakdown, inability to seek Solicitor General's clearance online and inability to undertake partial initiation of call off orders on the system.	
Recommendation	
The Accounting Officer was advised to liaise with the Ministry of Finance, Planning and Economic Development to ensure that all the system challenges are resolved.	
Action Status	
The entity has been notifying the Ministry of Finance of the issues. The MoFPED has begun updating the e-GP system to enhance its efficiency.	
Query	Delays in Making a Decision by the Physical Planning Committee
Audit Findings	
It took an average of 117 working days from receipt of the development application to making a decision (approve/reject/defer) by the Physical Planning Committee (PPC) following the 320 recommendations by the Technical Review Team (TRT).	
The Technical Review Team took an average of 132 working days to advise PPC on the decision taken on an application.	
Recommendation	
The Accounting Officer was advised to review the entire process flow and fast-track the migration to the IRAS system to address the current automation challenges.	

Action Status	
<p>Management notes the recommendation and provides further updates as follows:</p> <ul style="list-style-type: none"> i) The process of migrating to IRAS has already commenced with development applications. It is expected that all development applications will henceforth be received via IRAS, as the necessary gadgets procured by MoFPED for this purpose have been delivered. IRAS has a meticulous monitoring capability, which will make the entire development application review process fully transparent. ii) The process of integrating BIMS with IRAS, which was spearheaded by the National Building Review Board (NBRB) and the developers of IRAS, has been finalised. Development plan approval and BIMS have been fully integrated with IRAS since May 2025. iii) The Authority has submitted the required investments in Physical Planning, including designated vehicles, wage bill, and detailed planning, which greatly reduces the time taken to review applications, considering that all the development parameters are made clear on detailed plans. <p>Where there is full adequate documentation the processing of development and Building applications is now undertaken within 30 days. Records show that 67% of the 481 development applications approved in the 3rd & 4th quarters of FY2024/25 were concluded within 30 days.</p>	
Query	Unspent PDM cash balances of UGX 3.6 million
Audit Findings	
<p>The Authority received UGX 117.6Mn for payment of Parish Chiefs' allowances, out of which UGX 114Mn (97%) was spent, leaving a balance of UGX 3.6Mn.</p>	
Recommendation	
<p>The Accounting Officer was advised to follow up on the matter to ensure that the case is expeditiously concluded.</p>	
Action Status	
<p>Muyenga and Namuwongo Parishes were curved out of Bukasa Parish. The Assistant Parish chiefs for these two parishes were appointed effective 1st February 2025 and since then they are being paid their allowances.</p>	

Query	Undisbursed PDM SACCO funds
Audit Findings	
49 PDM SACCOs had disbursed UGX 9.36Bn (89%) out of UGX 10.48Bn received from MoFPED for onward lending, leaving a balance of UGX 1.12Bn (11%) undisbursed.	
Recommendation	
The Accounting Officer was advised to fast-track the realignment of the enterprises and verification of beneficiaries so that funds can be disbursed.	
Action Status	
The realignment has been fast-tracked and ongoing for the few remaining enterprises. By the third week of July 2025, the performance is as follows: <ul style="list-style-type: none"> i) Batch 1 – 100% of UGX9.7Bn ii) Batch 2 - 99.5% of UGX9.8Bn iii) Batch 3 (received on 14th June 2025) – 92.5% of 9.8Bn A total of 28,516 beneficiaries have received their funds. The administrative structures for the parishes of Namuwongo and Muyenga are yet to be filled and hence have not been capitalised by MoFPED. So far, a total of 28,521 Households/beneficiaries have received funds, representing 97.34% of the total. KCCA awaits the capitalisation of the SACCOs for the 4th batch.	
Query	Absence of Essential Sub-Committees
Audit Findings	
It was noted that 20 PDM SACCOs did not have the production, marketing, business development services, finance and investment sub-committees.	
Recommendation	
The Accounting Officer was advised to expedite the constitution of all the required committees and ensure they are functional.	
Action Status	
So far, KCCA has constituted the PDM working groups across the different directorates/departments of KCCA. The sub-committees are yet to be constituted.	

Query		Failure by the Authority to adequately execute its Mandated Activities			
Audit Findings					
The Authority had not adequately executed four (4) of its mandated activities.					
Recommendation					
The Accounting Officer was advised to reassess the relevance of the activities and roll them over to the subsequent period for implementation.					
Action Status					
The updates are in the table below under the column of “status update after OAG report”					
S/n	Mandated activity	Source of mandate	Audit Comment	Status update after the OAG report	
1	Construction and maintenance of roads	Section 7 of the KCCA Act, Cap 195	I noted that only 30% of the road network in Kampala is paved and 70% is not paved. I further noted that many paved roads have since developed potholes and have gone beyond their useful lives without any major repairs.	<p>The Authority has consistently presented areas requiring additional funding in the form of unfunded/under-funded priorities in the Ministerial Policy Statement.</p> <p>The government responded and, in FY 2024/25, increased the KCCA development budget from UGX 43Bn to 161Bn. This has increased the percentage of the paved network in good condition. FY 2025/26, government has further increased the GOU budget to 202Bn. This will enhance the road net-work to be worked on.</p> <p>At the same time, under GKMA project, is projected to receive UGX 424Bn over the next three (3) years starting the FY 2024/25. As of July 2025, implementation of roads projects under GKMA has commenced. The project will cover 80.3km</p> <p>In the same respect KCCA under the AfDB funded</p>	DETS

				<p>KCRRP, is receiving about USD 258 million.</p> <p>Furthermore, KCCA is working with COLAS to prepare a project of EUROS 250m to reconstruct/ upgrade various roads in the City.</p> <p>Under these interventions will help to improve the current paved network from 30% to 44% of which 77% will be in fair and good condition.</p>	
2	Construction and maintenance of major drainages	“	<p>There is continuous flooding in some areas in Kampala, especially during the rainy season. This has resulted in the loss of human lives and destruction of people’s property.</p> <p>This was attributed to construction of some roads without proper drainages, destruction of wetlands, and also blocking of the existing drainages with garbage, which affects the flow of water.</p>	<p>KCCA has now prioritized as policy to ensure all these roads are designed with an efficient drainage system which is well aligned with Kampala drainage master plan</p> <p>We have also prioritised the improvement of 14 drainage black spots by construction of box culverts. Example, Cape road, Soya Bunga, Soweto, Nateete, etc.</p>	DETS
3	Organizing and managing traffic in the capital city	“	<p>There have been challenges in the management of public transport system in the city. These include lack of a public transport management system and a lack of designated points and routes for public transport.</p> <p>This hinders movement within the city and leads to unnecessary delays in traffic jams, and a high number of</p>	<p>□ KCCA is taking steps to address the issues in Public Transport for example Public Transport routes have been developed across the City and will be implemented through Route Charts together with the Ministry of Works and Transport.</p> <p>□ KCCA has also carried out a Bus Transit Services Study that provides the framework to start the shift to use of Buses from Boda Boda and Taxis. Based on this study KCCA has started engagements with Kira</p>	DETS

			<p>traffic-related accidents have been reported by bodies like the Uganda Police Force and the Ministry of Health.</p>	<p>motors to supply and operate buses for specific routes.</p> <p>KCCA is also in advanced stages of engaging a consultant to carryout a design update for Kampala Bus Rapid Transit. This project will be a catalyst for Public Transport in the City of Kampala.</p> <p>Procurement of a consultant for the design update is ongoing.</p> <p>Evaluation of bids was completed and the Evaluation report was sent to the bank in October 2025 for a no objection.</p> <p>KCCA is in the process of enacting a public transport ordinance.</p> <p>Update:</p> <p>The Ordinance is expected to be tabled to the Council by the end of December 2025.</p> <p>We have set up a traffic control centre to help in controlling traffic at signalised intersections.</p>	
4	Carrying out physical planning and development control	“	<p>A number of cases have been reported in the media regarding construction in places such as gazetted wetlands, and some buildings have been erected without approved plans.</p> <p>This points to challenges in the physical plan approval process and enforcement gaps in</p>	<p>The Authority acknowledges this problem occasioned by a multiplicity of factors, among them, previous delays in the development and building approval process. This, as has already been noted, has improved significantly. In addition, KCCA gave a three months grace period to owners of illegal structures to regularise them. Upon expiry of this period, KCCA intends to carry out joint inspections and take stern action on all illegal developments that will NOT have been submitted.</p>	DPP

			demolishing illegal structures.	Some of the illegal constructions are due to lack of awareness of legal requirements by the public. KCCA has embarked on sensitization campaigns. KCCA has So far carried out three sensitization clinics in three divisions and this will continue. KCCA has embraced the use of modern Technology using online platforms such as IRAS and BIMS in the plan approval to ensure timely approval of building plans.	
Query		Budget Shortfall			
Audit Findings					
The Authority had an approved budget of UGX 339.86Bn, out of which UGX 339.71Bn (99.9%) was warranted, resulting in a shortfall of UGX 152.23 Mn, which affected the implementation of planned activities.					
Recommendation					
The Accounting Officer was advised to reassess the relevance of the activities and roll them over to the subsequent period for implementation.					
Action Status					
KCCA has re-assessed the activities and rolled over some to the subsequent period for implementation.					
Query		Utilisation of Warrants			
Audit Findings					
Out of the UGX 339.71Bn warranted, only UGX 338.05Bn (99.5%) had been utilised, leaving a balance of UGX 1.66Bn, which affected the implementation of activities.					
Recommendation					
The Accounting Officer advised to re-assess the relevance of the activities and roll them over to the subsequent period for implementation.					
Action Status					
The entity had total warrants of UGX 339.71Bn, of which UGX 338.05Bn had been utilised by the close of the financial year. The balance of UGX 1.66Bn was meant for the following activities, which were either partially or not implemented at all.					

Table showing activities not implemented due to underutilisation of warrants

No	Activities affected by the under utilization	Warrants not Utilized (UGX Mn)	Management response	Status of Implementation
1	Acquisition of other machinery and equipment - purchase of garbage cans	696.38	<p>The Accounting Officer explained that supplies had not been completed by the end of the FY 2023/2024.</p> <p>However, these were completed by September 2024 and the due payment to the supplier was being processed.</p>	<p>As of the contract expiry on 6th September 2024, the contractor had delivered 453 units of street litter bins and had been paid a total of UGX 718,363,745/- as follows:</p> <ul style="list-style-type: none"> 15th April 2024: UGX 420,000,000/- (30% advance payment) 24th June 2024: UGX 47,602,346/- and UGX 250,761,399/- (interim payments) <p>An outstanding balance of UGX 306,882,906.24/-, under the penultimate payment certificate, is pending processing and payment.</p>
2	Improvement of non-residential buildings- renovation of 3 rd floor wing and B	477.06	<p>The Accounting Officer explained that renovation of 3rd Floor Wing A and B commenced in September 2024 and it was approximately at 40% completion. It is expected to be completed in March 2025.</p>	<p>The slow progress was caused by limited office space to shift staff, but the progress is now at 65% complete. The contractor was also given the site in phases.</p> <p>Renovation of 3rd Floor Wing A and B commenced in September 2024 Due to limited office space renovation works on 3rd floor were handled in a phased approach that is; started with Wing B and later embark on 3rd Floor Wing A within the contract period of six (6) months</p> <p>The funds were committed by the end of the financial year and the services were received however, payment was not effected.</p>

3	Payment of insurance	141.06	The Accounting Officer explained that all bidders quoted far above the available budget.	The procurement was not completed and the money was not utilised.
4	Medical expenses for employees	83	The Accounting Officer explained that there were delays due to reconciliations with the service providers.	This was due to reconciliation issues by the service provider. The activity has been replanned in the current FY
5	Cleaning of administration offices	58.62	The Accounting Officer explained that there were delays due to reconciliations with the service providers.	
6	Maintenance - Buildings and Structures	70.42	The Accounting Officer explained that this was the balance of funds allocated for repair of sanitary installations of public toilets and the mortuary. The public toilets were renovated however, the balance of UGX 51.15Mn was not adequate for the mortuary works. More funds were identified and renovation of the mortuary will commence in January 2025.	The funds were not enough to implement the two projects concurrently and therefore public toilets were prioritised. However, the balance after renovation of the toilets was not enough to handle the mortuary.
7	Installation of streetlights	41.42	The Accounting Officer explained that there was a delay in delivery and installation of the lights by the contractor.	The contractor subsequently delivered and was paid.
8	Cleaning of health centres	29.33	The Accounting Officer further explained that the funds were committed by the	This has been paid from the current FY 23/24 budget

			end of the financial year and the supplies were received however payment was not effected.	
9	Procurement of Protective Gear	13.78	The Accounting Officer explained that the funds were committed by the end of the financial year and the supplies were received however, payment was not effected.	These were replanned in the current FY
10	Precision and optical instruments - Acquisition	13.04	The Accounting Officer explained that there was a delay in delivery of the instruments by the supplier	These were replanned in the current FY
11	PHC for health facilities	9.19	The Accounting Officer explained that the balance is attributed to the discrepancies in the facilities names and banks account names.	
12	Improvement of Non-Residential Buildings Improvement	6.84	The Accounting Officer explained that this was attributed to delayed release of funds.	The certified works was paid and the 6.84 was a residue amount
13	Maintenance - Machinery & Equipment Other than Transport Equipment	4.99	The Accounting Officer explained that this was due to delayed delivery of tools by supplier.	This was a residue amount
14	Construction of other buildings other than dwellings - acquisition	4.77	The Accounting Officer explained that there was delayed implementation of works.	This was a residue balance.
15	Allowances including Casuals, Temporary, sitting allowances	4.01	The Accounting Officer explained that there were delays in	This was a residue balance.

			processing claims for allowances.	
16	General staff salaries	3.06	The Accounting Officer explained that these were for staff who dropped from the payroll.	This was a residue balance.
17	Contract staff salaries	3.06	The Accounting Officer explained that these were funds are paid depending on the claims made by supervisors for the casual workers.	This was a residue balance.
18	Boards, Committees and Council Allowances	2.08	The Accounting Officer explained that this was due to missing of sittings by some members due to some unavoidable reasons.	This was a residue balance.
19	Payment of pension	3.60	The Accounting Officer explained that this was due to delays in processing pension files.	This was a residue balance.
20	Rent for produced assets for other govt. units	1.24	The Accounting Officer explained that balances from fencing of land.	This was a residue balance.
21	Membership dues and subscription fees in professional associations	1.24	The Accounting Officer explained that delays were due to unprocessed subscription claims for some staff.	This was a residue balance.
22	Maintenance of transport equipment	1.10	The Accounting Officer explained that some invoices were not presented by suppliers for payment.	This was a residue balance.
	Total	1,669.29		

Query Partial implementation of seven (7) outputs with 26 activities worth UGX 11.93Bn

Audit Findings
 Out of 15 outputs assessed, eight (8) outputs with 15 activities worth UGX 7.89Bn were fully implemented, while seven (7) outputs with 26 activities worth UGX 11.93Bn were partially implemented.

Recommendation

The Accounting Officer was advised to reassess the relevance of the activities and roll them over to the subsequent period for implementation.

Action Status

The updates are provided in the table below

Partially implemented activities

No	Activities	Amount released (UGX Mn)	Amount Spent (UGX Mn)	Management response	Current update
1	Procure assorted production inputs for Kyanja ARC- Produce quality seedings, piglets, chicks & fish fingerlings, Vermi-based products and training of farmers	350	350	The Accounting Officer explained that 7,634 farmers were trained out of the planned 8,000 which is 95% achievement. The 5% was attributed to non-responsive farmers who were invited for trainings but were unable to turn up due to various reasons.	Position is as earlier explained under Management response.
2	Registering KCCA properties into KCCA names	170	170	The Accounting Officer explained that the titling was ongoing with 4 properties fully registered in the in KCCA names and submitted 58 titles to MoLHUD for transfer and titling	The funds were not for titling alone but also for payment of ground rent. Land Management Unit received 22.1M for title processing of which 44 titles under KIIDP were transferred into KCCA names, 10 titles processed from the respective deed plans from KIIDP II, 1 special tile processed for PAP, 20 titles in the process of conversion at the MLHUD from leasehold to freehold, 5 titles

					converted from leasehold to freehold from KDLB, 2 school land ie East Kololo p/s and Kitante p/s in the process of titling from MLHUD and Kisisis P/S also at MLHUD for a vesting Order
3	Complete procurement of Insurance services for KCCA Assets/Fleet	200.84	59.77	The Accounting Officer explained that all bidders quoted far above available budget and the procurement is being retendered.	
4	Phase II of the construction of a 9 classroom block at Nakivubo P/S, Phase II of the construction of a 6 classroom block at Mpererwe P/S and Phase 5 of the removal of asbestos and expansion of 24 classrooms and laboratory blocks at Kololo SS	781.48	776.711	The Accounting Officer explained that the works in Kololo SS were on going while the rest of the works had been complete.	On Kololo SS, phase 5 of the removal of asbestos and remodeling and expansion of classroom and laboratory blocks at Kololo SS was fully completed in January 2025. Aspects such as demolition of the wooden classrooms which were part of the scope but had not been done by the time of inspection, were later completed. All the asbestos were removed from all the structures at Kololo SS.
5	Construct 12 stance water borne toilets in 3 schools	261	261	The Accounting Officer explained that there were gaps in update of the work plan and the funds	The partner Viva Con Agua did not transfer funds to KCCA but a 12 stance water-borne toilet was constructed in Namungoona Orthodox Primary School. The partner had hoped to construct more but this did not happen.
6	Funding the renovation of the City Mortuary.	500	500	The Accounting Officer explained that there were delays in signing the MOU with MoDVA to commence works.	The MoU with MoDVA was signed in January 2025 and works will commence once the modalities of

					securing the building permit are finalized.
7	Funding the paving of Kiseka Market yard	3,000	3,000		Position is as earlier explained. A request was made to MoFPED for funds for second phase. We await response. 1 st phase entailed foundation and drainage works. 2 nd phase will entail: sub-base and base layer construction and finally laying of pavers over the entire carpet area.
8	construction works for Kitintale Market	462.53	455.69	The Accounting Officer explained that the contractor had not completed the facility and the process for liquidated damages commenced however, he committed to complete the remaining works under phase two during the month of January 2025.	The works have reached roofing stage, which is underway.
9	Carrying out a client satisfaction survey/ brand and reputation surveys by hiring a consultancy to carry out a detailed client satisfaction survey for FY23/24.	80	80	The Accounting Officer explained that the resources were insufficient to undertake the activity however, this was being implemented in FY 2024/2025.	
10	Funding for procurement of 500 garbage litter bins.	1,450	1,450	The Accounting Officer explained that there was late delivery of the bins by the contractor.	The litter bins were subsequently delivered and distributed across the five divisions.
11	Complete construction of new Kawempe Division Office block	650	172.94	The explained that the funds were insufficient to complete the renovations	The works for new Kawempe Division Office block were successfully completed and commissioned in January 2025. The building is now in use

12	Funding for KCCA City Hall face lift Exterior Works, KCCA 3rd floor and KCCA Division renovation works.	620	620	The Accounting Officer explained that the 3rd floor Wing B renovations were ongoing and works on wing A would commence after completion of wing B so that wing A staff have space for relocation. In addition, Lubaga Division exterior works were completed. The Authority was awaiting more funds to handle the rest of the Divisions.	KCCA City Hall face lift Exterior Works were completed, works on 3rd floor wing B are ongoing after which we shall embark on wing A. The works for 3rd Floor Wings A & B were indeed affected by partial site possession. The current physical project progress is at 65%. Works are expected to be completed in March 2025. The works on 3 rd floor of wings A and B have been completed save for a few fittings.
Total		8,525.85	7,896.111		

Query **Delay in implementation of five (5) projects**

Audit Findings

There were delays in the implementation of five (5) projects worth UGX 3.967Bn of three (3) months on average.

Recommendation

The Accounting Officer was advised to enhance contract monitoring and supervision and ensure that the works are completed within the extended period. Further, the Accounting Officer was advised to engage MoFPED for funding to enable completion of all projects.



Action Status


See updates in the table below.



Table showing Delayed Projects/Works


S/n	Project description and value	Amount (UGX Bn)	Audit comment	Management response	Status update following the OAG report
1	Project name and description: Renovation of the City Mortuary	0.51	<ul style="list-style-type: none"> UGX 509Mn was transferred to MODVA Engineering Brigade 	The Accounting Officer explained that the MOU had been	The MoU with MoDVA was signed in January 2025. The works were halted awaiting an approval of the

	<p>Contractor: Ministry of Defence and Veteran’s Affairs</p> <p>Contract Amount: UGX 509Mn</p> <p>Contract start date: 1/01/2025</p> <p>Expected completion date: 30/6/2025</p> <p>Actual completion date: Works haven’t commenced</p>		<p>without a signed MOU and bills of quantities.</p> <ul style="list-style-type: none"> • By the time of inspection on 4th December 2024, no work had been done, and the contractor was not on site. • Only UGX 500Mn had been budgeted for by the Authority, but UGX 509Mn was transferred to MoDVA Engineering Brigade, leading to excess expenditure of UGX 9.15Mn 	<p>signed by KCCA and sent to Ministry of Defence together with the BOQs and works were expected to start in January 2025.</p>	<p>plan and need for redesigning to meet the current and future needs for the mortuary services. However, the process delayed due to land ownership verification. The Architectural designs were completed and the development permission was granted and now awaiting building permit and execution of works will follow.</p>
2	<p>Project name and description: Paving of Kiseka Market yard</p> <p>Contractor: Texa Solutions Ltd</p> <p>Contract Amount: UGX 2.98Bn</p> <p>Contract start date: 8th June 2023</p> <p>Expected completion date: 8th December 2024</p> <p>Actual completion date: Not yet</p>	2.11	<ul style="list-style-type: none"> • The contract was extended from the initial date of 30th June 2024 to 8th December 2024. • Document review of the court cases revealed that the land where the yard is being built is under dispute in the courts of law. • A review of the designs revealed that there were no washrooms in 	<p>The Accounting Officer explained that a provision for two public toilets had been provided in the schedule of additional facilities to be constructed at the Market once the required additional funds are provided by MoFPED.</p> <p>Further, the Accounting Officer</p>	<p>A call off order of UGX 2.98 Billion was issued to Ms TEXA Solutions Ltd. The scope of work in the COO was executed to completion. However, it is important to note that this work was phased. Funds for the second phase are yet to be released by the PSST.</p> <p>The revised drawings and plans catered for toilets, restaurants and offices. This is to be implemented under phase 2.</p>

			<p>the yard, yet it was planned to accommodate many people.</p> <p>Refer to the photos below for the current status of works</p> 	<p>acknowledged that there was a court case but KCCA was in possession of the title and was the bonafide owner of the land.</p>	
3	<p>Project name and description: Civil works/maintenance of phase 2 Kitintale market</p> <p>Contractor: CK Associates Limited</p> <p>Contract Amount: UGX 2.87Bn</p> <p>Contract start date: 7th November 2022</p> <p>Expected completion date: 6th September 2024</p>	0.43	<ul style="list-style-type: none"> • A physical inspection of the market on 10th December 2024 revealed delayed work as the roofing work had not commenced. • I also noted that the contractor was not on-site during the inspection. Refer to the photo below for the current status of the works.  <p>Photo showing the progress of works</p>	<p>The Accounting Officer explained that the contractor had not completed the facility and the process for liquidated damages had commenced. However, the contractor committed to complete the remaining works under phase two during the month of January 2025.</p>	<p>The Contractor failed to finish up the pending project works during January 2025. The Contractor's Updated Project Work Programme of was developed.</p> <p>The contractor started undertaking roofing works. The executed roofing works on site are at 74% physical progress. The current overall project physical progress is rated at 93.6%. The process of closing off the project in its current state is underway in accordance with the contract. This will also allow for commencement of the completion phase of the market (Phase 3) upon availability of funds.</p>

<p>4</p>	<p>Project name and description: Civil works for removal of asbestos and remodelling of classroom and laboratory blocks at Kololo Sec School (Phase 5)</p> <p>Contractor: MODVA Engineering Brigade</p> <p>Contract Amount: UGX 467Mn</p> <p>Contract start date: 15th July 2024</p> <p>Expected completion date: 14th July 2025</p> <p>Actual completion date: Not yet completed.</p>	<p>0.468</p>	<p>The key deliverables for this phase were second-floor finishes, third-floor finishes, demolition of wooden blocks, and channel construction.</p> <p>Inspection carried out on 4th December 2024 revealed the following;</p> <ul style="list-style-type: none"> • Removal of wooden classroom blocks quoted at UGX 71.89Mn had not been done. • The final finishes for 2nd and 3rd floors were yet to be completed. • The ground floor finishing had not been done yet; this item was paid for during the 4th Phase, which started on 24th July 2023 and ended on 30th January 2024. Refer to photos below for details;  <p>Photo showing unremoved wooden classroom blocks</p>	<p>The Accounting Officer explained acknowledged the finding and promised to engage the contractor to complete the works.</p>	<p>Under phase 5 of removal of asbestos and remodelling of classrooms and laboratory blocks, were fully completed in January 2025.</p> <p>Aspects such as demolition of the wooden classroom blocks which had been scoped and had not been done by the time of inspection were completed and asbestos was removed from all structures in the school.</p>
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			 <p>Photo showing incomplete final finishes</p>  <p>Photo showing incomplete floor finishes for phase 4</p>		
5	<p>Project name and description: Renovation works of 3rd-floor wings A & B</p> <p>Contractor: Texa Solutions Ltd</p> <p>Contract Amount: UGX 498Mn</p> <p>Contract start date: 7th September 2024</p> <p>Expected completion date: 7th March 2025</p> <p>Actual completion date: Not yet</p>	0.449	<p>I noted that an advance of 90% amounting to UGX 448.92Mn was paid to the contractor via EFT 13266378 on 28th June 2024, leading to excess payment of UGX 299.28Mn.</p> <p>Further, I noted that the advance and performance security guarantees from Cairo Bank expired on 31st August 2024, yet the project commencement date was 7th September 2024.</p> <p>In addition, I was not availed with evidence of insurance covers taken by the contractor contrary to Clause GCC</p>	<p>The Accounting Officer explained that the no work had been done on 3rd Floor Wing A due to limited office space yet the renovations required relocation of staff. Therefore, the renovation was handled in a phased approach that is; started with Wing B and later embark on 3rd Floor Wing A within the contract period of six (6) months.</p>	<p>Due to limited office space renovation works on 3rd floor were handled in a phased approach that is; started with Wing B and later embark on 3rd Floor Wing A As of July all works on Wings A and B City Hall, 3rd floor had been completed.</p> <p>There was an oversight in submission of the insurance cover. However, going forward insurance covers will be a requirement before commencement of works.</p>

			<p>18.1 of the contract. Inspection carried out on 4th December 2024 revealed the following;</p> <ul style="list-style-type: none"> • No works had been undertaken on Wing A of the building. • Works on wing B were still ongoing at approximately 75%. Refer to the photos below for details. 		
			 <p>Photo showing undone ceiling works for wing A</p>		
	Total	3.967			

Query	Underbudgeting outstanding arrears
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Audit Findings
 The Authority had outstanding arrears of UGX 79.39Bn however, only UGX 69.26Mn was budgeted and released, which led to under budgeting by UGX 79.33Bn. In addition, UGX 49.88Bn was spent from the current year budget to settle domestic arrears.

Recommendation

The Accounting Officer was advised to always seek for supplementary funds or authority to reallocate funds for settlement of unfunded prior year commitments and arrears where funds are insufficient.

Action Status

Management is continuously engaging MoFPED as advised. A letter was written on 24th October 2025 Ref: DTS/KCCA/005/01 requesting for release of cash limits for budgeted domestic arrears FY 2025/26

Query	Diversion of funds
Audit Findings	
Funds amounting to UGX 1.89Bn were irregularly diverted from the budgeted activities without the necessary approval.	
Recommendation	
The Accounting Officer was advised to always ensure that expenditure is charged following the expenditure classification and coding as defined by the chart of accounts.	
Action Status	
The funds were used to pay the pending certificates of road works at the end of the financial year that had a risk of accruing interest and litigation. Going forward, management is committed to adhering to planned activities/ workplan.	
2.2 NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY	
Query	Failure to budget for domestic arrears
Audit Findings	
Domestic arrears amounting to UGX 0.177Bn were paid but not budgeted	
Recommendation	
The Accounting Officer was advised to always utilise only the current year's budget to finance activities planned for the same year.	
Action Status	
NEMA has strengthened budget planning and coordination with the MoFPED to ensure that verified domestic arrears are properly budgeted for in subsequent financial years.	
Query	Long outstanding debts
Audit Findings	
Included in the receivables of UGX0.12.5Bn are long outstanding debts of UGX 11.87Bn from the previous financial year	
Recommendation	
The Accounting Officer was advised to develop effective debt management strategies and ensure that debts are consistently collected within the agreed timeframe.	
Additionally, the Accounting Officer in liaison with the Solicitor General should consider including interest payments in contracts for failure to adhere to the terms.	

Action Status	
Efforts to recover the amounts are ongoing through continued engagement with the MoFPED for recovery at source from MDAs and follow up with private sector debtors through demand notices and reconciliations.	
Query	Expiry of the term of Office of the Board of Directors
Audit Findings	
The term of the Current Board of directors expired in May 2024 and by the time of this report had not been renewed.	
Recommendation	
The Accounting Officer was advised to follow up with the line Minister and ensure that the appointment of Board is effected.	
Action Status	
A new Board of Directors was appointed and inaugurated following Cabinet approval. The Board is now fully functional and providing oversight, policy direction, and strategic guidance with the National Environment Act, Cap 181.	
Query	Absence of a Centralized Database of Compliance Certificates and Licenses
Audit Findings	
NEMA lacked a centralized database on the record of compliance certificates and licenses issued in the prior years	
Recommendation	
The Accounting Officer was advised to ensure that the database for issued permits is put in place, operational and duly updated to aid monitoring and enforcement decisions.	
Action Status	
The Environment Licensing and Management Information System has been fully developed and is operational. All compliance certificates, permits and licenses are now issued recorded and tracked through the system. The database is regularly updated to support monitoring, enforcement and decisions making processes. The issue has therefore been fully addressed.	
Query	Lack of tracking system
Audit Findings	
NEMA lacked a tracking system to monitor the status of all issued permits, including whether their conditions were being met	

Recommendation	
The Accounting Officer was advised to ensure that the database for issued permits is put in place, operational and duly updated to aid monitoring and enforcement decisions.	
Action Status	
The Environment Licensing and Management Information System has been fully developed and is operational. All compliance certificates, permits and licenses are now issued recorded and tracked through the system. The database is regularly updated to support monitoring, enforcement and decisions making processes.	
Query	Idle and Unspent funds
Audit Findings	
UGX 12.24Bn on the National Environment Fund remained unspent and idle on the account	
Action Status	
Although the NEF was reinstated, it is simply a collection account at the moment and no funds are being spent from it. Spending will only commence once the NEF regulations which are now at Solicitor General's office for approval are approved. The NEF estimates and progress reports are part of the NEMA annual reports which are presented to the Minister.	
Query	Splitting of Procurements of laptops and desktops
Audit Findings	
Audit revealed that procurements of laptops and desktops were split	
Recommendation	
The Accounting Officer was advised to consider consolidating procurements to streamline administrative processes and benefit from cost saving, bulk discounts and enhanced negotiating power.	
Action Status	
NEMA acknowledges that procurements continued to be conducted in separate batches due to funding constraints and timing of releases. However, the Authority will strengthen procurement planning and coordination with the finance department to ensure consolidation of similar requirements where possible in future, in line with Regulation 10 of the PPDA Regulations 2023.	

NEMA will also enhance its procurement planning process to align with available funding and minimize perceived or actual splitting of procurements.	
Query	Contracts for the Supply of Motor Cycles
Audit Findings	
NEMA signed a contract for the supply of motorcycles worth UGX 0.06Bn with a bidder without availing Performance Security	
Recommendation	
The Accounting Officer was advised in future contracts to ensure that performance securities are included to ensure successful completing of projects. In instances of failure, risk mitigation measures are invoked.	
Action Status	
The motor cycles were fully delivered and are operational, with no loss incurred. Management has since emphasized adherence to PPDA Contracts Regulations 2023, and all future contracts which require performance securities now include provisions for performance and contracts terms has been contract terms have been sensitized to ensure that such omission do not recur.	
Query	Vehicles Overdue for Disposal
Audit Findings	
Motor vehicles that were overdue for disposal were kept at the Authority Parking Yard	
Recommendation	
The Accounting Officer was advised to engage the relevant stakeholders to expedite the disposal of obsolete assets as recommended by the Board of Survey.	
Action Status	
The disposal process for old vehicles commenced following the approval Board of Survey report. A disposal plan is in place and NEMA is working with relevant ministries to finalize valuations and approvals.	
Query	Incomplete Utilization of Funds
Audit Findings	
Out of the approved budget of UGX 42.29Bn the total warrants for the year amounted to UGX 39.89Bn, out of which UGX 35.67Bn had been utilized by the close of the financial year	
Recommendation	
The Accounting Officer was advised to ensure planned activities are implemented within the same year to ensure funds absorption.	

Action Status	
<p>The challenge of incomplete utilization of funds has been addressed through improved planning, timely recruitment and enhanced budget execution oversight. During FY2024/25, NEMA utilized 96.4% of all releases demonstrating significant improvement in absorption capacity. The delayed recruitment from the previous year have largely been concluded, with 248 out of the planned 258 positions filled, and the remaining positions are under active recruitment. Management continues to strengthen coordination between the Finance, Human Resource and Planning functions to ensure that all planned activities are implemented within the FY and that funds are fully absorbed as released.</p>	
Query	Partial Implementation of 3 outputs with 18 activities
Audit Findings	
<p>Four (4) outputs with (29) activities and expenditure worth UGX 20.28Bn were fully implemented, while three (3) outputs with eighteen (18) activities worth UGX 9.66Bn were partially implemented.</p>	
Recommendation	
<p>The Accounting Officer was advised to roll over activities not fully implemented to the subsequent period.</p>	
Action Status	
<p>NEMA has enhanced coordination between planning, finance and user departments to ensure timely execution and full utilization of released funds. As a result, in FY2024/25 the Authority achieved a 96.4% fund utilization rate, reflecting significant improvement in budget absorption and actively completion. Continuous monitoring mechanisms have been put in place to track progress and ensure all rolled over activities are fully completed within the planned timelines.</p>	
2.3 NATIONAL INFORMATION TECHNOLOGY AUTHORITY	
Query	Budget Shortfalls
<p>Mandate activities in the strategic and annual work plans were not budgeted for due to a lack of resources resulting in limitations in achieving desired goals.</p>	

Recommendation	
Failure to provide for all mandate activities in the strategic and annual work plans may result in no resource earmarked for the activities associated with delivery of mandate.	
Action Status	
Management continues to follow up with MoFPED for a budget increase or reinstatement.	
Query	Unwarranted Approved Budget
Audit Findings	
The entity had an approved budget of UGX 49.55 Bn, of which UGX 47.28 Bn (95%) was warranted, resulting in a shortfall of UGX 2.27 Bn.	
Recommendation	
The Accounting Officer was advised to engage MoFPED and key stakeholders to ensure that the budgeted activities are adequately funded and prioritised during the planning and allocation process.	
Action Status	
Management continues to follow up with MoFPED for the full release of the budget.	
Query	Unutilised Warrants
Audit Findings	
The entity had total warrants of UGX 47.28 Bn, out of which UGX 45.72Bn had been utilised by the close of the financial year.	
Recommendation	
The Accounting Officer was advised to engage MoFPED and key stakeholders to ensure that the budgeted activities are adequately funded and prioritised during the planning and allocation process.	
Action Status	
Management continues to follow up with MoFPED for a budget increase or reinstatement.	
Query	Accumulation Of Domestic Arrears
Audit Findings	
The Authority had an opening balance of Domestic arrears of UGX 40.196 Bn which were not budgeted for and incurred additional UGX 37.13Bn (92% increase), resulting in accumulated domestic arrears of UGX 77.32 Bn.	
Recommendation	
The Accounting Officer of the MoICT was advised that as an institution taking over the activities of NITA-U, to ensure that sufficient funds are budgeted for settlement of the arrears in question.	

Action Status

Through continuous engagements with the PS/ST, we were able to secure UGX 18Bn to clear domestic arrears in FY2024/25. In FY2025/26, we have secured an additional UGX 10Bn for the same purpose. We will continue to engage MoFPED to secure additional funding.

Query

Sites Allocated More Bandwidth than Signed Capacity

Audit Findings

A review of bandwidth consumption during the period under review revealed that 366 sites with signed MoUs and SLAs and without signed acceptance were allocated more bandwidth than the signed capacity.

In addition, the signed capacity is what is billed. This implies that the over-delivered bandwidth of 5,781 Mbps, is valued at UGX 9.864Bn was not billed.

Recommendation

The Accounting Officer should ensure that the contracting process is completed by clients signing acceptance letters to avoid future disagreements. Any over delivered bandwidth is invoiced to recover the lost revenue.

Action Status

To ensure long term sustainability, NITA-U has continued to engage MDAs to increase their budgetary allocations for internet services to align with actual consumption levels.

The Authority also seeks the support of the MoFPED to consolidate and rationalise MDA internet budgets under a unified framework to mitigate recurrent funding gaps and strengthen centralized management of Government Internet services.

Furthermore, efforts are being fast-tracked to acquire and implement an automated billing system that will be integrated with the bandwidth management system and other related support systems to track real time utilization and ensure billing transparency.

Query	
Audit Findings	
Out of the 719.47 Kilometres of dark fibre rolled out in the country, only 15% (108.67 Kilometres) of dark fibre service was provided to six (6) MDAs compared to the 85% (610.8 kilometres) provided to seven (7) private customers.	
Recommendation	
The Accounting Officer was advised to increase the adoption of dark fibre services across the MDAs to maximise its use. NITA-U also provides dedicated physical optical fibre in terms of cores (a pair of fibres is 2 cores) to a customer over the NBI/EGI and offers customers seeking high performance, secure and scalable network infrastructure at affordable rates.	
Action Status	
NITA-U remains committed to guiding MDAs towards the most cost effective and policy aligned solutions; while strategically availing dark fibre to private operators whose operational models require it.	
Query	Delayed Onboarding of MDAs and LGs onto the NBI/EGI
Audit Findings	
A review of the sampled applications by MDAs and LGs for accessing the NBI/EGI or upgrading their internet bandwidth revealed that nine (9) entities were not connected.	
Recommendation	
Management was advised to prioritise and maximize the utilization of NBI/EGI services by agencies as a way of promoting the digital transformation agenda of Government and also reducing revenue loss.	
Action Status	
NITA-U remains fully committed to maximizing MDA and LG utilization of the NBI/EGI and will continue to;	
<ul style="list-style-type: none"> i) Work with MDAs/LGs to close technical and financial readiness gaps. ii) Engage MoFPED to support adequate budgeting for connectivity for ad-hoc cases, and iii) Integrate out-of-range sites into funded rollout programs to ensure sustainability, policy aligned onboarding. 	

2.4 NATIONAL PLANNING AUTHORITY	
Query	Failure to Complete and Disseminate the Project Preparation Facility (PPF) Governance and Operational Manual to the Project Participants
Audit Findings	
The dissemination of the Project Preparation Facility (PPF) Governance and operational manual to PPF recipients has not been completed.	
Recommendation	
The Accounting Officer was advised to expedite the dissemination of the guidelines to user institutions to enable them to understand the procedures for the operationalisation and administration of the PPF.	
Action Status	
The Project Preparation Facility (PPF) Governance and operational manual and guidelines were finalised in May 2024, and the following steps have been taken to disseminate them.	
<ul style="list-style-type: none"> i) The PPF Governance and operational manual and guidelines were disseminated to all MDAs and Local Government in the Budget Execution Circular for FY 2024/25 (See Section C on Policy Directives, Administrative and Operational Guidelines for Implementation of the Budget for FY2024/25, under Public Investment Management). ii) The manual and guidelines were incorporated in the National Public Investment Management Policy dated November 2024 (See Section 4.8 Tools used in Public Investment Management System). The Policy has been disseminated countrywide. iii) Additionally, NPA in a letter dated 15th October 2025 submitted the manual to the Ministry of Finance, Planning and Economic Development for annexure to the Development Committee Guidelines. iv) The PPF guidelines were disseminated to all MDAs and LGs through the NPA Website, the Budget Call Circular and a letter to all Votes. 	
Furthermore, NPA created an online repository to make the manual more easily accessible. See link http://www.n_Da.go.ug/wp-content/uploads/2025/01/PPFGOVERNANCE-AND-OPERATIONAL-FRAMEWORK.Ddt .	

