



THE REPUBLIC OF UGANDA

**REPORT**

**OF THE PUBLIC ACCOUNTS COMMITTEE**

**ON THE ACCOUNTS OF**

**THE TEACHING SERVICE COMMISSION**

**AND HOSTELS**

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS  
OF THE TEACHING SERVICE COMMISSION

1.0 BACKGROUND

The Auditor General set up an Audit task force to examine the management of the finances of the Ministry of Education, focusing on the Teaching Service Commission, during the period July, 1990 to June, 1992. The team commenced work on 10th September, 1992.

1.1 ANOMALIES REVEALED BY THE AUDITOR GENERAL:

- (A) Internal Control: The Auditor General discovered that the financial control system was very poor. Contrary to financial regulations, it was found that:
- i) no independent system of recording cash payments made in the names of the Secretary, Teaching Service Commission was in place;
  - ii) there was no imprest ledger register maintained for recording petty cash payments;
  - iii) there was no Vote Book for recording payments;
  - iv) Teaching Service Commission vouchers were being stored centrally in the Ministry Headquarters;
  - v) Mr. F. Onyango, then Senior Accountant attached to the Teaching Service Commission was, in addition to his duties in this post, assigned to head the Input Section of the whole Ministry; authorized payments on behalf of the Accounting Officer; and was a Signatory to cheques.
  - vi) Most transactions of the Teaching Service Commission was carried out in cash which was drawn on cheques

printed in the names of the Secretary Teaching Service Commission.

- (vii) Because of (vi) above, the Ministry Headquarters took advantage and also channelled its payments through the Teaching Service Commission.

Explanation Given:

In her response to the above anomalies, the Secretary, Teaching Service Commission told the Audit team that she was not the Accounting Officer and for that matter was not responsible for assignment of duties and responsibilities to the staff.

The Accounting Officer submitted an explanation in which he admitted that the financial records system had been centralised in the Ministry Headquarters. He said this situation explained the failure of the Secretary, Teaching Service Commission to avail all relevant documents to the Audit team.

The Accounting Officer stated that steps had been taken to rectify the problem by decentralising the financial records system to the various departments and making the Teaching Service Commission an independent Vote with the Secretary as a fully fledged Accounting Officer. The latter would be effective 1993/94.

On the assignment of extra-duties to Mr. Onyango, the Accounting Officer explained that his predecessor thought the officer could handle all those duties since he had just been promoted

and appeared knowledgeable. Besides, there was lack of appropriate staff to handle some of the duties. He said changes had been made and the Input Section was placed under the headship of an Accountant but under direct supervision of the Principal Accountant.

The Accounting Officer went on to admit that the Ministry Headquarters not only channelled payments through Teaching Service Commission but also utilised funds drawn for use by the Commission. This, he explained, was because the imprest paid to the Ministry was inadequate to meet all her operational costs; secondly, it was easier to get cash through the Teaching Service Commission whose operation required cash payments; thirdly, the Ministry's operations were characterised by crises which called for immediate availability of funds.

The Accounting Officer stated that due to the loopholes opened by cash transactions, a decision had been made to pay allowances for Teaching Service Commissioners and members of staff by cheque.

#### Committee's Reaction:

The Committee noted that:

- i) During the Meeting with Officials from the Ministry of Education and Teaching Service Commission on the Audit Report, it was informed that a request to increase the imprest for the Ministry Headquarters had been put before the Commissioner, Treasury Officer of Accounts.
- ii) The Secretary, Teaching Service Commission was not a Signatory to transactions on Vote 09 which was ostensibly

under her control and that she did not even control the Vote Book for her department.

- (iii) Some of the money advanced to Commissioners and members of staff was not accounted for.

In the opinion of the Committee, it was evident that:

- (i) The Secretary, Teaching Service Commission displayed absolute lack of interest in proper management of her departmental finances as she knew neither the amount spent nor the balance on the Vote.
- (ii) The Secretary's Loose Minute left loopholes because of lack of detailed costing for the funds requisitioned. This situation gave the members of Accounts staff a free hand not only to inflate the amount requisitioned but also to dish out the funds as they pleased in disregard of stipulated rates of allowances.
- (iii) Mr. F. Onyango-then Senior Accountant was to blame for lack of accountability for funds advanced to Commissioners and members of staff. The Committee held that as the officer incharge of arranging financial records for Audit, it was his duty not only to remind the payees for accountability but also to inform the Accounting Officer and the Secretary, Teaching Service Commission.

(B) Accounts:

The Audit team reported that the Accounting Officer availed to them payment vouchers for the period July, 1990 to June, 1992 with the exception of vouchers for February, 1992 which were reportedly taken by the office of the Inspector General of Government. The Commissioner for Audit subsequently told the Committee that, of the missing vouchers, some covering payments for Shs. 35,853,300/- had been presented for verification. Examination of the accounts revealed the following anomalies:-

- i) Although the total approved estimates for Programme 09: Teaching Service Commission, for the period under Audit was Shs. 1,134,228,464/-, actual expenditure was found to be Shs. 1,267,072,754/- giving excess expenditure of Shs. 132,844,290/-.

