Parliament of Uganda

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

ON

SPECIAL AUDIT INVESTIGATION INTO ALLEGATIONS OF FINANCIAL IMPROPRIETY IN THE OFFICE OF THE PRIME MINISTER (OPM)

MAY, 2013
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Introduction

Background

1. Rt. Hon. Speaker and Hon. Members, you will recall that in November 2012, a special Investigation report on the allegations of financial impropriety in the Office of the Prime Minister was laid before this House. The Report was referred to the Public Accounts Committee (PAC), with instructions to expeditiously consider it, and report back to this august House.

2. As reported by the audit, the Auditor General attempted to carry out a Value for Money audit on special programmes in the OPM in April 2011, but was denied access to records and could not therefore complete the audit for inclusion in the audit report for year ended 30th June, 2011.

3. In 2012, the Auditor General through a letter dated reminded the PS of his right to access information. Shortly after, reports alleging mismanagement of funds in OPM gained media publicity. Consequently, the Auditor General received requests from the Permanent Secretary, Office of the Prime Minister, Permanent Secretary/Secretary to the Treasury, the Director CID and Development Partners to carry out a special investigation in the OPM. The allegations included embezzlement of funds, use of
personal accounts for implementation of activities, diversion of funds and unaccounted for funds.

4. The audit investigated allegations involving mishandling of PRDP donor funds through embezzlement, diversion, use of personal accounts to receive official funds and non-accountability. In addition, the funds were utilised to implement activities outside the PRDP framework or work plan. As per your instructions, the Committee has considered the Audit Report and now wishes to present its report.

Methodology

5. The Committee held 30 meetings involving over 90 witnesses who included:

- The Rt. Hon. Prime Minister
- The Hon. Minister for Karamoja Affairs
- The Permanent Secretary/Secretary to Treasury and his Deputy
- The Governor Bank of Uganda
- The Permanent Secretary, Office of the Prime Minister
- Officials mentioned in the report (list attached)
- Suppliers mentioned in the report (list attached).
6 The Committee reviewed existing financial frameworks and submissions by witnesses. The following were particularly reviewed: the Public Finance and Accountability Act, 2003 and related regulations, the Joint Financing Agreement (JFA) with PRDP Development Partners, Public Procurement and Disposal of Public Assets Act, 2003 and Regulations and other documents availed by witnesses with whom the Committee interfaced.

7 The Committee made field visits to the PRDP project sites for on-spot assessment in the districts of Gulu, Amuru, Kitgum, Lamwo, Zombo, Kiryandongo, Pader, Napak, Nakapiripirit, Kotido and Kaabong.

8 Rt. Hon. Speaker, Hon. Members, the Committee was not able to meet Mr. Geoffrey Kazinda, the former Principal Accountant at OPM, who we consider to be a key witness in the financial irregularities. Questions have been raised as to whether the Committee can have a complete report without meeting Mr. Kazinda, since the audit report makes reference to him on a number of irregularities. Additionally, some of the submissions from witnesses could not be concluded without hearing from Mr. Kazinda. We have, for example, cases where money was allegedly paid into bank accounts of companies and individuals, and allegedly returned to OPM and received by either Mr. Kazinda, or persons in his office.
Scope of the Report

9. This report covers issues raised in the audit report, with specific emphasis on the fraudulent diversion of donor funds meant for PRDP activities to other accounts and utilization of diverted funds, for instance funds sent to personal accounts regardless of the source and all funds paid out for fuel and food supplies.

10. The attention of the Committee was drawn to the subjudice rule with regard to related matters in Court. The report therefore keeps clear of cases which are before the Courts of law. In determining this, the Committee made reference to the charge sheets that were brought to our attention by the Solicitor General. These gave us a clear indication of the specific cases before the Courts. The cases in this respect are:

- Geoffrey Kazinda, Martin Owor, Beatrice Kezabu, and Hussein Katumwa for embezzlement of Shs. 316,893,456.
- Geoffrey Kazinda for forgery of the signature of Mr. Pius Bigirimana and being in possession of bank security papers.

11. In addition to the above, in the interest of natural justice, the Committee has not made any specific recommendations on Mr. Geoffrey Kazinda because it did not meet him.
Background to PRDP

12 The Peace, Recovery and Development Plan (PRDP) for the North was initiated in 2007 and implementation commenced in 2009. The PRDP framework was put in place to help monitor and coordinate implementation of interventions by Government and Development Partners, and mobilisation of resources locally and from Development Partners. The funds so mobilised were meant to be additional to normal budgetary allocations as part of efforts to reconstruct Northern Uganda, taking into account the fact that the region had just come out of a decade-long civil conflict and required specific and targeted development interventions. Consequently, a number of donors opted to channel their funds as budget support under the PRDP framework.

The Joint Financing Agreement (JFA)

13 To channel the financial contribution made by donors, a Joint Financing Agreement (JFA) was entered into between Government of Uganda and the Development partners. The JFA provided details of how funds would be received from the Development Partners and be disbursed to implementing agencies. Key provisions of the JFA included the following:
(a) All funds from the Development Partners to be paid into a Bank of Uganda holding account en-route to the Consolidated Fund Account.

(b) The Ministry of Finance, Planning and Economic Development to immediately acknowledge receipt of shillings equivalent received in the Central Treasury Account in writing to respective Development Partners.