Query	Failure to Prioritise Implementation of 12 Projects
Audit Findings	
Out of 13 projects, 12 projects that have finalised feasibility studies have not been prioritised for implementation due to funding challenge	
Recommendation	
The Accounting Officer was advised to prioritize preparation of feasibility studies to only those whose funding has been ascertained and keep updating the already created feasibility studies upon their expiry.	
Action Status	
Development expenditure as a percentage of the total budget has been on a downward trend, from 43% in 2019/20 to just 22% in 2024/25, reflecting a constrained fiscal space that has progressively crowded out capital investments critical for long-term economic growth and infrastructure development. These projects will be prioritised as and when resources become available through increased revenues, new borrowing and exit of completed projects from the PIP, all of which would expand the fiscal space for new capital investments.	
Nonetheless, feasibility studies and project preparation activities will continue. This will create a bank of ready investment projects that can guide prioritisation and implementation once resources are mobilised.	
Query	Failure to Operationalise Regional Development Plans
Audit Findings	
It was noted that with just one year left to the expiry of the NDP-III regional development plans for Teso, Bunyoro, Luwero, and Busoga, have not been developed and operationalised.	
Recommendation	
The Accounting Officer was advised to liaise with other stakeholders, such as the Office of the Prime Minister and Local Governments, and to expedite the development of regional development plans for Teso, Bunyoro, Luwero and Busoga that are aligned with NDP-IV.	
Action Status	
Under the NDPIV, Regional, Urban and Local Government Development Planning has kick-started the formulation of five sub-regional Development Plans, namely Busoga, Kigezi, Teso, Bukedi and Acholi.	

Query	Delayed Implementation of Reforms
Audit Findings	
Implementation of a total of 24 reforms across 12 Programmes was yet to start with just a year to the expiry of the NDP III.	
Recommendation	
The Accounting Officer was advised to follow up on the matter with the lead programme institutions since some of the reforms, such as the development of service delivery standards, are key reforms for measuring performance of the NDP-IV.	
Action Status	
Nineteen (19) out of the 24 reforms have been implemented. One is partially implemented, and four reforms have not yet been implemented.	

Query	Warranting by 13 MDAs on Programmes not Directly Related to their Mandate
Audit Findings	
Thirteen (13) MDAs were warranted UGX 18.92Bn on Programmes which were not directly related to their mandate activities during the year under review.	
Recommendation	
The Accounting Officer was advised to liaise with the MoFPED technical working groups and the heads of Programme institutions to ensure that budgeting and funding of entities is only on Programmes they contribute to in that particular year.	
Action Status	
Programmes were designed along logical and clear results as such all institutions contributing to the results of those Programmes. During the period under review, the Missions contributed to the following 13 Programmes;	
<ul style="list-style-type: none"> i) Agro-industrialisation ii) Mineral based industrialisation iii) Petroleum Development iv) Tourism Development v) Water, Climate Change and ENR Management vi) Private Sector Development vii) Manufacturing viii) Digital Transformation ix) Integrated Transport Infrastructure and Services x) Sustainable Energy Development 	

- xi) Sustainable Urbanisation and Housing
- xii) Community Mobilisation and Mindset Change
- xiii) Innovation, Technology Development and Transfer

Therefore, the allocations to those Missions are rightly made and are in the right place and position.

Query	Failure to Implement the Recommendations regarding the Programmatic Approach
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Audit Findings

A review of the extent to which my recommendations on the programmatic approach were implemented was undertaken, and it was noted that none of them was fully implemented, despite being made one year after the conclusion of NDP-III.

Recommendation

The Accounting Officer was advised to ensure that, once the ongoing reforms are completed, the relevant stakeholders, such as MoFPED, the programme heads, and Parliament, are engaged to roll out and implement the reforms within government.

Action Status

Seven of the eight recommendations regarding the programmatic approach, constituting 88%, have been implemented. For the one recommendation (sectoral committees of Parliament) which is not fully implemented, NDPIV has proposed the same reforms to restructure all committees of Parliament to mirror the Programmatic approach.

Query	Implementation of Outputs
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Audit Findings

The audit assessed a total of 24 outputs with 48 activities worth UGX 28.027Bn and noted that 13 Outputs with 47 activities worth UGX 27.85Bn were fully implemented, while one (01) output with one (01) activity worth UGX 0.18Bn was partially implemented.

Recommendation

The Accounting Officer was advised to roll over the development of other development plans to the subsequent financial year.

Action Status

The Karamoja Regional Development formulation process lasted longer than anticipated, involving understanding the Karamoja development context, previous efforts, and the construction and validation of priorities

with stakeholders at all levels, Central and Local Government, and Community. The long process crowded out the planned time, efforts and resources for the other regions. This output has been fully implemented, representing 100%.

2.5 PETROLEUM AUTHORITY OF UGANDA

Query	Non-completion of the National Petroleum Data Repository Infrastructure Project
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Audit Findings

The National Petroleum Data Repository Infrastructure Project was at 37% progress due to underfunding, resulting in inefficient and ineffective petroleum data management.

Recommendation

The Accounting Officer was advised to prioritise the completion of the Core Store and to develop contingency plans to safeguard existing petroleum data.

Action Status

Implementation of the NPDRI Project suffered from significant underfunding. The status of the implementation of the project as of 3rd February 2026 is in the table below;

S/N	OUTPUT	STATUS AS OF 3 RD FEBRUARY 2026
A	B	C
1	A functional seismic data tape storage, transcription equipment, and software are in place.	The implementation of the seismic data tape storage and transcription system was completed in December 2021. The project completion report is attached as Appendix 1.
2	A modern and well-equipped core store is in place	The establishment of the modern, well-equipped Core Store is due for Completion by the end of February 2026. 100% funding for the Core Store was made available to the PAU in Financial Year 2024/2025. Progress report as of 02-02-2026 is attached as Appendix 2
3	Data Management hardware and software Applications acquired and integrated	Implementation of the Data Management Software commenced in July 2025, as per the attached Contract. The contract sum is UGX 3,998,687,401. So far, UGX 1,119,606,220 (30%) has been paid to the Contractor. Implementation will be completed after the balance of UGX 2,799,081,181 (70%) is made available to the PAU by the Ministry of

		Finance, Planning and Economic Development (MoFPED)
4	A Real Time Monitoring Centre (RTMC) set up, as per operationalised	Implementation of the RTMC commenced in September 2025 as per the contract. The contract price is UGX 59,864,338,600. Funding of UGX 14 billion has been released for the project, and so far, UGX 4,843,013,860 has been paid to the Contractor. The project will be completed if all the required funding is made available to the PAU by the MoFPED
5	A functional offsite data backup and Disaster Recovery System (DRS) in Place	The design of the DRS has been completed. However, funding is not available for the implementation of the project.

Contingency plan for safeguarding the existing petroleum Data is in place. Backup is being done for digital data, and the old core store is still in use for the physical data (cores).

Query	Status of Production of Oil And Gas
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Audit Findings

For both Tilenga and KFDA projects, PAU designated 177 wells as required for the first oil phase by November 2025, however by November 2024, 94 wells (53%) had been drilled, which risks the extension of development phase costs into the production phase.

In addition, the progress in the construction of enabling facilities fell short of planned targets with Tilenga project at 42% vs. planned progress of 51% and KFDA at 88% vs. planned 91%.

Recommendation

The Accounting Officer was advised to:

- i) Enhance regulatory oversight to ensure timely and cost-efficient completion of all critical projects, including drilling operations, oil extraction facilities, the East African Crude Oil Pipeline (EACOP), and supporting infrastructure managed by other government institutions.
- ii) Formulate and communicate contingency plans to stakeholders to address potential delays in the oil supply chain. These plans should prioritise the timely completion of all interdependent projects to safeguard the financial viability of the sector and ensure the realisation of first oil targets.

Action Status

- i) **Update on drilling works:** The drilling activities, which commenced in 2023, underwent a learning curve period, including managing the reservoir uncertainties and optimising equipment performance. The project has since ramped up drilling, and as of 31st January 2026, 208 wells are available in Tilenga and KFDA, against the required 189 wells for First Oil.

For clarity, all wells (189) required for First Oil have already been drilled. Tilenga requires 170 wells for First Oil, and so far, 185 wells have been drilled. While KFDA requires 17 wells for First Oil and 21 wells has already been drilled as of January 2026.

- ii) **Update on the issue of lack of consolidated oversight framework.** In response scale and interdependencies of Uganda's Oil and Gas projects, the Authority established a dedicated Projects Management Department to provide a centralized institutional function for integrated oversight of project delivery and critical supporting infrastructure across license areas and shared facilities. The Department currently coordinates inputs from within the Authority and external stakeholders, including Department has established standardized progress dashboards and milestone-based readiness indicates in line with the approved project progress of 63%, while Kingfisher is at about 75% progress on course with project planning.
- iii) **Update on the East African Crude Oil Pipeline:** The Construction of the East African Crude Oil Pipeline (EACOP) project, a 1,443Km, 24-inch diameter pipeline, continues to make significant progress across Uganda and Tanzania, with overall completion reaching 78.8% as of December 2025. Construction of the pipeline stands at 61.0%, while the storage Tanks and Jetty stand at 86% complete. The marine terminal has reached 53.1% completion.

Query

Audit Findings

Compensation of PAPs under EACOP was substantially complete, and construction works had commenced. However, Implementation was at 40% of planned progress (42%) by September 2024, with delays in pipeline and marine terminal construction.

Action Status
Compensation of PAPs under EACOP is substantially complete, and construction works have commenced. Implementation has progressed with delays in pipeline and marine terminal construction.

Query	Lacks Consolidated Regulatory Oversight
Audit Findings	
PAU lacks consolidated regulatory oversight on the progress and readiness of supporting infrastructure managed by other government entities, like Kabale International Airport, managed by the Ministry of Works, the Kabalega Industrial Park, managed by UNOC and an electricity substation managed by UETCL.	

Action Status
Government institutions and agencies do support each other and coordinate to achieve a common goal as a whole body/unit.

Query	Budget Shortfall
Audit findings	
The Authority had an approved budget of UGX 89.55Bn out of which UGX 66.18Bn (74%) was warranted. The UGX 23.36Bn shortfall affected the completion of the NPDR Project, the operationalisation of a PAU regional office in Bulisa, and the development of the Oil spill contingency plan.	

Recommendation
The Auditor General recommended that the Accounting Officer should assess if the unfunded activities are still necessary and ensure that they are prioritized in the next budget cycle.

Action Status
<ul style="list-style-type: none"> i) The unfunded activities were prioritised in FY2024/25 and FY2025/26. ii) The status of implementation of the NPDR and Bulisa, PAU is still using the small office space which was allocated to it by the Bulisa District Administration. Due to the lack of funds, the PAU has not rented a larger office in Bulisa. iii) Oil spill contingency plans for Hoima, Bulisa and Kikuube districts were developed. Contingency plans for the districts along the EACOP will be done when funding is made available to the PAU.

2.6 PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY	
Query	Failure to Fill the Approved PPDA Structure
Audit Findings	
According to the Authority's Ministerial Policy Statement, twenty-seven (27) positions were cleared for filling in financial year 2023/2024 but only ten (10) positions were filled. The total current staff establishment is 136 out of 160, implying a filled structure of 85%.	
Recommendation	
The Accounting Officer was advised to restructure the organization to suit the current establishment or plan for a lean structure that they deem appropriate, in case the available staffing can deliver the mandate of the Authority.	
Action Status	
The Authority is currently reviewing its structure to establish the additional resources required to fulfil its mandate.	
Query	Review of the Implementation of the Entity's Mandate
Audit Findings	
A comparison of the entity's strategic and annual work plans for the last three (3) years with the mandate as stipulated in relevant laws revealed that the entity had not adequately executed.	
Recommendation	
The Accounting Officer was advised to ensure they align the planned activities with the mandate of the Authority.	
Action Status	
During the FY2024/25, the workplan was aligned to the mandate of the Authority.	
Query	Budgeted Activities for which no Funds were Released
Audit Findings	
The entity had an approved budget of UGX 24.1Bn out of which UGX 23.9Bn (representing an 99.1% performance) was warranted resulting in a shortfall of UGX 0.215Bn which affected two activities of Administrative and Support Services and Facilities and Equipment 480 Management	
Recommendation	
The Accounting Officer was advised to ensure accurate budgeting, and that all budgeted funds are appropriately planned and utilized, with any non-funding disclosed. The Accounting Officer was further urged to ensure	

accurate performance reporting rather than misreporting issues as exhibited by indicating that all targets were met, yet it was to the contrary.
Action Status
During the FY 2024/25, all the budgeted funds were appropriately planned and utilized.

Query	Implementation of Funded Activities
Audit Findings	<p>The audit assessed the extent of implementation of activities for which funds were availed and utilized. Audit noted that some of the Authority activities were not implemented.</p> <p>Two (2) outputs with twenty-one (21) activities and expenditure worth UGX 21.6Bn were fully implemented.</p> <p>One (1) output with four (4) activities worth UGX 1.3Bn were partially implemented. Out of 4, the entity fully implemented three (3), one activity was partially implemented.</p>
Recommendation	The Accounting Officer was advised to exhibit transparency and disclosure in the management process by providing all the required budget information and related activities and ensure full accountability for the funds provided.
Action Status	PPDA closely worked with the Ministry of Finance, Planning and Economic Development (MoFPED) and the PBS System was upgraded to provide complete reports on all the planned and implemented activities.
2.7 CAPITAL MARKETS AUTHORITY	
Query	Approval of various Market Players
Audit Findings	The Authority approved various Market Players without evidence of payment of the prescribed fees, contrary to Section 51(1) of the CMA Act, Cap. 64.
Recommendation	The Accounting Officer was advised to follow up with the First Parliamentary Counsel to fast-track the clearance for the gazetting of the

regulations on the licensing fees payable to cover all categories of Market Players under the regulatory framework.

Action Status

The regulations have been gazetted.

Query | **Failure to Regulate Compensation Scheme**

Audit Findings

The Authority has failed to license the Financial Institutions that participate in the Capital Markets as either stockbrokers or dealers in Government-issued securities, as required by Law.

Recommendation

The Accounting Officer was advised to fast-track the drafting by the First Parliamentary Council, gazette the regulations and operationalise the Compensation Scheme.

Action Status

The drafting by the First Parliamentary Counsel and subsequent gazetting of the regulations are still ongoing.

Query | **Failure to License Financial Institutions that participate in Capital Markets**

Audit Findings

The Authority did not develop regulations to establish and manage a Compensation Scheme; hence, the scheme has remained inactive.

Recommendation

The Accounting Officer was advised to liaise with the relevant stakeholders to formalize and regulate these financial institutions.

Action Status

The Authority has licensed all the Financial Institutions that participate in the Capital Markets.

Query | **Unutilised Funds**

Audit Findings

The entity did not return the unutilized funds of 0.7Bn to the Consolidated Fund as required by the Financial Regulations.

Recommendation

The Accounting Officer was advised to always come up with realistic budgets and ensure that funds are utilised as budgeted, and all unspent funds are returned to the consolidated funds when the appropriation expires.

Action Status

The funds were transferred to the Uganda Consolidated Fund.

Query	Failure to Conduct a Board of Survey
Audit Findings	
The Authority did not conduct and prepare a Board of Survey Report as required.	
Recommendation	
The Accounting Officer was advised to liaise with the Accountant General and ensure that the Board of Survey on the Authority assets is undertaken in the prescribed period as required by the law.	
Action Status	
The Accounting Officer followed up with Accountant General's Office. Board of Survey for FY 2024/25 has been conducted and a report will be issued.	
2.8 FINANCIAL INTELLIGENCE AUTHORITY	
Query	
Audit Findings	
The audit assessed 8 outputs with 41 activities worth UGX 31.19Bn and observed that two (2) activities with funding of UGX 0.303Bn were partially implemented, while three (3) activities with funding of UGX 0.294Bn remained unimplemented.	
Recommendation	
The Accounting Officer was advised to adhere to the plan when implementing the budget.	
Action Status	
Management affirms that all available funding was utilised optimally to deliver planned outputs, with several exceeding prorated expectations.	
Furthermore, Management clarifies that some outputs cited as unimplemented were either budget-neutral or represented aggregated deliverables.	
Management, as a conduit for ensuring adherence to the budget implementation plan, has taken additional measures to guarantee optimal performance, including the following:	
<ul style="list-style-type: none"> i) Enhanced planning and budgeting processes through institutional-wide participatory planning and budgeting processes for improved assumptions, scheduling and ownership of the resulting plans. 	

- ii) Introduced a Monitoring and Evaluation function, as per the new FIA structure, to facilitate effective/timely institutional performance monitoring, and continuous improvement. M&E Officer role is among those prioritized for filling in the ongoing recruitment process.

The Application Programming Interface (API) has since been operationalized. The pilot of the FIA goAML Web API for automated report submissions in the banking sector commenced in September 2025.

2.9 UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Query	Budget Shortfall
Audit Findings	
The entity had an approved budget of UGX 14.58 Bn out of which UGX 14.48 Bn was warranted resulting in a shortfall of UGX 0.1059 Bn (99.3%).	
Recommendation	
The Accounting Officer was advised to always engage MoFPED to avail resources as required. In addition, the unimplemented activities should be rolled over to the subsequent period for implementation.	
Action Status	
Funds budgeted for in the FY2024/25 were fully released by the MoFPED. In addition, funds for the first two quarters of FY2025/26 have also been released. Consequently, there are no longer any shortfalls in the budgeted funds for the implementation period.	
Query	Utilisation of warrants
Audit Findings	
The entity had total warrants of UGX 14.48 Bn out of which warrants worth UGX 13.79 Bn had been utilized by the close of the financial year.	
Recommendation	
Unutilized funds undermine efforts by the Government to achieve its targets in delivering public services. The Accounting Officer was advised to liaise with the MoPS to ensure timely recruitment. Additionally, future budgets should exclude provisions.	

Action Status

Most of the unutilized funds relate to Wage, below is the update on the current status.

Through the Authority's ongoing engagement with the MoFPED, an additional wage was granted, enabling the Authority to progressively fill vacant positions.

Table showing Staff Absorption

End of Period	Approved Posts	Filled	(%)
FY2021/22	74	41	55.4
FY2022/23	74	50	67.6
FY2023/24	74	52	70.3

In the FY2024/25, the Authority was allocated UGX 3.9Bn additionally wage. However, the attendant non-wage was not availed. This, coupled with the 3.5Bn cut in non-wage, adversely affected our efforts to recruit staff since there was no attendant non-wage.

Going forward, bank charges are no longer budgeted for since the Authority operates on a Single Treasury Account.

2.10 UGANDA BUREAU OF STATISTICS

Query	Inadequate Fulfilment of the Strategic and Annual Workplans
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Audit Findings

A comparison of the strategic and annual work plans for the last three (3) years with the mandate as stipulated in relevant laws revealed that the entity had not adequately fulfilled its mandate.

Recommendation

The Accounting Officer was advised to ensure that all mandated activities are implemented as planned to enable the Bureau to fulfil its mandate.

Action Status

Fully implemented. Management is achieving the Bureau's mandate by implementing a costed annual workplan.

Query	Inadequate Budgeting for the National Population and Housing Census
Audit Findings	
<p>The entity had an initial budget of UGX 249.298Bn for its activities, including conducting the National Population and Housing Census. The budget was inadequate, resulting in a request for supplementary funding of UGX 147.294Bn, which revised the budget to UGX 396.592Bn.</p> <p>Out of the total budget of UGX 396.592Bn, UGX 394.278Bn (99%) was spent.</p>	
Recommendation	
<p>The Accounting Officer was advised to always undertake comprehensive and realistic budgeting to avoid falling into the pitfalls of supplementary funding.</p>	
Action Status	
<p>Management stated that they had planned and budgeted for all required funds but received less in appropriations, which warranted the supplementary request.</p>	
Query	Implementation of Activities
Audit Findings	
<p>The audit assessed the extent of implementation of 15 outputs with 212 activities worth UGX 372Bn. Audit observed that six (6) outputs with 83 activities worth UGX 174Bn were fully implemented, eight (8) outputs with 121 activities worth UGX 196Bn were partially implemented, while one (1) output with eight (8) activities worth UGX 1.9Bn was not implemented.</p>	
Recommendation	
<p>The Accounting Officer was advised to ensure full and timely implementation of all planned activities.</p>	
Action Status	
<p>The Bureau reprioritised the activities in the workplan of FY2024/25, and these have been fully implemented.</p>	
Query	Failure to Absorb Donor Funding
Audit Findings	
<p>The Bureau did not absorb UGX1.505Bn of donor funding implying non-implementation of planned activities.</p>	

Recommendation	
The Accounting Officer was advised to ensure that all planned activities during the year are implemented in the year are implemented in time, to ensure absorption of availed funds for the intended purpose.	
Action Status	
The Bureau re-prioritised these activities have been fully implemented.	
Query	Erroneous Census Results
Audit Findings	
An error was detected in the Provisional Report of the census, and the results were recalled, indicating that the final report containing comprehensive statistical data and information from the Census would be issued in December 2024. This is in line with International Industry Practice.	
Recommendation	
The Accounting Officer was advised to always be keen on the reconciliation of numbers from previous census periods going forward.	
Action Status	
The Bureau published the final NPHC 2024 report on 31 st December 2024 as planned and these available on the UBOS website.	
Query	Unaccounted for prepayments and advances to Districts, Cities and Kampala City Divisions
Audit Findings	
The Bureau disclosed prepayments and advances of UGX 4.7Bn relating to census funds advanced to Districts, Cities and Kampala City Divisions that remained unaccounted for by the close of the financial year.	
Recommendation	
The Accounting Officer was advised to follow up and ensure all the accountability is availed to explain for the utilization of the funds.	
Action Status	
The Bureau has retrieved all the outstanding NPHC 2024 accountabilities.	
Query	Outstanding payables
Audit Findings	
At the end of the financial year, there were payables amounting to UGX3.42Bn, due to Census Enumerators, supervisors, guides, and suppliers.	
Recommendation	
The Accounting Officer was advised to prioritise and pay all the outstanding payments during the FY2024/25.	
Action Status	
Management has since paid all the outstanding verified claims.	

2.11 NATIONAL DRUG AUTHORITY

Query	Long Outstanding Receivables
Audit Findings	
It was noted that the Authority had long-standing receivables of UGX 58.706 Bn, of which UGX 58.388 Bn (99%) were due from the Ministry of Health.	
Recommendation	
The Accounting Officer was advised to follow up with the MoH and develop a formal, structured payment plan that aligns with the available budget and Treasury cash flow projections.	
Action Status	
The Authority is continuously engaging the MoU on settlement of these arrears and has as well submitted the debt position to the Ministry on 8 th July 2025. The amounts outstanding relate to verification fees for consignments of Development Partners supporting the MoU.	
Query	Long Outstanding Payables
Audit Findings	
It was noted that long outstanding payables of UGX 0.063Bn owed to 8 creditors. These have been outstanding for over 2 years.	
Recommendation	
The Accounting Officer was advised to circularize all the payables mentioned so as to obtain confirmations from these creditors with documentary evidence and make arrangements to settle them accordingly.	
Action Status	
UGX 6,338,771 for UAP was reconciled and settled UGX 41,364,466 for Vision scientific that failed to supply due to COVID 19, File is under review for procurement cancellation and payable debit note. The rest were micro procurements for which the vendors have failed to provide Banking details still being followed up final settlement/write off.	
Query	Utilization of Approved Budget
Audit Findings	
NDA had an approved expenditure budget of UGX 105.192Bn out of which UGX 83.697Bn (79.6%) had been utilized by the close of the financial year. The balance UGX 21.494Bn was meant for activities which were either partially or not implemented at all.	

Recommendation	
<p>The Accounting Officer was advised to continually engage the Authority's debtors to ensure that sufficient funds are available for implementation of the budgeted activities.</p> <p>Additionally, a contingency plan should be established to address potential shortfalls in revenue to minimize the impact on budget execution.</p>	
Action Status	
<p>The bulk of the Authority's outstanding debt of UGX 58,387,838,544 (92%) is held by the MoH Development Partners. The Authority is continuously engaging the Ministry of Health on settlement of these arrears and has as well submitted the debt position to the Ministry on 8th July 2025. The amounts outstanding relate to verification fees for consignments of Development Partners supporting the MoU.</p> <p>To minimize the impact on budget execution, the Authority has implemented cost rationalization measures with resources restricted to implementation of key activities directed towards delivery of the NDA core mandate.</p>	
Query	Partial Implementation of Activities
Audit Findings	
<p>The audit assessed the implementation of thirty-four (34) activities with a total of 312 outputs worth UGX 83.694Bn and noted that eight (8) activities 347 with 21 outputs were fully implemented; twenty-five (25) activities with 287 outputs were partially implemented while one (1) activity with four (4) outputs was not implemented.</p>	
Recommendation	
<p>The Accounting Officer was advised to strengthen its planning and monitoring processes to ensure timely and full implementation of planned activities.</p> <p>Additionally, proactive measures should be taken to secure the necessary budget revenues particularly from the MoU to avoid disruptions in activity implementation.</p>	
Action Status	
<p>Due to resource constraints, Management re-prioritized activities in the FY 2024/25 work plan to ensure optimum utilization of the available resources. Management is also continuously engaging the MoU to ensure that the long outstanding debt held by the development partners is settled by MoFPED, through budgeting for it under domestic arrears.</p>	

Query	Implementation of IRIMS
<p>Audit Findings</p> <p>Out of the 16 planned modules of the Integrated Regulatory Information Management System (IRIMS), only 5 modules (representing 31%) were fully functional while the remaining eleven (11) modules (representing 68%) although developed were still undergoing progressive roll-out.</p>	
<p>Recommendation</p> <p>The Accounting Officer was advised to expedite the full operationalization of all IRIMS modules to achieve efficiencies. Continuous monitoring and support should be provided to ensure smooth roll out and adaption of the remaining modules.</p>	
<p>Action Status</p>	
<p>The project for the design, development and support of the Integrated Regulatory Informed Management system (IRIMS) was successfully completed as required. The system rollout was fully transitioned from project mode to operational activities by utilization of the various automated business process as modules on the system.</p>	
Query	Functionality of Facilities
<p>The Authority completed the construction of the 12-floor Tower in December 2023, however, by the time of audit inspection, the Authority had occupied 3 floors of the tower for administration. The unoccupied floors were meant to house the Pharmaceutical, microbiology and Vaccines laboratories.</p>	
<p>Recommendation</p> <p>The Accounting Officer was advised to develop a detailed and phased implementation plan to expedite the equipping and utilization of the unoccupied floors of the laboratory Tower. The plan should include securing necessary funding and resources, ensuring purpose within a reasonable timeframe.</p>	
<p>Action Status</p>	
<p>The process of sourcing for and securing funding is ongoing. To date Management has secured USD 546,985 (UGA-H-MoFPED) and USD 1,340,200 (UGA-T-MoFPED) from the Global Fund Covid 19 response mechanism (C19RM) , through the MoH to directly procure laboratory equipment to equip the laboratory tower.</p>	
<p>The process of equipping the laboratory tower is capital intensive requiring a minimum of UGX 70Bn and is planned to be implemented in a phased manner over the next 5years period.</p>	

Query	Failure to Comply with the Adverse Drug Reaction Complaints Timelines
Audit Findings	
<p>The audit reviewed the performance of the pharmacovigilance unit over a 3- year period in providing feedback and noted that out of the total of 273 Adverse Drug Reaction (ADR) complaints received only 113 were within the prescribed Service Delivery Timeline (SDT) of 18 days, 63 exceeded the expected SDT with feedback period ranging from 19 to 84 days; while 97 lacked feedback dates.</p>	
Recommendation	
<p>The Accounting Officer was advised to increase internal capacity of the Pharmacovigilance unit to handle the increasing no. of ADR complaints. This could include enhancing training and improving reporting systems to ensure timely feedback. The service delivery timelines should be re-evaluated and adjusted to more realistic standards that reflect the current capacity and workload.</p>	
Action Status	
<p>The service delivery timelines have been adjusted from 18 to 32 working hours.</p> <p>Improvement in the reporting system are underway with user requirements specifications developed for the automation of the case processing operations.</p>	
Query	Failure to comply with the Post market surveillance complaints
Audit Findings	
<p>The audit reviewed Authority’s Post market surveillance (PMS) complaints register and noted that out of the 100 complaints, 20% were acknowledged beyond the prescribed five (5) days, 76% were within the SDT, while 4% were never acknowledged.</p> <p>It was further noted that out of the 100 complaints, the Authority provided feedback on 43% beyond the prescribed SDT of 20 days with an average delay of 133 days; 10% complaints fell within the SDT while feedback on 47% was not documented.</p>	
Recommendation	
<p>The Accounting Officer was advised to explore the user of an online compliant submission platform to expedite receipt of complaints from Health facilities.</p>	

Additionally, timelines for acknowledging and providing feedback should be revised to reflect realist expectations based on the complexity of investigations. Regular monitoring and tracking of complaints handling processes should be established to ensure adherence to the updated service delivery timelines.

Action Status

The PMS team and the IT and software development initiated the development of User Requirements Specification for the proposed electronic Post Market Surveillance Module. This module which will be a key component of phase 2 of the Integrated Regulatory Information Management system is designed to enhance the regulatory oversight of PMS functions.

Specifically, the module will include a centralized Recalls Database and a Complaints Investigation Database aimed at improving the tracking, documentation and resolution of product quality issues reported in the PMS. The purpose of the URS development was to clearly define the functional and technical requirements of the groundwork for system design and implementation in the upcoming phase of the IRIMIS project.

The service delivery timelines related to complaints and recalls will be incorporated in the e-PMS module and will be continuously monitored during implementation. These service delivery timelines have been incorporated in the monitoring and evaluation implementation plan.

2.12 NATIONAL AGRICULTURAL RESEARCH ORGANIZATION

Query

Outstanding Arrears

Audit Findings

NARO had an arrears balance of UGX 4.12Bn in FY 2023/2024 that increased from UGX 2.17Bn in the FY 2022/2023 representing 89.7% increment.

Recommendation

The Accounting Officer was advised to continue liaising with MoFPED for adequate resources within the budget to settle the outstanding obligations.

Action Status

Management took note of the audit observation and has since then engaged MoFPED to allocate and release resources to clear the outstanding arrears.

Overall, the outstanding arrears reduced from UGX 4,123,584,051 to UGX4,036,847,547 as at the end of financial years 2023/24 and 2024/25 respectively.

Relatedly in the current financial year NARO has been allocated a budget for arrears amounting to UGX 786,965,000 of which UGX 123,714,000 has already been released.

Management is also committed to continued adherence to the commitment control system to avoid accumulation of arrears not supported by available funds.

Query	Failure to Survey and Title Land
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Audit Findings	
<p>NARO had eight (8) pieces of un-surveyed land estimated at 1,345.98Ha which exposes the land to encroachment. Further, five (5) pieces of surveyed land measuring approximately 543.69 Hectares remained untitled.</p>	

Recommendation	
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<p>The Accounting Officer was advised to continue prioritizing survey of NARO land in the work plan and budgets so that all the entity land is fully surveyed,</p>	
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Action Status	
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<p>Land surveying and titling of NARO land, is being undertaken in a phased manner due to budget constraints. We have so far made the following progress;</p>	
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| <ul style="list-style-type: none"> i) Land at Kajjansi -20.83ha is titled under FRV 588 Folio 8. ii) Surveying for Bugusege 8.138ha and Bulambuli 42.6ha is completed and registration is in progress. See (Annex II a). Cadastral maps for Bulambuli (Annex II iii) Land at Kyembogo 203.2ha is titled under FRV.216/20(Annex II c). Land at Atumtk- 821.53 ha, is surveyed, and titling is planned for FY 2026-2027. iv) Mayuge 87.0 is titled under FRV 115 Folio 21 Preliminary survey for Kibimbiri has also been done, and titling is expected to be completed in FY 2026-2027 | |
|--|--|

<p>Management also continues to keep communities and encroachers away. This activity is continually prioritised in phases until all the pieces are covered.</p>	
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However, the land in Kumi TVC is titled, and updates have been made to reflect NARO as a restricted user. Kuju TVC is also titled.

Surveying and titling of land at Nyabwishenya, Kibimbiri, and Kiige are still in progress, and we expect the related titles to be issued soon.

Query

Encroachment on Land

Audit Findings

The Agency had seven (7) pieces of land that had been encroached on by both private and public entities, in some cases resulting in developments by the encroachers, rendering recovery very difficult.

Recommendation

The Accounting Officer was advised to engage and follow up with the Attorney General to ensure that the court cases are handled and resolved expeditiously.

Action Status

However, the following progress has been made;

- i) Seven (7) acres of land that had been encroached upon at Kyembogo were recovered following a successful engagement with the encroachers.
- ii) The boundaries of the disputed land at Kitgum have been opened, and the report has been submitted to ULC and Kitgum District Authorities for action.
- iii) Actions taken on Karengyere matters and Mountains of the Moon University are attached.

The High Court has delivered a judgement in civil suit No. 155 of 2009 concerning the land at Senge, reference Busiro 260, Plot 8, in Senge Wakiso District, ruling in favor of NARO. However, the defendants have indicated their intention to appeal.

Query

Human Resource Management - Staffing Gaps

Audit Findings

Out of the approved 1,180 staff, only 777 positions were filled, leaving a balance of 403 positions vacant representing a 34% gap.

Recommendation

The Accounting Officer was advised to follow up with MoPS and MoFPED to have the recruitment plan approved and appropriately funded so that the recruitment can be undertaken as planned.

Action Status	
<p>Management engaged MoPS and received a new structure with an enhanced establishment of 1,242 positions on 26 June 2025.</p> <p>Other actions include:</p> <ol style="list-style-type: none"> i) Recruitment of 33 officers in FY 2023/24 ii) Advertising 17 vacant positions on 1st October 2025(Short listing completed and interviews scheduled) iii) Engagement of MoPS for additional wage. 	
Query	Delays in the Procurement Process
Audit Findings	
<p>Out of a sample of 29 procurements, 20 procurements worth UGX 26.09Bn took an average of six (6) months from initiation to final contract signing.</p> <p>Furthermore, there was an average delay of four (4) months from the planned date of contract signing to actual contract signing date.</p>	
Recommendation	
<p>The Accounting Officer was advised to ensure that adequate time for the engagements of various stakeholders is incorporated within the planned procurement process timelines going forward.</p>	
Action Status	
<p>Management took note of the Auditor's advice. The delay in signing of contracts is largely attributed to the delayed release of funds and in some cases wide stakeholders' consultations.</p> <p>However, we shall continue engaging MoFPED to secure timely release of funds.</p>	
Query	Contract Implementation Delays
Audit Findings	
<p>It was noted that delayed contract implementation for eight (8) contracts worth UGX 26.26Bn with delays ranging from three (3) months to over two (2) years.</p>	
Recommendation	
<p>The Accounting Officer was advised to liaise with MoFPED to ensure multiyear projects receive special consideration for timely funding in the budget, and to enhance contract supervision to minimise further delays.</p>	

Action Status	
<p>NARO continuously engaged MoFPED on funding of multiyear projects, and all Contracts were signed and deliveries implemented during FY 2024-2025.</p> <p>NARO has strengthened contract management through training, monitoring visits and monthly meetings</p>	
Query	Review of the Implementation of the Entity's Mandate
<p>Audit Findings</p> <p>Two (2) mandate activities; management of the Agricultural Research Trust Fund (ARTF) and registration of potential agricultural research service providers in the public and private sectors were not undertaken. The service delivery benefits were not achieved.</p>	
Recommendation	
<p>The Accounting Officer was advised to ensure that the identified strategies of operationalising the agricultural trust fund are fully implemented going forward.</p> <p>In addition, the Accounting Officer should engage with UNCST and harmonise the mandate regarding the registration and regulation of private and public research. Furthermore, NARO should ensure that the activities included in the subsequent strategic plan fall within the mandate of NARO.</p>	
Action Status	
<p>Despite the establishment of this law, Government has not yet set aside a dedicated fund for the establishment of the Agricultural Research Trust Fund (ARTF). However, efforts have been made by the entity towards this through;</p> <ul style="list-style-type: none"> i) The guidance of the NARO Governing Council, the entity has undertaken measures to strengthen the governance and management of NARO Holding Limited to Emerge it's a viable business entity. ii) Boosting Non-Tax Revenue (NTR) yield by fully automating collections using the Integrated Revenue Administration System (IRAS). iii) Licensing its technologies to Private Sector Companies, notably NASECO Seed Limited, Equator Seeds Limited and Syova Seed Uganda Limited, to generate royalties that will be utilised to capitalise the ARTF. 	

<p>iv) Establishment of a grants office to facilitate the mobilisation of resources for the Trust Fund.</p> <p>v) Development of the grants management guidelines to operationalise the fund. Efforts to engage the sector Minister, Cabinet, Parliament and Minister of Finance are underway to secure dedicated support from Government.</p> <p>vi) Consultations with the management of UNCST.</p>	
Query	Utilisation of Warrants and Implementation of Planned Activities
Audit Findings	
<p>Out of the budget of UGX 166.49Bn, only UGX 164.49Bn was warranted, resulting in a shortfall of UGX 2Bn. Further, the entity failed to utilise UGX 48Mn.</p>	
Recommendation	
<p>The Accounting Officer was advised to consider rolling over these activities to the subsequent financial year for implementation.</p>	
Action Status	
<p>The residual balance of 48m was occasioned by the IFMS system failure, in which some LPOs were not matched to the invoices before year-end, and these activities were rolled over into FY 2024/25 and implemented. Workplan attached.</p>	
Query	Implementation of Funded Activities
Audit Findings	
<p>The audit assessed the extent of implementation of three (3) outputs with 14 activities worth UGX 37.57Bn and noted that two (2) outputs with 7 activities worth UGX 29.748Bn were fully implemented, while one (1) output with seven (7) activities worth UGX 7.77Bn was partially implemented.</p>	
Recommendation	
<p>The Accounting Officer was advised to engage Katakwi District Local Government and the community with a view to resolving hostilities so that this land can be properly fenced off.</p> <p>In addition, the Accounting Officer provide for the surveying and fencing of the land at Maruzi and Lorengedwart, and completing the computer-aided verification of NARO land in the work plan of the subsequent financial years.</p>	
Action Status	
<p>NARO is engaging LCs to sensitise the Katakwi community to allow the opening of boundaries and the surveying of Land to proceed. The District</p>	

Chief Administrative Officer has promised to mobilise district leadership to support the exercise.

The Boundary Opening survey of 512.75 Ha at Lorengedwart, Kitgum 36.5Ha, Karengere, Bujenje, Ishanyu and Rubunda has been completed and Reports attached.

The computer Aided verification of NARO land has been done and is still work in progress. Both cadastral and registry searches have been done on the National Land Information System Management has planned to acquire AutoCAD and ArcGIS software to aid in the computer verification. This is planned in this FY 2025/2026. (See some of the searches.

Query	Delivery of Services from Implemented Activities
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Audit Findings

NARO delayed completing implementation of 9 projects worth UGX 19.27Bn with delays averaging two (2) months from the expected completion date. Further, one (1) project worth UGX 307Mn was not functional at the time of writing this report.

Recommendation

The Accounting Officer was advised to enhance the supervision of the ongoing works in order to ensure that they are completed without further delays.

Action Status

The Fit out & re-modelling for offices at NaLIRRI Nakyesasa was completed and under use

Phase 1(NARO /WRKS/2023/24/00081) of the NARO Gardens has been completed. All Civil works were completed and structures handed over. All Civil works were completed and structures handed over.

The Line was supplied, and installation is ongoing. The water purification system was supplied, installed, calibrated and tested. The automated filing, capping and bottling was supplied, installed, calibrated and tested The Vaccine Production Space (Clean Room)

Query	Construction and Equipping of the Anti-tick Vaccine Production Facility
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Audit Findings

Over the last three (3) years, Government has invested UGX 76.98Bn for the construction, supply and installation of the laboratory equipment of the Anti -tick vaccine facility. However, the commercial vaccine production

facility has not been completed. Although the equipment had been delivered, they were yet to be installed.

Action Status

Very satisfactory progress has been registered including;

- i) The facility construction completed.
- ii) Equipment delivered, installed, calibrated and tested.
- iii) Staff have been hired deployed and trained.
- iv) The information and operations systems have been developed.

Query

Delays in the Procurement Process

Audit Findings

Three (03) procurements related to laboratory equipment of the 451 Anti-tick vaccine facility worth UGX 28.728Bn took almost one year and a half to be completed.

Recommendation

The Accounting Officer was advised to enhance engagements with the relevant stakeholders to minimize delays in receiving responses. This will in turn shorten the procurement lead-times.

Action Status

Management intensified follow up/engagement with service providers/stakeholders. Additionally, NARO has hired specialized experts (Heating Ventilation air conditioning system (HVAC) engineer, Industrial mechanical Engineer, Quality control, Quality Assurance) to support development of specifications and evaluation of bids.

The equipment has been delivered, installed, calibrated and tested.

Query

Delayed Delivery of Equipment

Audit Findings

It was noted that delayed contract implementation for two (2) equipment contracts related to laboratory equipment of the Anti-tick vaccine facility worth UGX 9.25Bn with delays of over one year.

Recommendation

The Accounting Officer is advised to enhance contract management and supervision to ensure that the pending installations are completed within the revised timelines.

Action Status

Contract Management team was Strengthened with more technical staff to oversee the installations. The equipment has since been delivered, installed, calibrated and tested.