The total approved estimates for 1991/92 Programme 09 was Shs. 833,684,000/-. However, cash payments drawn in the names of the Secretary, Teaching Service Commission during the financial year amounted to Shs. 879,836,950/- thus exceeding the approved funds by Shs. 46,152,950/-.

- ii) Funds drawn for servicing District Teaching Service Committee were diverted and used by the Ministry Headquarters. This was evident from refunds made to the Secretary, Teaching Service Commission.
- iii) Several cheques amounting to Shs. 129,089,690/- were printed during 1991/92 financial year. However, at the close of the financial year, all these cheques had not even been signed.
- iv) There were no Bank Reconciliation Statements available to enable the Audit team establish the exact amount of unrepresented cheques.

- (v) Many payment vouchers were missing hence rendering it impossible for the Audit team to ascertain the actual payments made as well as the authenticity of such payments.

Explanation Given:

The Accounting Officer confirmed that some payment vouchers were taken by an officer from the Inspectorate of Government although receipt of the vouchers was not acknowledged in writing.

He explained that the cash payments in the names of the Secretary, Teaching Service Commission exceeded the Approved Estimates because some payments for the Ministry Headquarters were channelled through the Secretary, Teaching Service Commission. He also agreed that the Ministry Headquarters sometimes used Teaching Service Commission funds but later reimbursed the money.

The Accounting Officer agreed that cheques amounting to Shs. 381,501,908/- had not been cashed by the close of 1991/92 financial year and others for Shs. 29,629,000/- were not even signed.

Committees' Reaction:

The Committee noted that:

- i) The Auditor General had taken steps to curb the disappearance of financial records by requiring written requests to be submitted whenever such documents were required.
- ii) By channelling payments through the Secretary, Teaching Service Commission, the Ministry of Education was short-circuiting a standing financial regulation which restricted the use of cash payments to exceptional cases.

- iii) The Ministry of Education Headquarters would no more channel payments through the Vote of the Teaching Service Commission since the latter was to become Self-accounting with effect from 1993/94 financial year.
- iv) No express reasons were given by the Accounting Officer for the delayed encashment of the cheques.

(C) Visit to Districts:

The Audit team was able to visit 24 District Teaching Service Committees where they discovered the following irregularities:

- a) Inauguration of District Teaching Service Committees:
  - i) A sum of Shs.47,992,000/- had been drawn by the Secretary, Teaching Service Committee. However, the programme of inauguration showed only 18 Districts for which Shs.28,392,000/- was to be spent. The District Teaching Service Committees whose inauguration was to be financed by the balance of Shs. 19,600,000/- were not disclosed.
  - ii) Of the 18 District Teaching Service Committees which had been scheduled for inauguration, 12 of them had not been inaugurated at the time the Audit team visited the Districts.
  - iii) It was not possible to determine the amount released for the programme of inaugurating District Teaching Service Committees as many payment vouchers were missing.
  - iv) Most of the payments made for the inauguration exercise had not been accounted for.

Explanation Given:

In his response to the foregoing anomalies, the Accounting Officer stated that programmes for the inauguration of District Teaching Service Committees had been drawn by the Secretary (T.S.C.)



He also admitted that some of the funds meant for the inauguration exercise had been diverted and used by the Ministry Headquarters. He however, did not state the amount diverted and whether reimbursement was made. He said those officers having outstanding advances had been asked to account for them.

Committee's Reaction:

The Committee noted the response of the Accounting Officer and directed him to ensure that the officers concerned account for or refund the funds advanced to them. It also requested the Ministry officials to trace the missing vouchers and submit them to the Auditor General for verification.

b) Payment for unspecified Boards/Districts:

The Audit team reported that Shs. 102,047,700/- had been drawn by the Secretary, Teaching Service Commission for payment of sitting allowances for Members of District Teaching Service Committees and part-time Commissioners while up-country and other activities at the Commission Headquarters. However, the following irregularities came to light:

- i) Details of the Boards/Districts involved were not available.
- ii) There were no cash payment vouchers indicating how the money was expended.
- iii) There was no accountability for the money.

Explanation Given:

The Accounting Officer listed 18 Districts whose Teaching Service Committees were inaugurated and which should have benefited from the funds under review. He however, could not give details of the payments which, he said, were best known by Mr. F. Onyango. He attributed the lack of payment documents to the fact that the CID took them.

Committee's Reaction:

The Committee noted that officials of the Ministry of Education and Teaching Service Commission had not given satisfactory explanation on how the Shs. 102,047,700/- was spent. In the absence of cash payment vouchers, they remained accountable for the funds.