(c) All funds from the budget support Holding Account to be transferred to the Consolidated Fund Account on the instructions of the Accountant General, and no expenditures other than transfers to the Consolidated Fund Account were to be incurred on the Holding Account.
Findings and Recommendations

A Ministry of Finance Planning and Economic Development

A1 Diversion of Funds at the Treasury

A1.1 Diversion of funds from the PRDP Basket Account

14 Within the framework of the JFA, three donor partners namely: Ireland, Sweden and Denmark contributed an equivalent of Shs. 39,319,399,151 into the PRDP Basket Account (PRDP Holding Account) between October 2010 and June 2012. In total disregard of the Part II (8.2) (Vi) of the JFA that required all funds from the Budget Support Holding Account to be transferred to the Consolidated Fund Account on the instruction of the Accountant General and that no expenditure other than transfers to the Consolidated Fund Account were to be incurred on these accounts, only Shs. 10,161,775,000 was transferred to the Consolidated Fund Account to support PRDP activities, and the sum of Shs. 27,125,103,826 was diverted to other dormant accounts under OPM namely:

- Crisis Management and Recovery Program - Shs. 20,171,576,247
- National Policy for Disaster Management - Shs. 6,953,527,579

A1.2 Diversion of Funds from Norwegian Support to the PRDP

15 Similarly, within the JFA framework, the Norwegian Government contributed an equivalent of Shs. 36,457,693,243 as their support to the PRDP between October 2010 and June 2012. In total disregard of the provisions of the JFA above, Shs. 11,166,170,051 was irregularly transferred to the PRDP North account at (OPM) which account had been dormant. The funds were transferred on the request made to the Accountant General by the Permanent Secretary OPM on 26th January 2011 to release the funds to an account in Bank of Uganda in accordance with an agreement between the Government of Uganda (GoU) and the Norwegian Government.

Observations

16 The irregular transfers of funds from the PRDP Basket Account and from the Norwegian support could only have been made possible through collusion by officers in Bank of Uganda, at the Ministry of Finance, Planning and Economic Development, the Accountant General’s Office and at the OPM. Once the money had been diverted to previously dormant accounts under the
OPM, the office of the Prime Minister went on a spending spree involving:

- Depositing huge sums of money on to the personal accounts of staff and suppliers purportedly in error, and having the money allegedly returned in cash to the Principal Accountant at the OPM;
- Making cash advances to staff to carry out activities that were meant to be implemented by Local Governments, and including depositing cash on to bank accounts of staff instead of paying the suppliers directly.
- Spending on items outside PRDP activities, including purchase of vehicles for Ministers.

A1.3 Role of different persons in Diversion of PRDP Funds

**Diversion of Shs. 6.953 billion from the Royal Danish Kingdom and Sweden**

17 As observed by audit, Shs. 6.953 billion was diverted and transferred by Treasury to an OPM account in BoU – National Policy on Disaster Management A/C No. 000030088000013, contrary to the provision of the JFA. This suspicious transfer was originated by Ms. Mariam Kiggundu, an Economist from the Aid Liaison Department (MoFPED). In her communication on the matter, Ms. Kiggundu stated that the funds that had been
received from the Royal Danish Kingdom (DKK 5,000,000) as well as the Government of Sweden (SEK 15,000,000) were for developing a National Policy on Disaster Management.

18 Ms. Kiggundu in her explanation stated that the contents of the letter were dictated to her by Mr. David Mugisha, a Senior Economist in the Department of Macro Economics at the Ministry of Finance, Planning and Economic Development. Mr. Mugisha on his part informed the Committee that he got information about the funds from Bank of Uganda (BoU) and was only interested in reconciling the figures he had with those of the Treasury.

19 The Commissioner Aid Liaison, Ms. Jennifer Mwuliza forwarded the letter to the Commissioner Treasury Services, Mr. Isaac Mpoza who then originated a letter disbursing the funds to the National Policy on Disaster Management account at the OPM. Mr. Mpoza submitted that the letter from Ms. Kiggundu had been endorsed by the Commissioner Aid Liaison and it was not within his mandate to question the endorsement.

Observations

20 The whole transaction was irregular in that:

- Neither Ms. Kiggundu, an Economist from the Aid Liaison Department nor Mr. Mugisha, a Senior Economist, had the
authority to originate transfer of funds from one account to another. Their role was to give the Treasury notification of the funds that had been disbursed to the Holding Account.

- The Acting Commissioner, Aid Liaison Department, Ms. Jennifer Muwuliza, acted irregularly in endorsing the letter originated by Ms. Mariam Kiggundu for the transfer of funds.

- It was the role of the Commissioner Treasury Services together with the Accountant General as signatories to the holding account to cause the transfer of funds to the Consolidated Fund Account. It was therefore irregular for them to transfer funds based on the request originated by Ms. Kiggundu, a fact they conceded to. The Committee further observes that the duo were negligent in discharging their duties in this regard.

- The disbursement of the funds to the National Policy on Disaster Management was against the provisions of the JFA, as this was an activity outside the PRDP and was therefore not within the work plan.

- The National Policy on Disaster Management had already been developed in 2007 using funds from UNDP, and could not have been one of the activities to be implemented under PRDP.
• In accordance with the JFA, funds should not have been sent to OPM but rather to implementing agencies which were the Local Governments. The only part that should have gone to OPM was Shs 1.9 billion meant for monitoring implementation of the program.