<p>The specialized bioreactor was delivered, installed and its fully functional. It's now propelling vaccine seed production with capacity of 200,000 doses monthly.</p> <p>The Equipment has been delivered and installed.</p>	
Query	Functionality/Utilisation of Equipment
Audit Findings	
<p>It was observed that the electrical and other vaccine facility related equipment, Heating Ventilation and Air Conditioning (HVAC) equipment, and the generator that had been supplied were being un-utilised at the facility premises and were yet to be installed.</p>	
Recommendation	
<p>The Accounting Officer was advised to expedite the completion of the research facilities to ensure installation of the procured equipment.</p>	
Action Status	
<p>The Heating Ventilation and Air Conditioning (HVAC) equipment, and the generator were installed and currently in use by the facility.</p>	
Query	Progress of Activities against the Roadmap_
Audit Findings	
<p>The construction of the vaccine inoculum seed production laboratory was complete and equipped. However, field trial results which were planned to be approved in May 2024, were yet to be approved by NDA which has delayed the testing of the vaccine on the market.</p>	
Recommendation	
<p>The Accounting Officer was advised to enhance contract supervision and minimize further delays in the pending construction, supply and installation of equipment.</p>	
Action Status	
<p>The facility is 100% complete and is scheduled for commissioning in in the first half of 2026.</p>	
Query	Slow Implementation Progress of the Competitive Grant Scheme Projects
Audit Findings	
<p>Only UGX 5.88Bn was released to support the activities of the Competitive Grant Scheme out of the projected UGX 17.02Bn. Failure to adequately fund core research activities may affect the timely completion of the research and achievement of the research objectives.</p>	
Recommendation	
<p>The Accounting Officer was advised to continue engaging MoFPED for provision of adequate resources for the activity.</p>	

Further the Accounting Officer takes routine review of the progress of the different research projects to enable the NARO council prioritize grant of extensions to the different research projects depending on the available resources.

Action Status

A midterm review to assess the technical progress of the projects was conducted. An on-site M& E Technical visit was conducted for all the CGS Projects.

The combined assessments for I & II above were presented and approved by the NARO governing Council for a no-cost extension. In the interim, a budget has been set aside in FY 2025-2026 of UGX 4Bn.

2.13 NATIONAL COUNCIL FOR HIGHER EDUCATION

Query

Utilisation of Warrants

Audit Findings

The entity had total warrants of UGX 19.735 Bn, of which UGX 14.713 Bn had been utilised by the close of the financial year. The balance of UGX 5Bn that was not utilised was meant for the construction of the NCHE building, which has yet to commence.

Recommendation

The Accounting Officer was advised to ensure that planned activities are implemented according to the approved work plans.

Action Status

The UGX 5Bn unutilised at the end of FY 2023/24 was intended for the construction of the NCHE main office building, which was not carried out then because the contract for the building had not been cleared by the Attorney General.

The Contract was later cleared, and construction commenced in January 2025 and is ongoing.

Query

Delayed Publishing and Gazette the Higher Education Qualification Framework

Audit Findings

The NCHE has delayed publishing and gazetting the Higher Education Qualification Framework (UHEQF) since its approval in 2016.

Recommendation

The Accounting Officer was advised to expedite the publication and gazetting of the Uganda Higher Education Qualification Framework.

Action Status	
The Higher Education Qualifications Framework has been printed and will be distributed to Higher Education Institutions for use.	
Query	Newly Developed Minimum Standards
Audit Findings	
It was noted that whereas new minimum standards for some courses of study had been developed, they were not in harmony with the competence-based training in the lower levels of education.	
Recommendation	
The Accounting Officer was advised to ensure that minimum standards for courses of study for all programmes are set in harmony with the competence-based training in the lower levels of education.	
Action Status	
Guidelines for implementing Competence-Based Education in Higher Education Institutions have been developed and await Council approval.	
Query	Universities on Provisional Charter
Audit Findings	
It was noted that Six (6) universities had un-reviewed charters and were on provisional charters for more than five years contrary to the provisions in the Universities and other Tertiary Institutions Act, Cap 26.	
Recommendation	
The Accounting Officer was advised to expedite charter reviews and also ensure that provisionally licensed Universities adhere to the legal requirement of submitting detailed evaluation reports after three years of operation.	
Action Status	
<ul style="list-style-type: none"> i) Three-3 Universities were granted Charters i.e Valley University of Science and Technology, Metropolitan International University and FINS Medical University. ii) Kumi University has been inspected for grant of a charter and the report is awaited. iii) NCHE has also engaged All Saints University, Lango AND University of St. Joseph, Mbarara and will continue to engage the other universities still holding Provisional Licenses. 	

2.14 TAX APPEALS TRIBUNAL

Query	Outstanding Cases		
<p>Audit Findings</p> <p>A review of the tax disputes received and managed in the financial year 2023-2024 revealed that out of 558 cases, 30 cases were ruled, 95 cases were consented to, 3 cases were remitted back to URA, 32 cases were withdrawn, and 398 (71.3%) cases remained outstanding.</p>			
<p>Recommendation</p> <p>The Accounting Officer was advised to engage all stakeholders with the aim of improving tax dispute resolution and enhancing tax mobilization.</p>			
<p>Action Status</p> <p>The total number of cases pending as at 30 June 2024 was 275, with a total value of UGX 615.06Bn. Further clarification is provided in the notes below.</p> <p>As shown in the table on the <i>Status of Tax Appeals for the year ended 30 June 2024</i>, the auditors reported a total of 558 cases valued at UGX 1,277.14Bn. However, this figure was derived by aggregating all matters, including those in which rulings had already been delivered, matters concluded by consent, cases remitted, and withdrawals.</p> <p>This approach was erroneous. For purposes of reporting pending disputes before the Tribunal, the auditors ought to have excluded matters that had already been resolved or otherwise disposed of. Only disputes that remained pending before the Tribunal should have been reported, which results in 275 pending cases valued at UGX 615.07Bn.</p>			
<p><u>Status of Tax Appeals for the year ended 30th June 2024</u></p>			
SN	Tax Case Category	Number of Cases	Amount (UGX) 'Bn
1	Ruled	30	45.352
2	Consented	95	155.573
3	Remitted	3	2.835
4	Withdrawals	32	15.236
5	Pending	398	1,058.152
	Total	558	1,277.148

Query	Appointment of Unqualified Members to the Tribunal
<p>Audit Findings It was noted that two of the four additional Tribunal members appointed in May 2023 did not meet the required qualifications under the Act, as their areas of specialty were not in line with taxation, finance, accounting or law as required.</p>	
<p>Recommendation The Registrar was advised to advise the Appointing Authority on the implications of non-compliance .</p>	
<p>Action Status The Ministry notified the appointing authority to revisit the appointments of the respective members. The letters of appointment for the unqualified members are due to expire on 1 June 2026. We wrote a letter to the MoFPED notifying it of the impending expiry of the contracts (TAT/102025/FIN/097), and the Minister acknowledged receipt. The relevant correspondence is attached for reference.</p>	
Query	Utilisation of Warrants
<p>TAT had an approved budget of UGX 7.628 Bn, out of which UGX 7.253 Bn was warranted, resulting in a UGX 0.375 Bn shortfall, representing 95% performance.</p>	
<p>Action Status During FY 2023/2024, the funds were utilized for stakeholder engagements; data compilation, generation and analysis; and training on tax matters and other related areas. Overall, all funds were duly warranted during the financial year.</p>	
Query	Implementation of Audit Recommendations
<p>TAT had 50 recommendations in the Treasury memoranda, of which 25 (50%) were implemented, 20 (40%) were partially implemented, and 5 (10%) were not implemented.</p>	
<p>Action Status Most of the recommendations contained in the Treasury Memoranda have now been implemented. The status of follow-up on the Auditor General's audit recommendations is as set out below:</p>	

Status of Follow-up of Audit Recommendations		
S/n	Recommendation	Recommendation status
1.	Appointment of unqualified Members to the Tribunal	The appointing authority is currently managing the matter.
2.	Status of Tax Appeals filed in the FY 2023/24	Completed
3.	Status of Cases over the years	Ongoing. In addition to the mechanisms already in place to expedite the disposal of disputes, the REAP Project is procuring a Case Management System, namely the Integrated Cases Resolution and Tracking System (ICRTS), for the Tribunal. The system is expected to support clearance of the case backlog. Contracting for the system is expected to commence in April 2026 .
2.15 NATIONAL LOTTERIES AND GAMING REGULATORY BOARD		
Query	Valuation and Recognition of Property, Plant and Equipment	
<p>The Board recognised the value of Plant, Property and equipment of UGX 10.87Bn in the statement of financial position and made a disclosure in Note 26 to the financial statements. However, the assets have been recognised at the historical acquisition costs without valuation.</p>		
Recommendation		
<p>This was a result of a change in accounting policy to the full adoption of the accrual basis of accounting, as guided by the Accountant General in FY2023/24, in line with the Government's commitment to adopt IPSAS.</p>		
Action Status		
<p>The assets were recognised at the historical cost as guided by the Accountant General in a circular Ref: AGO/50/90/01 dated 31st October 2024.</p> <p>The Asset validation process by the office of the Accountant General is currently ongoing, after which the revaluation process will be initiated.</p>		
Query	Inadequate Capacity of the NCEMS	
Audit Findings		
<p>The NLGRB system, the NCEMS currently receives approximately 0.524202 GB of data per month, which translates to 6.290424 GB per year for the 32 onboard operators. The audit was not provided with the database's capacity details to confirm its overall capacity.</p>		

<p>However, the system requires additional storage to accommodate the information being captured.</p>	
<p>Recommendation</p>	
<p>The Accounting Officer was advised to expedite the acquisition of additional storage to mitigate data loss and strengthen backup services to ensure data security and reliability.</p>	
<p>Action Status</p>	
<p>The system is currently hosted by NITA-U at the National Data Centre.</p> <p>The Board requested, and NITA-U provided, additional storage resources to ensure adequate storage capacity for the NCEMS. The total database storage for production is now 4TB. Currently, 0.64TB (16%) has been used, leaving a balance of 03.36TB (84%) available storage. Our estimate is that there is sufficient storage space for at least 5years.</p>	
<p>Query</p>	<p>Delays in conducting Risk Assessment</p>
<p>Audit Findings</p> <p>Section 7 of the Anti-Money Laundering Act Cap 118 requires an accountable person to take appropriate steps to identify, assess and monitor its money-laundering, terrorism-financing and proliferation-financing risks. There was no evidence provided in this respect that the assessment was done.</p>	
<p>Recommendation</p>	
<p>The Accounting Officer was advised to expedite the development of a comprehensive risk assessment and commended the action of partnering with FIA to address the risks of money laundering.</p>	
<p>Action Status</p>	
<p>NLGRB, in collaboration with the FIA, conducted a sectoral risk assessment of the Casino sector.</p>	
<p>Query</p>	<p>Execution of the Entity's Mandate</p>
<p>A comparison of the entity's strategic and annual work plans for the last three (3) years with the mandate as stipulated in relevant laws revealed that the entity had not adequately executed its mandate.</p> <p>For example, the entity did not maintain a national register for gaming equipment, delayed the development of the gaming framework, and delayed implementation of the NCEMS.</p>	
<p>Recommendation</p>	
<p>The Accounting Officer was advised to undertake actionable measures to ensure that the mandate activities are prioritised in the entity's planning</p>	

and budgeting documents to deliver on the strategic plan and national development objectives.	
Action Status	
<p>i) The Consultancy to develop a National Register of Gaming equipment and devices was completed in FY2023/24. Registration of Gaming machines onto the register commenced in the 4th Quarter of FY2024/25.</p> <p>ii) The Games Framework was reprioritised for implementation in FY 2025/26</p> <p>iii) In order to expedite the onboarding of Gaming Operators onto the NCEMS, the Board resolved that integration of licenses be made a licensing condition for the calendar 2025. The percentage of gaming operators that have been integrated onto the NCEMS is currently 90%.</p>	
Query	Utilization of Warrants
Audit Findings	
The entity had total warrants of UGX 13.576Bn out of which warrants worth UGX 12.647Bn had been utilized by the close of the financial year resulting in unutilized warrants of UGX 0.928Bn.	
Recommendation	
The Accounting Officer was advised to employ proper budgeting practices and minimize instances of over budgeting for activities as well as continue engage the MoFPED to release funds appropriated to implement planned activities.	
Action Status	
NLGRB has enhanced the Budgeting process by onboarding a dedicated staff – Senior Economist for planning and budgeting. Also, there is continuous engagement with MoFPED to ensure funds are released as per cash flow projection.	
2.16 UGANDA INDUSTRIAL RESEARCH INSTITUTE	
Query	Use of Direct and Restricted Procurement Methods in Obtaining Supplies and Services
Audit Findings	
The Institute procured supplies and services totalling UGX 2.53Bn through direct and restricted procurement methods without justification.	

Action Status	
This was caused by the vacant Procurement Manager position. A Procurement Manager has since been appointed, and now all procurement processes comply with PDA regulations.	
Query	Failure to Maintain a Register to record Procurement Contracts
UIRI did not maintain a contract register in the prescribed format but instead recorded procurement contracts in a counter book with incomplete information.	
Action Status	
UIRI has addressed this matter and now maintains a contract register in the prescribed format	
Query	
Out of 410 staff job positions, only 376 positions were filled, while 34 were not filled, hence an 8.3% staffing gap.	
Action Status	
UIRI has addressed this matter and is recruiting staff to fill the staffing gaps.	
Query	Failure to Implement Activities
The Institute had not implemented four (4) of its key mandate activities affecting the achievement of the associated service delivery benefits.	
Action Status	
This was due to recurring budget shortfalls. However, management has rolled over the affected mandated activities to subsequent work plans for implementation.	
Query	Warrant Shortfall
Out of the Institute's approved budget of UGX 33.26Bn, only UGX 30.82Bn was warranted, resulting in a shortfall of UGX 2.44 Bn, representing 93% performance.	
Action Status	
Management is in constant engagement with the Ministry of Finance, Planning, and Economic Development to ensure the full release of the approved budget.	

Query	Unutilized Funds
Audit Findings	
A sum of UGX 0.607Bn was not utilised by the entity. The funds were meant for the recruitment of contract staff, which recruitment was ongoing at the time of the audit.	
Action Status	
This was due to the ongoing general renovation of pilot plants at the time of the audit. The standard procedures have since been reinstated for all machinery.	
Query	Partial Implementation of Activities
Audit Findings	
Five (5) outputs, comprising 25 activities, worth UGX 8.631Bn were partially implemented. Out of the 25 activities, the entity fully implemented 20 activities worth UGX 5.898Bn, while five (5) activities worth UGX 2.733Bn were partially implemented.	
Action Status	
This was caused by a disruption in the IFMS system. Management has since established measures, such as initiating procurements early, to ensure timely payments and optimal utilisation of funds.	
Query	Failure to Collect NTR from 12 Companies
Audit Findings	
UIRI did not collect NTR from 12 companies (Incubatees) that had signed MoUs with terms that required the institute to invoice and eventually collect NTR.	
Action Status	
This issue arose from the pilot plant renovation, which affected the collection of non-tax revenue from production charges. Management is actively engaging the relevant companies to ensure timely remittance of NTR.	
Query	Lack of Policy Guidelines
Audit Findings	
The Institute had no clear policy guidelines for the identification, evaluation, management, and monitoring of different incubation applicants and successful incubatees.	
Action Status	
At the time of the audit, the incubation policy was under review, and has since been finalized and its now available.	

2.17 UGANDA NATIONAL EXAMINATIONS BOARD	
Query	Failure to Fully Collect NTR
Audit Findings	
The entity budgeted to collect NTR amounting to UGX 68.5Bn during the year ended 30 June 2024, but collected UGX 68.4 Bn, resulting in a shortfall of UGX 0.085Bn (0.12%).	
Recommendation	
Management should liaise with other stakeholders to establish the cause of the variances in expected student registrations and obtain possible solutions.	
Action Status	
The Board ascertained that various factors were causing fluctuations in candidate registration. These include school, social, environmental and economic factors.	
The performance of NTR in subsequent periods has significantly improved due to increased candidature and demand for UNEB services.	
Query	Over-crowded Hostel Block
Audit Findings	
Inspection of the hostel and printery block revealed that the complex has 36 rooms meant to house a maximum of 40 individuals, but currently accommodates 90 people, with no space for other machinery, storage and working.	
Recommendation	
The Accounting Officer was advised to prioritise the renovation of the factory at Kyambogo, which supports the critical mandate activities of the Board.	
Action Status	
The Board's development budget was reduced, and hence, no major renovation and expansion work on the printer has been undertaken. Management will continue to source funding to undertake the necessary expansion and renovation works at the Printery facility in FY2026/27.	
Query	Withheld Results
Audit Findings	
35% of results for the Academic Year 2023 were withheld, with over 50% of the withheld UCE and UACE results released after selection for the next level of study.	

Recommendation	
The Accounting Officer was advised to further enhance controls to prevent examination malpractice and liaise with other stakeholders to ensure that those found culpable are prosecuted immediately to deter the practice. In Addition, a separate Committee could be established to handle cases of appeal.	
Action Status	
The Board has ensured and put in place a robust system for the prevention and detection of examination malpractice at various levels of examination conduct and processing.	
The affected candidates are also given a fair hearing by the Board's Examinations Security Committee, which handles appeals. Thereafter, cases of examination malpractice have been prosecuted immediately whenever possible.	
Query	Training of Teachers
Audit Findings	
The Board has trained 63,041 teachers in 3,810 schools across the country's five regions on continuous assessment, which is only a fraction of the teacher population.	
Recommendation	
The Accounting Officer was advised to implement measures to ensure that all teachers are adequately trained to assess learners under the New Lower Secondary Curriculum.	
Action Status	
The Board carried out training and sensitisation of selected key stakeholders on Competence-Based Assessment (CBA) in a phased manner, given limited funding.	
The Board continues to lobby for funding to undertake CBA training of all Teachers.	
Query	Unfunded Priority
Audit Findings	
It was noted that the continuous assessment activity estimated at UGX 3.5Bn remained an unfunded priority, and no funds had been allocated for the groundwork activities.	

Recommendation	
The Accounting Officer was advised to prioritise funding for the continuous assessment activities since they play a critical role in the delivery of the Boards mandate.	
Action Status	
The Board prioritises Continuous Assessment and has implemented it amidst inadequate budget provision. Efforts to secure funding for effective AC implementation is continuing.	
Query	No Detailed Activity Costing of Outputs
Audit Findings	
An assessment of a total of five (5) outputs with 33 activities worth UGX 109.98Bn observed that four (4) outputs with 30 activities and expenditure worth UGX 102.98Bn were fully implemented, and one (1) output with three (3) activities worth UGX 7Bn had no detailed costings for individual activities within the output.	
Recommendation	
The Accounting Officer was advised to always breakdown output costs to the specific activity costings for effective implementation of the budget.	
Action Status	
The output costs have been broken down to specific activity costs in the subsequent planning periods.	
Query	Contracts Awarded
Audit Findings	
Out of the nine (9) sampled projects, one (1) project worth UGX 546.4Mn had delays of three (3) months from the expected completion date.	
Recommendation	
The Accounting Officer was advised to always ensure that contracts for works and supplies are awarded to competent firms to mitigate challenges of delayed works, which affect project completion.	
Action Status	
The equipment was supplied, installed and is operational. The Board has ensured that contracts are awarded to Service Providers who deliver on time in accordance with the provisions of the contracts.	

2.18 UGANDA PETROLEUM INSTITUTE-KIGUMBA

Query Increase in Domestic Arrears and Other Payables

Audit Findings

The entity accumulated domestic arrears and other payables, increasing from UGX 2.16Bn to UGX 4.72Bn over Financial Years (FYs) 2022/2023 and 2023/2024, owing to budget cuts and failure to adhere to the government commitment control system.

Recommendation

The Accounting Officer was advised to continue lobbying the Ministries of Education and Sports, and Finance, Planning and Economic Development to adequately fund the budgets so as to enable the Institute to clear the outstanding payables.

Action Status

The increase in domestic arrears from UGX 2.1 billion to UGX 4.72 billion over two financial years was primarily due to documentation gaps during the FY 2022/2023 audit, funding constraints, and delays in project implementation.

Specifically, UGX 1.12Bn relating to Certificate 16 Infrastructure works, remained unpaid at the close of FY 2022/2023 because the required progress reports and supervising engineer's certificate had been submitted to the Ministry of Education and Sports (MoES) for verification of domestic arrears and were unavailable for audit review.

Consequently, the Auditor General classified this amount as unsupported domestic arrears. The documents were subsequently retrieved from MoES and presented to auditors in the following financial year.

Similarly, UGX 948,288,100 of the total domestic arrears of UGX 2,163,759,654 could not be reviewed during the audit because the supporting file was still held at MoES pending verification and approval. These documents were retrieved in November 2023, enabling the Institute to proceed with the clearance of arrears.

During this period, Project 1241 exited the Public Investment Plan (PIP), leaving the Institute without a development budget to settle all outstanding works under Certificate 16; the remaining unpaid amounts were therefore disclosed in FY 2023/2024.

A significant portion of the UGX 4.72 billion arrears in FY 2023/2024 arose from activities under the Tilenga Project, funded by Total Energies EP Uganda. Under this project, UPIK undertook campus-wide ICT and internet infrastructure installations, purchased an ambulance and a station wagon, and carried out major renovations, kitchen upgrades, and procurement of furniture and office equipment. Some deliverables, particularly the ambulance and station wagon, were received after the close of the financial year, resulting in deferred payments. The total ICT capital investment amounted to UGX 2,120,579,586, of which UGX 1,707,685,933 remained unpaid due to cash-flow delays and adjustments in project scope.

Through strengthened financial management in FY 2024/2025, these arrears were substantially reduced to UGX 835,567,158, which has since been fully settled. This has significantly improved the Institute's financial position and enhanced its ability to effectively deliver on its mandate.

Query	Procurements Split without Following the Criteria
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Audit Findings

Procurements worth UGX 0.829Bn (13%) were split by the entity without following the criteria for splitting requirements.

Recommendation

The Accounting Officer was advised to ensure proper aggregation of procurements as provided for under PPDA Cap 205.

Action Status

Procurements valued at UGX 0.829 billion were implemented in accordance with the phased execution schedule of the Tilenga Project, funded by Total Energies EP Uganda, which required sequenced deliveries to align with project milestones and available funding. This phasing ensured operational efficiency and timely completion of project activities rather than circumventing procurement thresholds or avoiding Solicitor General scrutiny.

All procurement activities adhered to legal and regulatory requirements, and supporting documentation is available to demonstrate compliance. Management has further strengthened procurement planning procedures to enhance transparency, consolidate requirements, and ensure alignment with public procurement standards. The FY 2024/2025 audit confirmed full adherence to these requirements.

Query	Failure to Conduct Market Surveys for Procurements
Audit Findings	
The Institute did not conduct market surveys for procurements totalling UGX 5.259Bn.	
Recommendation	
The Accounting Officer was advised to always ensure that market surveys are conducted for all procurements to determine realistic contract prices.	
Action Status	
<p>In response to the Auditor General’s observation regarding the absence of market surveys for procurements totalling UGX 5.259 billion, management implemented corrective measures to institutionalise compliance and strengthen procurement governance. Beginning in FY 2024/2025, market surveys became a compulsory prerequisite for all procurements, including those under the Tilenga Project funded by Total Energies EP Uganda, ensuring that cost estimates, supplier capacity, and prevailing market conditions inform every procurement decision.</p> <p>Market survey procedures were integrated into the early stages of procurement planning, with internal checkpoints established to ensure that procurement proceeds only after documented analysis, as required by PPDA guidelines. Standardised templates and documentation practices were introduced to promote consistency, audit readiness, and regulatory compliance.</p> <p>The Auditor General’s FY 2024/2025 audit confirmed full compliance, reflecting UPIK’s commitment to transparency, value-for-money, and continuous improvement in procurement practices.</p>	
Query	Delayed Delivery of Supplies
There were late deliveries of contracted supplies, averaging 96 days for six (6) procurements, amounting to UGX 1.194Bn.	
Recommendation	
<p>The Accounting Officer was advised to;</p> <ol style="list-style-type: none"> i) Ensure that contacted suppliers deliver supplies within the time frame to enable full utilisation of available resources. ii) Desist from engaging contractors who breach terms and conditions as stipulated in the signed contracts. 	

Action Status

UPIK addressed delivery delays, including those under the Tilenga Project funded by Total Energies EP Uganda, by strengthening contract management and oversight of supplier performance.

Reviews revealed that some of the delays resulted from overly ambitious delivery timelines and insufficient contractual enforcement provisions.

To remedy this, UPIK revised all contract templates to include explicit penalty and liquidated damages clauses for late delivery, effective for contracts signed on or after December 2024. Additionally, the standard contract implementation period was extended from 30 days to 180 days to reflect the complexity and logistical requirements of procured goods and services.

Contract monitoring procedures were also enhanced through periodic performance reviews, improved supplier communication, and stricter milestone tracking. These measures have improved supplier compliance, reduced future contract breaches, and contributed to more efficient project execution.

Query

Shortfall in Warrants

Audit Findings

Out of the approved budget of UGX 11.541Bn, the total warrants for the year amounted to UGX 11.299Bn (98%), resulting in a shortfall of UGX 0.242Bn.

Recommendation

The Accounting Officer was advised to continue lobbying and following up on the funding and fully implement the affected activities in the subsequent year/periods.

Action Status

The shortfall of UGX 0.242 billion arose from delays in realising projected Non-Tax Revenue (NTR) for FY 2023/2024, specifically due to late approval of invoices for training of technical-grade personnel conducted in May and June 2024. As these revenues form part of the resource envelope used to issue warrants, the delay directly contributed to the shortfall.

The outstanding funds were received at the end of July 2024, enabling the Institute to execute planned activities as intended. UPIK has since strengthened coordination between finance and training departments to ensure timely invoicing, tracking, and submission of NTR, enhancing

revenue predictability and supporting accurate budgeting and cash-flow planning.	
Query	Staffing Gaps
Audit Findings	
Of the 89 approved positions, only 68 (76%) were filled, leaving 22 vacant.	
Recommendation	
The Accounting Officer was advised to liaise with the Ministry of Public Service to ensure that the new institute staffing structure is approved, and devise means of recruiting staff to close the staffing gap.	
Action Status	
During the financial year 2023/2024, only 68 of the 89 approved positions (79%) at the UPIK were filled, leaving 22 positions vacant. This staffing shortfall affected operational efficiency and service delivery. Management has actively engaged the Ministry of Education and Sports (MoES) and the Education Service Commission (ESC) to address the vacancies.	
As a result of these efforts, the ESC issued two external recruitment advertisements: No. 1/2024 covering UPIK and other institutions, and No. 2/2025 specifically targeting UPIK. Upon completion of the recruitment process, all vacant positions are expected to be filled, thereby improving staffing levels and enhancing the Institute's capacity to deliver its mandates effectively.	
2.19 UGANDA WILDLIFE AUTHORITY	
Query	Accumulation of Receivables
Audit Findings	
The Authority had a total of UGX 23.18 Bn as receivables at the end of the financial year. Accumulation of payables results from weaknesses in the payables management policy, which ties the Authority's funds that would be used to implement activities to achieve its objectives to unsettled claims.	
Recommendation	
The Accounting Officer was advised to implement an effective Debt Management Policy and ensure that all outstanding monies owed are recovered without further delay.	

Action Status	
Management engaged a debt collector to help recover outstanding debts from Concessionaires.	
Query	Outstanding Payables
Audit Findings	
The Authority had outstanding payables of UGX 48.25Bn as of year-end. This creates a risk of costly litigation, penalties, and fines for delayed settlement.	
Recommendation	
The Accounting Officer was advised to establish a proper accounts payable management system to ensure UWA's obligations are settled promptly, thereby maintaining a positive working relationship with its suppliers.	
Action Status	
Most of the payables outstanding as at 30 th June 2024 have been duly settled except where service providers are yet to honour their contractual obligations.	
UWA is implementing follow-up procedures to ensure these obligations are settled promptly once the services are rendered or contractual conditions are met.	
UWA has also strengthened the accounts payable monitoring system to track outstanding amounts more effectively and ensure timely settlement.	
Query	Increase in Case Backlog
Audit Findings	
The backlog of illegal encroachments cases increased annually, which may overstretch the entity's budget if not well managed.	
Recommendation	
The Accounting Officer was advised to closely monitor illegal encroachments into the gazetted areas and take appropriate action, including consulting relevant stakeholders to stop any further encroachment.	
Action Status	
Regular patrols and surveillance activities have been intensified, and information-sharing mechanisms with law enforcement agencies have been enhanced to ensure prompt action against illegal activities.	

<p>In addition, consultants with stakeholders are continuing to develop and implement preventive and corrective measures to ensure effective enforcement and further reduce the case backlog.</p>	
Query	Inadequate Regulation and Monitoring of Concessionaires
<p>Audit Findings It was observed that inadequacies in the regulation and monitoring of concessionaires led to weak compliance and enforcement.</p>	
<p>Recommendation The Accounting Officer was advised to follow up on the plan to establish a comprehensive regulatory and structure monitoring plan for concession activities.</p>	
<p>Action Status UWA is developing a comprehensive regulatory framework and a structured monitoring plan for concession activities. A draft monitoring plan has been prepared, which includes regular inspections, performance assessments, and compliance audits of concessionaires.</p> <p>The plan is currently under review by the relevant departments and will be finalised once stakeholder consultations are completed.</p> <p>The authority has also appointed dedicated personnel (Concessions Officers and Internal Audit) within the protected areas to oversee concession operations and ensure adherence to agreed terms and regulations, with periodic reviews to enhance effectiveness.</p>	
Query	Failure to Collect Concession Funds
<p>Audit Findings UWA did not collect UGX 3.351Bn from Concessionaires.</p>	
<p>Recommendation The Accounting Officer was advised to follow up with the Solicitor General, appoint a debt collector, and ensure the funds are recovered. It was also advised to continue engagement with the Concessionaire to ensure compliance with the terms of the concessions.</p>	
<p>Action Status UWA has initiated follow-up actions, and of the outstanding amount of UGX 3.351Bn from concessionaires, UGX 1.1Bn has been collected,</p>	

leaving a balance of UGX 2.1Bn. Management has appointed debt collectors to pursue recovery.

The Authority continues to engage with Concessionaires to reinforce compliance with the terms of their concessions. Regular communication and monitoring are in place to address any issues hindering payment and to prevent future defaults.

Query	Absence of a Comprehensive Centralised Database for Concessionaires
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Audit Findings

UWA did not have a comprehensive, centralised database for Concessionaires that contains key details of the signed concessions, such as Contract Terms, Concessionaire Performance, and Revenue Generation. Compliance status is scattered across multiple departments, leading to inefficiencies in tracking and monitoring concessions.

Recommendation

The Committee recommended that the Authority expedite the proposed digitalisation of the process and establish a well-developed centralised database to better manage concessionaire information.

Action Status

The Authority has recognised the importance of establishing a comprehensive, centralised database for concessionaires. Efforts are underway to expedite the digitalisation of concessionaire management.

Query	Segregation of duties
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Audit Findings

It was observed that the Reservation staff whose responsibility is marketing activities at UWA, also handle financial management relating to reservations office. There are no distinct roles of financial management as are prescribed in the Financial Procedures Manual 2016.

Recommendation

The Committee advised Management, in consultation with the Board, to expedite the review and approval processes to ensure the effective segregation of duties is fully implemented, allowing internal controls to function properly.

Action Status

The completion of the RAPEX exercise, in collaboration with MoPS and PSC, resulted in a new organisation structure and updated job descriptions that clearly segregate sales from finance roles. The staff

validation exercise conducted was approved and implemented. There is now segregation of duties between tourism and finance functions.	
In addition, Management has taken interim steps by integrating the Booking and Revenue Collection System with the accounting system to automate invoicing and receipting, thereby reducing the involvement of Reservations Officers in financial activities.	
Query	Outstanding Revenue Sharing with Communities
Audit Findings	
Outstanding revenue share of 20% meant to be disbursed to the surrounding communities in National parks increased from UGX 7.444Bn to UGX 16.602Bn, which remained undisbursed as at 30 th June 2024.	
Recommendation	
The Committee advised the Accounting Officer to implement effective measures to ensure timely disbursements and accountability for the funds.	
Action Status	
UWA continues to work closely with district leadership to facilitate the prompt submission and approval of project proposals, ensuring full disbursement and accountability. Management disbursed UGX 8 Bn to the Communities during FY2024/25.	
Query	Inadequate Execution of the Entity's Strategic and Annual Work Plans
Audit Findings	
A comparison of the entity's strategic and annual work plans for the last 3 (3) years with the mandate stipulated in relevant laws revealed that the entity had not adequately executed its mandate.	
Recommendation	
The Accounting Officer was advised to develop practicable measures to address the challenges and ensure that all mandated activities are implemented to enhance service delivery.	
Action Status	
Management is committed to addressing challenges in implementing their mandate, as reflected in the performance reports. The main obstacle is the budgetary ceiling by the MoFPED, which limits our ability to fully execute planned activities.	

Query	Challenges in Implementing Planned and Budgeted Outputs/Activities
Audit Findings	
UWA is still experiencing challenges in implementing planned and budgeted outputs/activities, which affects service delivery. In the circumstances, planned procurements of UGX3.94Bn were not fully implemented, and supplies were not delivered as of 30th June 2024.	
Recommendation	
The Accounting Officer was advised to ensure unutilised funds are budgeted for and utilised in the subsequent financial year.	
Action Status	
UWA re-assessed the activities and rolled over some of them to the subsequent financial year.	
2.20 ATOMIC ENERGY COUNCIL	
Query	Implementation of Planned and Budgeted Outputs/Activities
Audit Findings	
In its workplans and budgets, AEC did not prioritise three (3) activities: promoting education and building capacity in nuclear science and technology; developing the structural and architectural designs for the administration block and radiation block; and constructing a perimeter wall fence and external works in Mpoma.	
Recommendation	
The Accounting Officer was advised to ensure that the above activities are prioritized in the next budget and work plan cycle and executed accordingly.	
Action Status	
Prioritisation of planned activities is based on the approved/allocated funds to AEC. AEC applies graded approach in scenarios of inadequate resources whereby activities associated with direct high safety risks are prioritised.	
Management considered some of the unfunded planned activities in the FY 2023/24 budget execution and rolled over some in the subsequent budgets. The following is the update:	
<ul style="list-style-type: none"> i) Under Promoting education and building capacity in Nuclear Science and Technology, AEC has conducted nuclear security and Radiation safety trainings at some facilities. 	

ii) The procurement process for the other two activities is still ongoing.

AEC continues to engage MoFPED, MEMD, Parliament, and other relevant stakeholders to ensure that Council receives sufficient funding to implement its planned activities.

Query	Budgeted Activities for which no Funds were Released
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Audit Findings

Out of the budget of UGX 62.15 Bn, only UGX 26.05 Bn (41%) was released. The UGX 36.10Bn shortfall affected the implementation of activities, such as the registration of new facilities and radiation sources, and the national update of radiation sources and inventory.

Recommendation

The Accounting Officer was advised to ensure that the unfunded activities are prioritised in the next year's budget to enable the Council to realise the intended service delivery benefits.

Action Status

The unfunded activities result from inadequate funding of the approved budget. The decline in funding adversely affected the performance of the initially planned activities. AEC has continued to engage MoFPED, MEMD, and Parliament to increase funding for the Council's planned activities.

However, during FY 2024/2025, AEC received only UGX 17.44bn out of the UGX 80.58bn approved budget, amounting to 21%.

Query	Utilisation of Releases
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Audit Findings

UGX 24.65Bn was utilised during the financial year FY2023/24, representing an absorption level of 94%, which affected the procurement of monitoring equipment.

Recommendation

The Accounting Officer was advised to ensure that the design approvals and the equipment contract implementation are fast-tracked and completed in a timely manner.

Action Status

Monitoring equipment was delivered by the supplier, and the contract financial obligations were honoured. The designs for the perimeter wall were finalised and submitted to Mukono Municipal Council for approval.

Query	Implementation of Funded Activities
Audit Findings	
Out of the 24 activities planned for the year, only 4 were fully implemented, 5 were substantially achieved while 15 activities were partially implemented.	
Recommendation	
The Accounting Officer was advised to prioritise the full implementation of all planned activities to minimise the risk of radiation exposure to the public and environment.	
Action Status	
AEC applies a graded approach, giving higher priority to activities associated with high radiation risks to the public and the environment. As such, due to the limited resources such as staff, inspection equipment, and field vehicles, among others, some activities were partially executed.	
AEC has inadequate inspection equipment and motor vehicles to carry out all the required field-based regulatory work. The available inspection equipment is shared among the different inspection teams, creating a performance gap that prevents the set targets from being realised.	
In addition, there was a ban on the recruitment of staff and the procurement of vehicles, which were key inputs required to execute planned regulatory activities.	
In the FY 2024/2025, some inspection equipment was procured, and in the FY 2025/2026, recruitment of more staff and procurement of more field vehicles have been prioritised.	
2.21 INSURANCE TRAINING COLLEGE	
Query	Profit after Tax /Surplus for the Year
Audit Findings	
The College reported a net surplus of UGX 1.825Bn below the previous year's net surplus of UGX 1.881Bn. The fall was attributed to the increase in depreciation expenditure from UGX 0.568Bn in 2022/23 to UGX 0.774Bn in 2023/24. The reduction may affect the entity's ability to meet future obligations and/or investments.	
Recommendation	
Management was advised to implement strategies to improve revenue operations and minimise costs to increase its surplus.	

Action Status	
<p>During the subsequent FY 2024/25, the College reported a surplus of UGX 1.44 billion, compared to UGX 1.88 billion in the audited year FY 2023/24. The reduction in surplus is mainly attributable to increased activity levels and associated costs aimed at enhancing public awareness of the College's operations.</p> <p>In addition, the acquisition of various assets to improve operational efficiency and effectiveness led to a UGX 0.322 billion increase in depreciation expenses, while training-related expenses increased by UGX 0.402 billion.</p> <p>Despite the decline in surplus, total revenue increased by 7%, from UGX 11.063 billion to UGX 11.788 billion. The reduction in surplus does not affect the College's financial stability, as the additional expenditures were necessary to support revenue growth and operational capacity.</p> <p>The College remains well-positioned to meet its future obligations and investments while continuing to achieve its objectives without compromising quality.</p>	
Query	Return on Assets
Audit Findings	
<p>The Return on Assets (RoA) shows the percentage of how profitable a company's assets are in generating revenue. It measures Management's efficiency in using the enterprise's assets to generate earnings. The College's RoA reduced to 12% from the previous year's 19%. The College's RoA exceeds the recommended standard of 5%.</p>	
Recommendation	
<p>The Accounting Officer was advised to keep monitoring the ratio to ensure continuous improvement.</p>	
Action Status	
<p>For the Financial Year (FY) 2024/25, the College achieved a Return on Investment (RoI) of 9%, which was lower than the 12% realised in the audited year FY 2023/24. However, this performance remains above the recommended 5% standard.</p> <p>The decline in ROI is attributed to the reduction in surplus and the additional assets acquired during the year. The College will continue to</p>	

closely monitor this ratio to ensure it remains above the recommended 5% benchmark.

Query	Unimplemented/Delayed Procurements
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Audit Findings

Approved procurements with an estimated cost amounting to UGX 0.058Bn in the consolidated annual procurement work plan were not implemented. Non-implementation of planned procurements delays service delivery.

Recommendation

The Accounting Officer was advised to comply with regulations, institute mechanisms to trigger early procurements and appoint contract managers to avoid unnecessary delays, or communicate the change of policy well in advance and have the funds utilised in other critical areas.

Action Status

Material development for the Library: Contract for Library materials (Books) was awarded in the financial year 2023-2024 but rolled over to the financial year 2024-2025, and the books were acquired in the subsequent Financial Year 2024-25 2.

The certificates were procured in the Financial Year 2024-25 and have since been issued to the students.

Query	Implementation of Funded Activities
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Audit Findings

An assessment of the extent of implementation of activities for which funds were availed and utilized was carried out. A total of 4 outputs with 16 activities worth UGX9.97Bn were assessed and the following was observed. Four (4) outputs with 5 activities were partially implemented.

Out of 16, the entity fully implemented eleven (11) activities worth UGX 9.010Bn, five (5) activities were partially implemented. Non-implementation of activities affects the attainment of the entity's mandate.

Action Status

86.9% score was recorded by the end of the FY 2024. The brand Communication audit was successfully conducted in Q2 of FY 2024/25, indicating a 13% public awareness index.

The brand communication strategy was developed and approved in Q2 of the FY2024/25 and is being implemented.