(c) Payment for Teaching Service Commission

Boards up-country:

The Audit team reported that a sum of Shs. 97,915,000/- was drawn for upcountry Teaching Service Commission Boards. However, expenditure of only Shs. 34,710,000/- had specified Boards. Details of operations and Boards for Shs. 63,205,000/- were not disclosed.

Explanation Given:

The Accounting Officer submitted that Shs. 34,710,000/- was drawn for District Teaching Service Commission meetings. He clarified that the Shs. 63,205,000/- was not meant for District Boards but for Grade III Teachers' Student intake. He said accountability for the funds were being awaited from the Board Secretaries.

Committee's Reaction:

The Committee noted the explanation and advised the Accounting Officer to urge the Board Secretaries to expedite the accountability exercise and submit them to the Auditor General for verification.

Payment for undisclosed Boards:

The Audit team reported that Shs. 77,452,000/- was drawn by the Secretary, Teaching Service Commission ostensibly to pay allowances for Chairmen and Members of District Teaching Service Committees. However, this payment was irregular because:

- i) Checks carried out in the Districts revealed that the intended beneficiaries never received the money.
- ii) The Boards of the said Districts were never specified.
- iii) No accountability for the funds were available.

Explanation Given:

The Accounting Officer stated that many cheques for this payment were not cashed and that the then Senior Accountant, Mr. F. Onyango was in a better position to explain.

Committees' Reaction:

The Committee held that the response of the Accounting Officer was lacking details of how much of the uncashed cheques fell under this query. In the absence of Mr. F. Onyango's clarification, the Committee sustained the query.

3. Retainer fees:

The Audit report stated that a sum of Shs. 23,162,984/- was drawn for retainer fees payable to part time Commissioners and Members of District Teaching Service Committees for 5 Districts. The Auditors found that:

- i) there was no evidence to prove that members received the fees.
- ii) Neither cash payment vouchers nor Cash Registers were present for verification.
- iii) The rates used were not specified.
- iv) No accountability for the funds were seen.

Explanation Given:

The Accounting Officer stated that this amount was drawn and utilised at the Ministry Headquarters for other operations. However, no proof of expenditure was exhibited.

Committees' Reaction:

The Committee noted that diversion of funds for Teaching Service Commission to finance operations at the Ministry Headquarters was rampant. Secondly, the method of disbursement of funds drawn in the names of the Secretary, Teaching Service Commission left a lot to be desired because there were no supporting documents showing how the money was paid out. Thirdly, although the rates for retainer fees were clearly stipulated, officials responsible for disbursement of the funds ignored the rates and came up with their own haphazard rates. Fourthly, there was lack of managerial vigilance on the part of the Accounting Officers who seemed to trust the then Senior Accountant without checking what was going on. This was evident by Mr. Opika-Opoka who, as acting Accounting Officer, signed a voucher of over 16 million for payment of retainer fees before ascertaining whether the District Teaching Service Committees were in place. Furthermore, both the Accounting Officer and the Secretary, Teaching Service Commission were shocked when they were shown vouchers which had been passed for payment of retainer fees. The Committee held that it was this lack of vigilance which gave Mr. F. Onyango confidence to initiate payments without the knowledge of either the Accounting Officer or the Secretary, Teaching Service Commission. Fifthly, the Committee noted the argument of the officials of the Ministry and the Secretary, Teaching Service Commission that they were busy offices. However, it advised them to take off time and look at their Votes to see how money was being spent.

(d) Payment for Districts not visited:

It was reported that a sum of Shs. 32,124,000/- was drawn by the Secretary, Teaching Service Commission for allowances for Members of Boards for various activities up-country and for District Teaching Service Committee officials. However,

- 1) The Auditors were not availed accountability for the money;

- ii) although it was claimed that some Districts were visited 3 to 5 times by Commissioners from Headquarters of the Teaching Service Commission, verification showed that there was 1 or 2 visits only.

Explanation Given:

The Accounting Officer once again admitted that some of the amount in question was diverted to pay for Ministry Headquarter Operations. He said that some of the money was actually used to finance operations in the Districts as evident by Commissioner Professor Wandira's programme of duty in Kiboga, Kibale and Mubende Districts.

The Secretary, Teaching Service Committee told the Committee that her duty was to draw programmes for up-country activities. The control of spending and making payments was the duty of the then Senior Accountant, Mr. F. Onyango. The latter admitted initiating payment of Teaching Service Commission funds without the knowledge of the Secretary.

Committees' Reaction:

The Committee noted that the programmes prepared by the Secretary, Teaching Service Commission lacked details and left the then Senior Accountant with wide latitude to draw funds at will. It therefore held the Accounting Officer and the Secretary, Teaching Service Commission responsible for giving Mr. Onyango the freedom to squander public funds. It also held Mr. Onyango responsible for the misappropriation of funds.