Recommendations

21 The Committee makes the following recommendations:

• Ms. Mariam Kiggundu, Mr. David Mugisha and Ms. Jennifer Muwuliza be held responsible for initiating fraudulent transfers of funds from the PRDP holding accounts to project accounts in OPM. The Committee strongly recommends the trio be prosecuted for their actions.

• The Commissioner Treasury Services be held responsible for sanctioning the transfer of the said funds based on an irregular request.

• The Accountant General and the Commissioner Treasury Services be held responsible for negligence in failing to detect and stop the fraudulent transfer of funds.
Fraudulent transfer of Shs. 20.171 billion to Crisis Management and Recovery Programme

22 Shs. 14.876 billion meant for support to PRDP and received on the Budget Support account was fraudulently transferred on 1st December 2011 to the “Crisis Management and Recovery Programme” account under OPM in BoU by way of electronic transfer against the provision of the JFA. This account had been dormant for almost two financial years. The transfer was disguised as a salary Electronic Funds Transfer (EFT) file and did not have the authorization of the Accountant General. The fraud was originated from Treasury and was sent from a Uganda Computer Services (UCS) computer using a generic Internet Protocol account, whose password was known to only two officials at the Treasury namely Mr. Wilbert Okello, a Principal Systems Analyst and Mr. Tony Yawe, an Information Technology Officer.

Attempted Cover-up of the Fraud

23 Audit observed that in order to hide this fraud, an attempt was made 20 days later to prepare a security paper and get it duly authorized as below:

- An email was sent by Mr. David Mugisha (Macro Economics Department) on 19th December 2011 to Ms. Bright Atwine
(Treasury Services Department). The email confirmed that Shs.14.876 billion had been sent by the Irish Government for the Crisis Management Project in Karamoja.

- On receiving the email, Ms. Atwine then prepared a security paper on 28th December 2011, which was signed by the Commissioner TSD Mr. Isaac Mpoza and the Accountant General, Mr. Gustavo Bwoch, with the email acting as the basis for their signature authorisation.

- The signed document was taken to BoU by the authorized Treasury Agent; Mr. Amon Takwenda (now deceased). BoU acknowledged receipt of the document on 29th December 2011 and simply filed it instead of referring it back to the sender since funds had already been transferred and there were no funds on the account. However, BoU in their response denied ever receiving the initial security paper and maintained that the stamp on the copy of the security paper was not theirs.

- The document was a payment instruction addressed to the Director Banking, and therefore required the Bank to act on it by doing all the necessary checks and then go ahead to either effect payment or to refer the document back to sender.

- Treasury staff subsequently reconciled this transaction as a known payment. It was noted that the person who prepared the
security paper, Ms. Atwine was the same person who did the reconciliation.

24 In his explanation on the above matter, the Accountant General informed the Committee that he signed the transfer instruction because of his strong belief in the support given to the request by his staff. He agreed that he had been misled, and since the fraud was unearthed, all the staff involved in the scam namely the Senior Accountant Treasury Services, Ms. Bright Atwine, and Treasury bank agent Mr. Amon Takwendza (now deceased), had been interdicted.

25 The Committee established that a forged bank statement purportedly from Bank of Uganda was used to cover up the fraudulent transfer. Ms. Bright Atwine submitted that she obtained the statement from Mr. Takwendza who was the Bank Agent. On the basis of this statement, Ms. Atwine prepared a bank reconciliation statement indicating that the said funds were on the account on the 28th, December 2011 and yet the funds had already been transferred on 1st December, 2011. On the basis of this reconciliation, the Accountant General sanctioned the transfer believing that the funds were still on the account.

26 The Committee observes that the email generated by Mr. David Mugisha to Ms. Bright Atwine on December 19th 2011
confirming that Shs. 14.876 billion had been sent by the Irish Government for Crisis Management in Karamoja was misleading and intended to cover up the fraudulent transfer.

27 Two other transfers were fraudulently made to the Crisis Management account at OPM on 30th January 2012 by the same means, disguised as EFT salary payments. The transfers were for Shs. 1,795,368,488 and Shs. 3.5 billion. The last transfer bounced and was noted by the Commissioner Financial Services who asked Mr. Wilbert Okello to investigate and explain the anomaly. The Committee notes that this matter was not conclusively resolved and indeed the fraudulent transfer was subsequently effected. However the Committee observed that this transfer was only possible through collusion between staff in Financial Services Department (Mr. Mwasa Charles, who provided the account number to be credited) and staff of IT Department who had access to the computer system to effect the transfer. The Committee further notes that this fraud could have been unearthed if regular monthly bank reconciliations were undertaken.