2.22 UGANDA CIVIL AVIATION AUTHORITY	
Query	Non-Compliance with on-lending Agreement
<p>UCAA's failure to adhere to the On-Lending Agreement has resulted in rising borrowings of UGX 723.63Bn as of June 2024, with no corresponding repayments made to GoU despite principal repayments to China EXIM Bank totaling ¥145,384,615.</p>	
Recommendation	
<p>The Accounting Officer was advised that;</p> <ul style="list-style-type: none"> i. Prioritise the development of a detailed loan repayment plan, clearly outlining timelines and specific sources of funds to service the debt. This plan should incorporate revenue projections, cost saving measures and a strategy to address existing financial constraints, ensuring timely repayment of both principal and interest to GoU. ii. Collaborate with MoFPED to explore potential restructuring of the on-lending agreement terms. 	
Action Status	
<p>MoFPED has been engaged in several meetings on the matter, accordingly, the Ministry guided that it is settling the loan as had earlier agreed in MoH. Apart from continued booking in the books of accounts agreed, the Ministry has not given any express instruction for UCAA to pay the funds. The Ministry is also aware of the financial strain Uganda Airlines has on UCAA cash flows and in several meetings the focus is to avail more funding to UCAA.</p>	
Query	Financial Analysis and assessment of the Authority's performance
<p>The financial analysis of the Authority for FY 2023/24 indicates a decline in financial performance, primarily driven by increased operating expenses (+18.9%), resulting in a reduction of the net surplus to UGX 32.008Bn.</p>	
Recommendation	
<p>The Accounting Officer was advised to ensure that strategies are devised to improve and sustain the current level of financial performance in the next financial year.</p>	
Action Status	
<p>Several strategies have been put in place, including, and not limited to implementation of the balance score card as the new measure of corporate performance, re-designing goals among others akin to improving financial</p>	

sustainability of the institutions. The ratios are expected to improve going forward.	
Query	Accumulated trade and other payables
Liquidity remains strong at 3.36 times, though it has decreased due to a 23.9% rise in trade and other payables since the previous year 2023.	
Recommendation	
The Accounting Officer of UCAA was advised to ensure that strategies are devised to improve and sustain the current level of financial performance in the next financial year.	
Action Status	
NO RESPONSE	
Query	Financial analysis and assessment of the Authority's performance
The debt ratio of 38.44% remains within acceptable limits, while 492 interest coverage has declined from 3.0 to 2.65 times since the previous year 2023, signaling reduced capacity to meet interest obligations.	
Recommendation	
The Accounting Officer of UCAA was advised to ensure that strategies are devised to improve and sustain the current level of financial performance in the next financial year.	
Action Status	
Query	Failure to collect rental fees
UCAA's failure to enforce CGV-determined rental rates and secure formal tenancy agreements with Tenants for the New Cargo Terminal Building has resulted in a USD 1,389,188 revenue shortfall.	
Recommendation	
The Accounting Officer was advised to expedite the negotiations and formalize the tenancy agreements with the two tenants.	
Action Status	
The negotiations were expedited and the tenancy agreements with the two tenants were duly concluded and formalized.	
Query	Failure to collect revenue from Government organizations
UCAA's lack of formal agreements with government entities occupying airport space has resulted in an uncollected revenue shortfall of UGX 2.70Bn.	
Recommendation	
The Accounting Officer was advised to;	

- i. Establish formal MoU or contracts with all government entities occupying space at the airport. These agreements should clearly define the terms of occupancy, including rental rates, payment obligations, and timelines for settlement.
- ii. Develop and implement a more proactive approach to collecting rental fees from government entities.

Action Status

Partially-done.
 UCAA continues to engage the government agencies to sign MoUs and meet their obligations as and when they fall due. However, the response has not been forthcoming.

UCAA also received guidance from the Attorney General not to charge security agencies that support the operations of the Airport and such the obligations of Uganda Police, ISO and ESO have since been written off. UCAA will continue to engage the other agencies that are not in above category for formalization of MoU’s and meet their existing obligations.

Query	Contracts executed with invalid bid-securities
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Two contracts worth UGX 2.23Bn were executed with invalid bid securities.

Recommendation

The Accounting Officer was advised to establish a tracking mechanism to monitor the validity of bid securities throughout the procurement process.

Action Status

The tracking mechanism exists, the validity of bids had been extended and documents retrieved.

Query	Delayed contract execution
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A review of four (4) procurement files revealed that supplies worth UGX 11.08Bn had not been executed as of November 2024, significantly delaying service delivery.

Recommendation

The Accounting Officer was advised to strengthen Contract Management by ensuring that contracts clearly define specific terms and conditions, including performance metrics, timelines and identify potential issues that can affect project completion.

Action Status

Management has since strengthened contract management with requisite training for all contract managers to be well acquainted with specific terms

and conditions of the contract. However, the explanations on the delays of execution as earlier given, were beyond management control.	
Query	Incomplete record on e-GP for contracts
A review of procurements on the Electronic Government Procurement (EGP) system for FY 2023/2024 revealed that contracts worth UGX 73.37Bn lacked critical records.	
Recommendation	
The Accounting Officer was advised to; i.Strengthen oversight and enforcement mechanisms to ensure all procurement information is accurately and promptly uploaded to the e-GP system. The PDU should conduct regular checks to verify compliance with the effective use of the e-GP system. ii.Collaborate with MoFPED to address the gaps in the system functionality, including the development of a module for handling foreign procurements.	
Action Status	
Partially Done. Management adopted the full use of e-GP on all procurements, however, has no control on the e-GP functionality as the system is owned by MoFPED and system challenges have been effectively communicated and assurances from MoFPED have been received on the enhancement. UCAA is also pursuing integration of the sun-system with e-GP.	
Query	Review of the implementation of the entity's mandate
The review of UCAA's mandate implementation revealed significant delays and non-implementation of key activities, including the centralized aeronautical database, the aviation training center, and the new control tower at Entebbe International Airport.	
Recommendation	
i) The Accounting Officer was advised to; ii) i.Strengthen resource mobilization to address funding gaps. iii) ii.Strengthen procurement processes to minimize delays in implementation. iv) iii.Engage stakeholders, including government and development partners, for support in addressing critical challenges.	
Action Status	
Management strengthened resource mobilization efforts through the creation of new rental spaces, finalization of tenancy contracts, and enhancement of revenue collection initiatives to address funding gaps. Procurement processes were streamlined through the adoption and full	

utilization of the e-GP system and ongoing efforts to integrate it with the SUN accounting system to improve efficiency and transparency. Additionally, the Accounting Officer actively engaged key stakeholders including the MoFPED and the MoWT, through platforms such as the UCAA stakeholders' breakfast meeting and subsequent follow up engagements, which resulted in realization of additional funding support for priority activities.

Query	Implementation of funded activities
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The assessment of 44 activities worth UGX 52.50Bn revealed that only one fully implemented activity, while the majority were partially or not implemented, highlighting inefficiencies in fund utilization and delays in achieving project objectives.	
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Recommendation

The Accounting Officer was advised to expedite the design and procurement process to ensure timely implementation of activities. Furthermore, the audit advised the Accounting Officer to always avoid frequent reallocation of funds that delay priority projects.

Action Status

Management expedited the design and procurement processes, leading to the timely implementation of key activities such as the completion of the 3 rd floor office facilities, acquisition of essential equipment, and commencement of priority infrastructure works. In addition, measures of developing concept notes aligned with the strategic goals were instituted to minimize frequent reallocations of funds by strengthening budget discipline ensuring funds go where they are needed most, aligning cash flow projections to approved work plans, and enhancing coordination between user departments and the Finance Directorate.

Query	Car parking management system
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|---|--|
| i) A special audit on the Management of the Entebbe Airport Car Parking management system for the financial years; 2020/21 and 2021/22 was carried out and the following were noted; | |
| ii) UCAA had established policies and procedures on car admission, fee collection, and cash management in the UCAA Financial Policies and Procedures Manual (2016), revised and later approved in April 2023. | |
| iii) Exemptions for 614 vehicles were granted during the review period, but the policies did not provide guidelines for such exemptions. | |
| iv) 654 suspicious transactions with irregular receipt numbers and missing prices resulted in a potential revenue loss of UGX 1.33Mn. | |
| v) 15,539 entry transactions worth UGX 31.64Mn lacked payment or invoice references, reflecting significant recording flaws. | |

- vi) 23,908 exit transactions had no entry records, posing revenue loss risks and security concerns.
- vii) 54,585 transactions lacked vehicle license plates, while 14,109 transactions had unrecognizable plates, compromising toll enforcement and administration.
- viii) UCAA implemented a draft policy for cash offloading, which was later approved in 2023.
- ix) UGX 68,63Mn was irregularly spent at source through internal borrowings (IOUs) by staff, contravening financial regulations.
- x) i) Internal controls over the car parking IT system were inadequate.

Recommendation

a) Enforce strict adherence to policies that mandate immediate banking of all collected funds, eliminating internal borrowing through IOUs.

b) Regularly review and update all financial policies and procedures to align with current operational requirements and traffic growth, ensuring timely approval by the Board.

Ensure the continuous functionality of License Plate Recognition cameras and address system weaknesses that result in missing or unrecognizable data.

Implement mechanisms to log all system activities, including manual overrides, and link them to individual user accounts to improve traceability accountability.

Investigate and reconcile all transactions with missing payment or entry data to ensure revenue integrity.

Action Status

a) All the cash borrowed using IOUs was for official use during emergency situations when administrative advances were issued through the chequing system. The occasional delays in refunding were caused by the late approvals of the refund. UCAA has since adopted a no cash payment system which has negated the use of cash and as such, there are no more incidences of IOUs.

b) The UCAA Financial policies and procedures manual of 2016 was revised and approved by the Board in 2023.

Loss of UGX 1,308,000.

These were exempted car park users and those who accompanied convoys of senior government officials, diplomats/embassy vehicles etc who pick tickets but do not pay for them and have to be manually cleared to exit the airport. The exemptions policy currently being drafted will address this anomaly.

Transactions with neither payment number nor invoice reference;

The transactions referenced here are prepaid airport car parkers. The Entervo system captures their entry and exit and allocates an EPAN number to record the transaction, but no invoice is issued and therefore no payment number because payment has been made in advance. There is no revenue loss in this instance.

Transactions with no record of Entry.

We acknowledge that the transactions in reference had neither an entry date nor an entry device number. This would occur when barriers were manually opened to allow entry of vehicles to the car park either due to LPR malfunction or traffic congestion. However, a payment number and ticket EPAN were assigned to all the transactions under review and dully collected.

A reconciliation of the data under review with the parking payment tables (PPA) revealed that payment was made for each of the transactions and there is therefore no revenue loss.

Transactions with no License Plates.

The LPR camera at the entry toll gate was struck by lightning, taking it out of service. These have since been replaced and LPR system is working properly.

However, even in the absence of the LPR cameras, entry and exit of vehicles into the car park is regulated and charges per ticket issued.

A reconciliation of the data in review and the parking payment data revealed that payment was made for parking despite the absence of the number LPR.

New cameras have since been installed and are functioning well.

2.23 UGANDA INVESTMENT AUTHORITY

Query		Strategic and annual work plans
A comparison of the entity's strategic and annual work plans for the last three (3) years revealed that the entity had not adequately executed its mandate.		
Recommendation		
The Accounting Officer was advised to reassess and ensure they align the planned activities with the mandate of the Authority.		
Action Status		
The entity was not able to implement the planned activities as per the Strategic plan due to continued budget shortfalls.		
Query		Outstanding Receivables
The Authority's receivables increased by 0.1% from UGX 21.418Bn in 2022/2023 to UGX 21.443Bn.		
Recommendation		
The Accounting Officer was advised to strengthen the Authority's debt collection efforts, to collect all outstanding amounts.		
Action Status		
The Authority's revenue collection strategies have been reviewed accordingly with more stringent recovery measures put in place and some of the outstanding collectable receivables from investors within the industrial parks have been accordingly recovered.		
However, over 90% of the Receivables (UGX 19,930,379,572) are due for write off following a presidential directive to stop the collection of premium fees and a Board directive to scrap off service fees for land in industrial parks and several letters have been written to the Minister of Finance Planning and Economic Development requesting for the write off of the uncollectable revenue and we now await response from the Minister's approval to that effect. The letters have been attached for ease of reference.		
Query		Outstanding payables
The Authority had outstanding payables of UGX 1.891Bn relating to unpaid rent, goods and services consumed and property, plant and equipment, which create a risk of litigation and penalties due to payment delays.		

Recommendation	
The Accounting Officer should continue engaging with the MoFPED to have the funds relating to outstanding commitments of the Authority released that the liabilities are paid as soon as funds are obtained from the Ministry.	
Action Status	
The outstanding payables of about 1.4Bn are in respect arrears and the Solicitor General in his ref; ADM.31/128/01 (attached herein for ease of reference) advised the Authority not to pay the rent arrears and currently the matter is in Court. The other balance of payables has been verified and submitted to MoFPED for funding.	
Query	Staffing Gaps
The approved structure provides for 113 staff positions, out of which only 72 positions (64%) are filled, leaving a gap of 41 positions.	
Recommendation	
The Accounting Officer was advised to review the operations with the current staffing structure, appraise the Board on the current functionality of the institution, and advise whether there is a need for the structure to be amended to suit the Authority's requirements.	
Action Status	
UIA is engaging both MoFPED for additional fund allocated towards UIA's wage component to facilitate the recruitment and filling of the key critical vacancies. Furthermore, the entity has also embarked on the amendment of the staff establishment structure review to suit UIA operations and smooth implementation of the five year Strategic Plan.	
Query	Inadequate Infrastructure
The Kampala Industrial and Business Park, Namanve (KIBP), located in Namanve, is a 2,200-acre facility partly in Wakiso and Mukono Districts. The land has been allocated to investors for development in various sub-sectors such as Agro-processing, mineral processing, ICT, logistics and freight, warehousing, general manufacturing, and Tourism promotion activities. However, the business park cannot be used optimally because of inadequate infrastructure.	
Recommendation	
The Accounting Officer was advised to expedite the completion of the project.	

Action Status	
<p>The project has been phased into two phases. Phase one will deliver a fit for purpose Industrial and Business Park which is at now 62.3% of which works have been fully completed in the North Estate and the other three estates works are ongoing. Phase two will deliver the items (Solid Waste Treatment Plant and SME Park) which cannot be delivered now because of lack of land.</p> <p>The UKEF facility availability period has been extended for 30 months up to 8th March 2027 in order to complete phase one fit for purpose Industrial and Business Park.</p>	
<p>The Authority has 27,877.16 acres of land, valued at UGX 454.402Bn based on the historical costs. However, the Authority has not valued the land for over 10 years. There are disputes on some of the Authority's land.</p>	
Recommendation	
<p>The Accounting Officer was advised to ensure that the land for the Authority is tilted and secured and that appropriate value is attached for fair reporting.</p>	
Action Status	
<ul style="list-style-type: none"> i) The Authority has tilted and installed boundary markers in the industrial parks of Kampala Industrial and Business Park, Bweyogerere IP, Luzira IP, Jinja IP, Soroti IP, Mbale IP, Kasese IP, Moroto IP, other tilted parks include Buhwengye Tea Estates, Kiryandongo Agri Park (Asili Farms Ltd), Kasangati TOMIL Farms, Tororo Cement Land of 9,940 acres. ii) UIA management is also continuously engaging with MoFPED to have funds allocated towards the titling and securing of all Industrial Park land with Borders markers installed across the border lines. iii) Management has engaged the Chief Government Valuer in the Ministry of Lands, Housing and Urban Development to re value the land in industrial parks. (Letter attached) 	
Query	Delayed Realization of the Presidential Directive
<p>It was noted that a delayed realization of the Presidential Directive on Industrial Parks implying delayed investments, which hinder the country's attractiveness as an investment destination.</p>	

Recommendation	
The Board and Management of the UIA should engage with the relevant stakeholders to ensure that tangible progress is realized in the fulfilment of the Presidential Industrial Directive of having 5 industrial parks built per year, leading to 22 Industrial Parks by 2025.	
Action Status	
<ul style="list-style-type: none"> i) In an effort to implement the presidential directives currently eight (8) industrial parks are operational i.e Namanve, Luvira, Bweyogerere, Jinja, Soroti, Mbale, Kasese, LiAccounting Officer Shen Kapeeka. ii) Feasibility studies have been developed for Nebbi, Madiokolo, Rukungiri, Kasese, Pader, Jinja, Kisoro, MMP Buikwe Industrial parks to facilitate industrial park development. iii) UIA signed a contract with Lagan Dott Services to develop infrastructure at Kampala Industrial and Business Park. iv) Approximately 89 sq miles of land have been mobilized from different District Local Governments for industrial parks development. v) The infrastructure development is under way in LiAccounting Officer Shen Industrial Park Kapeeka and Mbale and the contract has been signed with NEC and with China Railway Engineering No. 3 respectively. Progress on Physical works is at 4.7% and 47% for Kapeeka and Mbale projects respectively. 	
2.24 UGANDA NATIONAL MEDICAL STORES	
Query	Irrecoverable Debts
The entity had bad and irrecoverable debts amounting to UGX 25.89Bn by the close of the year 2021/2022, which had not been recovered even by the close of the year under review.	
Recommendation	
The Accounting Officer was advised to engage The NMS Board and MoFPED to approve the write-off of these debts out of the entity's books of account.	
Action Status	
Following the adoption of the Auditor General's recommendation, Management will engage the relevant stakeholders and have these debts written off from the boos of Accounts.	

Query	Incomplete Disclosure of Contingent Liabilities
The Corporation disclosed a contingent liability of UGX 66,939,118 for only one case out of 10 cases resulting into incomplete disclosure of the Corporations' exposure in-respect to contingent liabilities.	
Recommendation	
The Accounting Officer was advised to disclose all the amounts involved in all the outstanding cases judged against the Corporation in the Contingent liabilities.	

Action Status
This issue was not brought to the attention the audit exercise and at the exit meeting, otherwise the required information would have been provided then.
None the less, Management will disclose all details of all known contingent liabilities in subsequent reports.

Query	Budget Shortfall
NMS had approved budget of UGX 587.694Bn out of which UGX 584.368Bn (99%) was warranted and fully utilized. The shortfall of UGX 3.325Bn was meant for retooling.	

Recommendation
The Accounting Officer was advised to engage Parliament so that all the required funds are appropriated and released.

Action Status
When necessary, Management will continue to engage MoFPED to release funds on time to facilitate implementation of all planned activities.

Query	Implementation of Activities
A total of 16 outputs with 19 activities worth UGX 517.051Bn were assessed and were all fully implemented.	

Recommendation
The Accounting Officer was advised to maintain full implementation of all activities for which funds are availed.

Action Status
Commendation noted, Management will continue to ensure full implementation of all activities for which funds are availed.

Query		Undelivered EMHS
<p>The comparison of the EMHS delivered with the health facilities' budgets indicated that out of UGX 562,545,722,925 budgeted, NMS distributed EMHS worth UGX 503,398,119,671 leading to EMHS worth UGX 59,147,603,254 undelivered to 3,204 health facilities by the close of the financial year representing 89.5% performance.</p>		
Recommendation		
<p>The Accounting Officer was advised to liaise with MoFPED to ensure timely availability of funds for distribution of EMHS to the health facilities at the beginning of the FY.</p>		
<p>Following engagements with MoFPED, the Corporation now access funds for distribution of EMHS at the beginning of the FY, through the e-cash platform. This has ensured timely distribution of EMHS to health facilities, in line with the approved delivery schedule.</p>		
Query		Loss of Drugs
<p>The total non-viable stock written off during the year amounted to UGX 316.7Bn comprising UGX 23.2Bn for EMHS and UGX 293.5Bn for COVID-19 vaccines, ARVs, test kits.</p>		
Recommendation		
<p>The Accounting Officer was advised to liaise with MoFPED to ensure timely availability of funds to procure and distribute Vaccines and EMHS to the health facilities at the beginning of the FY to mitigate any further loss of drugs due to expiration.</p>		
Action Status		
<p>The Corporation now has access to funds for procurement and distribution of EMHS in accordance with the delivery schedule. As explained to the Auditor General, the expiries were mainly due to end of the COVID-19 pandemic and change in treatment guidelines following World Health Organization (WHO) guidelines. For other expiries, the Corporation follows the First Expiry First Out policy which has enabled it keep within the acceptable industry standard of 5% and the Board approved rate of within 2%.</p>		
2.25 SCIENCE, TECHNOLOGY AND INNOVATION SECRETARIAT		
Query		Transfer of Funds Without an Approved MoU
Audit Findings		
<p>The Science, Technology and Innovation (STI) Secretariat transferred UGX 145.93Bn to DEI-BIO PHARMA in two tranches on 3rd October 2023 and</p>		

12 th January 2024, prior to the signing of the MoU between the company and the Government, which was done on 6 th March 2024.	
Recommendation	
The Accounting Officer was advised to always seek legal advice before spending Government funds to avoid exposure to legal disputes and loss.	
Action Status	
The valuation report and share certificates have been provided and are available for verification.	
Audit Findings	
GoU was allocated 9.4% of the shares in DEI Bio Pharma for UGX 724Bn. No valuation report or audited financial statements for DEI Bio Pharma were provided to confirm whether the Government investment was equivalent to the allocated shareholding proportion.	
Recommendation	
The Accounting Officer was advised to undertake due diligence on this transaction to ensure that GOU receives a fair deal on the investment and that all government interests are protected.	
Action Status	
The valuation report and share certificates have been provided and are ready for verification.	
Query	Failure to Utilise Funds
Audit Findings	
Out of the Innovation funds released worth UGX 32.72Bn, only UGX 2.2Bn had been disbursed to grantees by 30th June 2024. The balance of UGX 30.52Bn (93.2%) was still held in the UDBL, DFCU and Post Bank accounts.	
Recommendation	
The Accounting Officer was advised to expedite the identification and contracting of grantees to ensure that the funds are utilised for the purposes for which they were provided. Further, I advised the Accounting Officer to streamline the management of grantees.	
Action Status	
These funds have since been disbursed to Grantees.	

Query	Progress towards Achievement of the Project Milestones
Audit Findings	
<p>Out of the UGX 22.7Bn expected to be provided to the Anti-tick Vaccine Project over a 5-year period from FY 2021/2022 to FY 2025/2026, funds amounting to UGX 18.14Bn had been provided by the time of audit. Consequently, the project achieved four (4) out of the nine (9) milestones, representing 44% performance.</p>	
<p>The Accounting Officer was advised to enhance supervision and monitoring of the activities being implemented using the supplementary funds to avoid further delays.</p>	
Action Status	
<p>The corporate managerial issues have since been resolved, and a board has been appointed to oversee the project's operations.</p>	
Query	Construction of the Vaccine Manufacturing Factory
Audit Findings	
<p>STI advanced UGX 62.9Bn to the National Enterprise Corporation for the construction of a Vaccine Manufacturing Factory at Kakoge, Nakasongola District, which was scheduled for completion in FY.2023/2024. At the time of reporting (December 2024), works had not yet commenced.</p>	
Recommendation	
<p>The Accounting Officer was advised to engage NEC and amend the MOU to reflect the changes in the scope of works and ensure that the works commence without further delays.</p>	
Action Status	
<p>Work has since commenced and it is at 40% completion.</p>	
Query	Delayed Transfer of Funds to Subventions
Audit Findings	
<p>It was noted that the delayed transfer of funds meant for subventions by the STI resulted in delays of up to three months in some cases.</p>	
Recommendation	
<p>The Accounting Officer was advised to always ensure that funds meant for subventions are transferred immediately when received since the work plans and budgets of the subventions have already been approved by Parliament and funds allocated for implementation of these activities. The audit of how the funds were used should be the responsibility of the internal and external auditors.</p>	

Action Status	
Delays have since been reduced, and funds are remitted as and when received.	
Audit Findings	
STI transferred UGX 8.9Bn to some two (2) subventions on 24 th June 2024, only a week to the end of the financial year, without approved work plans and budgets for the year.	
Recommendation	
The Accounting Officer was advised to ensure that all subvention funds are appropriately budgeted in the approved annual STI budget going forward.	
Action Status	
The recommendation has been noted.	
Query	Implementation of the STI Mandate
Audit Findings	
The Secretariat did not have an approved STI Strategy and Staff structure.	
Recommendation	
The Accounting Officer was advised to follow up on the approval of the STI strategy and structure and to ensure they are finalised without unnecessary delay.	
Action Status	
The Strategic plan has since been developed and is pending approval.	
Query	Budgeted Activities for which no Funds were Released
Audit Findings	
Out of the approved budget of UGX 940Bn, the total warrants for the year amounted to UGX 935Bn, representing 99.4% performance. UGX 5.50Bn that was not warranted was intended to fund the Preside grantee.	
Recommendation	
The Accounting Officer was advised to reassess the relevance of these activities and consider rolling them over into work plans and budgets for the subsequent financial years.	
Action Status	
STI reassessed the activity and has not rolled it over into work plans and budgets for the subsequent financial year.	
Query	Utilisation of warrants
Audit Findings	
Out of the total warrants of UGX 935Bn, warrants worth UGX 932Bn had been utilised by the close of the financial year, while the balance of UGX	

2.99Bn that was not utilised was meant for the rehabilitation of Mpoma, which was not implemented.	
Recommendation	
The Accounting Officer was advised to expedite the rehabilitation works to redeem the time lost while awaiting the Solicitor General's approval.	
Action Status	
The rehabilitation works await the approval of the Solicitor General	
Query	Implementation of Activities
Audit Findings	
Out of a sample of 20 activities, four (4) were fully implemented, 14 were partially implemented, and four (4) were not done at all. I was not able to attach activity costs to the activities since the entity did not provide the costings.	
Action Status	
STI reassessed the activities and rolled them over into work plans and budgets for the subsequent financial years.	
Query	Supplementary Funding not Requested by the Accounting Officer
Audit Findings	
It was noted that STI received supplementary funding amounting to UGX 757 Bn, of which UGX 178.68 Bn was not requested by the Accounting Officer, as required by the PFMA and PFMR.	
Recommendation	
The Accounting Officer was advised to always adhere to the provisions of the PFMA and PFMR while managing public funds.	
Action Status	
This anomaly is noted.	
Query	Staffing Gaps
Audit Findings	
Of the 58 approved positions, 24 were filled, leaving 34 vacant, with administrative support grossly understaffed and none in the office of the Minister.	
Recommendation	
The Accounting Officer was advised to engage the Ministry of Public Service and to expedite the finalisation of the staff structure to ensure the efficient operationalisation of the Secretariat.	
Action Status	
Staff structure has since been approved by the Ministry of Public Service, and recruitment to fill staffing gaps is ongoing.	

2.26 UGANDA NATIONAL CULTURAL CENTRE

Query	Unimplemented Mandate Activities
Audit Findings	
<p>UNCC did not prioritise and therefore did not execute the following mandate activities;</p> <ul style="list-style-type: none"> i) Promotion of cultural diversity for National Development - Creation of opportunities to provide platforms for artists and cultural creative expressions. ii) Strategic Partnership - Leveraging partnerships with other players in the promotion and preservation of our culture. iii) Institutional Capacity - Use of cutting-edge cultural infrastructure to promote culture, attract and retain potential audience. iv) Institutional Visibility - Positioning UNCC as a vibrant institution in the promotion of Uganda Culture in Uganda and beyond. 	
Recommendation	
<p>The Accounting Officer was advised to devise strategies to ensure that the above-mentioned mandate activities are prioritised within the available resources of the Centre.</p>	
Action Status	
<p>UNCC promotes cultural diversity by running key platforms such as the Digital Stage, Monday Jam Sessions, Nomo Gallery exhibitions, and the Austrian Embassy's girl-child initiative. These platforms expand artistic expression, support emerging talent and are accessible nationally and globally.</p> <p>UNCC strengthens cultural preservation through strategic partnerships, including collaborations with the Austrian Embassy, UPRS, Friends of the Theatre, and Legends of the Theatre. These alliances enhance artist protection, community engagement and continuity of cultural knowledge.</p> <p>Institutional capacity is being enhanced through major infrastructure plans, including the development of UNCC land, the redevelopment of the National Theatre with Government support, and the establishment of a new Nommo Gallery. These efforts aim to provide modern, accessible cultural facilities nationwide.</p> <p>UNCC has improved visibility by actively using modern social media platforms like TikTok, Instagram, Facebook, and X to promote events, engage audiences and project UNCC as a vibrant, modern cultural institution locally and internationally.</p>	

Query	Review of the Implementation of the Approved Budget
Audit Findings	
The budget for the period under review was not approved due to the absence of a constituted Board.	
Recommendation	
The Accounting Officer was advised to ensure that the entity's FY2024/25 Budget is approved by the Board since it was constituted.	
Action Status	
The Institution has now put in place a fully constituted Board of Trustees, and the FY2024/25 budget was duly approved by the Board.	
Query	Decline of NTR Performance
Audit Findings	
There was a decline in revenue collection from UGX 1.89Bn in FY 2021/22 to UGX 1.01Bn in FY 2023/24.	
Recommendation	
The Accounting Officer was advised to expedite the acquisition or replacement of the automated car parking system in the FY2024/25.	
Action Status	
After assessing the status of the old car parking system, repairs were stopped as it would not be cost-effective. Given the upcoming major redevelopment of the UNCC premises, installing a new system now would be preferred.	
UNCC has completed the procurement and installation of a new automated car parking system.	
2.27 NATIONAL COUNCIL OF SPORTS	
Query	Failure to Recover Funds paid for a cancelled event
It was noted that the Council recovered only USD 5,000 out of USD 44,100 which was paid to Hotel Hill Top and Country Club for accommodation of athletes and officials during the EAC Games Kigali, leaving a balance of USD.39,100 (UGX 149.9Mn).	
Recommendation	
The Accounting Officer was advised to consider using diplomatic channels to recover the funds.	

Action Status	
<p>The Auditors observation is acknowledged. However;</p> <ol style="list-style-type: none"> a) Management issued several circulars and e-mails notifying the management of Hotel Hilltop to refund full amount since the cancellation of the EAC Games was made by the Government of the Republic of Rwanda two days to the event. b) Management of the Hotel at Hilltop responded only by sending USD 5,000 and requested for more time to pay the outstanding balance which efforts to recover full amount is still underway. c) The Management of NCS has already requested the Hon. Minister of State for Education and Sports to intervene together with the Ministry responsible for the EAC Affairs in Uganda. d) 	
Query	Delayed operationalization of the National Recognition and Reward Scheme for Sports Engagements
<p>Whereas the National Sports Act Cap 151 established a National Recognition and Reward Scheme to recognize and award outstanding and deserving sports personalities who bring honour to the Country, it has not been operationalized fully.</p>	
Recommendation	
<p>The Accounting Officer was advised to engage the relevant stakeholders and ensure operationalization of the National Recognition and Reward Scheme in the National Sports Act, as this will further enhance sports development in the country.</p>	
Action Status	
<ul style="list-style-type: none"> ● The auditor's observation is noted. However, Government has put in place a legal framework for Reward and recognition for excelling athletes. However, the MoES in conjunction with the NCS is drafting the relevant statutory Instrument to operationalize the National Recognition and Reward scheme in line with the National Sports Act, Cap 151(5)(1). ● Currently, no budget allocation was provided by MoFPED in the current FY2025/26. NCS has gone ahead to budget for the National Recognition and Reward scheme in the FY2026/27 and also was put in unfunded priorities. 	
Query	Over deduction of salaries
<p>The deductions amounting to UGX 316.9Mn made from 24 staff exceeded 50% of the basic pay of UGX 575.1Mn contrary to the public service standing orders.</p>	

Recommendation	
The Accounting Officer was advised to ensure that staff monthly salary deductions comply with the requirements Of the Uganda Public Standing Orders, 2021.	
Action Status	
The auditor's observation is noted. However, the Staff SACCO is not under the control of the Accounting Officer but management has instituted Internal Control measures such as restrictive borrowing limits or ceilings through the Internal Audit function for all staff who intend to borrow from the staff SACCO to ensure compliance with the Public Service Standing Orders limiting staff from obligations beyond the 50% limit.	
Query	Unaccounted for funds transfers to National Sports Federations/Associations
UGX 4.873Bn advanced to sports federations was still outstanding.	
Recommendation	
The Accounting Officer was advised to ensure that the funds advanced to the federations/Associations are properly accounted for.	
Action Status	
The auditor observation is noted. However, following the issuance of reminder's circulars, all affected National Sports Federations/Associations submitted accountability documentations and they were availed to Head Internal for verification.	
Query	Budgeted Activities for which no funds were released
The Council had an approved budget of UGX 223.9Bn out of which UGX 223.5Bn was warranted resulting in a shortfall of UGX 0.375Bn representing a 99.8% performance. The unwarranted funds were meant for Modification and construction works for Kakyeka stadium.	
Recommendation	
The Accounting Officer was advised to liaise with relevant authorities to obtain the necessary requirements for the project to take off and have the funds revoted.	
Action Status	
I.	The auditor's observation is noted. However, an unwarranted amount of UGX, 375,000/COO related to Kakyeka City Stadium Development Project which National Council Of Sports could not be implemented at a time due to the absence Of the project code and

the land titles processed in the names of National Council of Sports.

- II. The Project code has since been issued by the Development Committee of MoFPED and Prefeasibility and feasibility reports has now been undertaken by National Council of Sports. Refer to the copy attached Marked D for ease of reference.

III.

Query

Utilization of Warrants

Out of the total warrants of UGX 223.5Bn, a sum of UGX 217Bn had been utilized by the close of the financial year, leaving a balance of UGX 6.5Bn meant for subscription to international bodies, social security contributions, support to national sports federations/associations.

Recommendation

The Accounting Officer was advised to engage the Ministry of Finance, Planning and Economic Development to revoke the unspent funds to fast track the activities that are behind schedule like the construction and refurbishment of stadiums.

Action Status

The auditor's observation is noted. However, the under absorption was attributed to various factors as indicated in the table below:

No.	Warrants not utilized (Bn)	Activities affected by the under utilization	Audit comment (effect on service deliver)	Management response
1	5,031,620,000	Hoima city stadium construction	The activity may not be adequately implemented	The UGX 5,031,620,000 remained in unspent out of UGX 152,000,000,000 warranted for payment of the 30% to the Contractor. This was as a result of foreign exchange gain/appreciation of Uganda

				Shillings. The money was sent back to the consolidated fund(BoU).
2	1,500,000	Kakyeka stadium redevelopment	The activity may not be adequately implemented	THE 1.5Bn relates to Kakyeka city stadium development project which National Council of Sports could not implement due to the absence of the project code and the land titles processed in the names of NCS which affected project implementation. There funds were returned back to the consolidated funds by MoFPED.
	6,531,620,000			

Query	Implementation of Funded Activities
<p>Two (2) outputs with 3 activities worth UGX 153.1Bn were partially implemented. Out of the 3 activities, two (2) activities worth UGX 152Bn were partially implemented, while one (1) activity worth UGX 1.1Bn remained unimplemented. The partially implemented activity is Hoima city stadium construction, while Kakyeka Stadium Redevelopment remained unimplemented due to due to the delayed creation of a project code, delayed completion of project environment impact assessment.</p>	
Recommendation	
<p>The Accounting Officer was advised to liaise with MoFPED to have the funds revoted.</p>	

Action Status	
<p>i. The auditor's observation is noted During the payment process of the 1st installment of USD 39M to M/S SUMMA (Contractor for Design and Build of Hoima City stadium), there was an exchange gain of UGX 5,031,620,000 of Uganda Shillings against the Dollar at that time.</p> <p>ii. MoFPED did not authorize NCS to spend the remaining balance of UGX 5,031,620,000 on other critical priority activities of the project even when two requests were made.</p> <p>iii. There funds were returned back to the consolidated fund by MoFPED.</p>	
Query	Supplementary funding not requesting for by the Accounting Officer
Entity received supplementary funding of UGX 23Bn, which was not requisitioned for.	
Recommendation	
The Accounting Officer was advised to always follow the PFMR to request for supplementary funding.	
Action Status	
The auditor's observation is noted. However, supplementary budget to meet hosting expenses for CHAN 2024 and facilitate preparatory activities for AFCON 2027 was requisitioned by the PS MoES upon request by NCS. Copy of requisition is attached in annex marked F. This explains why Parliament of Uganda passed a resolution to revoke the supplementary Budget form Vote 130 (MoES) to Vote 166 (NCS) in line with requirement of the law.	
3.0 PART THREE: STATE ENTERPRISES	
3.1 MANDELA NATIONAL STADIUM LIMITED	
Query	Lack of sustainability plan and budget
There was no sustainability plan and budget in place to operate and maintain the stadium after the major renovation works.	
Recommendation	

The Accounting Officer was advised to develop a sustainability plan in consultation with other relevant stakeholders in order to maintain the integrity of the stadium to host sports activities.

Action Status

1. Requested Government to provide additional funding to meet the maintenance requirements. The operational budget was increased from UGX 7.8 billion to UGX 14.6 billion.
2. A multi-sectoral team comprised of Ministry of Works and Transport (consultant), Ministry of Education and Sports, State House, National Council of Sports, Mandela National Stadium, National Information Technology Authority, Federation of Uganda Football Associations, Rugby Union, Uganda Athletics Federation and UPDF Engineers Brigade developed employer's requirements for expansion and upgrade of the stadium-Phase II to meet AFCON 2027 hosting standards. Development of a Master Plan is one of the deliverables under Phase II.
3. H.E The President directed that Phase II works are done by the UPDF Engineers Brigade. The Memorandum of Understanding is before the Solicitor General for Clearance.
4. The review of the Strategic Plan (SP) is ongoing. The new SP shall be aligned to the NDP IV and address the deliverables of the Master Plan. MNS is developing a new commercial model to make the stadium profitable post AFCON 2027

Query

The entity had an approved budget of UGX 23.30Bn out of which UGX 21.76Bn (93%) was released resulting in a shortfall of UGX 1.54Bn.

Recommendation

The Accounting Officer was advised to lobby MoFPED and MOES and to prioritize the activities that are critical for accreditation of the stadium.

Action Status

1. Management has continued to request for adequate funding from the Government.
2. The stadium budget was funded up to 98% in FY 2024/2025 which is an improvement.

Query

Partial Implementation of activities

The audit assessed a total of 09 cost centers which had 45 activities and noted that nine (09) activities for three (03) cost centres with expenditure worth UGX 18.2Mn were fully implemented and thirty-six (36) activities for six (06) cost centres with expenditure worth UGX 1.992Bn were partially implemented.

Action Status	
<ol style="list-style-type: none"> 1. There was a delay to implement some activities due to late release of funds and the length procurement process. 2. Activities such as payment for NSSF arrears, acquisition of motor vehicle, acquisition of computers and printers, recruitment of technical staff and payment for services of pitch maintenance were rolled over to FY 2024/2025 and they were implemented. 3. Other activities like acquisition of security equipment and accessories, acquisition of more motorized equipment, insurance of motor vehicles could not be absorbed in the released funds and were further rolled over to FY 2025/2026 and are being implemented. 	
Query	Debtors
Analysis of the trend of the debtors indicated that over the past four years, debtors have remained high with an average of UGX 2.4Bn compared to the operating capital of the company.	
Recommendation	
The Accounting Officer was advised to institute measures of recovery.	
Action Status	
<p>The long outstanding receivables have stagnated at UGX 2.4 billion for the last five years when the company has generally been closed from the public. Management performed all the procedures and took measures to have the monies collected but it was not successful.</p> <p>MNS has not been in normal operation for five years. Initially from March 2020 to December 2021, the company was used by the Ministry of Health as a Non-Traditional Treatment and Isolation Facility for COVID 19 patients. Subsequently until to date, the stadium is undergoing renovation and upgrade by the UPDF Engineers in preparation to host the 36th Edition of AFCON 2027 tournament. Moreover:</p> <ol style="list-style-type: none"> i. Most of the debtors were inherited from the previous Management and have been outstanding for over 10 years; ii. A search conducted from URSB revealed that most companies are either liquidated, not known or last filed returns long time ago with no trace of their physical location; iii. The debtors were presented to the Board for write off and the Board requested that the Internal Auditor General verifies for white off; iv. Management requested the Internal Auditor General to verify the debtors. The audit was done and the draft report indicated UGX 2,379,671,669 is due for written off; <p>Management is following up for the final report so that it can be presented to the Board for approval and eventual write off.</p>	

Query		Unfunded Activities
Budgeted activities worth UGX 1.404Bn were not funded and therefore not implemented.		
Recommendation		
The Accounting Officer was advised to lobby MoFPED and MoES and to prioritise the activities that are critical for accreditation of the stadium.		
Action Status		
Mandela National Stadium Limited, through the National Council of Sports, will lobby MoFPED and MoES to prioritise the activities that are critical for accreditation of the stadium.		
3.2 NATIONAL ENTERPRISES CORPORATION - HEADQUARTERS		
Query		Increase in Payables
The Corporation's payables increased from UGX 1.74Bn in the FY 2022/2023 to UGX 1.96Bn as at 30th June, 2024. Increase in payables could be an indication that the Corporation is not able to easily meet its obligations when they fall due.		
Recommendation		
The Accounting Officer was advised to come up with strategies to mitigate accumulation of payables to ensure that they do not reach uncontrollable levels.		
Action Status		
Management took note of the Auditor General's recommendation and steps have been taken to reduce the payables. The Corporation has adopted a policy of spending on only essential supplies and services. The payment of Suppliers and service providers was prioritized and they have all been cleared. The Corporation plans to pay outstanding gratuity for staff and payables to other NEC entities by the end of FY2025/26.		
3.3 NATIONAL ENTERPRISES CORPORATION FARM - KATONGA		
Query		Revenue Performance
Out of the total projected inflow of UGX 5.4Bn, NEC Farm Katonga realized UGX 2.8Bn (52%).		
Recommendation		
The Accounting Officer was advised to closely monitor the implementation of the farm restructuring to ensure the intended benefits are achieved.		