(e) Payments through Accounting Officer:

The Audit team reported that a total of Shs. 304,238,082/- was drawn between July, 1990 and March, 1992 in the names of the Accounting Officer and charged on other Headquarters Programmes. However, the following problems emerged:

- i) The funds were alleged to have been used to pay subsistence allowances for the Chairman and Members of District Officials and to cover refunds.
- ii) On visiting the Districts, it was discovered that Board Members from the Headquarters never visited the Districts, neither did the District Service Committees receive the funds.
- iii) Many payment vouchers were missing.
- iv) The available vouchers lacked supporting documents.

Explanation Given:

In his response the Accounting Officer did not clarify why funds drawn from Programmes belonging to the Ministry Headquarters were used to finance operations of the Teaching Service Commission. He stated that the Teaching Service Commission had carried out numerous field activities before commencing the programme for inauguration of District Teaching Service Committees on 25th November, 1991.

Committee's Reaction:

The Committee asked the Accounting Officer to avail all relevant documents to the Auditor General for verification. It also warned Ministry Officials to stop the habit of hiding payment vouchers purporting that they are misplaced.

(f) Utilisation of fuel for the period July, 1990 to June, 1992:

The Audit report showed that during 1990/91 financial year, the Teaching Service Commission deposited at Wampewo Petrol Station Shs. 61,335,178/- and during 1991/92, Shs. 101,395,025/-. These gave a total sum of Shs. 162,730,403/- for fuel which was to be supplied to two vehicles, namely, UE 0486 and UE 0617.

Explanation Given:

The Accounting Officer explained that an administrative arrangement allowed Ministry of Education Headquarters vehicles also to draw fuel, be serviced and repaired from Wampewo.

About private vehicles, the Accounting Officer said that the vehicles were not private in the real sense but belonged to Project or were Government vehicles brought by officers transferred from other Departments.

Committee's Reaction:

The Committee was not satisfied with the explanation on private vehicles because according to the Audit findings, the owners of those vehicles were being paid either Mileage or Co-ownership allowance; since no deductions were made for the fuel drawn, the Committee recommended that the officials concerned should refund the fuel they used. The Audit staff reported that original vouchers for fuel for both Teaching Service Commission and the Ministry were still missing; both had however submitted carbon copies for verification and the documents accounted for all the Shs. 162,730,403/- which was deposited at Wampewo Avenue Petrol Station.

g) Payment for Stores 1990/91 and 1991/92:

The Auditors reported that during the two financial years under review, the Secretary, Teaching Service Commission paid out a sum of Shs. 31,308,335/- and Shs. 135,313,322/- respectively for stores items. Subsequent Audit checks revealed that, in the month of February, 1992, Shs. 14,570,600/- was paid out to various companies for supply of stationery. However, the following anomalies were discovered:-

- i) There were no stores ledgers to record store items purchased.

- ii) Stores items allegedly purchased were not taken on charge as per regulations.
- iii) The quantities purchased were not only astronomical but also too frequent.
- iv) There were no requisition orders from the District Teaching Service Committees to support the purchase.
- v) No issue vouchers were available to authenticate deliveries to the Districts.
- vi) Inspection carried out in the Districts showed that most Secretaries of District Teaching Service Committees received very little quantities of stores.
- vii) No Central Tender Board authority was obtained for purchase of stores. Instead, this requirement was short-circuited by breaking payments into small amounts below Shs. 1,000,000/-.

Explanation Given:

The Accounting Officer admitted that some items were consumed before being taken on charge. He said the bulk purchase were to meet the stationery needs for production of the White Paper, inaugurations of District Teaching Service Committees, Seminars, interviews, activities at the Headquarters such as S1 and S5 selection, Budget preparation etc. He said some of the stationery



was supplied to the inaugurated District Service Committees and others were used by the Ministry Headquarters. The Accounting Officer held that issuance of stationery to the Districts was on the basis of requests from the Secretaries of District Service Committees. He argued that splitting payments into smaller amount was meant to speed up the process of acquiring stationery but not to avoid CTB Authority.

The Committee was told that although stores matters was supposed to be handled by the Office Superintendent, the then Senior Accountant Mr. F. Onyango handled the whole process from purchasing, taking on charge, and issuing out.

Committees' Reaction:

The Committee noted the explanation of the Accounting Officer but held that the activities enumerated could not consume the volume of stationery purchased during the period under review. It also noted that there was no way foul play could be avoided when Mr. Onyango acted as purchaser, store-keeper and distributor of stationery. Furthermore, the Committee was alarmed by the fact that Mr. Onyango was issuing Local Purchase Orders to firms in which he was a Director. The Committee blamed the Secretary, Teaching Service Commission for assigning, Mr. Onyango all the responsibilities when there was an Office Superintendent in place to handle matters concerning procurement of stores. It directed that a trained store keeper be recruited to manage the Ministry store

(h) Outstanding Bills:

The Audit team noted that there was outstanding bills of Shs. 75,406,307/- in respect of hotel accommodation, staff meals, stationery etc. Of this amount, Shs. 36,616,720/- was in respect to Commissioner Kasiragi's hotel bill in Silver Springs where, it was discovered, Shs. 14,401,083/- had been paid. The Auditors argued that it would have been cheaper to rent accommodation for the Commissioner whose job was full-time. The team reported that it failed to get access to telephone bills.