Recommendations

28 The Committee makes the following recommendations:
• Ms. Bright Atwine, Mr. David Mugisha and Amon Takwenda (deceased) should be held responsible for uttering false documents to cover up their fraudulent transactions. Ms. Bright Atwine and Mr. David Mugisha save for Amon Takwenda (the deceased) be referred to the appointing authority for disciplinary action and prosecution.
• Mr. Wilbert Okello, Mr. David Mugisha and Mr. Charles Mwaso be held responsible for the fraudulent transfer of shs. 14.8 billion. The trio be referred to the appointing authority for disciplinary action and prosecution.
• Mr. Wilbert Okello, Mr. Tony Yawe, Mr. David Mugisha and Mr. Charles Mwaso be held responsible for the fraudulent transfer of shs. 5.2 billion on 30th January 2012. The quartet be referred to the appointing authority for disciplinary action and prosecution.
• Mr. Gustavo Bwoch and Mr. Isaac Mpoza be held responsible for transferring funds from the holding account to project accounts in contravention of the JFA that they were privy to. The duo be referred to the appointing authority for appropriate disciplinary action.
Diversion of Shs. 11.166 billion from Norwegian Support to PRDP Account

29 As observed by audit, Shs. 11.166 billion in respect of Norwegian support was diverted and transferred on 30th November 2010 to an OPM account in BoU – PRDP North A/C No. 0000300880000038, which had been dormant since 2009. This was on the basis of a letter written by the Permanent Secretary OPM, Mr. Pius Bigirimana, to the Accountant General. It should be noted that under the JFA, the funds should have been sent to the Consolidated Fund, and released to respective implementing agencies following appropriation by Parliament. Instead the funds were sent to a project account whose activities had ceased in 2009. The transfer lacked the authority of the PS/ST, and was not in line with appropriations of Parliament.

30 The Accountant General, Mr. Gustavo Bwoch informed the Committee that the funds in question were transferred to OPM upon request by the PS/OPM. The Committee notes that the PS OPM did not have powers to direct the Accountant General to transfer funds against the provisions of the JFA. The PS/ST gave instructions to the Accountant General for the opening of an account for the PRDP Budget Support as the principal signatory in Bank of Uganda. The Accountant General acknowledged receipt of the funds and their purpose. The Committee therefore
wondered how the Accountant General could sanction the release of the same funds for activities outside PRDP.

Observations

31 The Accountant General diverted these funds well knowing that the OPM was not the implementing agency, and well aware that the funds should have gone to the CFA. The Accountant General as a signatory to the account should have known that the OPM was to receive only Shs 1.9 billion to monitor PRDP, and therefore erred in sending all the money to OPM contrary to the JFA provisions. The conclusion of the Committee is that there was either collusion, negligence of duty, or lack of due diligence by the Accountant General.

Recommendations

32 The Committee makes the following recommendations:

Mr. Gustavo Bwoch and Mr. Pius Bigirimana be held responsible for diversion of funds from the Norwegian Support to PRDP North Account at OPM.

A2 Internal Control Weaknesses at the Treasury

33 The audit noted a number of internal control weaknesses at the Treasury that led to lapses in the processing systems. These included
• Use of generic passwords instead of specific passwords for sensitive roles;
• Minimal supervision of bank reconciliations;
• Lack of involvement of Internal Audit in review of Treasury systems; and
• Lack of CCTV cameras in the Uganda Computer Services (UCS) server room.

34 The Committee observes that these were fundamental weaknesses in the Treasury touching on key internal controls which are the responsibility of the Commissioner Internal audit under the Accountant General. The Committee finds it unbelievable that there was no internal audit function at the Treasury. The Committee notes that it is the responsibility of the Accountant General under the Public Finance and Accountability Act, 2003 and Regulation 27 (3) to ensure that there is an effective internal audit function in each Ministry, Department or Agency of Government and he is empowered to issue instructions to Accounting Officers to achieve this.

35 The Secretary to the Treasury on his part explained that the Ministry of Finance has recognized these lapses and following
these audit findings, measures to plug these gaps had been put in place. The following measures have been put in place;

- Generic passwords have been replaced with specific passwords;
- Bank reconciliation are done promptly as measure to detect fraud in good time;
- Internal Audit function has been established at the Treasury for better monitoring and review;
- A security audit has been undertaken and established at the Treasury;
- Cameras have been installed in the server room;
- The security entrance is open up to 8pm.

The Committee noted the above but still questions the reasons for such glaring omissions.

**Recommendations**

36 The Committee makes the following recommendations

- The Accountant General be held responsible for failing to ensure an effective internal audit function at the Ministry of Finance, Planning and Economic Development.
- The Internal Audit function in Government be strengthened to ensure its independence by separating its mandate and
reporting structure from the Ministry of Finance, Planning and Economic Development.

A3 Irregular Allocation of Responsibilities

37 Approval of invoices on the IFMS is the most critical stage in the payment process. Such responsibility is limited to the Accounting Officer only, or his/her designate in case of absence from office. However, audit review into the IFMS database revealed that the responsibility of invoice approval was irregularly assigned to the Principal Accountant (Mr. Geoffrey Kazinda) by Mr. Chris Lubega, the Database Administrator at MOFPEI on 1st February 2011. Using this access privilege, Mr. Geoffrey Kazinda subsequently approved and paid a total of Shs. 16,222,877,129 to various individuals and suppliers purportedly without the knowledge of the PS at OPM.

38 The Committee notes that this was an irregular access privilege meant to defraud Government. This could have only been possible through collusion. The Committee further observes that the PS should have known by checking his balances on IFMS that unauthorized payments were being made. The PS exhibited high level of incompetence in executing his responsibilities under IFMS.

Recommendations
The Committee made the following recommendations:

- Mr. Chris Lubega be held responsible for fraudulently assigning access privileges beyond what was required that enabled Mr. Kazinda to authorize payments. Mr. Lubega be prosecuted for this fraudulent act.

- Mr. Pius Bigirimana be held responsible for negligence of duty in executing his responsibilities under IFMS.

- The Ministry of Finance, Planning and Economic Development should ensure Accounting Officers are fully competent in operating the IFMS.