Action Status	
NFK is implementing breed improvement programme using Artificial Insemination and 226 cows and Heifers were inseminated during phase one in December 2024 and January 2025. Majority have calved. This mass calving of cows will eventually give a sizable stock to assist in revenue planning a many bulls and heifers of the same age can be available for sell a beef sauce (bulls) or as breeding stock to other farms (heifers and bull steers). The 88 cows that did not conceive were re-instated in June 2025 and their Pregnancy Test is yet to be carried. A record of this AI activity is attached in Annex A.	
Query	Unquantified and uncosted workplan and performance reports
There was no alignment between the company's annual work plan and budget since the work plan was not quantified and appropriately costed.	
Recommendation	
The Accounting Officer was advised to fast track quantification and costing of work plans and performance reports in accordance with the approved budget.	
Action Status	
NFK current plans and budgets are now detailed and activities appropriately costed. These have been implemented in FY 2024/25 as attached in annex B.	
Query	Sales Targets
NEC Katonga did not meet its quarterly production and sales targets during the year which affected profitability.	
Recommendation	
The Accounting Officer was advised to regularly assess performance and adjust the targets to match what is attainable in the circumstances.	
Action Status	
Amidst challenges of animal movement quarantines, crop production erratic weather conditions and funding gaps, NFK implements its planned activities to about 65%. Performance statement for FY2024/25 has been attached for illustration purposes in annex C.	
Query	Profit after Tax/Surplus for the year
NEC Farm Katonga reported a loss of UGX 1.9Bn after tax. This was an increase from the loss made in the prior year of UGX 0.071Bn representing an increase in losses of UGX 1.8Bn.	
Recommendation	
The Accounting Officer was advised to ensure that the proposed measures for improving profitability are promptly implemented.	

Action Status	
<p>NFK Mother herd has been purposely increased from 650 by June 20223 to 800 in June 2025 and currently to 900 }November} to build internal capacity for slowly improving and increasing our stock levels to be able to generate sizeable revenue at planned yearly intervals.</p> <p>Together with AI techniques this increase in mother herd will }mass} produce more bulls and heifers which upon sale will help generate increased revenue.</p> <p>This intervention will eventually avert loss making.</p>	
Query	Return on Assets
<p>For the year under review NEC Farm Katonga posted a return on assets of -21.0% representing a decrease of 30.5% from a return on assets of -0.6% from the previous year.</p>	
Recommendation	
<p>The Accounting Officer was advised to ensure that the proposed measures for improving profitability are promptly implemented.</p>	
Action Status	
<p>As NFKs mother herd increases in number and more bulls and heifers born on own farms, the benefits arising from utilizing the subsidiary assets will increase. NFK is also implementing the animal feed programme that will help supplement on naturally available fodder. This supplementary feeding will make the cattle grow faster producing more tons for animal mass per acre of available land. Producing of supplementary feeds together with increased cattle herds makes the utilization of assets more rewarding than these assets remaining idle.</p> <p>Currently 370 acres are under animal feeding programme.</p>	
Query	Liquidity Assessment
<p>NEC Farm Katonga had a current ratio of F143:1 representing an increase of 267% from a current ratio of 39:1</p>	
Recommendation	
<p>The Accounting Officer was advised to assess the cash requirements of the company and ensure that working capital is not tied up in unutilized cash.</p>	
Action Status	
<p>This liquidity ratio varies from period to period as resources get utilized or accumulated. For example, by end of FY2024/25 this ratio had reduced to 1;7;1. Extract of unaudited statement of financial position for FY2024/25 is herewith attached.</p>	

3.4 UGANDA AIR CARGO CORPORATION

Query

Slow rate of recovery of Receivables

UACC had outstanding receivables worth UGX 20.75Bn, out of which debtors worth UGX 8.17Bn (39%) had been outstanding for a period of over five (5) years.

Action Status

As at 30th June, 2025, the Receivables position stood at UGX 33,958,757,716.80. The bulk of the Receivables was due from the Ministry of Defense and Veteran Affairs (MoDVA) and this stood at UGX 25,758,831,513 as at 30th June, 2025. The rest of the Receivables translating to UGX 8,199,926,204 was due from other Debtors.

On 4th July, 2025, MoDVA made the following payments on account of the outstanding Receivable.

a.	Invoice No. 2492	– UGX 768,570,400
b.	Invoice No. 2495	– UGX 1,341,390,960
c.	Invoice No. 2498	– UGX 761,309,120
	Total	– UGX 2,871,270,480

Evidence of payments made by MoDVA is indicated on the copy of receipt issued by UACC, attached hereto as Annex A.

Vide reconciliation report dated 10th September, 2025 attached to this Response as Annex B, MoDVA and UACC agreed to the outstanding Uganda Shillings (UGX) and United States Dollars (US\$) denominated bills, that the Committee resolved that all outstanding invoices to UACC should be paid.

Further, the Corporation and MoDVA have a valid Framework Contract against which Call-Off Orders are issued from time to time for execution of cargo and passenger transport flights. As at 10th November, 2025, MoDVA owes UACC UGX 39,878,579,758 (Uganda Shillings, Thirty Nine Billion, Eight Hundred Seventy-Eight Million, Five Hundred Seventy-Nine Thousand, Seven Hundred Fifty-Eight) and US\$577,400 (United States Dollars, Five Hundred Seventy Seven Thousand, Four Hundred). The

current receivable is reportedly attributed to delays in payment by the United Nations' of sponsored troop rotation missions of the Uganda People's Defence Forces (AMISOM/ATMIS/AUSSOM) personnel.

It should be noted that based on the Framework Contract which the Corporation holds with MoDVA, the following works have been executed and billed;

	Invoice Date	Amount – US\$	Amount – UGX
a.	29th Sep. 2020	US\$145,000	-
b.	19th Jan. 2021	US\$27,400	-
c.	25th Jan. 2021	US\$270,000	-
d.	1st Mar. 2022	US\$135,000	-
e.	4th Nov. 2022	-	UGX 1,844,016,000
f.	27th Sep. 2024	-	UGX 1,150,435,482
g.	1st Oct. 2024	-	UGX 1,150,435,482
h.	19th Nov. 2024	-	UGX 1,150,435,482
i.	4th Dec. 2024	-	UGX 1,150,435,482
j.	13th Jan. 2025	-	UGX 1,245,656,800
k.	7th Feb. 2025	-	UGX 622,828,400
l.	20th Mar. 2025	-	UGX 1,150,435,482
m.	26th May 2025	-	UGX 3,614,420,160
n.	27th May 2025	-	UGX 1,463,341,236
o.	27th May 2025	-	UGX 365,835,309
p.	27th May 2025	-	UGX 1,097,505,927
q.	27th May 2025	-	UGX 610,762,362
r.	2nd Jul. 2025	-	UGX 3,067,827,952
s.	14th Jul. 2025	-	UGX 605,941,334
t.	11th Aug. 2025	-	UGX 383,478,494
u.	11th Aug. 2025	-	UGX 3,067,827,952
v.	8th Sep. 2025	-	UGX 10,786,714,560
w.	8th Sep. 2025	-	UGX 383,478,494
x.	8th Sep. 2025	-	UGX 786,956,988
y.	19th Sep. 2025	-	UGX 3,067,827,952
z.	30th Sep. 2025	-	UGX 365,025,440
aa.	28th Oct. 2025	-	UGX 383,478,494
bb.	28th Oct. 2025	-	UGX 383,478,494
	Total	US\$577,400	UGX 39,878,579,758

Additionally, the Board approved the hiring of M/s OSH Advocates to receive outstanding debts that are feasible to collect. Hereto attached as Annex C is the latest OSH Report on its mandate. It is expected that during FY2025/26, OSH Advocates shall be able to have some of the Debtor balances cleared.

Query	Outstanding Trade Payables
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UACC had outstanding trade payables worth UGX 6.04Bn which is a 19% decrease from the prior year outstanding trade payables amount of UGX 7.49Bn	
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Action Status

The Trade payables as at 30th June, 2025 , stood at UGX 9,255,598,960.25

In December, 2024, the Board approved payment of **UGX 680,053,086 to URA for WHT and PAYE of UGX 6,534,826 and UGX 673,518,260**, respectively. The Corporation's Relationship Manager at the Authority notified Management about the payment and the need to reconcile the PAYE ledger for which communication had earlier been sent to URA regarding the outstanding **PAYE liability of UGX 530,161,026**. The letter communicating the initial outstanding as per UACC's books of account against which approval of a payment plan from URA was sought.

The Internal Audit Department of the Corporation awaits the revised ledger from URA against which the revised amount of UGX 673,518,260, was derived. Email correspondences with URA. Indicate that there have been system glitches, which have hampered the generation of the ledger. The excess payment as per the Corporation's books of accounts to be reconciled is **UGX 143,357,234**

On completion of the review by Internal Audit, feedback shall be shared with URA whereupon any likely tax credit shall be applied to the PAYE ledger and offset against future PAYE tax liabilities.

As reported and audited in previous Financial Years, the Corporation's trade payable position is as follows:

- i. 30th June, 2020 – UGX 22,469,880,030.16**
- ii. 30th June, 2021 – UGX 15,110,766,797.17**
- iii. 30th June, 2022 – UGX 8,074,972,544.78**
- iv. 30th June, 2023 – UGX 7,468,544,782.37**
- v. 30th June, 2024 – UGX 6,031,954,190.12**

From the tabulation above, it is evident that Management has been able to reduce the trade payable position from UGX 22.5Billion as at 30th June, 2020, to UGX 6.03Billion as at 30th June, 2024. The reduction in trade payables has been achieved by utilizing some of the funds received from the Government of Uganda in August, 2020 and the rest from the savings made from revenue generated by the Corporation.

Additionally, all long outstanding arrears as indicated in the draft Financial statements have been verified by the Corporation's internal Audit Department and await piecemeal settlement as funds become available. It should be noted that when Management prepared a Cabinet Memorandum upon which Cabinet approval was made, vide Minute No. 185 (CT 2023) on 15th May, 2023 (UGX 381.1Billion was to be released in Year 1 of the Business Strategy and Investment Plan (BSIP) for the procurement of various air assets and full settlement of all Creditors, which at the time stood at UGX 9,361,000,000 (US\$2.53m). Post Cabinet approval and utilizing funds from revenue generated, Management has been able to pay in full some of the Creditors at that time. The approved Work Plan for FY2025/26 provides for the full settlement of outstanding Creditors, which Management shall pursue, while maintaining contact with all the Creditors to avoid possible litigation.

As rightly observed by audit, during the Financial year 2024/25, M/s Uganda Air Cargo International Limited (UACI), a Joint Venture Company with UACC and Alpha MBM Aviation DWC-LLC, did not invoice UACC for work done which equals US\$1,094,500 (UGX 3,928,609,245 and this explains the reason for the increase in the payables position as at 30th June, 2025. While the Corporation has the funds to meet its contractual obligations, it cannot make payment without requisite invoicing from

UACI. This issue has been tabled before the UACI Management. However, Management shall continue to retire outstanding Creditor balances during the current Financial Year 2025/26.

Query

Loss for the Year

The entity budgeted to collect UGX 405.3Bn during the year however, by the end of the year, only UGX 55.3Bn (14%) had been collected. This resulted in loss of UGX 8.21Bn

Action Status

The Board and Management have severally corresponded with MODVA on the need to have the Corporations Year 1 of the BSIP funds of UGX 381.1Billion released to enable the Corporation pursue milestones set out in its BSIP.

On 15th May, 2023, a Memorandum, from which arose Cabinet Directive 185 (CT 2023) was made, directing the Ministry of Finance, Planning and Economic Development (MoFPED) to release US\$266m (UGX 984.2Billion) to the Corporation in 04 Financial Years as follows;

- i. FY2023/24 – US\$103m (UGX 381.1Bn) – for the purchase of 01 Boeing 737-400F, 01 Boeing 737-800F, 01 Airbus 330-200F, part payment for 01 Hercules L-100-30 aircraft and settlement of all outstanding Creditors.
- ii. FY2024/25 – US\$110m (UGX 407Bn) – for the purchase of 01 Illyushin 76M (or its equivalent; Purchase of Boeing 767F).
- iii. FY2025/26 – US\$23m (UGX 85.1Bn) – for the construction of a hangar, warehouse and cold storage and purchase of a Cessna 350 aircraft.
- iv. FY2026/27 – US\$30m (UGX 111Bn) – for the purchase of a Boeing 777F aircraft.

It should be noted that during the Financial Year 2023/24, the Ministry of Defense and Veteran Affairs Ministerial Policy Statement extract hereto attached as Annex G, indicates that the UGX 381.1Bn required by UACC in its first year of implementation of the approved BSIP, was an UNFUNDED PRIORITY. As rightly observed by audit, UGX 55.3Bn was collected during FY2023/24 against a total Budget of UGX 405.29Bn.

Vide letter attached to this report as Annex H, the Ministry of Defense and Veteran Affairs (MODVA) whose funds are appropriated through Vote 004,

was on 21st January, 2025, invited to present its Budget Framework Paper (BFP) for FY2025/26 to the Parliamentary Committee of Defense and Internal Affairs. It should be noted that the Corporation together with other entities under MODVA, receives its subvention through Vote 004. Notably, in the BFP for FY2025/26, the Corporation’s first year requirement of UGX 381.1Bn is again still an unfunded priority.

Management of the Corporation shall continue to pursue funding through MODVA as the only feasible way to recapitalize and reposition UACC to be able to achieve the milestones set out in its 5 Year BSIP. Management would also like to further report that, as prescribed by the UACC Act, Cap 207 which establishes the Corporation, UACC is mandated to lease Third-Party aircraft to generate revenue as was reported during the Financial Year under review. Even in the absence of its principal revenue generating asset, the Hercules L-100-30, utilizing its Air Service License hereto attached as Annex I, the Corporation utilizes its working capital to charter Third-Party aircraft to generate some revenue.

Notably, through Vote 004 of MODVA, the Corporation has since FY2021/22 been receiving UGX 8,048,485,263 to cater for Staff salaries, Board retainer and allowances, Administration expenses and procurement of some aircraft spares, parts and modules.

Query	Return on Assets
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	<p>The Corporation’s return on assets was negative 6% which was below the recommended 5%, an indication that the entity is suboptimal and inefficient in utilising its assets due to the old and deregistered fleet</p>
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Action Status

<p>The Corporation's principal revenue generating air asset, the Hercules L-100-30 aircraft was grounded on 8th May 2022 at Entebbe International Airport (EIA) after a bird strike in South Sudan. On 4th November, 2022 it was flown to Jordan Aeronautical-systems Company (JAC) for a scheduled "B" check maintenance. The B check was concluded on 21st May, 2025 and a Certificate of Release to Service (CRS) hereto attached as Annex J, was issued.</p>
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<p>The aircraft can however not be cleared to fly back to Entebbe as it is due for a C-Check which was scheduled to have been undertaken in October, 2024, after the previous C-Check was concluded in October, 2021. (See</p>
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Annex K). The C-Check maintenance/inspection is due every 03 years or 3,600 flight hours, whichever comes first. Therefore, based on the aircraft's customized LOCKHEED INSPECTION PROGRAM, Service Maintenance Program (SMP 515-C-96), the calendar schedule applies since the aircraft has been on ground for about 3 years.

On 6th November, 2025, after fulfilling all necessary approvals from the Solicitor General, Ministry of Defense and Veteran Affairs, Board and Management, the C-check contract between Uganda Air Cargo Corporation and Jordan Aeronautical-systems Company (JAC) was signed, with the agreed Scope of Work (SOW) to be completed in 46 working days. The Corporation has the required funding to complete the total Firm Fixed Price for the approved SOW including the over and above arising out of Non-Routine Cards (NRCs).

Additionally, the Hercules L-100-30 aircraft 5X-UCF is set to undergo an Avionics upgrade in compliance with Regulatory requirements which were meant to have been undertaken before 1st December, 2015. As a matter of fact, the ageing Avionics equipment on 5X-UCF do not meet current Safety Standards as warranted by the International Civil Aviation Organization (ICA Accounting Officer). The current Safety Standards require an upgrade to Communication, Navigation and Surveillance/Air Traffic Management (CNS/ATM) of the aircraft for it to be compliant to operate in Africa and the Middle East. Further, most of the ageing aircraft spare parts are out of production and the Original Equipment Manufacturer (OEM) recommends an Integrated Avionics System with approval from the Federal Aviation Administration (FAA), USA. The proposed Engineering Orders (EO) for the aircraft must first be approved by both the OEM and FAA before installation.

The required upgrade includes but is not limited to;

- i. Traffic Collision Avoidance System (TCAS) upgrade to 7.1
- ii. VHF Radio Communication upgrade from 25KHz to 8.33KHz spacing.
- iii. Cockpit Voice Recorder (CVR) upgrade to 120 minutes.
- iv. Flight Data Recorder (FDR) upgrade to SSFDR (2100 series).
- v. Autopilot replacement of E4 with Collins APS 3000/APS 85 or PRIMUS 1000/2000.

vi. A GPS system which interfaces with the transponders (with Automatic Dependent Surveillance – Broadcast (ADS-B out). The current Trimble GPS 2101/10 is to be replaced as well.

On 27th December, 2023, the Corporation secured emergency funding from MODVA part of which was to carry out the Avionics upgrade. The funds ring fenced for the Avionics upgrade are US\$3.3m which shall be committed as soon as the Corporation has finalized the procurement process and completed the C-check. (See Annex L)

After commencement, the Avionics upgrade is estimated to take 9 to 12 months to complete. The aircraft is therefore expected to return to service in either late 2026 or early 2027.

Query	Liquidity assessment
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The Corporation had a current ratio of 10:1 which is outside the desirable range of 1:2

Action Status

It is true that in the year under audit, the current assets value exceeded that of the current liabilities in the ratio of 10:1. As stated earlier in **Serial #1**, Debtors as part of the current asset reporting, contribute 34.4% of total near cash assets (current assets). Management shall endeavor to have the outstanding debts collected in order to release the cash collected or banked to business operations and by so doing, working capital utilization and profitability will be improved.

In addition, as seen earlier in **Serial #4**, the Corporation is expected to commit US\$3.3m towards the Avionics upgrade of the Hercules L-100-30 aircraft registration mark 5X-UCF, thereby scaling down on the cash balance reported in the Financial Year under review.

Query	Implementation of planned activities
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An assessment of the implementation of 21 key activities worth UGX 405.89Bn was carried out and noted that 12 activities were not implemented while nine (9) activities were partially implemented.

Action Status

On 22nd May, 2024, the Ministry of Defense and Veteran Affairs (MODVA)/Government of Uganda and Alpha MBM Aviation DWC-LLC (Alpha) signed a Joint Venture Agreement (JVA) intended to provide capitalization (air assets) to Uganda Air Cargo Corporation with a view to assisting the Corporation achieve the milestones set out in its 5 Year Business Strategy and Investment Plan (BSIP). Additionally, as required

by the JVA, on 28th March, 2025, Uganda Air Cargo International (UACI) was incorporated and 03 out of 05 Board members appointed, see Annex M attached.

The Partner Team indicated that they would provide up to 07 aircraft to UACC including 01 Hercules L-100-30 which was urgently required to fulfill Uganda's pledge to the United Nations in operationalizing the Letter of Assist (LOA) and to fulfil Uganda's pledge of a C-130 to the African Standby Force. On 6th June, 2024, Alpha MBM Aviation DWC-LLC positioned a Boeing 737-400 series, with a payload of 15 tons at Entebbe International Airport. The aircraft was utilized to perform 08 flights from Entebbe to Mogadishu and back to Entebbe, to deliver cargo for the Uganda Peoples Defence Forces (UPDF) personnel in the African Union Support and Stabilization Mission in Somalia (AUSSOM). The above aircraft left Entebbe on 28th September, 2024, on Alpha MBM business and has not returned to Entebbe to date for the joint venture operations.

Prior to the endorsement of the JVA, the Corporation was actively engaged in searching for a suitable local and international air operator to provide a Hercules L-100-30 aircraft on lease as a starting point and with the possibility of purchase if the owner was agreeable to the sale option. While Management of the Corporation was able to review some potential aircraft data submitted by Vendors, all aircraft turned out to be unserviceable, with un-upgraded Avionics and were on offer "as is, where is" basis.

Citing a potential solution from Alpha MBM Aviation DWC-LLC, MODVA vide Letter attached to this report as Annex N, instructed the Corporation to halt all efforts aimed at either leasing or purchasing a Hercules L-100-30 aircraft and concentrate on the Joint Venture. However, to date, the Partner - Alpha MBM Aviation DWC-LLC, has not been able to provide any Hercules aircraft nor any other to the Corporation, as was expected.

The Ministry of Defense & Veteran Affairs, the Board and Management have held several meetings aimed at operationalizing the JVA and to further highlight any changes required to be made to the signed JVA, with the intention to kickstart the Corporation's desire to return to self-sustenance. The Board is scheduled to hold an Extra Ordinary meeting on 18th November, 2025, to review recommendations from Management in line with achieving deliverables set out for each Party in the JVA.

3.5 UGANDA BROADCASTING CORPORATION	
Query	Failure to revalue the fixed assets
<p>The Corporation reported the value of property plant and Equipment of UGX 318.79Bn that included assets that were initially acquired at UGX 26.32Bn that have since been fully depreciated and still in use. There is need to revalue the affected assets.</p>	
Recommendation	
<p>Management was advised to prioritize the revaluation exercise to ensure that the correct values of the all assets held and owned by the Corporation is reported.</p>	
Action Status	
<p>It's true the Corporation reported the PPE value of UGX 318.79 billion, its true the assets were depreciated but still in use. the failure to revalue the Fixed Assets has been due to the funding challenges faced by the Corporation.</p> <p>However, In the financial year 2025/2026, The UBC Board resolved that Management should ensure that all UBC Land are revalued going forward the Corporation procured the services of a competent firm that is currently undertaking the process starting with the opening of boundaries and surveying. this has been implemented for Bugolobi land in Kampala, Dakabella in Soroti, Namatala in Mbale and Naguru In Kampala before enrolling the process of the revaluation of all Assets country wide.</p>	
Query	Un-valued land
<p>The Corporation owns 37 parcels of land that are not valued.</p>	
Recommendation	
<p>Management was advised to ensure that all the land is surveyed, valued and titles obtained for better management and financial reporting purposes.</p>	
Action Status	
<p>Management appreciates the recommendations; UBC Management has been instructed by the Board to ensure that all UBC PPE are revalued, taking into consideration the guidance of International Accounting Standard (IAS) 16.</p>	
Query	Increasing Trade and other payables
<p>The Corporation payables have increased from UGX 55.68Bn to UGX 62.74Bn representing 12.8 % growth. This exposes the Corporation to risks of legal suits and penalties.</p>	

Recommendation

The Accounting Officer was advised to follow up the issue of settlement of outstanding URA and NSSF obligations as well as the annual budget support of UGX 30Bn with the Ministry of Finance planning and Economic Development.

Management was also advised to devise strategies to ensure that there is no further accumulation of payables.

Action Status

Management acknowledges the observation made.

His Excellency the President of the Republic of Uganda had directed the Prime Minister of the Republic of Uganda to follow up on the payment of UBC liabilities up to June 2023 and also the provision of a Budget support of **UGX 30 Billion** Annually to the Corporation. In the Letter the President directed that UBC debts be verified and payment effected by MoFPED.

The verification process was concluded with URA and NSSF as advised, the recommendation was submitted to MoFPED as directed by His Excellency, the President of the Republic of Uganda. However, UBC still awaits the Implementation of the directives by the MoFPED.

It's also important to note that despite the Presidential directives NSSF is still pursuing legal means against UBC as a way of recovering the outstanding liabilities much as UBC has been paying and reducing on the debts.

Query

Increasing Trade and Other Receivables

The Corporation has receivables of UGX 32.03Bn representing a 9.7% increase compared to the previous year. A lot of working capital is tied up in these receivables.

Recommendation

The Managing Director was advised to devise and implement strategies that will improve revenue management.

Action Status

The Management acknowledges the recommendation made by the Auditors.

The managing Director appointed a team of UBC staff to study the receivables position and on the basis the report will be used to advise the Board on the way forward especially on the write offs.

Legal means have also been devised as one of the ways to follow up on the defaulters to ensure recovery for example The clients are advised to come up with payment plans that will cover up all the outstanding receivables and the defaulters will be taken up through legal means.

Disconnection of clients with overdue payment is also another means being emphasised by the Board as a way of improving on the compliance. However, because of the availability of other service providers like DSTV, StarTimes and Zuku offering the same service like signet has made the recovery completely difficult for UBC because whenever the clients are disconnected for non-payment, they shift to other (Available Options) service providers also licensed by UCC.

Query

Governance Issues at MEGA FM

The manager Mega FM had registered the radio station in November 2021 as a private entity in the names of Mega Community Broadcast Ltd with four shareholders. The manager was suspended on 28th February 2024 and was eventually dismissed on the 4th of April 2024 for failure to comply with the requirements in the suspension letter and the case handed over to CID and DPP. The manager Mega FM has consequently taken the Corporation to court claiming that UBC does not own Mega FM but instead the radio belongs to the community with a separate board.

Recommendation

Management was advised to involve all the relevant stakeholders and ensure that the governance issues are resolved timely to ensure that the image and reputation of the Corporation is preserved.

Action Status

Its true the Manager Mega FM registered the Radio Station as a private entity in the names of Mega Community Broadcast Ltd with four shareholders before changing to Mega FM limited.

However, Management wrote to URSB for Cancellation of the registration status as advised by the Solicitor General's office. Though URSB hasn't implemented the advice.

Query	Delayed Supply and installation of DTT/DTH hybrid one beam Television satellite solution
<p>The Corporation awarded a UGX 8.58Bn contract for Supply and installation of DTT/DTH hybrid one beam Television satellite solution. The contract execution has delayed by over 6 months.</p>	
Recommendation	
<p>The Accounting Officer was advised to follow up with the supplier to ensure that the installation works are undertaken as soon as possible.</p>	
Action Status	
<p>Installation of the satellite uplinks were completed along with the 17 downlinks at all the DTT sites.</p> <p>This project is meant to cater for;</p> <ul style="list-style-type: none"> • Transmission of radio signal to all UBC transmission sites • Carry TV signal to all the DTT sites by use of satellite and also to Transmit satellite signal throughout the whole country. <p>All the installations were completed and signal tested throughout the Country.</p> <p>However, the delay has been as a result of the delay in securing the typo approval for the receiving devices by UCC and the also carrying out of awareness campaign and commissioning of the project.</p> <p>The engineering team were further trained in south African especially the team that will manage project. This is aimed at sustaining the effective and efficient operation of the systems.</p>	
3.6 UGANDA POST LIMITED	
Query	Values of Non-current Assets
<p>UPL reported Non-Current Assets amounting to UGX 93.817Bn, which significantly varies from the Chief Government Valuer's valuation, indicating a potential misstatement. It is also important to note that the CGV did not value all the property.</p>	
Recommendation	
<p>Management was advised to consider reviewing the Asset base of Uganda Post Ltd as accompany and have a full census and documentation for all the company's properties and eventual full valuation in order to reflect a true value.</p>	

Action Status	
<p>The reported amount of UGX 93.817Bn by UPL on Noncurrent assets was a result of depreciation and amortisation incurred during the year amounting UGX 0.957. which is variance between the value of UGX 94.774Bn as at 30th June2023 and UGX93.817Bn as at 30th June,2024. The Valuer's Revaluation of all properties owned by UPL was done country wide by Chief Government Valuer in FY 2022/23, Secondly, the list of properties not valued by Chief Government Valuer referred to land whose leases had expired and required renewal. The renewal process was delayed by the unresolved issue of whether or not to transfer all such assets to the Uganda Land Commission (ULC) prior to renewal. -The revaluation of clock Tower (Plot 98- 118) Nsambya road which was erroneously left out by the valuer was later on done on 27th March,2025 by CGV to harmonise with previous report dated 23rd November,2023 land of UGX 5.44Bn and Developments at UGX 241M which had been included in FY2024/25</p>	
Query	Disputed Properties
<p>There were unresolved property disputes and contestation of ownership of land that led to refusal by UTCL to pay rent for the occupied office space and telephone masts, which led to UTCL owing Posta over UGX 4.5billion in accumulated rent.</p>	
Recommendation	
<p>Management was advised to bring the matter to the attention of the relevant stakeholders including the Board and Shareholders for a final resolution.</p>	
Action Status	
<p>The property dispute between Posta and UETCL does not affect the financial statements. The figures being reported are for the owned properties where Posta has both possession and certificates of Title. The dispute is about Post Offices that are wrongly allocated to UTCEL, whose ownership needs correction by the political leadership. Such contested properties are NOT included in Posta's Asset Lists. The amount of UGX 4.5 Bn owed by UTCEL to Posta had never been recovered due to unresolved property disputes.</p> <p>The issue of disputed properties between UPL and UTCEL was escalated to the shareholders` Annual General meeting which was held in Februa 2025. However, this is still outstanding as resolution has never been concluded by Shareholders up to date.</p>	

Query	Accumulation of Trade and Other Payables
The Company had accumulated payables of UGX 19.51Bn by the end of 2023/2024 which creates a risk of litigation and payment of penalties and fines arising from delayed settlement.	
Recommendation	
The Managing Director was advised to put in place a policy for management of payables, and minimize the risks associated with continued accumulation which may become a burden to the entity.	
Action Status	
<ul style="list-style-type: none"> i) The movement in Payables by reduction of UGX 0.9Bn from UGX20.42Bn to UGX 19.51Bn was a result of deliberate management effort to operate within the meagre revenue budget available, while at the same time paying off some critical creditors. ii) The declining demand for postal products, coupled with depressed business after the Covid-19 era has diminished Posta's cash flow, hence the slow payments on creditors. Going forward, Management has purposed to address the challenge as follows: iii) Maintain the cost rationalization efforts. This was again presented, during the shareholders' Annual General Meeting that was held in February 2025, the need for government to pay up on its share capital worth UGX5.6Bn to realize the required cash to finance operations which is still unhonoured. iv) The negotiations with the regulator (UCC) to fund the Universal Service Obligation in line with the provisions of the UCC Act on last mile delivery is still on going. Follow up with I the Parliamentary Committee on ICT & National Guidance on the request for government funding that was adopted during FY 2024/25. v) Mainstream the internal proposal for a PPP for property redevelopment to secure working capital is a venture that is still in consideration` 	

Query	Trade and Other Receivables
<p>The Company's receivables reduced by UGX 1.3Bn from UGX 15.78Bn in the year 2022/2023 to UGX 14.71Bn in 2023/2024, which represents an idle asset that would have been put to use.</p>	
<p>Recommendation</p>	
<p>Management was advised to enforce the Debtor's Management policy to guide the process of debt evaluation and what can be allowed to ensure proper management and recovery of debts and as well ensure timely collection of rental incomes.</p>	
<p>Action Status</p>	
<p>The reduction in Trade Receivables by UGX 1.3Bn was a result of high lightened efforts at Debt Collection. Most company clients complained of inability to pay because of the depressed economy, but this is steadily improving. So far receivables have reduced to 13.6Bn as at 30th June 2025.</p> <p>However, significant amounts in Receivables were revenues expected from postal international trade, which has since reduced from UGX4.5Bn to 3.4Bn as at 30th June,2025 -In regard to Rent Debtors, the following efforts caused the improvement in collection:</p> <ul style="list-style-type: none"> i) All tenants were engaged to sign up to payment schedules - Uncooperative tenants were evicted and committed to Courts of Law for recovery of rent arrears. ii) Government entities were served with Eviction Notices -As a result of the above efforts, the Rent receivable portfolio has continued to reduce from UGX 4.5 Bn to 3.2Bn as at June, 2025. 	
Query	Staffing Gaps
<p>Out of the 252 positions in the staff establishment, 151 positions (64%) were filled, leaving 100 vacant, including key positions such as Manager Security and Investigations, Manager Finance, Head of Mail and Commercial Services, among others.</p>	
<p>Recommendation</p>	
<p>The Managing Director was advised to expedite the restructuring process get the Boards approval of the recruitment plan and ensure only critical vacant staff positions are filled within the available resource envelope.</p>	
<p>Action Status</p>	
<p>The staff Review Exercise that was aimed at aligning the staff structure to the company's Strategic Plan, was completed and approved by the Board of Directors and appropriate staffing position is being implemented.</p>	

However, filling of vacant positions done only on a needs-basis, minimized to keep costs within manageable limits. So far Manager Clientele Relation, Assistant Post Officers, Post bus drivers and conductors were recruited. The rest of the gaps will be filled as cash flows of the company improves.

3.7 UGANDA PRINTING AND PUBLISHING CORPORATION

Query	Outstanding Receivables
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UPPC had outstanding receivables worth UGX 6.09Bn. Included in these receivables is UGX 5.84Bn (96%) that relates to Government entities. UGX 1.91Bn has been outstanding for a period ranging between 361 days to 2,160 days.	
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Recommendation

The Accounting Officer was advised to bring the matter of accumulated receivables by Government entities to the attention of the Office of the President and Ministry of Finance, Planning and Economic Development (MoFPED), with the view of having the receivables settled.
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Action Status

Management has established a dedicated debt-collection team that actively engages MDAs and provides continuous updates on collection progress. Departmental managers have also been assigned clear responsibilities for debt-recovery follow-up. Through these coordinated efforts, the Corporation has achieved a significant 50% reduction in receivables during the 2024/25 financial year.
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Query	Outstanding Trade and Other Payables
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UPPC had outstanding trade and other payables worth UGX 8.91Bn, an increment of 34% from prior year amount of UGX 6.66Bn. Further, 85% (UGX 7.61Bn) of the total payables relates to tax arrears that are due to Uganda Revenue Authority.	
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Recommendation

The Accounting Officer was advised to continue with the ongoing engagements with MoFPED to secure the tax waiver. In the meantime, the Corporation should adequately budget and settle all the outstanding trade payables other than those under consideration by URA and MoFPED.

Action Status

Management has cleared over UGX 1Bn of the outstanding arrears. Additionally, targeted revenue-enhancement initiatives have been rolled out to improve cash flow, support timely settlement of tax obligations, and

prevent the accumulation of future arrears. These actions are strengthening the Corporation's financial stability and compliance.	
Query	Improvement in Sales
The Corporation made sales amounting to UGX 13.2Bn during the FY 2023/2024. This performance was an improvement from the sales of UGX 6.9Bn that were made in the FY 2022/2023 an increment of 93%	
Recommendation	
The Accounting Officer was advised to continue enhancing marketing of the Corporation's products in order to generate more sales and thereby improve on the profitability.	
Action Status	
Management attributes this growth to the increased efforts of the Sales and Marketing team, particularly the Business Executives and Client Relationship Officers. The Corporation has diversified its product offerings and expanded outreach into new regions, collectively contributing to the notable rise in revenue.	
Query	Loss of key Business Due to Outdated Equipment
UPPC made a loss of a key business worth UGX 3.621Bn from Uganda Law Reform Commission due to outdated printing equipment and frequent breakdowns.	
Recommendation	
The Accounting Officer to follow-up with the MoFPED and Office of the President to secure the required funds for recapitalization. In the meantime, the Corporation should ensure that maintenance of the existing machinery is prioritised to minimise the frequent breakdowns.	
Action Status	
Management has instituted a detailed preventive maintenance schedule, outlining daily, weekly, and monthly routines to minimize breakdowns and optimize efficiency. Parallel efforts are ongoing to secure recapitalization from the Ministry of Finance to modernize the production line. These actions are expected to significantly improve operational reliability and competitiveness.	
Query	Low Return on Assets
The Corporation's return on assets was 3% which was below the recommended 5%, an indication that the entity is suboptimal and inefficient in utilising its assets due to the outdated printing equipment and frequent breakdowns.	

Recommendation	
The Accounting Officer was advised to follow-up with the MoFPED and Office of the President to secure the required funds for recapitalisation. In the meantime, the Corporation should ensure that maintenance of the existing machinery is prioritised to minimise the frequent breakdowns.	
Action Status	
A comprehensive preventive maintenance program has been implemented to improve equipment uptime. Management is also pursuing recapitalization from the Ministry of Finance to facilitate the acquisition of modern machinery. These initiatives are designed to enhance productivity and progressively improve the ROA.	
Query	Weak Current Ratio
The Corporation had a current ratio of 1:4:1 which is outside the desirable range of 1:2	
Recommendation	
The Accounting Officer was advised to bring the matter of accumulated receivables by Government entities to the attention of the Office of the President and MoFPED with the view of having the receivables settled.	
Action Status	
liquidity, the Corporation has implemented several revenue-enhancement strategies, including revising gazette prices upward and intensifying debt-collection efforts. A dedicated debt collection team now provides regular updates, and departmental managers have assigned roles in recovery follow-up. These measures contributed to a 50% reduction in receivables in FY 2024/25, leading to a gradual improvement in liquidity.	
Query	Implementation of Capital Activities
An assessment of the implementation of five (5) key capital activities that had been fully quantified worth UGX 0.37Bn was done and noted that one (1) activity was fully implemented, one (1) partially implemented while three (3) were not implemented.	
Recommendation	
The Accounting Officer was advised to ensure that the rolled over activities are implemented.	
Action Status	
The delays in implementing the outstanding capital activities were primarily due to financial constraints. To address this, the Corporation has instituted revenue-enhancing measures, including an upward revision of gazette prices. Once adequate funds are available, management will prioritize and execute the remaining capital projects.	

3.8 UGANDA PROPERTY HOLDINGS LIMITED	
Query	Accumulation of Debtors
<p>It was noted that the entity property rent debtors increased by 48% from UGX 4.345Bn in FY22/23 to UGX 6.475Bn in the Financial Year 2023/24. There is no evidence that the entity had put in place recovery measures indicating a high risk of bad debts, potentially impacting the entity's liquidity.</p>	
Recommendation	
<p>The Accounting Officer was advised to follow up with the Solicitor General until guidance is obtained. In the meantime, management is further urged to strengthen their debt collection efforts, to recover the other outstanding amounts.</p>	
Action Status	
<p>UPHL has a robust and effective debtors' management system. Most of the debtors as at 30th June 2024 have been collected to-date with exception of a few, for which we have taken the necessary legal steps to collect. However, the main component of debtors as at 30th June 2024 was Unifreight Cargo Handling Ltd who owed the Company UGX 3.04 bn. Unifreight petitioned H.E. The President of Uganda, informing him of the financial difficulties they were facing. On the 22nd October, 2022, H. E. The President directed the Minister of Finance, Planning and Economic Development to instruct UPHL to waive off the rent arrears and halt evicting them.</p> <p>On the 22nd December 2022, the Permanent Secretary/Secretary to the Treasury - Ministry of Finance, Planning and Economic Development wrote to UPHL communicating the Presidential directive and directed UPHL to seek a legal opinion from the Solicitor General on the way forward. UPHL wrote to the Solicitor General seeking a legal opinion on the matter; however, we have not yet received feedback from his office</p> <p>UPHL has since been writing reminders to the Solicitor General with no response. Meanwhile, pending the decision of Government, UPHL has been recognizing rent receivable from Unifreight as outstanding income in its books of accounts hence the growth of debtors.</p>	
Query	Accumulation of Payables
<p>The Company reported payables of UGX 1.895Bn. I noted an increase by UGX 1.345Bn (245%) from 550,143,044 registered in FY 2022/23. Outstanding payables may disrupt the operations of the service providers and attract litigation and associated costs to the entity.</p>	

Recommendation	
The Auditor General advised the Accounting Officer to put measures in place to ensure timely payment of payables in order to avoid potential legal consequences and associated costs.	
Action Status	
UPHL makes deliberate efforts to pay off its creditors in the shortest time possible. The growth in creditors from UGX 550m on 30 th June 2023 to UGX 1.895 bn on 30 th June 2024 was attributed to an isolated case of the unpaid certificates for Egiss Engineering Contractors Ltd. for the construction of warehouses at Tororo worth UGX 1.57 bn. The Company has since paid off all the amounts owed to the Contractor save for the amount held as retention pending the fulfilment of terms of the contract.	
Query	Operating Margin
The Company had an operating margin of 15.5%, which is below the 19.9% realized in the previous year 2022/2023. The observed performance was attributed to increase in operating expenses during the period under review of UGX 8.565Bn from UGX 8.077Bn from previous year.	
Recommendation	
The Accounting Officer was advised to institute measures that improve the Operating margin such as better exploration of other sources of income, cost reduction strategies, more efficient use of resources, improved pricing, and more effective marketing.	
Action Status	
The increase in operating expenses was mainly attributed to increase in staff recruitments and professional fees for supervision of the project of construction of warehouses in Tororo. The Company under took a project of construction of 8 warehouses in Tororo worth UGX 11.3 bn. Consultants were engaged to supervise the project at a cost of UGX 280m hence growth in operating costs.	
In addition, the Company had staff gaps and filled crucial positions of Head of Finance and Operations and Company Secretary at the beginning of the year and Human Resources Officer during the year. This led to increase in staff costs from UGX 2.269bn to UGX 2.527bn. The recruitment of crucial staff will eventually improve the efficiency of the Company and hence growth in future profits.	