Explanation Given:

The Accounting Officer stated that the hostel bills had been submitted to the Auditor General for verification and that telephone bills all came in the names of the Ministry and were available for verification.

The Committee noted the explanation.

COMMITTEE'S CONCLUSION AND RECOMMENDATION:

The Committee came up with the following conclusion and recommendation:

1. It noted that the Secretary, Teaching Service Commission was not only a very Senior Officer but had also served in various highly placed capacities in the Ministry of Finance and knew government financial regulations. Besides, among her schedule of duties as Secretary, Teaching Service Commission, was the function of budget preparation and financial management of the Commission finances. The evidence presented before the Committee showed that she failed to carry out her duties as stipulated; it was the view of the Committee that she was criminally negligent in her actions or omissions.
2. According to the Committee, the decision to centralise the financial records system of a Ministry, could only be okayed by the Accounting Officer for the smooth-running of the activities. For the Ministry of Education, the decision to centralise the records system was made by the Principal Accountant and it resulted not in smoothening operations but in disorganising the records not only of the Teaching Service Commission but also of the Ministry Headquarters. The Committee blamed the Accounting Officer for the consequences of the centralisation of the financial records system as well as for assigning Mr. F. Onyango to perform three separate duties. It concluded that all Commissions or omissions were intended to facilitate a Co-ordinated move to swindle money.

3. Although Government instruction was that cash payments be restricted to exceptional cases whereby payment by cheque would delay activities, the Ministry of Education continued to use cash payments involving colossal sums of money. Repeated advice by the General Manager of the Bank of Uganda to the Accounting Officer to discourage drawing large sums of cash was unheeded. The Committee concluded that it was the system of cash payment which provided a loophole for misappropriation of money by the officials of the Ministry of Education and the Teaching Service Commission.
4. The preparation, storage and arrangement of payment documents for audit is the responsibility of the officer who has been assigned by the Accounting Officer to head the Accounts Section. Such officer is supposed to ensure that all payments made are accounted for by support documents or in the case of advances, receipts and statement of how the money was used. This role was assigned to Mr. F. Onyango as head of the Accounts Division of the Teaching Service Commission. However, because huge sums of money remain unaccounted for, the Committee held Mr. Onyango personally responsible for the unaccounted funds paid to the Members and staff of the Teaching Service Commission.
5. In the opinion of the Committee, where payment vouchers are missing, funds have been swindled. Similarly, the practice of diverting Teaching Service Commission funds to service Ministry Headquarters operations was a calculated strategy to steal money since documents to support the payments were missing. The Committee therefore held the Accounting Officer responsible for the misappropriation of the sum of Shs. 797,000,000/- for which there are no supporting documents. It recommended that pending, appropriate action, the matter be handed to the Police for further investigation.
6. The Committee concluded that all monies requisitioned to pay allowances for non-existent District Teaching Service Committees (i.e. Shs.63,205,000/- for Boards up-country and Shs.77,452,000/- for undisclosed Boards); and Shs. 102,047,700/- for which no payment vouchers were available, were in reality swindled unless, in the latter case, payment vouchers can be tendered. Consequently, the

Committee recommended that all the officials concerned should be charged once the Police assemble the necessary evidence.

7. Regarding payment of retainer fees, the Committee noted that although the first District Teaching Service Committee was inaugurated on 25th November, 1991, their allowances were paid with effect from January, 1991 by which time no Committee was in existence. Secondly, although the official rate for retainer fees was shs.27,940/= per annum for the Chairman and Shs.14,412/= per annum for members, funds were drawn at the rate of Shs.58,529/= per month for the Chairman and Shs.48,115/= per month for the members! Thirdly, payments were made in arrears. Fourthly, the funds drawn was not received by the District Teaching Service Committees. The Committee held the Accounting Officer, the Secretary, Teaching Service Commission, the Principal Accountant, the Senior Accountant, and the Cashier all responsible for and involved in the theft of the money drawn for payment of retainer fees.
8. The Committee held the Accounting Officer responsible for shs.304,238,082/= which was paid in his names because he could not provide accountability for the money. Similarly he and all the staff concerned were responsible for the loss of shs.32,124,600/= drawn for up-country boards but which never reached the boards.
9. The Committee noticed the encroachment on Teaching Service Commission fuel by the Ministry of Education Headquarters. Four of the vehicles which were drawing fuel on the account of the Teaching Service Commission were allegedly attached to the Office of the Minister of Education. The Committee decided that government, through the Ministry of Public Service, should come out with a clearly expressed policy on the use of fuel.
10. On mismanagement of stores, the Committee held Mrs. Nshangano responsible because she appointed Mr. F. Onyango, who had a full-time job as an Accountant, to also manage stores.