- The former Principal Accountant, Mr. Geoffrey Kazinda be investigated for causing financial loss through fraudulent approval of invoices on IFMS amounting to Shs. 16,222,877,129

A4 Negation of Internal Audit Function

The Committee established that when Mr. Shaban Wejula was transferred to OPM as Principal Internal Auditor, he was from the beginning isolated and treated as a stranger by the staff except for the Permanent Secretary. According to Mr. Wejula, when he appeared before the Committee, it took the intervention of the PS through an internal memo to prevail and encourage the
staff at OPM to give the Internal Auditor the required cooperation. Mr. Wejula further stated that his working days at OPM got numbered when the only person (the PS) who had given him the opportunity to work turned against him. This arose from the failure by Mr. Wejula to carry out guided audit as demanded by the PS. The PS specifically wanted him to assess risks in the areas of vehicle, vehicle maintenance and procurement of food; and to deliver a report to him.

41 Contrary to the wish of the PS, Mr. Wejula identified internal control weaknesses in OPM. He even went further, to the annoyance of the PS, to raise concern over attempts to circumvent regulations for opening letters of credit towards the end of the financial year. The PS embarked on a mission to fail Mr. Wejula in his internal audit function. Through an internal memo dated 19th April 2010; addressed to Mr. Wejula; the PS instructed all Heads of Departments not to facilitate or avail documents to the auditor without his clearance. This was deliberately done to suffocate the work of the auditor and in a way to restrict his access to documents.

42 The Auditor-General picked up the issue of the Letters of Credit, and noted in his management letter that an account was opened in an apparent effort to circumvent the requirements of returning unexpended cash balances at the closure of the
financial year by transferring the funds into a different account disguised as a Letter of Credit account. In addition, the Internal Audit enquired into transfer of shs. 3.877 billion from OPM to Centenary Bank under the “Kasimo” project and also utilisation of shs. 1.247 billion to buy foreign currency at Bank of Uganda. The Commissioner Internal Audit on 16th, March 2010 assigned the Assistant Commissioner Internal Auditor to follow up the matter. The PS refused to release the relevant documents to the Internal Audit. He instead chose to write to the PS/ST, questioning the powers of the Commissioner Internal Audit in inquiring into the matter. The PS/ST wrote back to inform the PS OPM that the letter that was signed by the Commissioner had the same effect of him signing as PS/ST.

43 The next step that the PS OPM took was to write to the PS/ST referring the Internal Auditor back to Ministry of Finance for redeployment. He accused the Internal Auditor of failure to interpret and apply the requisite regulations in a manner that could help management; failure to put in place appropriate management systems in the office; lack of the necessary personal drive and capacity to act as expected; and obsession with fault-finding instead of fault prevention. The PS concluded in his relatively strongly worded letter, as follows: “In view of the above, Mr Shaban Wejula is hereby referred back to you for appropriate
management since he has not been helpful to us as expected. I need a Principal Internal Auditor in the real sense.” In his submission to the Committee, the PS alleged that Mr. Wejula had been soliciting for bribes from officers from OPM, but could not substantiate the allegation.

44 The letter referred to above left the PS/ST with no option but to withdraw Mr. Wejula from OPM. Indeed while meeting with the PS/ST and the Accountant General, the Committee was informed that there was intense pressure from both the political head and the PS OPM to have Mr. Wejula withdrawn from OPM as a matter of urgency.

45 The Committee observes that the poor working relationship between the Accounting Officer and Mr. Wejula negated the effectiveness of the internal audit function at OPM that could have detected the financial irregularities much earlier.

46 The Committee further notes that the nature of functional relationship and the reporting lines between the internal audit functions and the Accounting Officers does not lend itself to independence and objectivity to ensure effective controls.

**Recommendations**

47 The Committee makes the following recommendations:
- Internal audit function in Government be restructured with a view to rationalizing its reporting responsibility without negating its functional complimentarity to management
- Government should urgently establish and operationalize Audit Committees in each MDA to supervise the work of internal audit.

B Bank of Uganda

48 On 1st July 2008, Bank of Uganda signed a Memorandum of Understanding (MoU) with the Government of Uganda represented by the Ministry of Finance, Planning and Economic Development, in which the two parties agreed to the terms and conditions of a banking relationship under the provisions of the Bank of Uganda Act. In this regard, the Office of the Prime Minister opened and operated a number of accounts at BoU.

B1 Non Confirmation of Payments by Bank of Uganda

49 Whereas BoU payment guidelines require that all cash payments above Shs. 15 million and non-cash payments in excess of Shs. 20 million are confirmed by calling at least one of the signatories, it was noted that in the period under review 61 non-cash payments totaling Shs. 10,928,904,340 were not confirmed with any of the signatories.
Confirmations would normally be made by the Deputy Director Banking, Mr. Milton Opio and in his absence, by a designated officer. In their response, BoU indicated that the above payments were not confirmed because they were inter-account transfers which they regarded as low risk. This was in contravention of their own banking guidelines.

Where confirmation was done, it was also noted that whereas the guidelines required confirmation from one of the signatories, most of the confirmations were made with the Principal Accountant yet the Accounting Officer is the principal signatory. All cash payments above Shs. 15 million and non-cash payments above Shs. 20 million for the financial years 2010/2011 and 2011/12 were analyzed. The analysis revealed that from the sample, out of the 473 security papers confirmed:

- 74.5% were confirmed with the Principal Accountant (Geoffrey Kazinda)
- 10.6% were confirmed by the Permanent Secretary (Pius Bigirimana), while
- 14.9% were confirmed by other OPM staff.