<p>The new warehouses are expected to bring in more revenue in the subsequent years and the recruitment of crucial staff will bring in efficiency hence improve margins in future.</p>	
Query	Delayed Procurements
<p>During audit it was noted that the entity awarded a contract worth UGX 130,036,000 for consultancy services for construction of warehouse/office at Bugolobi, which experienced delays in implementation.</p>	
Recommendation	
<p>The Auditor General advised the Accounting Officer to institute mechanisms to ensure timely completion of procurements.</p>	
Action Status	
<p>The process of developing and approving the building plans was scheduled to be completed before the end of the financial year. However, Kampala Capital City Authority (KCCA) asked the Consultant to carry out traffic impact assessment and produce a report to KCCA before the plans could be considered. This was not part of the scope of the work. This caused delay in approving the plans. However, we are glad to inform you that the traffic impact assessment report was presented to KCCA and the building plans were eventually approved.</p>	
Query	Implementation of entity's Mandate
<p>A comparison of the entity's strategic and annual work plans for the last three (3) years revealed that the entity had not adequately executed its mandate.</p>	
Recommendation	
<p>The Auditor General advised the Accounting Officer to ensure management aligns the planned activities with the objectives of the company.</p>	
Action Status	
<ul style="list-style-type: none"> • Acquisition of Land in Industrial Parks: The Shareholders advised UPHL to obtain land in the gazzeted industrial parks for the purpose of developing warehousing infrastructure in future. This was followed by the State Minister For Finance, Planning and Economic Development for Investments and Privatisation writing to the Director General (DG) of Uganda Investment Authority guiding on allocation of land to UPHL. The DG of Uganda Investment Authority advised UPHL to indentify the parks of interest and apply for the land. UPHL inspected the parks and decided to apply for land in the 	

Nebbi and Lira Parks. UIA has not yet responded to the applications. UPHL is following up the applications with UIA.

- **Construction of warehouses in Bugolobi by June 2025:** The project was to be undertaken in the year 2024/25 but it was delayed due to the funding constraints. The funds meant for the project were not realised. However, during the financial year 2024/25, we were able to develop the building plans and have them approved by the Kampala Capital City Authority.
- **Developing and approving the building plans for warehouses at Plot 9695/12 Changamwe:** This project was not undertaken due to cash flow constraints. It will be carried forward to the next strategic plan commencing July 2025.
- **Develop/review policies:** UPHL has operational policies guiding its operations and it develops new ones or reviews the existing ones when need arises.

Query

Budgeted activities for which no funds were available

The entity had an approved budget of UGX 14.162Bn, out of which UGX 13.386Bn (94.5%) was received resulting in a shortfall of UGX 0.775Bn which affected full implementation of planned activities.

Recommendation

The Auditor General advised the Accounting Officer to ensure that all budgeted funds are appropriately planned, realized and utilized and that any non-funding is disclosed in time.

Action Status

The short fall in funds was mainly due to failure to collect arrears from debtors. The Company planned to recover UGX 2.8bn from debtors and mainly from Unifriight Cargo Handling Ltd. However, due to H.E The President's directive that UPHL should waive the outstanding rent and halt the eviction process, the Company was not able to recover the funds as planned.

The shortfall in funds was brought to the attention of the Board in the course of the financial year and the Board authorised the amendment of the plan and carried the activity to the financial year 2024/25. Am glad to report that the renovation of the property was carried out in the first quarter of the year 2024/25.

3.9 UGANDA RAILWAYS CORPORATION	
Query	Outstanding PAYE
UGX 1.151Bn relating to deducted PAYE remained outstanding as 30th June 2024.	
Recommendation	
Prioritize the settlement of outstanding statutory obligations by developing and implementing a clear payment plan to remit the overdue PAYE.	
Action Status	
<ul style="list-style-type: none"> i. UGX 230,648,480 has so far been paid against the outstanding UGX 1.152Bn. ii. URC has requested MoWT to pay the amounts owed to URC for Rent (UGX 2.2Bn) and Land Compensation (UGX 17.5 Bn) to enable it clear its outstanding obligations. 	
Query	Increased Losses
Uganda Railways Corporation (URC) incurred a net loss of UGX 36.345Bn in FY 2023/2024, an increase of UGX 1.169Bn (9.2%) from the previous year's loss of UGX 35.176Bn.	
Recommendation	
Focus on enhancing revenue streams, reducing operational costs, improving liquidity, and considering strategic sources of financing.	
Action Status	
<ul style="list-style-type: none"> i. Management has established a Revenue Enhancement and Cost Reduction Taskforce to drive performance improvement. ii. Initiatives include optimizing freight operations, reviewing tariff structures, rationalizing administrative costs, and exploring PPPs for underutilized assets. iii. The Board approved the Revaluation of Assets report to inform strategic decisions on asset optimization and disposal of redundant assets. 	
Query	Return on Assets (ROA) has remained negative
The Return on Assets (ROA) has remained negative, declining further to -0.933% in FY 2023/2024 from -0.81% in FY 2022/2023, signaling underutilization of assets and poor operational efficiency.	
Recommendation	
Undertake a detailed review of asset utilization, revenue generation strategies, and working capital management.	
Action Status	
Initiatives include optimising freight operations, reviewing tariff structures, rationalising administrative costs, and exploring PPPs for underutilised assets.	

Revaluation of assets Report Annex 8	
Query	Reduced Liquidity ratio
The liquidity ratio reduced from 2.78 times in FY 2021/2022 to 0.72 times in FY 2023/2024, indicating a liquidity crisis driven by a sharp increase in current liabilities (UGX 64.56Bn in FY 2022/2023 to UGX 152Bn in FY 2023/2024).	
Recommendation	
Undertake a detailed review of asset utilization, revenue generation strategies, and working capital management.	
Action Status	
<ul style="list-style-type: none"> i) URC and KRC are engaged in discussions to institute a Joint Tariff Strategy and Joint Marketing Strategy with KRC ii) Revenue & liquidity: URC has engaged consolidators such as Mukwano Industries (AK Transporters), Steel & Tube for construction of a railway siding and haulage of cargo(steel) from Mombasa to Namanve Industrial park. Steel will boost our liquidity as its currently the most profitable product on the railway network. iii) Management expects to harness other transporters who are in collaboration with Steel & Tube, especially those based in Jinja like Mayuge Steel, Paramuk Steel and Kakira Sugar Works 	
Query	Total arrears from tenants with expired agreements
The total arrears from tenants with expired agreements amounted to UGX 1.6Bn as of 30th June 2024.	
Recommendation	
<ul style="list-style-type: none"> i) Develop a monitoring system for timely renewals. ii) Establish follow-up for arrears recovery (engage tenants and implement debt recovery). 	
Action Status	
<ul style="list-style-type: none"> i) The Property Management Committee is verifying tenancy records and reconciling outstanding arrears. ii) Renewal notices have been issued and legal recovery initiated for persistent defaulters. 	
Query	Significant gaps in executing its mandate
The URC has significant gaps in executing its mandate, including incomplete railway restoration, limited expansion of passenger services, and inadequate asset protection, thereby undermining strategic objectives and service delivery.	

Recommendation	
<ul style="list-style-type: none"> i. Develop and implement a comprehensive network restoration plan. ii. Secure additional funding through GoU or PPPs. iii. Establish and enforce mechanisms to protect URC land and assets. 	
Action Status	
<ul style="list-style-type: none"> i) The Approved URC Strategic Plan (2025/26-2029/30) captures the interventions under the network restoration plan including Rehabilitation of the Gulu-Pakwach Railway section (125 Km) See Annex. ii) Funding has been secured from GoU for the ongoing rehabilitation of the Tororo-Gulu railway line (375 Km) project and the AfDB funded East Africa Railway Rehabilitation Support Project for the URC Capacity Building Project. iii) Ongoing Feasibility Study for Expansion of Passenger Services within the GKMA area funded by EU (See Annex for report). Ongoing engagements with EU, EIB, World Bank and other MDBs regarding financing for implementation. iv) URC also engaging ADHI Africa Holdings Limited under PPP arrangement for real estate development of the URC land around Kampala Station area. (See Annex for report) <p>Ongoing Land Recovery project which involves boundary opening, installation of mark stones, migrating title data to National Land Information System MoLHUD, caveating the titles, cancellation of illegal titles, titling of untitled land and identification of encroachers for further management (evict/regularize). See Annex for report</p>	
Query	Budget Shortfalls
Out of the approved budget of UGX 354.2Bn for FY 2023/2024, only UGX 91.5Bn (26%) was realized, with significant shortfalls in internally generated revenue, GoU development funding, and exceptional income (arrears from MoFPED & UNRA).	
Recommendation	
<ul style="list-style-type: none"> i) Expedite AfDB disbursement prerequisites. ii) Ensure GoU fulfils its commitment to the payment of PAPs to facilitate AfDB funding. iii) Enhance mechanisms for internal revenue generation to reduce reliance on external funding. 	
Action Status	
<ul style="list-style-type: none"> • AfDB disbursement prerequisites were completed 	

- URC has submitted all outstanding AfDB disbursement documents and is continuously engaging MoWT to fast-track counterpart funding for PAPs.
- URC has so far received UGX5.791 Bn, for PAPs. The MoWT has since requested that the balance of UGX 99.08 Bn to be paid through supplementary budget
- Management continues to engage MoFPED and MoWT for supplementary funding and to explore donor and PPP mechanisms to close the financing gap.

Query**Funding Shortfall**

Out of the approved budget of UGX 354.21Bn for FY 2023/2024, only UGX 91.51Bn (26%) was realized, resulting in a funding shortfall of UGX 262.7Bn.

Recommendation

- Expedite AfDB disbursement prerequisites.
- Ensure GoU fulfills its commitment to the payment of PAPs to facilitate AfDB funding.
- Enhance mechanisms for internal revenue generation to reduce reliance on external funding.

Action Status

Measures to boost internal revenue include;

- Implementation of the Revenue Mobilisation Strategy
- Increased credit control
- Property rent enforcement and MoMo integration are ongoing.

Query**Implementation of Activities**

Out of 35 planned activities worth UGX 20.09Bn, 14 were fully implemented, while 21 were partially or not implemented, highlighting inefficiencies in fund utilization and planning.

Recommendation

- Strengthen financial planning and mobilization.
- Streamline procurement to minimize delays.

Action Status

- Management continues to engage MoFPED and MoWT for supplementary funding. This will improve generation of revenue which will in turn improve cashflows to support implementation of planned activities.

- ii. The PDU has been strengthened by increasing the number of staff. This will minimize delays in the procurement process. Training in procurement and disposal has also been scheduled in November 2025 to build capacity in procurement processes.

Query	Procurement of desktops and laptops
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Under the procurement for supply of desktops and laptops valued at UGX 119.2Mn, performance security of UGX 11.9Mn (10% of the contract value) was not documented as having been received by the company, contrary to the PPDA Contracts Regulations 2023.

Recommendation

Ensure all performance securities are promptly received and documented.

Action Status

A register has been created for receipt and documenting all performance securities.

3.10 UGANDA REGISTRATION SERVICES BUREAU

Query	Continued accumulation of arrears
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Audit also noted that the Bureau continued to accumulate additional arrears, as per details in the table below;

Table 1: Accumulated Arrears

No.	Year	Arrears accumulated during the year (UGX Bn)	Increment/Decrement (UGX Bn)	Percentage Change
1	2019/20	1.466	-	-
2	2020/21	4.516	(3.050)	(68%)
3	2021/22	2.250	2.266	50%
4	2022/23	0.591	1.658	73.7%
5	2023/24	1.482	(0.891)	(145%)

The Auditor General noted that during the financial year under review, the Bureau accumulated arrears worth UGX. 1.482Bn, a 145% increment from the arrears accumulated during the FY 2022/2023. The bulk of the

arrears related to OBRS system support and maintenance, as well as rent and voice calls (mobile/landline) costs. Details of the arrears accumulated.

The Accounting Officer attributed the delayed settlement of arrears to non-provision of funds for arrears and the low MTEF ceilings, which affect the full funding of critical activities for the institution. In addition, the Accounting Officer explained that management used its recurrent budget to settle part of the domestic arrears to adhere to the payments scheduled that was agreed upon with some of the clients. Consequently, most of the arrears have since been settled, and a balance of UGX.1.4Bn has been provided for in the financial year 2025/26 budget.

Committee Observation

The Committee observed that continued accumulation of domestic arrears may lead to litigation by suppliers, while the payment of arrears using the recurrent budget is not only a diversion of funds but also results in further accumulation of arrears.

Recommendation

The Committee recommended that the Accounting Officer prioritises the settlement of long outstanding arrears, adhere to the agreed payment schedules and ensure that when the budgeted funds are availed, all outstanding arrears are settled promptly.

Action Status

The approved budget for URSB domestic arrears for FY 2025/26 is UGX 1,690,118,000.

MoFPED has released UGX 1,274,654,669 in the second quarter expenditure limits. This release will partly offset verified and approved domestic arrears under the categories of utilities; water, electricity and telephone. And Rent for the 2nd quarter of FY 2025/26.

Management will continue to engage MoFPED to release the remaining UGX 415,345,331 to fully clear all outstanding arrears.

The MTEF ceiling for URSB has been increased from UGX 57.35Bn in the previous year 2024/25 to 66.5Bn in the current FY 2025/26.

Query	Absence of Condominium Plan and Corporation For The Uganda Business Facilitation Centre (UBFC) Building
<p>The Condominium Property Act, Cap 234, defines a condominium to mean a system of separate ownership of individual units in a multiple-unit building, the individual units of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those units.</p> <p>Section 19 of the Condominium Property Act, Cap 234 provides for the establishment of a corporation upon the registration of a condominium plan, in respect of any building or structure to which the plan relates, a corporation which shall operate under the name “The owners’ Condominium Plan No....”</p> <p>Section 20 of the Act provides for the functions of a corporation to include: management of the common property, keeping the common property in a state of good repair, establishment and maintenance of a fund for administrative expenses sufficient, among others.</p> <p>The Auditor General noted that the UBFC is a 12-storey building housing various government bodies that benefit from the quiet possession of the respective units assigned to them. These include the URSB, Capital Markets Authority, and Uganda Investments Authority. However, it was noted that no condominium plan was provided and no respective corporation agreement.</p> <p>The Accounting Officer explained that the URSB secured funding under the Competitiveness and Enterprise Development Project (CEDP) to reform business registration and licensing. This included constructing a central office for URSB. The construction was conditional on owning land registered in URSB’s name. Initially, URSB lacked land, but later executed an MOU with the Uganda Investment Authority (UIA), which owned land for joint construction.</p> <p>The Accounting Officer further explained that:</p> <p>(i) Initially, under UIA’s name, the land was transferred to joint ownership between URSB and UIA. Subsequently, the Capital</p>	

Markets Authority (CMA) expressed interest in the project and was included through another MoU, where they contributed funding. The building's design, developed by the consultant in consultation with all stakeholder institutions, included two additional floors (9 and 10) intended for the future expansion of the two institutions. Part of the 9th floor was specifically designed to accommodate data centres.

- (ii) At the project's inception, a charter was executed that designated URSB as the contract manager, giving it responsibility for initiating and overseeing procurement processes, including selecting the consultant and contractor.
- (iii) While the initial plan was to acquire condominium titles upon construction completion, this has not yet been realised. Occupation of the building occurred prematurely due to project delays (initially planned for two years but extended to five years). Consequently, the building is yet to be officially handed over. Upon handover, URSB intends to secure condominium titles to formalise possession; and
- (iv) The CEDP project and MoFPED maintain the building, including paying for utilities such as water and electricity. A property management company, was engaged for maintenance during the interim period and reports to CEDP and MoFPED. URSB expects full transfer of maintenance responsibilities following the building's formal handover.

Committee Observation

The Committee noted that the absence of a condominium plan and the Corporation for the Uganda Business Facilitation Centre (UBFC) building violates Section 20 of the Condominium Property Act. Therefore, there is no agreed basis for the management of the building through the provision of services such as maintenance and repairs and the provision of utilities such as water and electricity, among others which puts URSB in comprising position.

Recommendation

The Committee recommended that the Accounting Officer ensure that upon the official handover of the building, a Condominium Plan and

<p>Corporation are registered and established, clearly defining the rights and responsibilities of each party.</p>	
<p>Action Status</p>	
<p>The official handover of the building is yet to be done. After the handover, the process of the Condominium Plan can commence. The Management of UBFC is currently under the MoFPED.</p> <p>However, we have received a letter from the PS/ST requesting UIA to transfer the Land Title to Uganda Land Commission with MoFPED as the user.</p>	
<p>Query</p>	<p>Undefined access from the current structure to the acquired property</p>
<p>The Auditor General noted that while the acquired parcels of land are located on Malcolm X Avenue, the access points to the UBFC are on Roscoe Road and Baskerville Avenue, Kololo. With the UBFC cordoned off from the neighbouring structures, there is no clear access to the properties that were purchased on Malcolm X Avenue.</p> <p>In addition, the Auditor was not provided with a defined plan on how the two properties would be connected/linked for ease of access for clients and staff. The costs of expansion of the UBFC may increase due to the need to create an access route.</p> <p>The Accounting Officer explained that during the initial design phase, the consultant recommended acquiring adjacent plots to the building to create additional parking space. However, the Ministry of Finance, Planning and Economic Development (MoFPED) and CEDP, which managed the acquisition, have not yet provided the URSB with further clarification as regards the purchased parcels of land.</p> <p>Committee observation</p> <p>The Committee observed that the reluctance by MOFPED to acquire adjacent to the building resulted in challenges of accessibility to the UBFC property</p>	

Recommendation

The Committee recommended that:

- (i) Management should engage the MoFPED and establish the development requirements for the ease of utilisation of the acquired land to derive maximum benefit/service potential;
- (ii) MoFPED should provide funds to acquire the adjacent property for ease of access to the UBFC as advised by the consultant during the initial design phase of the building.

Action Status

The direct/defined and interconnected access from the adjacent land to the UBFC Building has been completed and is in use, awaiting handover.

Query

Failure to Hand Over the Physical Possession of Land to URSB

The Auditor General reviewed a copy of the certificate of title and noted that Plot 4A, Malcom X Avenue, ownership was transferred from the vendors to Uganda Land Commission in July 2023.

The Auditor General further noted that as of November 2024, the physical possession of the acquired land had not been passed on to the URSB, the intended beneficiary.

The Accounting Officer explained that the URSB had not received any formal notification indicating that the acquired land was intended to provide parking for UBFC. The MoFPED, which managed the acquisition process, has not formally handed over the land to its intended beneficiaries.

Committee Observation

The Committee noted that URSB and other occupants of the UBFC are not deriving service potential/benefits from the acquired land due to lack of not full physical possession.

Recommendation

The Committee recommended that the Accounting Officer should engage the MoFPED for an expeditious handover of the property for use to the URSB.

Action Status

The official handover of the land to URSB is yet to be done.

Query**Use of motor vehicles t that have significantly exceeded their useful life**

Continued use of motor vehicles that have significantly exceeded their useful life

Annex 1 of the Government of Uganda Asset Accounting Policies and Guidelines, 2023, provides for the useful life of light vehicles as 5 years.

It was noted that 11 out of 32 motor vehicles have significantly exceeded their economic useful life of 5 years. The respective vehicles are mostly utilised for field activities at the regional offices and have been in use for a range of 9 to 17 years. Details are in the table below;

Table showing Motor vehicles t that have significantly exceeded their useful life

No.	Registration Number and Description	Location	Date of Acquisition	Years in Use
1	UG 0263J Toyota Prado Station Wagon 2006	Public Relations unit	28/02/2007	17
2	UG 0403J Nissan Hard Body Double Cabin 2009	Compliance & Enforcement unit	24/05/2009	15
3	UG 0437J Toyota Prado Station Wagon 2010	Pool	20/12/2010	13
4	UG 0511J Mitsubishi L200GL Double Cabin 2012	Mbale Regional office	16/04/2013	11
5	UG 0629J Mitsubishi Lancer GLX	Directorate of Finance & Administration	30/12/2014	9

6	UG 0658J Mitsubishi Pajero GLX Station Wagon 2015	Board Secretary	6/7/2015	9
7	UG 0598J Mitsubishi L200 GLS Double Cabin 2014	Directorate of Civil Registration	24/08/2015	9
8	UG 0660J Nissan Hard Body Double Cabin 2014	Arua Regional office	30/06/2015	9
9	UG 076J Mitsubishi Pajero GLX St. Wagon 2014	Directorate of ICT	27/08/2015	9
10	UG 0631J Mitsubishi L00 GL Double Cabin 2014	Pool	30/03/2015	9
11	UG 0630J Mitsubishi L200GL Double Cabin 2014	Finance & Administration	30/03/2015	9

The Accounting Officer explained that while the development budget released annually is insufficient to procure all the motor vehicles required for the smooth running of the Bureau, management has continued to engage MoFPED for an increased MTEF to enable the procurement of new vehicles.

Committee Observation

The Committee observed that:

- (i) The recent government policy to stay procurement of new motor vehicles by agencies has subjected agencies to operate with vehicles that have outlived their usefulness and therefore risky to the users;
- (ii) The continued use of motor vehicles that have significantly exceeded their useful life may result in reduced performance and efficiency due to increased breakdowns and repair costs. In addition, there is an increased possibility of road accidents, which endanger the lives of the URSB staff and other road users.

Recommendation

The Committee recommended that:

- (i) Government should revisit its policy on non-purchase of motor vehicles and allow URSB to acquire roadworthy vehicles to increase efficiency and performance and reduce on the likelihood of risk to life through accidents;
- (ii) The Management of URSB should ensure that, once funding is obtained for procuring the required fleet, the URSB undertakes the acquisition through timely and efficient procurement processes.

Action Status

Six vehicles worth UGX 1.350Bn were procured in the FY 2024/25 TO partly replace the aging fleet of URSB.

Query

Budgeted activities for which no funds were released

The Auditor General established that URSB had an approved budget of UGX.47.825Bn, out of which UGX.47.191Bn was warranted, resulting in a shortfall of UGX.634.35Mn. As a result, the procurement of motor vehicles and consultancy services were partially funded, while utilities and furniture were not funded at all. The table below refers;

Table Showing unfunded activities for the year

No.	Activities/ Purpose	Amount not warranted (UGX Mn)	Audit Comment	Management Response
1	Payment of utility expenses for Water and Electricity	338.0	<ul style="list-style-type: none"> • Funds were not released for utilities despite URSB budgeting for them. • Whereas URSB incurred utility expenses during the financial year, they were not settled directly by the entity. 	<ul style="list-style-type: none"> • Whereas management had budgeted for utilities, including water and electricity, the Ministry of Finance (MoFPED) covered these expenses since the Uganda Business Facilitation Centre (UBFC) is a shared

			<ul style="list-style-type: none"> It was noted that URSB did not report any utility arrears in the Financial Statements, suggesting that no such liabilities were accrued. 	<p>facility. Therefore, URSB did not incur that cost.</p> <ul style="list-style-type: none"> The only utilities incurred in that respect were those of the regional offices and the branch office at Georgian House. This was from the prepaid account recognised after the retirement of the prepayments.
2	Acquisition of motor vehicles	160.5	<ul style="list-style-type: none"> The URSB acquired more than the planned motor vehicles despite the under-release. URSB planned to acquire eight (8) motor vehicles, but 12 cars were Bought instead. Therefore, the under-release had no observed impact on the planned procurements. 	<ul style="list-style-type: none"> During the implementation of the mass registration, management identified the need to acquire pickups. These vehicles were cheaper than the station wagons, leading to the decision to purchase additional pickups to support the exercise.
3	Acquisition of furniture and fittings	107.0	<ul style="list-style-type: none"> The non-release of funds impacted the acquisition of furniture (i.e. desks and chairs) for use during the mass registration 	<ul style="list-style-type: none"> The non-release of funds for furniture affected the mass registration, and management will engage MoFPED to release funds for this item.

			exercise and office sofas for the innovation hub.	
4	Consultancy Services	28.85	<ul style="list-style-type: none"> The need to utilise the unreleased funds did not arise, and as such, there was no impact. 	<ul style="list-style-type: none"> The need to utilise the funds did not arise.
	Total	634.35		

Committee observation

The Committee observed that failure by the MOFPED to provide funds for planned activities as per the approved budget negatively affected the mass registration exercise.

Recommendation

The Committee recommended that;

- i) Management should engage MoFPED on the settlement of utility costs related to the Uganda Business Facilitation Centre;
- ii) MOFPED should provide funds for utilities directly paid by the URSB;
- iii) The Accounting Officer should ensure that appropriate needs assessment is undertaken before the inclusion of items in the budget to ensure consistency in implementing the approved budget.

Action Status

MoFPED is currently meeting the cost of utilities.

Query

Utilisation of warrants

The Auditor General noted that URSB had total warrants of UGX.47.191Bn, out of which warrants worth UGX.47.017Bn had been utilised by the close of the financial year. The balance of UGX.173.505Mn comprised residual amounts meant for advertising and public relations, printing, stationery, photocopying and binding, property management

expenses, incapacity, death benefits and funeral expenses, fines and penalties, and acquisition of light ICT hardware and light vehicles, among others.

Committee observation

The Committee observed that:

- (i) An aggregate of UGX 173.505M is a significant amount that should have contributed to the operations of the entity and their failure to fully utilise the funds for the identified activities leads to redundancy of funds despite the amount being classified as residual.
- (ii) The failure to absorb the allocated funds deprives other agencies the much-needed resources to implement their activities
- (iii) The failure to utilize resources points to absorption bottlenecks.

Recommendation

The Committee recommended that:

- (i) The Accounting Officer seeks permission from the appropriate authorities to reallocate the funds to unfunded but pressing requirements in situations where residual funds are available;
- (ii) The Accounting Officer should be realistic in planning to avoid redundancy of resources amidst a limited resource envelope; and
- (iii) The Management of URSB should address all funds absorption bottlenecks to ensure utilization of all allocated resources.

Action Status

The Committee's recommendation is noted. Going forward, Management will implement as advised.

Query

Activities that were not implemented

In addition, the URSB did not implement four (4) activities within the financial year despite receiving funding to implement them. These activities include procuring software licences, developing a mobile app, subscription for approval of chambers and subscription to the Public Relations Association of Uganda (PRAU) for six (6) staff. The table below refers;

Table Showing activities that were not implemented

No.	Activity	Audit Comments	Management Response
1	Procurement of software licenses	Four (4) planned software licenses were not procured.	The funds were used to pay ICT arrears for NRD’s license.
2	Development of a mobile app	One (1) mobile app was not developed as planned	Funds were used for BRS support arrears (NRD)

As indicated in the table above, the funds allocated for these activities were diverted to settle arrears.

Committee observation

The Committee observed that there was mischarge of funds since the approvals were not sought from the relevant authorities.

Recommendation

The Committee recommended that;

- (i) Management should strengthen controls over budgeting and ensure that only funds required for planned activities are budgeted for;
- (ii) Management should always seek permission from the relevant authorities to reallocate availed funds to pressing unfunded requirements as and when needed.

Action Status

Budgetary controls have been strengthened to ensure that only the necessary funds are budgeted for.

Implemented as per the recommendations of the committee.

Query

Lack of a detailed procurement plan

Regulation 3 of PPDA Regulations (PDE), 2014 requires a procuring and disposing entity (PDE) to prepare a procurement plan in line with the budget, while Regulation 2 of the PPDA (Procurement Planning) Regulations, 2023 requires the URSB to have an annual procurement plan for each financial year.

The Auditor General noted that the URSB did not have a detailed procurement plan. Instead, the information presented in the Electronic Government Procurement (e-GP) system was a consolidated summary of procurement subjects, listing only the total estimated amounts. This format does not fulfil the regulatory requirement for a comprehensive plan, which should include specific timelines, itemised needs, and resource allocations.

The Accounting Officer explained that the e-GP system does not accommodate details of the procurement plan as indicated above. However, the e-GP system is under review, and challenges have been brought to the attention of the systems administrators in MoFPED (Evidence that the issue was brought to the attention of the relevant offices).

Committee observation

The Committee observed without a detailed plan, there is a risk that necessary resources may not be earmarked for key activities, potentially hindering service delivery, and this can result in the diversion of funds to unplanned purchases and lead to domestic arrears, compromising financial discipline and impacting the URSB's budgetary performance.

Recommendation

The Committee recommended that:

- (i) The Accounting Officer should complement the e-GP procurement plan while awaiting the e-GP system's improvement by developing and maintaining a detailed procurement plan to guide the procurement processes;
- (ii) URSB's procurement plan should include specific activities, estimated costs, and timelines for each procurement item that are missing on the procurement plan on the e-GP; and
- (iii) Furthermore, both procurement plans should be harmonised with the annual work plan and budget to ensure consistency and effective resource allocation.

Action Status

MoFPED is continuously enhancing the e-GP system, and the URSB procurement plan is captured within the system.

Query	Delayed implementation of the project against the respective project milestones
<p>Sections 6.1 and 6.2 (ii) of the Online Business Registration System (OBRS) project charter stipulate that the system shall be developed and implemented within the allocated budget, defined project scope, and specified project timelines.</p> <p>According to the summary of milestones table in Section 17.3 of the contract signed on 18th October 2021, the vendor was to complete the project by 18th October 2023.</p> <p>However, audit established that;</p> <ul style="list-style-type: none"> (i) The project was not delivered according to the implementation plan, resulting in delays; (ii) While the initial project plan and the contract for the OBRS system were approved, the revised implementation schedule was neither signed off nor formally approved. <p>The Accounting Officer explained that the delay was due to the need for the developer to address urgent, emerging matters that were not part of the original project scope. For example, the developer was required to prioritise integrating beneficial ownership information and processes for striking off and reinstating companies. These processes were not envisaged in the original plan but were needed urgently to enable Uganda to exit the 'grey list'.</p> <p>The Accounting Officer further clarified that all the modules of the Online Business Registration System (OBRS) have since been successfully deployed and are fully functional as per the contract, and the final project completion document has been signed off.</p> <p>Committee Observation</p> <p>The Committee noted that the delayed implementation of the project eventually translates into delayed service delivery to clients, thus the delay in realising the project's expected benefits.</p>	

Recommendation

The Committee recommended that the Accounting Officer to put in place measures to prevent further delays, expedite project completion, and ensure the system's timely operationalization.

Action Status

Project has been fully implemented and is operational.

Query

Lack of Monitoring and Evaluation in OBRS Project Implementation

The Auditor General noted that the best practices recommended by the Information System Audit and Control Association (ISACA) stipulate that risk control specialist reviews results and deliverables within each phase and, at the end of each phase, confirm compliance with standards and requirements.

The Auditor General established that no monitoring and evaluation activity had been conducted for any modules executed in the OBRS project lifecycle under review. This was attributed to the lack of documented periodical evaluations and the project design, which provided quality assurance at the end of the project.

However, the Accounting Officer explained that monitoring and evaluation of the system was conducted in February 2024 and is regularly monitored to ensure proper functionality.

Committee observation

The Committee noted that failure to regularly monitor the system's implementation can result in undetected weaknesses and delays in identifying and resolving issues.

Recommendation

The Committee recommended that:

- (i) The Accounting Officer should ensure that the monitoring and evaluation of the system's functionality and performance are regularly conducted;

- (ii) Other stakeholders/users should be involved in the monitoring and evaluation process of OBRS.

Action Status

Monitoring and Evaluation of the system was conducted and is regularly monitored to ensure proper functionality..

.11 UGANDA REVENUE AUTHORITY - COLLECTION ACCOUNT

Query

Revenue Collection Performance

The Auditor noted that according to the URA's Statement of Comparison of Target and Actual Revenue collection by Tax Head, the Authority had a total revenue collection target of **UGX.29,856.164 Bn (over 29 trillion)** for the financial year 2023/24.

The Authority's actual gross revenue collection was **UGX 27,938.694 trillion, compared to UGX 25,751.729 trillion** for the 2022/2023 Financial Year. The performance represents a revenue growth of 8.5%. However, the above performance resulted in a revenue shortfall of **UGX.1,917.470 trillion (93.5%)** against the year's set target. Table 2 below refers.

Table 1: Revenue performance

Item	Amount (UGX) BN	Percentage
Revenue Collection Target	29,856.164	100%
Actual Revenue Collected	27,938.694	93.50%
Shortfall	1,917.470	6.50%

Source: Audit Report, 2024

The Auditor General noted that failure to attain the set revenue target affects the overall revenue performance and cash flow performance of the Government.

In response, Management explained that:

- (i) The shortfall was UGX2,101.522 trillion reported by the Auditor General. However, on reconciliation, they confirmed that the shortfall was as reported;

- (ii) A number of initiatives to enhance Revenue collection are being under taken, including:
- (1) Enhanced compliance initiatives which focused on field inspections, return vetting, Alternative Dispute Resolution to free revenues tied up in disputes and, improved arrears management;
 - (2) There are also ongoing taxpayer engagements coupled with intensified enforcement actions targeting non-compliant taxpayers;
 - (3) Opening up new stations in areas where we had limited visibility like Gayaza, Bweyale, Kayunga;
 - (4) Engaging with key sector stakeholders, including Sugar Manufacturers, Distilleries, Telecoms, and others, to discuss and improve their compliance;
 - (5) Reorganizing the Large Taxpayers Office, Public Sector Office, and Medium Taxpayers Office to implement a sector-based approach for enhanced specialized compliance management;
 - (6) Utilizing data from external sources to bolster compliance efforts, such as the use of NSSF data for PAYE reviews and data on expatriates applying for work permits to assist in PAYE enhancement;
 - (7) As a result of the action taken in the first six months of FY 2024/25, URA has collected UGX 15,248.99 billion (15 trillion) against a target of UGX 14,926.85 billion, representing a performance of 102.16%. This is a surplus of UGX 322.14 billion, growth of 16.08 percent (UGX 2,112.25 billion (2 trillion) was realised compared to the same period last FY.

Committee Observation

The Committee observed that achievement of the revenue targets by the Tax body is key in stabilizing the cashflow of government and therefore any shortfalls created in revenue affects implementation of planned activities hence poor service delivery.

Recommendation

The Committee recommended that:

- (i) Management should enhance initiatives to grow revenue collections and meet the set revenue targets; and

(ii) The Accounting Officer should develop short medium and long-term strategies to curb revenue shortfalls.		
Action Status		
A number of initiatives to enhance Revenue collection are being under taken.		
<table border="1"> <tr> <td data-bbox="167 526 502 638">Query</td> <td data-bbox="502 526 1492 638">Unpaid Tax Arrears due to the Government Commitments</td> </tr> </table>	Query	Unpaid Tax Arrears due to the Government Commitments
Query	Unpaid Tax Arrears due to the Government Commitments	
<p>The Auditor General noted that as of June 2024, unpaid taxes relating to the Government-related tax waivers amounted to UGX 713.471Bn, as reflected in Schedule 4 to the financial statements. This was as a result of tax waivers for several entities on the presumption that the taxes would be cleared by the responsible entities which include MoFPED, UNRA, Ministry of Education and Sports, and Ministry of Energy among others.</p>		
<p>However, Management explained that URA engaged MoFPED and that a joint team of URA and MoFPED reconciled the stock of arrears under Government commitment. As a result, Government commitments totalling to UGX 713,471,258,868 were paid for FY 2023/24 as at January 31st, 2024. See Annex 4.1.2A-Proof of Payment of Arrears.</p>		
Committee observation		
The Committee Observed that:		
<ul style="list-style-type: none"> (i) Failure by the respective Government Agencies to pay the required arrears affects the revenue collection targets of the Uganda Revenue Authority; (ii) Whereas URA indicated that by 31st January 2024 the unpaid taxes relating to Government -related waivers were paid, audit findings as of June 2024 state otherwise. The committee was not given proof of payment of the said taxes. Further, explanation was not provided as to why reconciliations were not done by the time of audit. (iii) Unguided Tax waivers affect revenue collection targets and cripple the country's development trajectory. 		

Recommendation

The Committee therefore recommended that:

- (i) The Accounting Officer should continually engage MoFPED and other responsible entities to ensure that these taxes are timely cleared;
- (ii) The respective Accounting Officers should prioritize timely settlement of tax arrears owed to Uganda Revenue Authority.
- (iii) Government should review its tax waiver policy which cripple the ability of URA to achieve its revenue collection targets.

Action Status

The Authority continues to follow up on Government commitments with the MoFPED. There is commitment to settle the arrears as soon as the funds are allocated.

Query

Manual Management of Custom Agents Appeals

The Auditor General noted that Section 230 (1) and (2) of the East African Community Customs Management Act (EACCMA), 2004 states that;

- (1) A person dissatisfied with the decision of the commissioner under section 229 may appeal to the Tax Appeals Tribunal established in accordance with Section 231
- (2) A person intending to lodge an appeal under this section shall act within forty-five days after being served with the decision and shall serve a copy of the appeal to the Commissioner.

Further, the Auditor General noted that appeals are received by the Commissioner of Customs on the 1st of January as soon as licenses are issued and throughout the year (licensing period). In respect of the foregoing, the Auditor General noted the following;

- i. There is no formal format that details a log of appeal cases. The customs department uses Microsoft Excel spreadsheet as an appeals register report; where cases are classified in accordance to the reasons for the appeal;
- ii. The applicant writes a letter to the Commissioner Customs Department with reasons for appeal, the Appeals Committee is then appointed by the commissioner to generate recommendations to guide the appeal resolution;

iii. There are no timelines on when the appeal should be resolved. Management explained that the application and issuance process for licensing though automated is still undergoing modifications to improve the efficiency of the system and this has been done in phases. Management further indicated that the appeal process will thereafter be considered for automation.

Management informed the Committee that the automation of the Customs Agents Appeals is enshrined in the general Customs Appeals and Objection module whose User Specification Document was prepared and currently in the queue for software development in line with Section 229 of the East African Community Customs Management Act (EACCMA). Procedure for Management of Customs Clearing Agents Appeals.

Committee observation

The failure to automate and lack of a clear timeline to resolve the appeals leads to case backlog. Furthermore, manual processes are prone to human abuse presenting an avenue for process abuse.

Recommendation

The Committee recommends that:

- (i) The Accounting Officer should consider fully automating the appeals process;
- (ii) The management should develop clear appeals guidelines for timely management and resolution of appeals.

Action Status

- i) i. The automation of Customs Agents' appeals is enshrined in the general Customised Appeals and Objection module, whose User Specification Document has been prepared and is currently in the software development queue.
- ii) Attached herewith is the detailed user specification document that also takes cognizance of the statutory timelines as guided by Section 229 of the East African Community Customs Management Act (EACCMA).

Query	Unsupported Change of Motor Vehicle Values/Particulars in Different Clearance Regimes
<p>In accordance with the Uganda Revenue Authority Customs Compendium, a WT8 document is a transit entry that requires all documents concerning imports to be declared before the goods arrive in the country. Such documents include; proforma invoices, bills of lading, commercial invoices, proof of payment, packing lists, and credit agreements, among others. After validation and a sufficient bond by a bonded warehouse, it is automatically turned into an IM7. An IM7 covers those declarations that relate to goods which are assessed and cleared under the bonded warehousing facility without payment of duty. As such, the goods selected that are imported for immediate home consumption result in an IM4 (<i>goods imported, paid for and cleared out of custom</i>) being issued. It is a regime for the clearance of goods for home consumption where taxes are eligible to be paid. Once an IM4 is captured on a particular product, it retires the pre-existing IM7 regime.</p> <p>The Auditor General noted that, the implication of the above is that during clearance of motor vehicles, from a WT8 to an IM4, it is standard practice that information captured of the said vehicle does not vary at any stage of clearance as this can bring aBoUt tax inconsistencies.</p> <p>Further, the Auditor General noted the following;</p> <ul style="list-style-type: none"> (i) Six hundred and three (603) instances where the motor vehicles had varying information at IM4 and IM7. (ii) Of these, twenty-seven (27) vehicles had the years of manufacture changed (iii) Four (4) vehicles had their condition changed from used in IM7 to new in IM4 (iv) Five hundred sixty-eight (568) had a change in price at the two different levels of clearance. (v) Three (3) vehicles had their chassis numbers changed at IM7 and IM4. (vi) Importation of Motor Vehicles above 15 years of Manufacture. <p>The Accounting Officer explained that:</p> <p>Five hundred sixty-eight (568) had a change in price at the two different levels of clearance.</p>	

- (i) For New vehicles the figures are adjusted for insurance at the point of declaration for home consumption;
- (ii) The Valuation of Imported Used Motor Vehicles follows the EAC Administrative Ruling dated 13th December 2013 that guided the use of Fall-back Method in determining the value of such used items by among others applying depreciation principles. The change in CIF Value for used motor vehicles arose from Regular (Monthly) review of Used Motor Vehicle Valuation Data base where the Value applied is the Value applicable at the time of declaration for home consumption done in compliance with section 2(2) (a) of the EACCMA 2004 as amended.
- (iii) **Twenty-seven (27) vehicles whose years of manufacture changed**
Change in motor vehicle conditions from used to new and change in Motor vehicle years of Manufacture as well as change in motor vehicle Chassis was as a result of New information being obtained at the point of Clearance for home consumption and an inspection report was generated. Such new information is incorporated through amendment so that the motor vehicle is cleared and registered with appropriate/correct particulars as per the attached.
- (iv) **Three (3) vehicles had their chassis numbers changed at IM7 and IM4**
The 3 cases of change in Chassis Number have been reviewed and observed that there was no change in chassis numbers instead the Audit picked and compared the IM4 and Different IM7 leading to the mis match of information. Box 7 in the SAD is the agent reference number. The appropriate box for IM7 is box 40 of the SAD which contains the same information as the IM4.
- (v) **Importation of Motor Vehicles above 15 years of Manufacture.**
The justification for each of the vehicles is provided. These include vehicles that were cleared at warehouses as Boarded off vehicles and others that were within the timeframe of the 15 years considering their Year of Manufacture and Import year.
No staff was found culpable as per the justifications provided.