11. Regarding outstanding bills, the Committee concurred with the Auditor General that renting accommodation for Commissioner Kasiragi could have been cheaper than accommodating him in the hotel.

#### CONCLUSION

The Committee was of the opinion that the mismanagement in the Ministry of Education was partly because of its amorphousness. It therefore recommended the restructuring of the Ministry such that each Section is headed by a Secretary who controls his/her own Vote. Secondly, the Committee called for the carrying out of a census of schools, teachers and pupils as a matter of urgency in view of the decentralisation policy being introduced.

## REPORT ON HOSTELS

### 1. BUGOLOBI HOSTEL:

The Audit report revealed that 480 students were accommodated in the hostel during the period under review. A sum of Shs.540,576,452/- was paid to 41 private firms for supply of foodstuffs between July, 1990 and June, 1992. It was discovered that the hostel received a total of 1,190,000 kgs of food of which 415,200 kgs was of posho, 242,235 kgs of sweet potatoes, 152,795 kgs of irish potatoes, 163,050 kgs of rice, 142,500 kgs of matooke, 73,680 kgs of cassava and another quantity of 354,000 kgs of which 202,840 kgs was of beans, 91,700 kgs of peas, 51,000 kgs of ground-nuts and 8,225 kgs of meat.

The team detected the following irregularities:

- i) Increasing quantities of food was being received whereas the the number of students remained the same.
- ii) Foodstuffs supplied in two years was sufficient to serve the hostel for 13 years for food and 6 years for sauce;
- iii) Foodstuffs was supplied in December, 1991 and January, 1992 worth Shs. 25,864,200/- when students were on holidays.
- iv) Books of account were poorly maintained: records for some periods were missing and out of an expected total collection of Shs. 14,400,000/- records of only Shs.4,144,500/- were available.
- v) There were conflicting entries in the food in-ledger and the issue ledger: the former indicated foodstuffs worth Shs. 540,876,452/- purchased while the latter indicated food worth Shs. 220,506,125/- issued out.
- vi) There was an outstanding bill of Shs. 170,906,655.
- vii) Officials from the Ministry Headquarters used to go to Bugolobi to collect money.

Explanation Given:

The Accounting Officer explained that as soon as the Audit report revealed the anomalies in the management of Bugolobi Hostel, he handed over the case to Police for investigation.

He went on to state that prior to the death of Mr. J. Magoba in 1990, there was a Committee in the Ministry of Education responsible for hostels' affairs. It looked into students and Wardens' discipline, fixed rates of hostel fees, decided on the rate of grants for hosted students. Members of the Committee include: Hostel Wardens and Head teachers of schools using the hostels. The Committee was supervised by the Chief Education Officer and L.P.O.'s were centrally issued.

He said the death of Mr. Magoba who was Chairman of the Committee marked its end. Thereafter, the Wardens took over the functions of the Committee and each issued Local Purchase Orders and forwarded bills to the Ministry Headquarters for settlement.

The Accounting Officer admitted that irregularities began to occur with Wardens ordering large quantities of foodstuffs and supplied air. In July, 1992, steps were however taken to halt the mal-practices and a decision was taken to pay capitation grant of Shs.370/- per student per day. This, plus the hostel fees was expected to suffice for running the hostel.

It was later noticed that Mr. Y. Marijan, the then Warden of Bugolobi Hostel never complied with the new procedures and he was replaced.

Regarding the anomalies outlined above, Mr. Marijan explained that:-

- i) The hostel fees was supposed to be paid in the bank after which students would produce bank slips as proof. He said however, that some students used to bring cash and he would use the money to buy essential items.
- ii) The hostel's expenditure was controlled by himself, Mr. Kuboza Ssalongo ( H.E.O) and the then Principal Accountant - Mr. Abura.

- iii) The shortfall in hostel fees collection was caused by defaulting students who came from insurgency-torn areas of North and North-Eastern Uganda.
- iv) The supply of food during holidays was because students from Kabale could not return home due to instability caused by the Rwanda war.

Committee's Reaction:

The Committee noted that Mr. Marijan's action was dubious because he tried to avoid handing over to Ms Ssali. Even when he eventually handed over, it was not smooth as he seemed to have no knowledge of what he had been doing while in office.

Secondly, the Committee wondered why some students paid hostel fees in cash when all of them were supposed to receive bank slips for payment of the fees. In the Committee's opinion the Warden should have referred the students to the bank for payment of the fees.

Thirdly, in view of the fact that Mr. Kuboza Ssalongo and Mr. Abura were closely involved in the control and authorization of bills from hostels, the Committee held the two party to the malpractices that were reported.

Fourthly, the Committee rejected Marijan's explanation about the short-fall in hostel fees collection and procurement of food during holidays because at the time in question, there was no insecurity in the North and North-East of the country, nor did students from Kabale remain in the hostel during holidays.

Fifthly, it was noted that Mr. Marijan failed to explain the increasing trend in the amount of foodstuff purchased for a constant number of students. Similarly, he could not explain the variance in the ledger entries for food received and food issued out.