The Committee observes that the requirement to confirm with either signatory presented an opportunity that could be and was exploited to bypass the Principal Signatory (PS).
53 The Committee further notes that the calls for confirmation of payments were not recorded by Bank of Uganda as required. As such the calls purportedly made above could not be verified by the auditors. In their response, Bank of Uganda explained that their guidelines did not require that a payment should be confirmed with any particular signatory. In that event, they found it easier to confirm with the Principal Accountant who was always available.

Recommendations

54 The Committee has made the following recommendations:

- Bank of Uganda must comply with their guidelines with regard to confirmation of payments. In addition, Bank of Uganda together with MoFPED should set a threshold above which confirmation must be made with the Principal Signatory.

B2 Signature Verification

55 The payment guidelines require that officers at Bank of Uganda should carry out a verification of the signature on the security papers against the specimen signatures held in the bank. A review of a sample of cash payments above Shs. 15 million and non-cash payments above Shs. 20 million from all OPM accounts
over a period of two financial years; 2010/2011 and 2011/2012 was carried out. The review revealed that 121 payment instruments totaling Shs. 13,454,035,346 appeared to have signatures of the Permanent Secretary or Under Secretary differing from the specimen signatures held at BoU.

**Observations**

56 The Committee notes that there was a gross negligence of duty of the officers in charge of signature verification in Bank of Uganda and high suspicion of collusion with OPM.

57 Comparison of the signature verification control and the payment confirmation control revealed that all the instruments with differing signatures were confirmed by the then Principal Accountant and were honoured by the Bank. The signatures on the security papers were verified by different BoU staff. It was also noted that 80% of these instruments were approved by the substantive Deputy Director Banking (Mr. Milton Opio) and 20% by others. In some instances the difference in signature was so apparent that the staff of BoU would have had to confirm with the signatory whose signature differed before effecting payment. However, this was not done and confirmations were made with Mr. Kazinda whose signature appeared authentic.
The Committee looked at a report from a handwriting expert report commissioned by Bank of Uganda into the alleged forgeries and found that out of 120 payments documents:

- 96 documents were purportedly signed by Mr. Pius Bigirimana of which 70 documents had signatures that differed from the specimen; 21 had signatures that matched the specimen; and 5 could not be established.

- 24 documents were purportedly signed by Ms. Flavia Waduwa of which 19 were found to match the specimen and 5 could not be established.

The Committee observes that since this report was commissioned by Bank of Uganda, we could not place complete reliance on its objectivity as there is possibility of collusion between officials at the Bank and OPM. This arises out of the fact that the Auditor General’s report mentioned “apparent differences” in signatures, a matter that was confirmed by the Committee through cursory examination when copies of the documents were submitted. On the other hand, the handwriting expert reports that the differences that occur are not obviously apparent and are in the finer details of the signatures and the forged signatures would thus not be readily
detected by a normal person untrained in the expert examination of documents.

Recommendation

60 The Committee therefore recommends that disciplinary measures be taken against the officials involved at Bank of Uganda. The Cl ID should investigate possible collusion and fraud with view to prosecution.

B3 Cash Withdrawal Limits

61 Review of communications between MoFPED, OPM and BoU on the cash withdrawal limits revealed that on 13th August, 2010 the Accountant General granted special permission to the Accounting Officer of OPM to withdraw monthly imprest above the limit of Shs. 20 million. Upon request by PS OPM, on 8th October, 2010 the MoFPED granted OPM blanket authority to withdraw up to Shs. 100 million but subject to proper accountability of the previous withdrawal. The authority did not indicate the bank accounts to which this limit related and the frequency of withdrawal. This was further extended on 14th July, 2011 for the new financial year.

62 Audit review of bank statements of various accounts of OPM revealed that on many occasions the Ministry withdrew cash over and above the warranted cash limit. Bank of Uganda sought
clarification twice from MoFPED on the application of the cash limit as to whether it was for only one account and the frequency. The MoFPED did not respond to these letters.

Observations

63 The Committee observes that the ambiguous authority granted by MoFPED enabled OPM to withdraw funds on almost daily basis and on various accounts. The Committee further notes that the Bank of Uganda’s requests for clarification went unheeded pointing to possible negligence of duty or collusion between MoFPED and OPM.

64 The Committee observes that whereas there were withdrawals approved by the PS OPM, there were also fraudulent withdrawals made without his approval.

Recommendations

65 The Committee recommends that Deputy Secretary to the Treasury (DST) be held responsible for causing financial loss by giving an open ended authority to withdraw imprest above the limit set by the PS/ST.

66 The Committee further recommends CIID to investigate the extent of forgery on cash withdrawals in OPM with a view of prosecution.
B4 Non-Confirmation of EFT Files

67 According to Bank of Uganda guidelines, all non cash payments above shs. 20 million be confirmed by the Bank with the authorised signatories. EFT payment files received by the Bank should be supported by a confirmation email from the Treasury before they are processed by the Bank. Audit established that a total of shs. 20,171,576,247 was fraudulently transferred from PRDP Holding account at the Treasury disguised as salary EFT files. These were processed and transferred to Crisis Management and Recovery account at OPM without confirmation from the Treasury.