Management further indicated that URA had initiated an improvement in the clearance process to ensure that the changes in product and value from IM7 to IM4 are streamlined and that the system enhancement for this initiative is being considered.

Committee observation

The changes in motor vehicle particulars result in revenue loss to the Government through less tax being levied from the importers. These changes could also imply the possibility of importing unauthorised vehicles.

Recommendation

The Committee recommended that:

- (i) The Accounting Officer should enforce measures to ensure that custom standard operating procedures are adhered to; and
- (ii) All the highlighted changes should be investigated by Management and action taken on culpable staff.

Action Status

- i) The valuation of imported used motor vehicles follows the EAC Administrative Ruling dated 13th December 2013 that guided the use of the Fall-back Method in determining the value of such used items by, among others, applying depreciation principles.

The change in CIF Value for used motor vehicles arose from regular (monthly) review of used motor vehicle valuation database, where the value applied is the value applicable at the time of declaration for home consumption done in compliance with section 2(2) a) of the EACCMA 2004 as amended. Extract attached as Annex 2 and EAC Ruling in Anne 1.

- ii) Change in motor vehicle conditions from 'used' to 'new' and change in motor vehicle years of manufacture, as well as change in motor vehicle chassis, was a result of new information being obtained at the Point of clearance for home consumption. Such new information is incorporated through amendment so that the motor vehicle is cleared and register with appropriate particulars.
- iii) The three (3) cases of change in Chassis Number have been reviewed, and it was observed that there was no change in chassis number. Instead, the audit picked and compared the IM4 and different IM7s, leading to a mismatch in information. Box 7 in the SAD is the agent reference number. The appropriate box for IM7 is box 40 of the SAD, which contains the same information as the IM4.

Query	Potential Revenue Loss Arising from the Misclassification of Concentrates as Pre-Mixes
<p>The Auditor General noted that according to the East African Community Customs Union common external tariff, Harmonized Commodity Description and Coding System (Version 2022), the animal premixes used in the manufacture of animal and poultry feeds are coded under 2309.90.10 and attract import duty of 0% per kilogram, while the other preparations of a kind used in animal feeding are coded under 2309.90.90 attracting the import duty of 10% per kilogram.</p> <p>Generally, the pre-mixes are used in small amounts in poultry to provide critical micro-nutrients (vitamins, minerals) or additives needed for optimal health and productivity while animal concentrates focus on macro-nutrients (energy and protein) and make up a significant part of the poultry diet.</p> <p>For the period under review, the Auditor General extracted data from the ASYCUDA customs system relating to preparations of a kind used in animal feeding and noted the following:</p> <ol style="list-style-type: none"> a) One thousand two hundred and two (1202) instances involving imported consignments being regarded as animal premixes to be used in the manufacture of animal and poultry feeds and coded under customs code 2309.90.10 and attracting import duty of 0% per kilogram as opposed to being considered as concentrates (other preparations of a kind used in animal feeding) coded under customs 2309.90.90 attracting the import duty of 10% per kilogram. b) The custom value of the concentrates being referred to as premixes was UGX. 91.2 Bn. c) In addition to the 1202 consignments referred to as pre-mixes, 838 consignments are worth the customs value of UGX. 60.97 Bn had been assessed the custom dues of UGX. 8.7 Bn that were settled by the respective importers. d) The 372 importers were exempted from import duty and VAT on importation arising from the classification of animal concentrates as premixes. 	

Management explained that a proposal was made to the EAC Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) to provide clarity and harmonization of the provisions of the EAC Common External Tariff but clarity has not been provided yet.

Accordingly, this matter still on the Agenda of the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI). The 45th SCTIFI referred the matter to the Technical Committee of Customs Experts for review.

Committee observation

The Committee observes that:

- (i) The classification of animal concentrates as premixes had deprived the Government of Uganda of revenue that could be utilized to finance critical Government interventions;

Recommendation

The Committee recommended that:

- (i) Commissioner General should continue engaging the EAC Sectoral Council on Trade, Industry, Finance and Investment to streamline the classification of animal feeds to avert the potential revenue loss to the Government;
- (ii) The interchange of codes for imports under question calls for a thorough investigation of the customs staff to ascertain whether there was collusion to defraud Government;
- (iii) URA should engage the Sectoral Council on Trade, Industry, Finance and Investment for an expeditious position on the matter.

Action Status

The Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) received Uganda's proposal to address the uniform classification of premixes and concentrates across the East African community. The decision on the steps to be taken is expected in November 2025 and will be shared accordingly.

Query	Usage of expired Appropriations
	<p>Regulation 17 of the Public Finance Management Regulations, 2016 requires a vote to repay the unexpended balance of the money to the Consolidated Fund by the 31st of July of the proceeding financial year.</p> <p>However, the Auditor General noted that;</p> <ul style="list-style-type: none"> (i) URA had a cash balance of UGX.46.6Bn as at 30th June 2023 on the Expenditure Account (Stanbic 9030005950707), of which UGX.4.3Bn was not transferred and was subsequently utilized after the expiry of the appropriation; (ii) URA had a cash balance of UGX.26.6Bn as at 30th June 2024 on the Expenditure Account (Stanbic 9030005950707) but had not transferred any amount to the UCF by 30th October 2024. <p>The Auditor General noted that the usage of expired appropriations contravenes the Public Finance Management Regulations, distorts the Government's planning initiatives and overstates the entity's budget.</p> <p>In response, Management informed the Committee that:</p> <ul style="list-style-type: none"> (i) In the Financial Year 2022/23, the Authority had unutilized funds amounting to UGX 4,356,031,765 that were subsequently returned to the consolidated fund on 24th Nov 2023; (ii) URA operates on accrual basis of accounting. As such, invoices worth UGX 17 Billion for the financial year were already committed by June 30th, 2024; (iii) As at June 30th, 2024, URA's operations account had been garnished by court in favour of John Imaniraguha for the amount of UGX 26.2 Billion hence preventing the payment of the invoices worth UGX 17 Billion that were due and charged against the appropriation for the financial year. The garnishee order remained in force until the 8th August 2024 following the consent settlement agreement between URA and the plaintiff for UGX15 Billion. (iv) The balance of UGX 11 Billion was utilised to partially settle the outstanding UGX 17 Billion while the balance of UGX 6 Billion was charged to the budget of FY 2024/2025; (v) URA subsequently sought for supplementary allocation of UGX 15 Billion, which was granted.

While meeting the Committee, the Accounting Officer stated that delays partly emanated from the garnishee order (Execution Misc. Application No. 641 of 2023 arising from a Civil Suit No. 274 of 2021 – a tax dispute between URA and Mr. John Imaniraguha. He further conceded to the delays in transferring the funds and pledged to improve going forward.

Committee observations

The Committee observed that:

- (i) Whereas the money was meant to have been taken to the Consolidated Fund by the 31st July of the proceeding financial year, the funds were returned in November, 2024 contrary to Regulation 17 (3) of the Public Finance Management Regulations, 2016 which require to repay the unexpended balance of the money;
- (ii) This particular business person (**Mr. John Imaniraguha**) could have closed or lost some of his businesses due to the protracted legal battles. The case had dragged on for over twenty (20) years; and
- (iii) Despite the garnished UGX 26.2Bn, there was UGX 4.3Bn at the completion of the accounting and audit process which was not garnished and therefore could have been transferred;
- (iv) The decision by URA to settle out of court arose from the fact that it had exhausted the entire court appeal process;
- (v) The entity's retention of the amount was irregular and may have deprived other entities from access and use of the same funds in addition to distortion of planning;

The ADR process with URA is sanctioned and supervised by the Commissioner General against whose assessment may be subject of dispute thereby comprising the independence of the process.

Recommendation

The Committee recommended that:

- (i) The Accounting Officer should ensure compliance with the provisions of Regulation 17 by returning all unused to the consolidated fund;
- (ii) URA should always endeavor to make the best out of the Alternative Dispute Resolution where tax disputes arise in order to mitigate possible closure or loss of business due to protracted tax contestations;

- (iii) URA should streamline its processes to avoid complicated procedures to make them accessible and also enhance the independence of the ADR process through legislative action by way of amendment.

Action Status

- i) In the FY 32024/25, The Authority unutilized funds amounting to UGX 17,133,423,206 after reconciliation that were subsequently returned to the Consolidated Fund on Oct 21, 2025. The Authority commits to comply with the regulation going forward.
- ii) URA has elevated ADR to a division in the organization structure and deployed competent staff to handle tax appeals. ADR forms one part of four (4) divisions in the Legal Services and Board Affairs Department. Other divisions include; Litigation, Tax Arrears Management and Policy, Legislation, Advisory and Contracts. ADR also plays a crucial role in handling mediation cases before the Tax Appeals Tribunal, enabling early and amicable settlement of disputes.
- iii) URA has streamlined the processes by including the ADR application form on the URA online portal. This form allows the tax payer to indicate the amount in dispute, the tax head and the relevant ground of dispute. ADR applications can also be made through the URA Touchpoint platform and tax payers are able to track the status of their application. The URA Touchpoint is a digital, used by URA to manage interactions online with tax payers and provide better service experiences.
 - In addition, the option of applying or review of a tax dispute via ADR was incorporated into the objection decision notice so that tax payers are aware about the ADR review process and this was effective July 2021.
 - To date, the following cases have been resolved under the ADR process:

Month	Cases Closed	Revenue (UGX)
April	256	53,267,881,200
May	212	56,337,207,815
June	268	65,312,185,531
July	156	13,750,492,738
August	244	50,983,394,111
September	251	58,374,373,675
Total	1387	298,025,535,070

The recommendation is noted, we shall await guidance form Government through MoFPED.

Query	Double Contribution by Government to Retirement Benefits of Staff
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Section 10(1) of the National Social Security Fund Act Cap. 230 requires that every contributing employer shall, for every month during which he or she pays wages to an eligible employee, remit to the fund, within fifteen days following the last day of the month for which the relevant wages are paid, a standard contribution of 15 per cent calculated on the total wages paid during the month to that employee.

Accordingly, the Authority pays the mandatory (10%) contributions as the employer to the National Social Security Fund.

However, the Auditor General noted that in addition to the NSSF contribution, the Authority contributes an additional 10% to the URA Staff Retirement Benefits Scheme which is an in-house retirement scheme started by URA in 2007. As a result, UGX.47Bn was paid to retirement benefits for employees as shown below;

Table showing Breakdown of retirement benefits contributions

S/n	Scheme	Amount (UGX Bn)
1	National Social Security Fund	24.6
2	URA Retirement Benefits Scheme	22.4
Total		47

Source: Audit Report, December 2024

In the Auditor General's view the above tantamount to double contributions to retirement benefits.

Management explained that:

- (i) The Authority introduced the URA Staff Retirement Benefit Scheme (SRBS) as part of augmenting the Employee Value Proposition. This, according to the authority, would attract and retain talent in the highly competitive labour market.
- (ii) The SRBS is currently one of the key initiatives supporting the URA Employee Value Proposition, ranking as one of the most significant

factors in attracting and retaining talent as reflected in the employee satisfaction surveys. Many employees consider both salary and a secure retirement package when making career decisions, thereby contributing to staff longevity.

- (iii) Compared to other key Government agencies, URA offers relatively lower salaries and does not provide additional allowances to mitigate the rising cost of living, to attract and retain staff. Therefore, the Authority highly depends on other benefits accorded to staff, of which SRBS remains a critical element. Scraping SRBS may lead to spiralling talent attrition that would adversely impede the URA revenue mobilization Agenda and the Authority's contribution of Tax to GDP ratio which is pertinent for National Development.
- (iv) Recently, the Authority faced an increment in the staff attrition, and one of the pull factors is the war for talent by other parastatals and private institutions which is due to lack of competitive salaries. If the SRBS is discontinued, the attrition rate is likely to spiral and adversely impact URA's strategic agenda of raising the contribution of Tax-to-GDP ratio to 20%. The spiraling talent attrition would also have other contingent effects like increased recruitment and training costs and skills-drain;

Committee observations

The Committee noted that:

- (i) Many Government agencies run Retirement Benefits Schemes (RBS) parallel to Pension and National Social Security Fund. These include Uganda Bureau of Standards (UBOS), Bank of Uganda (BoU) National Water and Sewerage Corporation (NWSC), Uganda Electricity Generation Company Limited) among others. However, each entity has a different contribution.
- (ii) The Committee did not find any legal or regulatory impediment especially considering that the amount has always been appropriated by Parliament.
- (iii) There is no standard figure / rate to guide entities on the minimum or maximum contribution that they may provide in their in-house retirement scheme.
- (iv) Withdrawing the benefit already provided for in the human resource manual, may amount to breach of the employee contract with attendant legal ramifications.

Recommendation

The Committee recommended that:

- (i) Government, through URBRA should streamline the approval processes for retirement schemes across MDAs to avoid budgetary distortion and exaggerations.
- (ii) Government should streamline and provide a cap for such contributions to avoid distortions across MDAs.

Action Status

The recommendation is noted, we shall await guidance from Government through the MoFPED.

Query

High Costs of Motor Vehicle Repair and Maintenance

The Auditor General reviewed the Financial Statements of URA and established that a total of UGX.6.4Bn was spent on the repair of Motor Vehicles for the financial year ended 2023/24.

The Audit General reviewed 61 vehicles with the highest repair expenditure and noted that, for the last three financial years (2021/22, 2022/23, and 2023/24), an average of UGX.77Mn was spent on repairs for each of the selected 61 vehicles. The highest expenditure for repairs on an individual vehicle in a year was UGX.106Mn. The high expenditure on repairs for motor vehicles is an indicator of an old uneconomical fleet.

Management explained that:

- (i) Vehicles have served on average 8-12 years, and undergone major repairs. Out of the 61 selected vehicles, 12 vehicles had engine overhauls, 21 were deployed in upcountry regions and 16 were in enforcement operations
- (ii) Resources to acquire new vehicles were availed for the FY2024/2025 to the tune of UGX 6.7 Billion. The procurement process to acquire additional 25 vehicles was initiated and currently is at contracting stage, awaiting approval by the Solicitor General.
- (iii) The process of disposal of 38 old motor vehicles is in its final stages.

While interfacing with the Committee revealed that the delivery of 25 vehicles was expected in December 2025.

Committee observations

The Committee:

- (i) Noted that during FY (2021/22) URA procured 132 vehicles to replace the ageing fleet;
- (ii) Observes that the period taken by the supplier to deliver the vehicles is unnecessarily too long and this impacts on service delivery since mobility is affected.

The Committee recommended that:

- (i) The Accounting Officer should ensure expeditious procurement and delivery of the new vehicles;
- (ii) Disposal and replacement of the ageing fleet of vehicles should be expedited to mitigate the cost of vehicle maintenance in addition, it will generate NTR and also easy movement of staff in the execution of the entity’s mandate.

Action Status

- i. Sixteen (16) motor vehicles have so far been delivered as at October 22nd, 2025. The remaining vehicles will be delivered in the course of the month.
- ii. In order to streamline the auction process for URA assets, an Asset Disposal Management System was developed by the PPDA ON Sept 09, 2025. The online auction of the 43 boarded off vehicles is scheduled for Nov 2025. Attached is PPDA approval and disposal plan for FY25-26 for reference.

Query	Provision of consultancy services for audit of Telecoms
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The Auditor General noted that the contract for the project was signed on 31st May 2023, with an expected duration of 18 months and a contract end date of 30th November 2024.

The Auditor General further observed the following;

- a) The work remains incomplete as only MTN has been audited and other Telecom company's audits are yet to commence;
- b) The vendor was in the process of obtaining necessary information from Airtel Uganda, indicating delays in completing the required audits;
- c) There were no reports or updates on audits of other telecoms, including Smart Telecom, Roke Telecom, Liquid Telecom, Lyca Mobile, among others;

- d) The contract stipulated knowledge transfer, specifically the training of 15 URA officers to conduct similar audits in the future. However, there was no evidence of knowledge transfer or training sessions as provided, casting doubt on the sustainability of the intervention.

These findings raise concerns about the likelihood of the project fully achieving its intended objectives.

Management explained that requests were made to all telecommunication companies to submit big data volumes, for the 5-year Investigative Audit period (January 2018 to December 2022). Management also acknowledged the delays but clarified that the majority of companies had submitted the required data and that investigations were ongoing.

The Accounting Officer informed the Committee that the primary reason for the delay was the prolonged time required to obtain data from the telecom companies. Data recovery and submission to URA by the telecoms took long. The final data sets were received in May 2024, leaving the project with only six months to complete work that was originally expected to take 1.5 years.

The Accounting Officer revealed that currently, MTN engagements have covered an audit period of 3 years with an assessment of undeclared tax. There have been prolonged discussions with MTN on the undeclared tax assessed, which contribute to the delays. With the momentum gained, URA expects that the telecom audit will be concluded by November 2025. He provided a brief update on telecom audit progress as follows:

- 1) MTN - Audited, assessed and under reconciliation
- 2) AIRTEL - Analysis in Progress
- 3) Smart Telecom – Work-in Progress
- 4) Roke Telecom - Work-in Progress
- 5) Liquid Telecom - Work-in Progress
- 6) Lyca Mobile - Work-in Progress

Further information provided by URA indicates that three (3) URA staff have been working with the consultant during the first phase of the MTN audit, and other staff will be onboarded for on-the-job upskilling during the other phases of the audit, to achieve the expected skills transfer of at least 15 URA telecom auditors.

Committee observations

The Committee observed that:

- (i) It is abundantly clear that both parties did not fully appreciate the complexity and nature of the contract they were entering into. For example, the contract provided for executing within one and a half years thereby expiring by November 2024, to date, the work in respect of all the telecoms is not even a quarter executed;
- (ii) The report on verification of equipment is itself dated 21st February 2025, three months after the expiry of the contract, implying therefore that the contract expired before the team could get on ground to start work;
- (iii) The telecom audit initiated by URA has exceeded the expected contract period and this affects reporting and recovery of revenue in undeclared taxes;
- (iv) There is no proof that URA has renegotiated the contract terms to ensure that work is expedited within the new alluded to timelines;
- (v) The contract expired, none of the processes has been concluded considering that reconciliation between URA and MTN still ongoing
- (vi) With the recent period left with one and a half months to end, only 3 of the 15 URA staff have been involved in the MTN audit leaving no possibility for the skilling of the remaining 12 in this short period.

Recommendation

The Committee recommended that the Accounting Officer should engage the contractor to provide a detailed projection on when the project is expected to end and iron out any bottlenecks hindering the realization of the project. In particular, URA should re-negotiate the timelines within which to execute the contract with specific outputs and associated timelines.

Action Status

The contract for auditing the telecom industry was extended to November 30th, 2025. However, the auditors continue to experience challenges with the telecom operators whenever our assessments are presented to them.

For instance, MTN requested to submit additional data for URA to further validate the assessment issued to them. This request has delayed the formalization of the audit. The newly submitted data – equivalent in volume to the initial submission – amounts to 38 Bn records. This exercise is

currently ongoing, and the consultant will be presenting the report by November 30th 2025.

In another instance, Airtel provided incomplete data. Out of the 19 expected verticals, only 5 were submitted, and even those contained partial information. The auditors are actively engaging with the company to expedite data submission and anticipate that the report will be delivered by 30th November 2025.

With the above circumstances, the delays encountered during the audit exercise have mainly been unavoidable.

Management also wishes to note that smaller telecom operators included in the audit scope are under review, and the consultant will be training URA staff to gain hands-on experience and build capacity for future telecom audit exercise.

3.12 UGANDA REVENUE AUTHORITY - CORPORATE ACCOUNT

Query	Multi-year Commitments without Parliamentary Approval
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Section 22 (1) of the Public Finance Management Act, Cap 171 states that a vote shall not enter into a contract, transaction, or agreement that binds the Government to a financial commitment for more than one financial year, or which results in a contingent liability, except where the financial commitment or contingent liability is authorised by Parliament.

Contrary to the above, it was observed that the Authority awarded multi-year contracts amounting to UGX.53.9 Bn without evidence of approval by Parliament.

The Auditor General observed that failure to obtain Parliamentary approval for these multi-year commitments is irregular and defeats the purpose of the Public Finance Management Act in ensuring proper public financial management and discipline.

In response, the Accounting Officer informed the Committee that URA submitted her multi-year commitments for the F/Y 2024/2025 to the Minister of Finance, Request for confirmation of multi-year commitments for FY 2024/25 to 2026/27; **4.6B** - List of procurements forming multi-

year commitments; **4.6C** - letter to MoFPED seeking for Parliamentary approval of multi-year commitments for FY 2024/2025 and going forward.

Management further explained that Approval was obtained from the Permanent Secretary/ Secretary to the Treasury (PS/ST).

Committee Observation

The Committee observed that:

- (i) Whereas it is within the ambit of the Ministry of Finance, Planning and Economic Development to approve commitments from URA and other agencies of Government, the final approval for expenditure lies with Parliament (Section 13 (1) of the PFMA). Therefore, continuing to approve multi-year commitments without Parliamentary approval is in breach of Section 22 (1) of the Public Finance Management Act, Cap 171;
- (ii) The Committee notes however, that where Parliament approves the entity's budget and work plan for the financial year under review, it is deemed to have approved. It is apparent that since the entity is allowed to retain some funds, it could have resorted to the same, which still would be use of funds without appropriation contrary to the law;
- (iii) The Committee was not presented with the ministerial approval for the multi-year commitment although the Accounting Officer explained that permission was obtained from the PSST. Authority from Parliament was not obtained as required under Section 22 of the PFMA Act Cap 171. In the absence of such authority, it is not clear where this entity got the money to execute the multi-year commitment;
- (iv) It is the duty of the MoFPED to ensure, upon request, that the necessary Parliamentary approval is obtained before entry into and execution of multi-year contracts.

Recommendation

The Committee recommended that the Accounting Officer should always ensure that Parliamentary approval is obtained for all multi-year contracts to ensure compliance with the law.

Action Status

URA submitted her multi-year commitments for FY204/25 to the MoFPED – Letter to PS/ST requesting for confirmation of multi-year commitments for FY 2024/25 TO 2026/27.

– List of procurements forming multi-year commitments for FY 2024/25 to FY2026/27

– Letter to MoFPED seeking for Parliamentary approval of multi-year commitments for FY 2024/25 and going forward.

Query

Utilization of Warrants and Implementation of Planned Activities

The entity had total warrants of UGX.619.99 Bn out of which warrants worth UGX.617.7Bn had been utilized by the close of the financial year. The balance of UGX.2.3Bn relates to the following activities that were partially implemented as indicated in the table below.

Table showing Partially Utilised warrants

SN	Programme	Warrants not Utilized (UGX Bn)	Activities affected by the underutilization	Audit comment (effect on service delivery)	Management response
1.	Development Plan Implementation	0.438	Staff emoluments such as social contributions and salaries arising from staff exits especially in Internal Audit, Customs, and Domestic Taxes.	The Authority has had an average staff attrition rate of 3.05 per cent against a target of 2.5 per cent over the past three financial years. The high staff attrition lowers staff morale, loss of knowledgeable critical resources, increased costs of hiring staff and the few existing staff are constrained to offer staff the clients.	The structure was not full because URA had vacant positions caused by staff exits.

2.	Development Plan Implementation	1.848	1622 Retooling of Uganda Revenue Authority including the activities of procurement of 250 Computers, implementation of the Disaster Recovery solution/ maintenance, procurement of 40 units of workstations and other furniture procured and completion of works at URA regional offices.	Failure to undertake capital developments could impede the Authority's service potential due to the availability of limited resources.	Work in progress for some procurements e.g. construction of Mbale office.
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The Auditor General noted that unutilised funds imply that the entity had more resources than what they required and locked funds which ought to have been used in delivering other Government services.

Management explained that the structure was not full because URA had vacant positions caused by staff exits and that some work was in progress for some projects for example construction of the Mbale office.

Management further informed the Committee that:

- (i) Recruitment of 1,200 staff is in the final stages, written assessments were completed on January 12, 2025. Oral interviews commenced on February 17 – 28, 2025. Appointments will be effective March 2025;
- (ii) The procurement of 250 computers was completed on October 11, 2024 with the supply of laptops. Refer to Annex 4.7.4 A - the goods received note for the 250 computers;
- (iii) The procurement of work stations and other furniture was completed on August 19, 2024. Refer to Annex 4.7.4 B - the goods received note for the supply of furniture; and

- (iv) The progress of the procurement for the construction of Mbale office was at Bid Evaluation stage.

Committee Observations

The Committee observed that:

- (i) Failure to utilize all allocated funds locks up resources for service delivery in other areas; and
- (ii) The presence of inherent structural and operational bottlenecks encountered by URA in the implementation of planned activities affect optimal budget absorption.

Recommendation

The Committee recommended that the:

- (i) Accounting Officer should see to it that all warranted funds are utilized to ensure timely implementation of the planned activities;
- (ii) All structural and operational bottlenecks encountered by URA in the implementation of planned activities should be assessed and eliminated to achieve optimal budget absorption.

Action Status

- i) Staff recruitment. Recruitment of 1,142 staff was completed with appointments effective on April 12th, 2025.
- ii) Construction of Mbale office. The site was handed over to the Contractor on July 23, 2025. The construction period is 18 months, with completion expected in early 2027.

Query

Implementation of funded activities

The Auditor General assessed the extent of implementation of activities for which funds were availed and utilized. A total of 11 outputs with 52 activities worth **UGX.617.7Bn** were assessed and the following was observed;

- (i) Six (6) outputs with 17 activities were fully implemented;
- (ii) Five (5) outputs with 35 activities were partially implemented. Out of 35 activities, the entity fully implemented twenty-two (22) activities, thirteen (13) activities were partially implemented, and at the close of the financial year, no activities remained completely unimplemented.

(iii) The availed PBS reports did not indicate the individual activity warrants and actual expenditure for all the activities fully and partially implemented.

The following activities were partially implemented as provided in the table below;

Table showing Partially Implemented Activities

SN	Activity	Audit Comment
1.	During FY 2023/24, four per cent (4%) of planned governance enhancement interventions were not executed.	The unimplemented planned governance enhancements not implemented include transparency & accountability mechanisms, culture promotion initiatives, and publication of integrity-related decisions among others. This potentially could lead to unethical practices among staff.
2.	Sixty-four (64%) per cent completion rate of the integration of LGs with e-log rev/ IRAS interfacing with eTAX. Only 36% of the integration had been achieved.	The failure to roll out the IRAS/ELOGREV in all Local Governments affects the enhancement of revenue mobilization in the lower and upper Local Governments. This impedes the implementation of domestic revenue mobilization strategies envisaged by the authority.
3.	Seventeen per cent (17%) of the data management and technology optimization interventions were executed against a planned target of 100 per cent.	Failure to undertake the planned technology optimization interventions affects the implementation of efforts in automating the revenue administration and efficiencies in URA operations.
4.	During the FY 2023/24, the average on-time filing ratio was 84.55 per cent (PAYE 79.95 per cent, VAT 89.14 per cent) against a planned target of 90 per cent.	The low tax filing ratios point to low tax compliance that could be attributed to limited tax awareness.

5.	6,272 tax audits were not conducted. During the period under review, 1,128 taxpayer visits were conducted against a planned target of 7,400.	Failure to conduct tax audits leads to the growth of the tax arrears, accumulation of tax interests and penalties, and intern affecting tax compliance.
6.	During the period under review, EFRIS tax register growth was at 25.22 per cent against a target of 35 per cent.	The low growth in the EFRIS uptake/register impedes the realization of accurate VAT returns and resulting tax as this potentially fails to realize the revenue targets.

The Auditor noted that failure to implement planned activities affects service delivery to the citizens.

In response, Management explained that:

- a) The structural review and functional alignment were implemented in August 2024 and other key enhancement interventions were implemented.
- b) URA's role was to support the integration to facilitate the collection of Local Government revenue. These 2 integrations with eLogrev/IRAs were completed and currently, the local government revenue is being collected through the URA platform. By December 2024, out of the 176 LGs on the URA portal, 175 had been onboarded on the eLogrev/IRAS making for an execution level 99.4 percent
- c) URA had implemented 83 percent of the data management and technology optimization interventions against a planned target of 100 per cent due to the work on the Data warehouse revamp that was still on-going due to delays in procurement. However, the data warehouse revamp project (mainly focused on Data warehouse optimization) was successfully concluded in September 2024
- d) VAT- The process for managing the activation and deactivations have been given to managers to keep only taxpayers that are eligible for VAT. This is coupled with timely reminders and engagements. PAYE- The low filing was mainly among government institutions. However, URA has proposed to have continuous engagements and support to all government entities through the Public Sector Office in Domestic Tax Department;
- (e) Whereas the target was 100% execution of audits, these activities encounter delays resulting from; low staff numbers to execute audits, taxpayers requesting time to allow them comprehensively review the

issues raised and submit the required documents which leads to delays in the completion of the cases. As a result of these delays, some cases were rolled over to be completed during the FY 2024/25

f) The performance of EFRIS uptake was affected by taxpayers' strikes. URA embarked on retraining taxpayers without enforcement interventions. However, during the FY 2024/25, the focus has been put on the use of data analysis to monitor the compliance behaviours of the taxpayers and providing timely feedback. This awaits Government guidance on EFRIS enforcement resumption.

Committee observations

The Committee observed that:

- (i) Not all warranted funds were fully utilized on the planned activities;
- (ii) There continues to exist, structural/ operational bottlenecks that impede the implementation of URA’s full mandate. These include but are not limited to persistent strikes by taxpayers.

Recommendation

The Committee reiterated its earlier recommendations that:

- i) The Accounting Officer should see to it that all warranted funds are utilized to ensure timely implementation of the planned activities;
- ii) All structural and operational bottlenecks encountered by URA in the implementation of planned activities should be assessed and eliminated to achieve optimal budget absorption.
- iii) Tax education should be enhanced, and Government intervention expedited to facilitate the entity in executing its mandate.

Action Status

Structural review and functional alignment were implemented, along with other key enhancement interventions.

3.13 UGANDA ELECTRICITY TRANSMISSION COMPANY LIMITED

Query Long outstanding Receivables

The Auditor General noted that, according to the statement of financial position under Note 23, reports an amount of UGX.889.59Bn as trade and other receivables, out of which UGX.147.64Bn has been outstanding for over 90 days.

The Accounting Officer explained that:

- (i) Out of the UGX 87.599Bn, UGX 64.8Bn relates to the amount withheld by UMEME on account of non-payment of power bills by MDAs.
- (ii) The company will continue to engage the various distributors in an effort to enhance collections.
- (iii) The balance related to the debit notes and late payment interest invoices, and a bulk has been settled after closure, save for a few which were disputed, and investigations are ongoing between UETCL and UMEME to have the issue resolved; Section 5.3(d) of the agreement allows Umeme to offset against UETCL revenue in case GOU entities fail to pay their bills;
- (iv) The Ministry of Finance requested UMEME to settle the withheld amount to UETCL. However, UMEME insists that this amount is still due from GOU entities as per the attached list of MDAs with arrears.
- (v) UETCL continues to engage UMEME & Government through MEMD and MOFPED to have this matter resolved and the amount refunded. Accordingly, Management wrote to the Ministry of Finance to offset this amount from defaulting MDAs and remit funds directly to UETCL. Letters of engagement with UMEME and MEMD.
- (vi) The balance of UGX 22.79Bn related to debit notes and late payment interest invoices, which have since been settled by Umeme. A copy of a letter from ERA to the Ministry referencing the outstanding amount.
- (vii) UETCL received an arbitration award in its favour in April 2024, for payment by Ferdsult of over UGX 40 billion. UETCL filed its bill of costs for the arbitration, and the taxation award was delivered in March 2025.
- (viii) UETCL has filed an application for enforcement of the Award as a decree of court and is awaiting a court date for the hearing of the application. Upon obtaining the leave of the court to enforce the Award, UETCL shall commence execution proceedings for the recovery of outstanding amounts. This relates to amount withheld by UEDCL on account of their claim for losses incurred in their network as result of evacuation of energy from the small embedded generation plants, which was disputed by UETCL and the matter is before the Regulator for review and determination.
- (ix) The long term solution is a Wheeling agreement between UEDCL and UETCL which will provide modalities for compensation of UEDCL for such losses. Draft agreement with UEDCL was finalized and submitted to ERA for approval.

- (x) Licenses were not renewed by ERA, however the PSA provides that obligations incurred prior to termination survive termination. UGX 6bn relates to BECS and REA requested UETCL not to disconnect BECS and committed to pay the amount Bundibugyo Energy Corporatives Society (BECS) owed UETCL. This amount to be offset against REA levy payable to REA/MEMD (evidence of correspondence.
- (xi) UGX 2.17 relates to claims of losses incurred by Kilembe Investments Limited (KIL) in the process of evacuating power from the small generation plants with KIL area of operation. UETCL referred this matter to ERA for determination, ERA provided compensation for evacuation losses going forward, however did not compensate for the earlier losses incurred. KIL appealed, however their License expired before the appeal was determined by ERA. UETCL wrote to ERA to compensate UETCL. UGX 2.85Bn, relates to Pader Abim Community Multipurpose- Electric Co-oprative Society (PACMECS), and the reason given by client was non-payment of power bills by GOU entities as well as delay by REA to refund their reimbursable costs. UETCL wrote to REA demanding that the amount payable is remitted directly to UETCL. This amount was offset against rural electrification Levy payable to REA/MEMD.
- (xii) Management continues to engage Government through MEMD and MoFPED to have this amount reimbursed by GoU or written off. In the interim this amount has been attached against the rural electrification levy payable to GOU.

Committee observation

The Committee observed that:

- (i) Failure by UETCL to collect the outstanding receivables reflects a laxity on the side of the company management. Considering that the termination of UMEME concession was foreseeable and known to UETCL, there was no strong buffer/ fallback position to enable UETCL recover the monies owed by UMEME contrary to the company's debt management policy;
- (ii) Despite UMEME being paid off by Government, it did not settle its obligation. Currently, it is uncertain how UETCL will recover over UGX 500Bn from UMEME seeing that they have exited the service;
- (iii) In 2022, a cabinet decision was taken to terminate UMEME contract following a resolution of Parliament. However, no concrete steps were taken to assertively take over the infrastructure/ properties and

assets UMEME had taken over and used to claim a buy-out thereby shrinking the likelihood of recovery of the money owed. These property and assets would have had value to offset the debt owed by UMEME to UETCL;

- (iv) The long outstanding receivables may become bad debts leading to potential write-offs and losses to the company;
- (v) The pending court case negatively impacts service delivery and protracted disputes become costly in the long run.
- (vi) The long time taken by ERA to resolve dispute as regulator impacts negatively on the company achieving its targets.

Recommendation

The Committee recommended that:

- (i) The Accounting Officer should institute mechanisms that ensure timely recovery of the outstanding receivables in accordance with the company's debt management policy, to minimize potential losses;
- (ii) UETCL should explore expeditious ways of settling court cases including out of court settlement to avoid protracted disputes that become costly in the long run.

Action Status

UGX 64Bn relates to amount withheld by Umeme on account of nonpayment of power bills by MDAs. As per the PSA this amount is permanently withheld by Umeme. This position was confirmed by the Auditor General in their Audit report for Umeme Buyout. UETCL continues to engage Government through MEMD and MOFPED to have this matter resolved & amount refunded. Management wrote to Ministry of Finance to offset this amount from defaulting MDAs and remit funds directly to UETCL.

- UGX 16.2 Bn relates to Ferdsult, whose Licence was revoked by ERA. UETCL took Ferdsult to Court to enforce recovery of the outstanding amount, UETCL won the case and Court awarded UGX 43.2Bn to UETCL. Application for enforcement of award is scheduled December 2025 upon which UETCL will commence execution proceedings. The delay was due to the ongoing court case. Court ruled in favor of UETCL awarding over UGX 40Bn to UETCL. Recovery ongoing and UETCL has identified some receivables to Ferdsult to attach, while process of identifying more assets is on-going.

- UGX 21.68Bn relates to the disputed amount withheld by UEDCL on account of their claim for losses incurred as result of evacuation of power from the embedded generation plants. The dispute was referred to Electricity Regulatory Authority (ERA), and the matter was determined in favor of UETCL and ERA directed UEDCL to refund the amount withheld.

- UGX48.8Bn, relates to amount due from GoU and this includes amount paid to former employees of UEB as pension following court order, as well as amount paid to power generators during the power crisis of 2011. Management continues to engage GOU through MEMD & MOFPED to have this amount reimbursed or written off.

The balance related to outstanding receivables from the small concessions whose licence was revoked by ERA. This amount was offset against the REA levy payable to REA/MEMD, since REA had committed to pay amounts owed by them in case of default.

Query	Long outstanding payables
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The Auditor General established that included in the payables balance of UGX.750.91Bn reported under Note 30 is a balance of UGX.132.12Bn due to MEMD which has been outstanding for over 2 financial years. The payables resulted from Rural Electrification levy charges on local energy purchases that occurred before the amendment of the Electricity Act.

While interfacing with the Committee, the Accounting Officer further explained that Management is aware of the outstanding obligation, however, the delayed settlement was majorly due to financial constraint imposed to UETCL as a result of certain commitments from GoU. This has been brought to the attention of GOU through several letters, the latest being a letter dated 13th May 2022, in which UETCL responded to the letter from the MEMD dated 14th February and provided clarification on the accumulated outstanding 5% rural electrification levy via letter dated 13th May 2022 .In the quoted letter, UETCL clarified that UGX 103Bn had been

offset from the amount payable on account of rural electrification levy, pending settlement of the following obligations by Government:

- (i) First, during the energy crisis of 2011, with concurrence of Government (**evidence of correspondence**), UETCL applied part of the collected 5% levy funds towards the settlement of power bills so that once Government reimburses UETCL, the same would be remitted to REA. (33bn) Government has not availed the above funds to UETCL;
- (ii) Umeme claims Government entities owe them over UGX 64.779bn on account of non-payment of their power bills. Due to this, Umeme Ltd in accordance with section 5.3(d) of the Power Sales Agreement (PSA) withheld and paid itself UGX 64.779 Bn against UETCL invoice for delivered/supplied energy. This was done after giving due notice to the Government –Ministry of Finance, Planning and Economic Development. As an interim measure, UETCL offset this amount from the rural electrification levy collected through the tariff and payable to REA/MEMD and used the same to pay generators to avert a possible sector crisis;
- (iii) An amount of UGX 6Bn was offset on account of the BECS outstanding amount. This follows REA’s request to UETCL to stay disconnection of power supply to BECS and committing to pay all the outstanding monies that the cooperative owed UETCL;
- (iv) An amount of UGX.33Bn paid to power generators during the power crisis of 2011 and UGX.15.6Bn pension arrears was paid to former employees of UEB and their lawyers;
- (v) UETCL will continue to engage the Government Agencies to have all the withheld funds paid to enable UETCL meet this obligation; and
- (vi) All above have been brought to the attention of GOU through several Correspondences. UETCL will continue to engage the Government Agencies to have all the withheld funds paid to enable the company meet this obligation.

Committee observation

The Committee observed that the failure to settle outstanding obligations affects UETCL and the Ministry in their obligation to implement Rural Electrification programs.

Recommendation	
The Committee recommended the Accounting Officer to continue engaging the relevant stakeholders to ensure that settlement of long outstanding payables is prioritized.	
Action Status	
<p>Management is aware of this outstanding obligation, however the delayed settlement is majorly due to cash flow constraints imposed to UETCL as a result of certain commitments from GOU. This has been brought to the attention of GOU through several letters. The amount was offset from the amount payable on account of rural electrification levy, pending settlement of the following obligations by Government.</p> <ul style="list-style-type: none"> • First, during the energy crisis of 2011, with concurrence of Government, UETCL applied part of the collected 5% levy funds towards the settlement of power bills so that once Government reimburses UETCL, the same would be remitted to REA (33Bn) Government has not availed the above funds to UETCL. • Umeme claimed Government entities owed them over UGX 64.779bn on account of non-payment of their power bills. Due to this, Umeme Ltd in accordance with section 5.3(d) of the Power Sales Agreement (PSA) withheld and paid itself UGX 64.779 Bn against UETCL invoice for delivered/supplied energy. This was done after giving due notice to the Government -Ministry of Finance, Planning and Economic Development. As an interim measure, UETCL offset this amount from the rural electrification levy collected through the tariff and payable to REA/MEMD and used the same to pay generators to avert a possible sector crisis. • Lastly, the balance was offset on account of the outstanding amount from the small distribution companies. This followed REA's request to UETCL to stay disconnection of power supply and committing to pay all the outstanding monies that the cooperatives owed UETCL. UETCL will continue to engage the Government Agencies to have all the withheld funds paid to enable UETCL meet this obligation. 	
Query	Recognition of revenue from Power Sales
The company invoiced a total of UGX.1.55Tn as revenue from energy sales from bulk power supply to the distribution companies. Included in this is UGX.22.81Bn that relates to future investments. The investment component of the ERA approved tariff signifies a future obligation, whose	

revenue will be recognized over time as the investments are made. Refer to Note 29 of the financial statements for details.