Sixthly, the Committee was surprised that officers of the Ministry Headquarters were following up payment to Bugolobi Hostel to receive money.



Seventh, the Committee noted that despite the large expenditure of Shs. 540,876,452/- there was still outstanding bills for supply of foodstuffs totalling to Shs. 170,906,655/-.

2. KOLOLO VIEW HOSTEL:

The Audit report states that scanty records examined from the hostel and the Ministry of Education revealed that Shs.27,459,535/- was paid as capitation grant for the period July, 1990 to October, 1992 while hostel fees of Shs. 19,590,000/- was paid for the period January, 1992 to October, 1992.

The Bank Statement for the Hostel's Account No. 2050 with UCB Crested Towers showed that Shs. 19,337,395/- was drawn by the Warden ostensibly for purchase of food whereas Shs. 68,464,987/- was at the same time directly paid by the Ministry towards settlement of bills for foodstuff. There was also outstanding bills amounting to Shs. 52,479,425/- for the period 1991/92. The Audit team discerned the following irregularities:-

- i) Following the retirement of Mr. Abura - Principal Accountant, the Warden became the sole signatory to the above mentioned Hostel Bank Account.
- ii) The only record kept was the ledger for food received: there was no food issue ledger, cash book, copy of delivery notes and weighing scale. Payment vouchers for the period March, 1991 to June, 1992 were missing. Details of capitation grants, hostel fees and salaries received were not available. Verification was carried out on cash vouchers for cash collected from the bank and received from students. Although the total amount involved was Shs. 4,600,000/-, cash payment vouchers verified totalled Shs. 4,500,820/- leaving Shs. 99,180/- unaccounted for.
- iii) The Auditors could not reconcile income and expenditure because of (ii) above.

Explanation Given:

The Warden, Ms Ssali admitted that she operated the hostel A/C No.2050 with UCB Crested Towers and that she was the only signatory.

However, like in the case of Bugolobi Hostel she was issuing bank slips to students for payment of hostel fees but at the same time receiving cash from some students. She said receipts were issued for the cash received and the money used for buying firewood and foodstuff.

The Warden went on to state that although supplies of food-stuff were supposed to have Central Tender Board authority, she would at times contact her personal friends to supply foodstuff when money was not readily available and pay them later.

She told the Committee that she kept a food ledger but admitted that it was not up-to-date. She also agreed that there was no weighing scale and as a result, she relied on the suppliers weights.

Committee's Reaction:

The Committee noted that by using hostel fees to buy firewood, the Warden acted contrary to a Circular Ref. HOSTEL/GEN dated 13th September, 1990 signed on behalf of the Accounting Officer by Mr. Kubooza Ssalongo in which all Wardens were instructed to forward bills for firewood, electricity, water and telephone to the Ministry Headquarters for settlement. Similarly, by paying bills for supply of foodstuff, the Ministry Headquarters also violated the same Circular which stated that Wardens should settle bills from suppliers using capitation grants and hostel fees.

The Committee further requested the Warden to show authority for her to contract a debt of Shs. 52,479,425/- on behalf of Government. It was also held that Ms Ssali caused financial loss to Uganda Revenue Authority by not deducting and remitting 2% from payments to suppliers.

3. JINJA HOSTEL:

On visiting the hostel, the Audit team found that the Warden, Mr. Kasharagate and a retired D.E.O. Mr. Opio were signatories to the Hostel Bank Account No. 1065 with Bank of Baroda Jinja. Ministry Headquarters records showed that capitation grant of Shs. 2,876,858/- and Shs. 2,423,386/- in 1990/91 and 1991/92 respectively had been received. Available records showed that Shs. 16,928,500/- had been paid in respect of foodstuff supply and there was an outstanding bill of Shs. 45,793,410/-. The team therefore detected the following specific problems:-

- i) It was highly irregular for a retired official, Mr. Opio to continue being a signatory to the Hostel Account when the incumbent D.E.O., Mrs Eberu was in place.
- ii) The warden had no books of account such as Cash Book, Ledger, payment vouchers etc. It was impossible to check how the capitation grant was spent.
- iii) There were also no store ledgers to record the foodstuffs received and issued out.
- iv) There was no student enrollment list.

Explanation Given:

The Warden explained that the former D.E.O. had taken away all books of accounts, vouchers and cheques for unknown reasons. He said he was incurring expenses and passing the invoices to the Ministry Headquarters for settlement.

The Warden told the Committee that the student enrollment in the hostel was 293. He went on to state that although a total of Shs. 8,070,300/- was paid to M/S Katakwi Enterprises and Kingstone Enterprises, no supplies had been delivered to his hostel.

Committee's Reaction:

The Committee was concerned that although Mr. Opio former D.E.O. had retired, he never handed over to the incumbent D.E.O. It deplored the alleged supply of 'Air' and asked the Ministry of Education to ascertain the truth. The Committee recommended that the retired D.E.O. be arrested if he has not returned the books. The Committee also recommended that Mr Kasharagate be retired.