68 Bank of Uganda in their response explained that EFT files are straight-through processed and are automatically executed. In addition the funds were being transferred from one Government account to another. Therefore, they did not consider it risky to process the transfers without confirmation.

69 The Committee notes that according to the MoU between BoU and MoFPED under which the PRDP holding account was opened, no payments were to be effected from this account using EFTs. Furthermore, no transfers were to be made from the holding account into any account other than Consolidated Fund Account. Bank of Uganda’s failure to abide by the Terms and Conditions of the MoU led to loss of the funds.
Recommendations

70  Bank of Uganda be held responsible for causing financial loss by failing to execute terms of the MoU meant to safeguard electronic transfers from Government accounts and failing to safeguard funds held on holding accounts.

B5  Failure to Close Dormant Accounts

71  According to MoU between BoU and MoFPED, an account is classified as dormant if there is no activity on that account for a continuous period of 24 months. Such an account would be closed by the Bank after giving two (2) months notice to the Accountant General to that effect and the funds on the account would be transferred to CFA. Audit established there were five accounts opened by OPM which were dormant but had not been closed by BoU. Such dormant accounts can be used to perpetuate fraud. Indeed the Crisis Management and Recovery Account, which was used to divert PRDP funds from Treasury to OPM, had been lying idle for a long time.

Observation

72  The Committee observes that Bank of Uganda failed to abide by the terms and condition of the MoU in regard to closure of dormant accounts. The Committee further notes that 24 months
(two financial years) is a very long period to keep a dormant account open.

Recommendations

73 The MoFPED should review its MoU with BoU with view to rationalising the number of accounts operated and reducing the period within which a dormant account must be closed. The MoU should provide for penalties in case of breach by the Bank.

74 Bank of Uganda must adhere to the Terms and Condition of MoU to ensure dormant accounts are closed in time to avoid risk of loss.
C Office of the Prime Minister.

C1 Utilisation of Funds on the different Accounts.

C1.1 Crisis Management and Recovery Programme Account.

75 The Crisis Management and Recovery Programme account was opened in July 2008 to receive funds meant for Programme activities funded by UNDP. Although the programme ended in 2009, the account was not closed and remained dormant for close to 2 years. However, between 1st December 2011 and 30th January 2012, Shs. 20,171,476,505 was irregularly credited on the account from the PRDP Holding Account. Audit reveals that all these funds were paid out.

76 A review of the payments from the account revealed that Shs. 15,509,912,881 was paid out with the approval of the Accounting Officer, as below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withdrawn in cash</td>
<td>Shs. 1,462,582,726</td>
</tr>
<tr>
<td>Paid to Farm Engineering Industries Limited</td>
<td>Shs. 1,970,000,000</td>
</tr>
<tr>
<td>(Karamoja)</td>
<td></td>
</tr>
<tr>
<td>Paid to various food suppliers (Karamoja)</td>
<td>Shs.</td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
</tr>
<tr>
<td>--------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Paid for fuel (Karamoja)</td>
<td>755,700,000</td>
</tr>
<tr>
<td>Used to procure vehicles for Ministers</td>
<td>1,818,413,285</td>
</tr>
<tr>
<td>Paid to the Ministry of Water for valley dams (Karamoja)</td>
<td>1,731,092,000</td>
</tr>
<tr>
<td>Paid into staff personal accounts</td>
<td>2,085,893,685</td>
</tr>
<tr>
<td>Used to procure hydraform machines</td>
<td>431,554,073</td>
</tr>
<tr>
<td>Transferred to other OPM accounts – Building Sustainable Peace in Karamoja</td>
<td>980,000,000</td>
</tr>
<tr>
<td>Transferred to other OPM accounts – UK/UG Post Conflict A/c</td>
<td>3,000,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,274,677,112</td>
</tr>
</tbody>
</table>
77 It should be noted that contracts for procurement of motor
vehicles and supply of hydraform block making machines had
been entered into prior to receiving these funds implying that the
source of funding for these contracts had already been identified.

C1.1.1 Purported Unapproved Expenditure by the
Permanent Secretary

78 Expenditure totaling Shs. 4,661,563,438 was purportedly not
approved by the Accounting Officer (PS) as confirmed by him in
writing. The said payments correlate closely with financial
instruments which had signatures of the Accounting Officer
differing from the specimen held at BoU. The payments were
made as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Isaiah Oonyu (Cashier)</td>
<td>Shs. 1,666,995,556</td>
</tr>
<tr>
<td>Other OPM Staff</td>
<td>Shs. 295,112,000</td>
</tr>
<tr>
<td>New Caltex Ntinda Service Station</td>
<td>Shs. 526,000,000</td>
</tr>
<tr>
<td>Procurement of ox-ploughs</td>
<td>Shs. 285,694,662</td>
</tr>
</tbody>
</table>
Other suppliers | Shs. 1,887,761,220
---|---
Total | Shs. 4,661,563,438

**Observation**

79 The Committee notes that the funds transferred to the Crisis Management account were fraudulently diverted from the Treasury to OPM. These funds were meant to be disbursed to the districts and other implementing agencies. Instead they were used to pay for other activities under OPM, some of which were fraudulent. Whereas the PS questioned the source of these funds, he went ahead and spent it.