The Auditor General noted that UETCL previously recognized the revenue in full at the point of power sales, without taking into consideration the fact that revenue is recognized as the performance obligation is fulfilled.

The Auditor General further noted that, there have been insufficient disclosures in relation to the deferred revenue. IFRS 15.11 requires that the company discloses sufficient information to enable the users understand the nature, amount, timing and uncertainty of revenue arising from contracts with the customers. However, the company did not disclose the following:

- (i) Revenue recognized in the year that was included in the deferred liability balance at the beginning of the year;
- (ii) Performance obligations satisfied, partially satisfied and unsatisfied as at year end;
- (iii) Payments made during the year for which no performance obligation has been fulfilled i.e. WIP; and
- (iv) The timing of the satisfaction of the performance obligation and the amount allocated to the performance obligations.

Committee observation

The Committee observed that:

- (i) Insufficient disclosures affect the users' understanding of the financial statements;
- (ii) Following the Auditor General's recommendation, an adjustment for UGX 22Bn was made as well as the disclosure and this is depicted at the face of the Statement of Financial Position under non-current liabilities.

Recommendation

The Committee recommended that:

- (i) Accounting Officer should enhance the subsequent disclosures to include the information as required by IFRS 15 and to enable traceability of the future investment funds;
- (ii) As a standard practice, reconciliations and adjustments on the Financial Statements should be done before the audit exit meeting or else be subjected to fresh audit.

Action Status

The adjustments and disclosures were made the financial statements of the subsequent year.

Query

Unimplemented procurements

Section 60(2) of the PPDA Act, Cap.205 requires an entity to plan its procurements in a rational manner. The PPDA Regulations require an Accounting Officer to have the overall responsibility of the successful execution of the procurement, disposal and contract management processes and ensure that the implementation of the contract is in accordance with the agreed terms.

The Auditor General assessed the Company's procurement plan against the implementation status and noted that the company planned to execute procurements worth UGX.544.68Bn during the financial year 2023/2024. However, the total awarded contracts amounted to UGX.231.07Bn representing an implementation rate of 42%.

The Auditor General further noted that out of the awarded, contracts worth UGX.12.20Bn were completed representing an implementation rate of only 5%.

In response, the Accounting Officer attributed the underperformance to delays arising from highly priced rejected bids leading to requests for re-submission for example Design, Manufacture, Supply, Delivery, Installation, Testing and Commissioning of Mutundwe and Kawanda Substations, and the Njeru project.

Initiatives were put in place to fast-track implementation of procurement activities and registered significant improvements on timelines for preparation of bidding documents and evaluation of bids. Unimplemented procurements have been rolled over to the financial year 2024/2025.

Committee Observation

The Committee noted that failure to fully implement all planned procurements delays services for which the procurements of works, services or goods were intended.

Recommendation

The Accounting Officer to ensure that all planned procurements are executed in timely manner and unimplemented procurements be rolled over to the next period.

Action Status

There were major challenges associated with a few high value projects as indicated below:

Procurements under Presidential Directives

These recorded low implementation rate because the associated bids returned too prices that were rejected and re-done: These included:

- i) Design, Manufacture, Supply, Delivery, Installation, Testing and Commissioning of Mutundwe and Kawanda Substation Projects valued at UGX 40Bn. Management rejected the high prices and re-invited the bidder to submit a fresh bid and this led to loss of time. The resubmitted bid is within reasonable range and has since been awarded.
- ii) Njeru Project valued at approx. 30Bn also had high prices, Management rejected the bid and the Bidder had to change the Partner and resubmit a new bid. The re-tender was received on 20th November 2024, and it has since been awarded.

Query

Low bidder participations

In accordance with Section 46 of the PPDA Act, Cap.205, all public procurements should be conducted in a manner that maximizes competition and achieves value for money.

The Auditor General analyzed the bidders' participation by comparing the number of the invited bidders with the corresponding numbers of participants and noted that there was a low bidder turn up for 11 procurements worth UGX.5.44Bn.

The Accounting Officer explained that most of the services and supplies required by UETCL are highly specialised rendering the supply market limited. However, the company will continue to make use of competitive methods in accordance with PPDA thresholds.

Further, the low bidder participation can be attributed to unacknowledged bid invitations, unclear instructions to bidders, and impractical requirements which affects bidders' ability to respond and comply.

Committee observation

The Committee observed that the low bidder turn-up limits effective competition and defeats the motive of enhancing competition to achieve value for money.

Recommendation

The Committee recommended that the Accounting Officer should investigate and address the causes of low bidder turn up so as to maximize competition in accordance with the basic principles of procurement.

Action Status

There was an Impasse between GoU and Funder (Kfw) on award of this project. After the first Best Evaluated Bidder had failed due diligence, the decision to proceed to the next evaluated bidder faced challenges. The Funder considered some evaluation parameters immaterial and that these could be clarified to achieve value for money, but the Government Authorities found that these were major non-conformities and thus would not be clarified. Considering that this was a prior review process, no progress could be registered without obtaining a No-Objection from the Funder.

Management engaged all key stakeholders including MOFPED, MEMD, AG and finally the Funder accepted, Due diligence undertaken and the contract has since been awarded pending contract signing-(Annex F)

Query

Delayed procurement of consultancy services for ESIA

The Auditor General noted that on 2nd July 2024, the company contracted Ms. NEK consults limited to provide consultancy services for environmental, social, impact assessment (ESIA) at a contract price of UGX.3.98Bn under procurement reference UETCL/CONS/2023-2024/00085. The consultant was expected to manage and supervise the engineering and construction of Kabaale Industrial Park substation.

The Auditor General further reviewed the procurement file and noted that the procurement was initiated on 31st July 2023 and awarded on 2nd July

2024 which implies that the procurement process took 1 year instead of the average recommended 3 months, representing a delay of 8 months.

Delays in procurement processes affect contract implementation, which delays the intended service delivery.

The Accounting Officer explained that the initial project funding was inadequate and therefore the contract could not be signed before confirmation of availability of funding. The award of the contract for the consultancy was stayed until the contract for works was signed.

Committee Observations

The committee observed that inadequate funding affect timely execution of planned activities as well as service delivery. It also depicts lack of adequate planning on the part of the agency or entity.

Recommendation

The Committee recommended that;

- i. The Accounting Officer should improve on planning and budgeting to ensure timely execution of planned activities.
- ii. Government should increase its funding to the agency to be able to execute its mandate.

Action Status

The recommendations of the Committee have been noted and the planning and budgeting has been reviewed to ensure timely execution of planned activities.

Query

Delay in Completion of pending 34.7 Km Tororo-Lira 132Kv transmission line

Audit established that the company awarded a contract on 13th December 2023 to Ms. Kalpataru Projects International Limited to complete the pending works on the 34.7km 132kV transmission line of Tororo-Lira, at price of USD.5,359,246 and UGX.8.22Bn, under procurement reference UETCL/WORKS/2022-2023/01061. On review of the procurement file, the Auditor General noted the following anomalies;

- (i) Contrary to Regulation 37 of PPDA (Rules and Methods) 2014, the statement of requirements and the bill of quantities for the procurement were inadequate. The bills eliminated items such as

mobilization, demobilization, soil investigations due to changes in the corridor, site security deployments and reassembling of some towers. As a result of amending the Bills of Quantities (BoQs), the contract price was adjusted by USD.289,243.87 and UGX.0.71Bn;

- (ii) The procurement was initiated on 31st January 2023, however the bid invitation was sent out on 24th May 2023, 4 months later which indicates inefficiencies in the procurement process.

The Accounting Officer explained that since the contract was for completion of the work that had been ongoing, the user department at the time of procurement initiation had not envisaged need for these items in the BoQs but was established during pre-award negotiations as justification for price increase by Kalpataru. Going forward, management will ensure that User Departments conduct adequate technical needs assessment in order to prepare a sufficient statement of requirements to avoid such cost changes.

Committee Observation

The Committee observed that;

- i. The user department did not do adequate needs assessment and the entity did not do sufficient supervision of the project in the respective phases.
- ii. Inadequate need's assessment and incomplete BoQs result into increased project costs. The delays in the procurement process affects contract implementation.

Recommendation

The Committee recommended that;

- i. The Accounting officer should ensure that technical teams and user departments support procurement requirements with proper needs assessment and accurate BoQs.
- ii. The Accounting Officer should ensure that the staff are adequately trained and skilled to be brought to the required standard of their respective departments.
- iii. A value for money auditor should be undertaken by OAG in respect of the entire project to ascertain whether the work done was commensurate with the funds expended.

Action Status	
<p>The delay was occasioned by a court injunction restricting UETCL from working in the identified corridor. Due to passage of time, the new contractor quoted a higher price as observed by the Auditor General.</p> <p>This project has been completed in 2025 following reversion to the old already existing corridor.</p>	
Query	Operating Margin
<p>Operating margin reveals the profit a company generates from its core operations relative to its total revenues. It is computed as the ratio of Operating Income or EBIT to total revenue. It demonstrates the company's capability to cover operational expenses and generate profits. Generally, an operating margin that exceeds 15% is considered good.</p> <p>UETCL's operating margin for the year 2023/24 was 7.36%, which is below the desired margin of 15%. The margin declined by 1.68% from last financial year's margin of 9.04%, which suggests a decline in profitability.</p> <p>This decline in performance is majorly attributed to foreign exchange differences that recorded a loss of UGX.10.8Bn as compared to the registered profit of UGX.60.1Bn in the last financial year.</p> <p>The Accounting officer explained that the company continues to negotiate with GoU concerning conversion of debt for completed projects into equity. Management wrote to PSST formally requesting to convert loans in grants and referred the matter to Accountant General.</p>	
Committee Observation	
<p>The committee observed that a fall in the operating margin below the desired level of 15% signifies a decline in profitability. In deed the decline posted for example in profitability in forex exchange is 10.8 Bn, a sharp and radical departure from the previous year's exchange rate gain of 60.1Bn. the Committee does not treat this as innocent.</p>	
Recommendation	
<p>The Committee recommends that the Auditor General should undertake a special audit of this aspect and report to Parliament within six months.</p>	

Action Status	
This matter has been brought to the attention of the Auditor General.	
Query	Profit for the Year
<p>A consistent increase in PAT signifies financial health and sustainable operations which indicates effective revenue generation, cost management, and operational efficiency. This enables the company to reinvest in infrastructure, technology and innovation that can lead to improved efficiency, enhanced service reliability as well as reduced operational costs over time.</p> <p>The company's PAT decreased by 13.36% from UGX.94.9Bn in 2022/23 to UGX.82.25Bn reported in 2023/24, suggesting reduced profitability.</p> <p>The reduced profitability is majorly attributable to the portion of the energy sales revenue that have been deferred to exclude revenue for future investments within the tariff whose performance obligation has not been achieved.</p> <p>The Accounting Officer explained that the company continues to implement policies and actions that ensure sustainable and consistent profitable position of the company accordingly.</p>	
Committee observation	
<p>The Committee observed that;</p> <ol style="list-style-type: none"> i. Reduced profitability points towards unsustainable operation of the company in the medium or long term unless UETCL adopts policies and actions that could reverse the trend. ii. The Accounting Officer provided no details of the measures put in place to improve the profitability position of the company. 	
Recommendation	
The Committee recommended that the Accounting Officer implements policies that ensure the sustainability and consistent profitability of the company.	

Action Status	
<p>The Company's profitability was affected by translation exchange differences that mainly arose from restatement, at the year-end exchange rates, of Loans (borrowings) balances denominated in foreign currency. The loan balances in the Company's books is a result of a buildup of borrowings by Government of Uganda (GoU) that are on-lent to UETCL for grid development purposes. Thus, the impact of exchange rate differences is inherent since GoU, through UETCL, can only sponsor grid development by way of borrowings in foreign currency, and accounting standards dictate that the liability must be restated periodically based on exchange rates ruling at a reporting date.</p>	
Query	Return on Assets
<p>Return on Assets shows the percentage of how profitable a company's assets are generating revenue. It measures management's efficiency in using the company's assets to generate earnings. Generally, a ROA below 5% is considered inadequate, highlighting potential inefficiencies in asset utilization.</p> <p>The Auditor General noted that although the company's ROA increased from 1.70% in the previous year to 1.89% in the current year, which suggests a slight improvement, the return is still way below the desired 5%. This indicates a suboptimal utilization of the company's assets to generate income.</p> <p>The Accounting Officer explained that the company continues to fast-track projects to completion with a view to generating revenue and increasing its Return on Assets.</p>	
<p>Committee observation</p> <p>The Committee observed that the inability of the company to generate revenue and therefore low Return on Assets is attributable to the fact that over 60% of the company's assets are still work in progress.</p>	
Recommendation	
<p>The Committee recommended that the Accounting Officer should fast-track the completion of projects under work-in-progress to enhance revenue generation.</p>	

Action Status

The return on assets calculation is substantially affected by work in progress, which is yet to generate revenue. UETCL has taken action by speeding up completion of projects to have these commissioned and put into production.

Examples of recently commissioned and now productive projects include the following: (i) Kole -Gulu -Agago, (ii) Olwiyo -Nebbi -Arua, (iii) Mirama Kabale.

Query

Liquidity Assessment

The Liquidity ratio measures a company's ability to meet short-term financial obligations using its current assets. A quick ratio between 1 and 1.5 is generally considered healthy.

The Auditor General noted that the company had a quick ratio of 2.17 for the year under review, which is well within the desirable range. The Auditor General further noted that the quick ratio increased by 0.15%, from last year's ratio of 2.02 which suggests improved liquidity.

The healthy liquidity position is majorly attributable to operational funds from energy sales (UGX.508Bn), Government of Uganda's contributions for RAP implementation and project implementation (UGX.236Bn).

The Accounting Officer explained that the above funds are not excess in nature, however, tagged and committed to several disbursements/activities pending conclusion of the relevant processes underway, like procurements, RAP processes, fixed funds on bank accounts for treasury management purposes.

Committee observation

The Committee agreed with the Auditor General's observation that although the ratio suggests a low liquidity risk, excessive liquidity indicates that the company is not optimally investing funds for grid service improvement.

Recommendation

The Committee recommended that the Accounting Officer should fast-track implementation of the activities attributable to committed funds, and

that excess funds are invested in relevant infrastructure projects to improve grid services.

Action Status

The implementation of the activities attributable to committed funds have been fast-tracked, and that excess funds are invested in relevant infrastructure projects to improve grid services.

Debt ratio assesses the proportion of a company's assets financed by debt and is a critical indicator of its financial stability. A debt ratio exceeding 50% is generally deemed undesirable.

The Auditor General established that the company's debt ratio as at 30th June 2024 was 55% which is higher than the desired 50% indicating that a significant portion of the company's asset is financed by debt.

The Auditor General noted that the undesirable ratio is attributed to the on-lent loans for International Development Agency (IDA), EXIM Bank of China, African Development Bank (ADB) and Japanese International Cooperation Agency (JICA).

The Auditor further noted that although the company indicates that Government has no intention to recover the loans in the foreseeable future, the ratio implies a high financial risk which may hinder the company's access to future loans.

The Accounting Officer explained that the Company has engaged the GoU on the matter of conversion of debt to Grants and will continue to follow up on the same. This conversion will significantly improve the company's gearing ratio since the loans would no longer be a component of the company's long-term debt.

Committee Observation

The Committee observed that the reluctance by Government to recover the loans in the foreseeable future implies a high financial risk which may hinder the company's access to future loans

Recommendation	
<p>The Committee recommended that the Accounting Officer should continue engaging the shareholders to convert the loans into equity in order to improve the company's financial position.</p>	
Action Status	
<p>As long as loan (borrowings) balances build up, the debt ratio has to generally, increase unless thwarted by a significant growth in equity.</p> <p>Nevertheless, UETCL issued an accounting technical opinion suggesting to the Accountant General that the loan balances be converted to grants. After due consideration of UETCL's submission and all factors that bear on the requirements of the International Accounting Standards, Public Finance Management Act and the terms of the GoU/UETCL On-lending Agreements the Accountant General advised that conversion to grants was not sustainable.</p>	
Query	Payment of dividends
<p>Section 50(1) of the Public Finance Management Act CAP. 171 requires an Accounting Officer of a public corporation to independently manage the enterprise, operate efficiently, make profits and pay dividends to the shareholders.</p> <p>Audit revealed that despite making profits of UGX.94.93Bn and UGX.82.25Bn in financial years, 2022/23 and 2023/24, respectively, with retained earnings amounting to UGX.360.87Bn, the company did not propose any dividend pay-out as a form of return on Government investment. The Auditor General further noted that the company has not paid any dividends to Government in the previous years.</p> <p>The Accounting Officer explained that UETCL's mandate is service delivery and not profit making. Given that the tariff set is not cost effective, the profits are used to meet funding shortfalls or priorities and therefore cannot declare dividends.</p>	

Committee Observation

The Committee reiterated the Auditor General's observation that nonpayment of dividends denies Government revenue that can be used for funding public services and infrastructure projects.

Recommendation

The Committee recommended that the Accounting Officer should review the Company's financial performance and effective dividend payments where earnings warrant to ensure that Government has revenue to run its programs.

Action Status

UETCL's mandate is service delivery and not profit making. Given that the tariff set is not cost effective, the profits are used to meet funding shortfalls or priorities and therefore cannot declare dividends.

Query**Unachieved strategic targets**

The Company is mandated to operate and maintain the high voltage transmission grid, power export and import, and bulk power supply as per Electricity Act Cap. 157. To deliver its mandate, the company had a five (5) year Corporate Business Plan (CBP) 2019/20 – 2023/24 which elapsed at the end of the year under audit.

The Auditor General assessed the extent of achievement of the CBP's intended performance targets for the 5-year period and noted that 5 targets under 3 strategic goals were not fully achieved. The affected strategic goals include; increasing regional power trade, timely implementation of quality transmission projects and timely acquisition and efficient management of wayleaves.

The Accounting Officer attributed the performance to procurement bottlenecks, funding gaps and low staffing levels for technical Operations and Maintenance amidst the expanded grid for both line coverage and substations, as well as redeployment of the technical team to address emergencies arising from grid faults, vandalism and fast tracking the completion of NELSAP projects particularly the Mirama Substation works.

Committee Observation

The Committee agreed with the observation of the Auditor General that failure to achieve planned targets affected achievement of security of power supply and regional cooperation, accelerated grid infrastructure development and stimulation of demand.

Recommendation

The Committee recommended that:

- (i) The Management of UETCL should consider rolling unimplemented projects to the next strategic plan;
- (ii) The bottlenecks impeding procurement efficiencies such as funding gaps, low staffing for technical operations amidst the expanded grid for both line coverage, vandalism among others should be addressed accordingly.

Action Status

The Auditor General observed that the company did not achieve its targets in its Five (5) year Corporate Business Plan 2019/20 - 2023/24 and that in addition, out of 101 outputs planned for the FY-2023/24, 38 outputs were fully achieved, 12 were substantially achieved, 31 partially achieved while 20 outputs (20%) were not achieved.

The update is that the outstanding planned tasks and key deliverables from the 2019/20 - 2023/24 Corporate Business Plan (CBP) have been carried forward and incorporated in the approved 2025/26 - 2029/30 Corporate Strategic plan (CSP). As of October 2025, out of the total 101 outputs, 66 have been achieved, 25 partially achieved, 8 not achieved and 2 were waived.

Query

High rejection rate for costs submitted for ERA’s approval for Capital Investment budget requests

Paragraph 4.5.1 (22-24) of the UETCL Financial Policies and Procedures Manual (2014) requires the company to submit a multi-year budget together with the board approved tariff application to the Electricity Regulatory Authority (ERA) for approval. ERA reviews the application and communicates a tariff along with an adjusted budget to be used by the company.

A review of the company's multi-year budget (2023 – 2025) approved by ERA and its Capital Investment plan for 2024 revealed a high rejection rate of costs submitted by UETCL for the regulator's approval. The table below refers:

Table showing Approval of costs

Budget Submitted	Details	Period	Amount submitted by UETCL (UGX.'Bn)	Amount Approved by ERA (UGX.'Bn)	Amount Rejected (UGX.'Bn)	%age rejected
Capital Investment Plan 2024	Capital expenditure	2024	112.84	23.50	89,337	79%
	Additional funds	2024	4.60	4.60	-	0%
	Total		117.44	28.10	89.33	76%

The Auditor General noted that the majority of costs were rejected on grounds of necessity, appropriateness, availability of alternative solutions and need for some outputs to be in place first. The Auditor General further noted that some of the rejected costs were due to the company's lack of adequate justification, failure to complete already funded activities and absence of information on status of utilization of previously approved funds on related items. The examples below illustrate;

- (i) UGX.9.65Bn rejected for Phase 3 SCADA upgrade project due to lack of status of the implementation of phase two for which the authority approved UGX.7.374Bn;
- (ii) UGX.14.8Bn for the 2x40MVA power transformers and associated HV bays rejected pending completion of authority approved works at Kawanda substation;
- (iii) UGX.1.5Bn for supply of assorted Namanve capacitor bank spares rejected due to lack of a market survey and supporting documentation for the quoted amounts;
- (iv) UGX.1.39Bn for way leave demarcation for Bujagali -Tororo - Lessos 220kV line was rejected until the Hoima-Nkenda 220kV line way leave demarcation is complete and verified by the authority;
- (v) UGX.5.15Bn for justified procurement of motor vehicles was rejected because the company had not procured vehicles for funds allocated in 2022 and 2023;
- (vi) UGX.945M for procurement activities including evaluation accommodation and allowances was rejected due to lack of status of previously approved funds.

The Accounting Officer acknowledged the observation and committed to fast-track the ongoing contracts and continuously improve efficiency in the procurement processes.

Committee observation

The Committee observed that:

- (i) The inability by the Management of UETCL to provide the required documentation had hindered the commencement of many prospective investments;

The Committee commended the Electricity Regulatory Authority for its insistence to have UETCL produce the necessary documentation prior to approving any project commencement;

Recommendation

The Committee recommended that:

- (i) The Management of UETCL should ensure that the required documentation that has hindered the commencement of many prospective investments be provided;
- (ii) Other Accounting Officers should emulate the Accounting Officer of Electricity Regulatory Authority for her insistence on the regulated entities under her review to meet all the necessary requirements before approvals for funded investments are done;

Action Status

The Auditor General observed that the Regulator approved only 24% of the applied costs of capital budget due to inadequate justifications.

In order to curb the high rejection rate, the Company has taken the following steps: Lately justification ranks very high on the criteria involved before submitting capital budget requests and rigorous reviews are internally undertaken to pre-empt possible rejections. Further the Company engages in meetings with the Regulator during the latter's review process to bridge gaps as signalled by the Regulator before final approval.

Query	Revenue Performance																												
<p>Audit established that the company budgeted to receive income amounting to UGX.1.622Tn during the financial year, however UGX.1.639Tn was realized representing performance of 101% as summarized in the table below:</p> <p>Table showing Revenue performance</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Budget (UGX' Tn)</th> <th>Actual Revenue (UGX' Tn)</th> <th>Variance (UGX' Tn)</th> <th>% Performance</th> </tr> </thead> <tbody> <tr> <td>Energy Sales</td> <td>1.496</td> <td>1.530</td> <td>0.035</td> <td>102%</td> </tr> <tr> <td>Other Incomes</td> <td>0.047</td> <td>0.079</td> <td>0.031</td> <td>165%</td> </tr> <tr> <td>GoU Subsidy</td> <td>0.079</td> <td>0.030</td> <td>(0.049)</td> <td>38%</td> </tr> <tr> <td>Total</td> <td>1.622</td> <td>1.639</td> <td>0.040</td> <td>101%</td> </tr> </tbody> </table>					Source	Budget (UGX' Tn)	Actual Revenue (UGX' Tn)	Variance (UGX' Tn)	% Performance	Energy Sales	1.496	1.530	0.035	102%	Other Incomes	0.047	0.079	0.031	165%	GoU Subsidy	0.079	0.030	(0.049)	38%	Total	1.622	1.639	0.040	101%
Source	Budget (UGX' Tn)	Actual Revenue (UGX' Tn)	Variance (UGX' Tn)	% Performance																									
Energy Sales	1.496	1.530	0.035	102%																									
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GoU Subsidy	0.079	0.030	(0.049)	38%																									
Total	1.622	1.639	0.040	101%																									
<p>The Auditor General noted that the performance under Energy sales was attributed to both the system and domestic demand growth, while other incomes included unbudgeted surcharges for late payment from UMEME and extra bank interest of UGX.31Bn.</p> <p>The Accounting Officer attributed the underperformance under GOU to credit notes (October 2019 to March 2022) issued by ARPE Limited Company to offset the energy overbill as per the determination of the Expert. Furthermore, there were no deemed energy costs in Quarter 3 and Quarter 4 due to commissioning of the 132kV Agago evacuation line.</p> <p>Committee Observation</p> <p>The Committee observed that the over budgeting by UETCL can be attributed to inadequate work when estimating and establishing the expected deemed energy costs.</p>																													
Recommendation																													
<p>The Committee recommended that the Accounting Officer should ensure that GoU subsidy budgets are supported by accurate deemed energy bills and information such as expected completion of evacuation lines.</p>																													
Action Status																													
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energy costs in Quarter 3 and Quarter 4 due to commissioning of the 132kV Agago evacuation line.

Query **Underperformance of GoU disbursements**

During the year, the company expected to receive UGX.166Bn as GoU counterpart funding for compensation of PAPs and deemed energy, however only UGX.152.9Bn was disbursed representing a performance of 92% as shown below:

Table showing Performance of GoU disbursement

Category	Budget (UGX' Bn)	Actual Revenue (UGX' Bn)	Variance (UGX' Bn)	% Performance
Compensation	86	80	6	93
Deemed energy	80	72.9	7.1	91
Total	166	152.9	13.1	92

The Auditor noted that the under-performance affected implementation of RAP activities and settlement of deemed energy costs.

The Accounting Officer explained that the underperformance on the Government budget is due to revenue shortfalls during the financial year, however efforts to secure funding have been made to ensure the implementation of RAP activities.

Committee Observation

The Committee reiterated the Auditor General's observation that the underperformance affected implementation of RAP activities and settlement of deemed energy costs.

Recommendation

The Committee recommended that the Accounting Officer should continue engaging MEMD for full disbursement of the allocated funds.

Action Status

The underperformance on the Government budget is due to revenue shortfalls during the financial year. However efforts to secure funding have been made to ensure the implementation of RAP activities.

Query	Operation and Maintenance Costs				
<p>The Auditor General established that the company had an initial budget of UGX.80.53Bn approved by ERA for operating costs for the financial year 2023/24. UGX.10.73Bn was added to the initial budget comprising of CPI adjustment of staff costs, board intervention, supplementary and reallocations from savings and BIS to arrive at the final approved budget of UGX.91.25Bn.</p> <p>However, UGX.85.44Bn was spent representing an overall budget utilization of 94% as shown in the table below:</p>					
Table showing Utilization of available funds					
Details	Budget – ERA (UGX’ Bn)	Adjustment (UGX’ Bn)	Final Budget (UGX’ Bn)	Expenditure (UGX’ Bn)	Variance (UGX’ Bn)
Staff Costs	48.465	4.856	53.321	50.238	(3.083)
Transport costs	3.671	0.229	3.900	4.604	0.704
Grid Maintenance costs	12.452	1.753	14.205	14.437	0.232
Administration costs	15.946	3.894	19.828	16.160	(3.668)
Total	80.534	10.732	91.254	85.439	(5.815)
<p>The Auditor General deduced from the foregoing that unspent budget for staff and administrative costs was attributed to; unimplemented planned recruitments and delays in procurement for items such as printing diaries and calendars, software licenses like cloud mail subscription, ER-board license, micro-soft open volume subscription and e-procurement software.</p> <p>The Auditor General noted that the excess expenditure on transport and grid maintenance costs was not supported by evidence of necessary approvals.</p> <p>The Accounting Officer attributed the the underperformance to items that are still under procurement process and restriction of recruitment of new staff from public service due to the upcoming merger.</p>					
Committee Observation					
<p>The Committee observed that under-utilization of budgets implies partial implementation of planned activities which affects full achievement of intended objectives while unauthorized excess expenditure undermines budgetary controls.</p>					

Recommendation

The Committee recommended that:

- (i) The Accounting Officer should ensure that the pending procurements are finalized and also seek the necessary assistance to have the staff recruitments undertaken;
- (ii) Going forward, approvals should be sought where actual expenditure is anticipated to exceed initial budgets.

Action Status

The underperformance to items that were still under procurement process were fast-tracked.

Query

Implementation of capital budgets

The Auditor General noted that the capital budgets for the company are approved by ERA on a calendar year basis. For the years 2023 and 2024, ERA approved a total of UGX.20.28Bn and UGX.28.1Bn respectively for grid and non-grid capital expenditures. The Auditor General further reviewed the status of implementation of the capital budgets as of September 2024 and noted that:

The 2023 budget had a total of 75 capital items to be procured under substations, transmission lines, communication equipment, office machines and equipment, tools and equipment, SCADA system and motor vehicles as summarised below.

Table showing Status of implementation of capital budget for 2023.

Procurement stage	Number of items	%age	Budget Amount (UGX'Bn)	%age
Not started	5	7%	1.206	6%
At initiation	3	4%	0.162	1%
Not yet awarded	10	13%	10.073	50%
At Award	6	8%	2.581	13%
At Implementation	11	15%	3.047	15%
Completed	40	53%	3.209	16%
Total	75	100%	20.281	100%

Audit established that for the year 2024, the capital budget had a total of 109 capital items to be procured and 23 activities under projects and procurement evaluation. The final budget of UGX.28.1Bn included reallocations for the period 2020 to 2022, funds for grid and non-grid investments for 2023, and additional funds for monopoles and emergency restoration. The status is summarized the table below;

Table showing Status of implementation of capital budget for 2024

Procurement stage	Number of items	%age	Budget Amount (UGX'Bn)	%age
Not started	23	17%	1.395	5%
At initiation	16	12%	11.863	42%
Not yet awarded	27	20%	6.610	24%
At Award	16	12%	2.957	11%
At Implementation	31	23%	4.422	16%
Completed	19	14%	0.860	3%
Total	132	100%	28.108	100%

From the foregoing, the Auditor General revealed that:

A total of 53 capital investment items worth UGX.111Bn that were approved in earlier budgets between 2018 and 2022 remained incomplete at the time of audit.

The Accounting Officer explained that the causes for the delays in implementation of capital investments is the long procurement and approval processes of capital related items especially the ones with significant amounts that require Solicitor General's clearance.

Committee Observation

The Committee observed that delays in completion of capital investments affects acceptability of subsequent budgets by ERA and may lead to claw-back of funds if activities don't commence. The intended objectives of enhancing grid capacity and operational efficiency, automation of processes to realize increased efficiency and sustainability may not be achieved timely.

Recommendation	
<p>The Committee recommended that the Accounting Officer should identify causes for the delays in the implementation of capital investments and institute mechanisms to address the challenges and improve execution.</p>	
<p>The causes for the delays in implementation of capital investments are the long procurement and approval processes of capital-related items, especially the ones with significant amounts that require Solicitor General’s clearance.</p>	
Query	Achievement of Planned Targets and Outputs
<p>The Auditor General established that the Company uses the Balanced Scorecard (BSC) approach to monitor its performance and report on the extent to which its goals and targets are achieved using Key Performance Indicator (KPI) metrics. Under the approach, the KPI targets are allocated a weight of 40% while key deliverables and outputs are allocated 60%.</p> <p>For the financial year 2023/24, the company achieved a self-assessed overall corporate performance of 78.3% which was mainly attributed to; average reserve margin of 21.8% against a target of 10%, 17% increase in net exported energy, average grid availability of 98.6%, 18% expansion in transmission grid coverage and a 7% increase in transformation capacity.</p> <p>The company’s annual corporate work plan had a total of 101 key outputs under 5 strategic pillars namely: 1) Security of Power Supply and Regional Cooperation; 2) Accelerated Grid Infrastructure Development and Stimulation of Demand; 3) Sustainable Financial Growth; 4) Robust Human Capital Development; 5) Efficient Business Processes and Systems.</p> <p>The Committee noted that the Auditor General assessed the achievement of the 101 outputs and established that 38 outputs (38%) were fully achieved, 12 outputs (12%) were substantially achieved, 31 outputs (30%) were partially achieved, while 20 outputs (20%) were not achieved, as summarised below.</p>	

Table showing Achievement of outputs

Strategic Pillar	Outputs	Fully Achieved	Substantially Achieved	Partially Achieved	Not Achieved
1	5	4	1	0	0
2	50	18	8	16	8
3	9	1	3	2	3
4	7	0	0	1	6
5	30	15	0	12	3
Total	101	38	12	31	20

The Auditor General noted that some of the key deliverables that were not fully achieved include; 15% Implementation of ERP: Systems integration remains incomplete, with several systems still operating in silos due to the delayed implementation of the Integrated Management Information System (IMIS) / ERP System; annual maintenance plan implementation stood at 84.25% against the target of 100%, completion of Arua-Adjumani feasibility study, completion of Bulambuli-Mbale control extension consultancy, cost reflective tariff with depreciation, RoE and RoI was not achieved, Debt to Equity conversion by the shareholders not achieved.

The Accounting Officer explained that the outstanding key undertakings and grid related projects have been carried over and captured in the Corporate Strategic Plan of 2024 - 2029 and the revised Grid Development Plan and being incorporated in the Annual Corporate Operational Plans for tracking their implementation.

Committee observation

The Committee observed that the failure to fully achieve the company's key outputs impacts timely achievement of service delivery improvement in terms of grid availability, expansion of transmission and improvement of business processes and systems.

Recommendation

The Committee recommends that the Accounting Officer devise strategies to address bottlenecks which are impeding the timely achievement of intended outputs.

The outstanding key undertakings and grid related projects have been carried over and captured in the Corporate Strategic Plan of 2024 - 2029 and the revised Grid Development Plan and being incorporated in the Annual Corporate Operational Plans for tracking their implementation.

Query	Wooden Poles in the transmission network
<p>Audit established that the total circuit length of transmission lines in service was 4,632.7 km, with a total of 417 km (9%) supported on wooden poles, and the balance supported on steel lattice and steel tubular monopole structures.</p> <p>The Auditor General noted that although the company achieved average grid availability of 98.6% during the financial year against a target of 98%, grid availability in Quarter 1 and 3 was below average at 97.2% and 98.4% respectively. This was partly due to frequent faults on the aged wooden transmission line segments, particularly the 132 kV, Mutundwe-Kabulasoke, Kabulasoke-Masaka West, Kabulasoke-Nkongge, Nkongge-Rugonjo and Rugonjo-Nkenda transmission line segments.</p> <p>The Auditor General observed that the aged wooden poles affect the security and continuity of power supply to customers which negatively impacts service delivery.</p> <p>The Accounting Officer explained that a feasibility study to upgrade the line segments to steel tubular monopoles was concluded and detailed design report was presented to stakeholders in October 2024.</p> <p>Committee Observation</p> <p>The Committee observed that the delay to transition from wooden poles, most of which have aged negatively affects the security and continuity of power supply to customers.</p>	

Recommendation	
The Committee recommended that the Accounting Officer to fast track the activities leading to the full upgrade of the wooden transmission line segments.	
Action Status	
The Auditor General observed that out of 4,632.7 kin total circuit length of transmission lines in service, a total of 417 kin (9%) is supported on aged wooden poles.	
The update is that the Company has entered into a commercial contract, now at negotiation stage, with Power China Guizhou Engineering Co, Ltd for the upgrade of wooden line segments to steel tubular monopoles. However, the Contractor has delayed providing details of the Project financiers and this has retarded progress of the negotiations.	
Query	Replacement of collapsed structures due to vandalism
The Auditor General noted that following the collapse of steel lattice structures on the 132 kV; Owen Falls-Lugogo, Mukono North-Namanve South, Bujagali-Iganga, the 220 kV Bujagali-Kawanda and the 66 kV Owen Falls-Lugazi transmission lines due to the massive vandalism in 2022, the company undertook temporally replacement of the collapsed structures to restore the circuits in service using Emergency Restoration System (ERS) towers and wooden structures.	
The Auditor General further noted that out of the 27 affected structures, only 9 on Mukono North-Namanve South 132 kV, Bujagali-Kawanda 220 kV and Kawanda-Karuma 400 kV transmission lines received long-term solutions.	
Delayed restoration of permanent structures affects the strength of the transmission line and increases the risks of unexpected failures thereby affecting the security of power supply and the grid availability	
The Accounting Officer explained that the procurement for the design, manufacture, supply, installation of self-supporting tubular galvanized steel structures (Monopoles) on 132 kV, Owen Falls-Lugogo and Bujagali-	

Tororo double circuit transmission line was on course. However, the contracting process was pending Solicitor General’s clearance and the Board’s approval.

Committee Observation

The Committee:

- (I) Concurred with the Auditor General that delayed restoration of permanent structures affects the strength of the transmission line and increases the risks of unexpected failures thereby affecting the security of power supply and the grid availability;
- (II) Observed that the Solicitor General’s delay to clear the contracting process and laxity of the Company Board to approve the process had negatively affected the pace of installation of self-supporting tubular galvanized steel structures.

Recommendation

The Committee recommended that:

- (i) The Accounting Officer should prioritise the implementation of long-term solutions on collapsed towers by using structures that are less prone to vandalism;
- (ii) The Solicitor General and the Board should expedite the clearance and approval to complete the contracting process for the installation of the self-supporting tubular galvanized steel structures.

Action Status

The Auditor General observed that out of 27 structures affected by Vandalism, only 9 (33%) had been restored with permanent structures.

The update is that an EPC Contract for the replacement of the collapsed structures with permanent Tubular Monopoles structures is effective. The designs are currently on-going and the delivery date for this contract is 18th August 2027. The EPC contract is very bulky and has thus been sent in soft copy.

Query	Status of Sub-stations
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The Auditor General found out that:

- (i) The total installed transformer capacity on the grid stood at 6,665.5 MVA in 36 substation locations. A review of the transformer capacity utilization in 11 substations with 23 transformers revealed

that 9 substations were capacity constrained leading to load shedding. Notably, the peak loading for Kawanda and Nkenda substations surpasses the installed capacity;

- (ii) The substations were also affected by the lack of n-1 contingency requirement due to existence of only one or two transformers that affects availability during faults and maintenance.
- (iii) Transformer capacity constraints were attributed to delayed implementation of planned investments in the grid. This creates challenges with flexibility to carry out maintenance and impacts grid availability, thereby affecting service provision.

The Accounting Officer explained that several temporary interventions of moving transformers from the lightly loaded substations to the heavily loaded compatible substations have been undertaken to provide relief to the overloaded transformers and to ensure continuity of power supply. In addition, projects to address the constraints at Nkenda and Mbarara North were under implementation with expected commissioning in December 2024 and February 2025 respectively.

Committee observation

The Committee observed that by not addressing the transformer capacity through expeditious implementation of planned investment in grids to create flexibility to carry out maintenance, service delivery challenges were BoU and to persist.

Recommendation

The Committee recommends that UETCL should engage the stakeholders to secure funds for critical investments in the grid as well as fast tracking funded investments to achieve the intended objectives on a timely manner for better service delivery.

Action Status

Temporary interventions of moving transformers from the lightly loaded substations to the heavily loaded compatible substations have been undertaken to provide relief to the overloaded transformers and to ensure continuity of power supply. In addition, projects to address the constraints at Nkenda and Mbarara North were under implementation

with expected commissioning in December 2024 and February 2025 respectively.

Query	Assessment of Technical Compliance
<p>Section 11 (2) (c) of the Electricity Act, Cap.145 provides that in performance of its function, the ERA should ensure that licensees comply with the conditions of their licences and protects the interests of the consumers in respect of the prices, quality, efficiency continuity and reliability of the supply services. In line with the ERA Compliance and Enforcement Manual, 2019, the authority undertakes periodic monitoring and assessment of the company's performance.</p> <p>The Auditor General reviewed the ERA annual performance assessment report for 2023/24 and noted that UETCL's performance was rated at 67.3% as compared to prior year's performance of 76.32% which indicates a declined in technical compliance.</p> <p>Particularly, the authority noted the following areas of non-compliance:</p> <ul style="list-style-type: none"> (i) There were gaps in system protection coordination which contributed to grid separations and partial/total system blackouts during the year; (ii) There were instances of non-adherence to prudent utility practices regarding the implementation of its maintenance plan, especially the maintenance of fire detection and suppression system; (iii) The reports on the incidence of registered accidents were submitted late. <p>The Accounting Officer explained that the fire detection and suppression systems in a few substations were non-functional due to failure of some electrical components in their control circuits. However, the procurement of the electrical components was on going to restore the failed fire detection and suppression systems.</p> <p>Committee Observation</p> <p>The Committee observed that failure to adhere to the technical compliance standards affects the quality of service provided by the company.</p>	



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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