4. MBALE BOYS HOSTEL:

The Audit report states that during 1990/91, the hostel used Shs. 90,529,143/- of which Shs. 53,613,400/- was paid to suppliers by the Warden from grants, fees and rent. Shs. 46,744,443/- was directly paid to suppliers by the Ministry Headquarters. There was also under-collection of fees to the tune of Shs. 14,632,640/-; no list of defaulters was seen. The Warden later submitted a list of 324 defaulters covering Shs. 2,435,000/- and 204 orphans/NRM children and two exempted children who did not pay a sum of Shs. 6,950,000/-. This left Shs. 7,702,640/- unaccounted for.

Explanation Given:

- a) The Warden Mr. Nkambwe explained that the shortfall in fees collection was caused by orphans for whom the Ministry of Education only paid Shs. 5,500/- instead of the set rates (15,000/- - 1990; 20,000/- - 1991; 25,000/- and 35,000/- 1992). He said the other reason for the shortfall was defaulters whose parents appealed to be given a grace period.

The Warden informed the Committee that he had used his discretion to exempt two children of the Assistant Warden from paying hostel fees.

- b) Regarding suppliers, Mr. Nkambwe told the Committee that Central Tender Board approval was sought by the Ministry

of Education before a firm could supply items to the hostel. He admitted that he did not know the names of the Directors of the firms which supplied his hostel nor could he remember the registration number of the vehicles which delivered the food. He further explained that he had to ask parents to pay additional money because the landlord had raised the rent to Shs. 1,000,000/- per month and the hostel did not have the funds to cover all the expenses.

- c) The Warden explained that when the hostel premises was repossessed by the owner, the Ministry of Education sent a team of officials who took stock of assets before closure of the hostel. He said he was later directed to hand over the items - mostly furniture to Bubulo and Magale Secondly Schools.

Committee's Reaction:

The Committee was not convinced by the number of orphans given by the Warden. It therefore, asked Mr. Stephen Maloba, Commissioner of Education to check with the Headmasters of the schools the orphans were attending to ascertain their correct number. The Committee affirmed that standing government policy was not to incur expenses on boarding for students.

It also demanded a detailed statement on how the extra money raised for hostel fees was used as well as a list of the inventory of furniture given to the two secondary schools.

5. BUZIBWERA SCHOOL/HOSTEL

The Audit team which visited the school/hostel reported that the school had 13 teachers although the Ministry's Computer pay-roll for March, April and May 1993 showed that there were 21 teachers who were drawing salaries totalling Shs. 349,215 per month instead of Shs. 204,366/-. Consequently, Shs. 144,849/- was being drawn by 7 teachers and one Senior Copy-Typist who never existed. Furthermore, records verified showed that a total of 208 students were accommodated in the hostel between 1991

and May, 1993. This number was inflated to 381 students by the hostel management. This situation caused overpayment of Shs. 3,614,749/- as capitation grant and hostel contribution by the Ministry.

The Committee decided that since the officials concerned did not appear to explain their side of the story; the police should investigate the matter and take appropriate action.

#### RECOMMENDATION

1. On Bugolobi Hostel, the Committee condemned in the strongest terms the manner in which the finances of this Hostel were mismanaged. Contrary to financial Regulations which require the Accounting Officer to authorize all payments exceeding Shs. 100,000/- the responsibility of managing the finances of the Hostel was left to an illiterate Warden. The Committee held the following officials responsible for causing financial loss: the Accounting Officer; the Under-Secretary (Finance) Mr. Engole (retired); the Principal Assistant Secretary Miss Namakula; the In-charge Accounts (Higher Education) Mr. Matovu; the then Principal Accountant Mr. Abura; the Chief Executive Officer Mr. Makabayi; the then Senior Accountant Mr. Onyango; as well as the following: Mr. Kuboza-Ssalongo; Mr. Ilyamureme and Mr. Marijan.

The Committee recommended that these officials should be prosecuted and be made to recover the money unaccounted for.

2. As for mismanagement of Kololo View Hostel, the Committee blamed the Accounting Officer for allowing the Warden to be the sole signatory to the Hostel Bank Account. The Warden was blamed for buying food without proper weights and Central Tender Board authority. She also caused financial loss to the Uganda Revenue Authority by failing to remit 10% C.T.L and 2% Withholding tax. The Committee recommended severe disciplinary action to be taken against her.

3. In view of government policy not to incur expenses on boarding for students, the Committee held that all the officials who incurred expenditure on Hostels contravened both the foregoing policy and the 1990 Circular from the Ministry of Education which divested responsibility for purchase of foodstuff from the Ministry to the Hostels. It held the officials concerned personally responsible for the financial loss caused.

It further recommended that all Hostels in the country be privatised so as to remove the involvement of the Ministry of Education in their management.