**Recommendations**

80 The Committee recommends that the PS OPM be held liable for spending funds that were not appropriated to OPM. The Committee recommends that the former Principal Accountant at OPM, Mr. Geoffrey Kazinda be investigated to establish his role in the fraudulent transfer of shs. 20.171 billion to OPM and fraudulent payments amounting to shs. 4.661 billion.
C1.1.2  Cash Withdrawals

81 A total of Shs. 3,237,987,522 was withdrawn cash by the Cashier, Mr. Isaiah Oonyu, with a frequency of Shs. 96 million or Shs. 100 million almost daily. Of this amount, Shs. 1,462,582,726 was explicitly approved by the Accounting Officer and Shs. 1,666,995,556 was attributed to forged signatures. In 9 instances, cash totaling Shs. 787,131,278 was drawn on Fridays putting into question whether activities were to be undertaken over weekends. No cash book was availed to show the recipients of the cash and how these funds were utilized, no single accountability document was presented for audit and therefore, under the circumstances, all the funds are recoverable.

Observations

82 The Committee observes that it is the responsibility of the Cashier as the Official Agent of the Ministry at the Bank to ensure safe custody of the funds and properly maintained cashbooks indicating how the funds are disbursed. In his submission to the Committee, the Cashier, Mr. Isaiah Oonyu explained to the Committee that he was not availed a cashbook and would make payments at the direction of the Principal Accountant without any formal records i.e. payment voucher. In few instances, he would note in his dairy how he disbursed the funds.
In most instances he claimed, he would hand over the funds to Mr. Kazinda in his office and without any acknowledgement. The Committee further observes that there were two spending points at the OPM, one by the Cashier and the other by the Principal Accountant who kept a safe in his office.

The Committee further observes that these anomalies should have been brought to the attention of the Accounting Officer through the Internal Audit function and effective supervision of the Cashier by the Principal Accountant. The anomalies, therefore, could only occur for so long in the absence of these functions or through collusion.

Following the appearance of Ms. Annet Namuddu, the Principal Internal Auditor and Ms. Alice Nangoku, the Senior Internal Auditor before the Committee, we observe that there was no effective internal audit at OPM from the time Mr. Wejula was removed to the time of this audit investigation. The Internal Audit Department did not review key areas of control with regard to payments made, cash management, maintenance of cashbooks and bank accounts.

**Recommendations**

The Committee recommends that the Cashier be held responsible for gross negligence of duty and causing financial
loss. The Committee further recommends that Mr. Oonyu be investigated with a view to prosecution and recovery of the lost funds.

87 The Committee further recommends that Ms. Annet Namuddu, Principal Internal Auditor and Ms. Alice Nangoku, the Senior Internal Auditor at OPM be referred to the appointing authority for disciplinary action for negligence of duty and be investigated for possible collusion.

C1.1.3 Building Sustainable Peace & Development in Karamoja Project

88 As observed by audit, the account had been dormant for close to two years. Shs. 980 million was transferred to this account on 12\textsuperscript{th} December 2011 from the Crisis Management Account in BoU. The money was withdrawn within a period of one month (5\textsuperscript{th} January 2012 to 3\textsuperscript{rd} February 2012). Shs. 681,738,832 was withdrawn in cash by the Cashier Mr. Oonyu Isaiah and allegedly delivered to the office of the Principal Accountant. There was no trace of any relevant documents namely cashbooks and vouchers relating to expenditure on these funds.

89 The balance of Shs. 289,600,000 was on 3\textsuperscript{rd} February 2012 deposited on the accounts of 6 different food supply companies owned by two individuals, namely; Asuman Sebulondo and

\[ \text{Signatures} \]
Dauda Kawesi without any claim from the suppliers, and for no goods supplied. The money was withdrawn in cash and allegedly delivered to the office of the Principal Accountant.

**Observations**

90. As noted under paragraph 58, the Committee observes that it was an anomaly for the cashier to collect and disburse funds to either the intended beneficiaries or to the Principal Accountant without any acknowledgement on the relevant payment vouchers.

**Recommendations**

91. The Committee recommends that the Cashier be held responsible for gross negligence of duty and causing financial loss. The Committee further recommends that Mr. Oonyu be investigated with a view to prosecution and recovery of the lost funds.

**C1.1.4 Purchase of Motor Vehicles**

92. Shs. 1.818 billion of the PRDP funds that were fraudulently transferred from the holding account to the Crisis Management and Recovery Account was used to purchase vehicles for Ministers in the OPM. The Committee notes that sometime last year, an Honourable Member of this House raised the concern
that PRDP funds had been used to purchase vehicles for Ministers, which issue was emphatically refuted by the OPM.

93 The PS OPM issued a press release in the Monitor newspaper of 23rd May 2012, among others denying using PRDP funds. He also stated in the same press release that PRDP funds are released directly to districts and implementing Ministries, Departments and Agencies on the basis of work plans developed and prioritized.

Observation

94 The Committee notes that the explanation that the PS gave to the Committee contradicted his earlier press release as to the source of funds used to procure the vehicles for the Prime Minister and Ministers in OPM. This press statement confirms that the PS knew that it was against the existing framework to use PRDP funds to purchase vehicles for Ministers and the press release was therefore a deliberate attempt to dupe the public.

95 When the PS OPM appeared before the Committee, he alluded to political pressure to avail vehicles for the Prime Minister and Ministers.

Recommendations
The Committee recommends that the PS OPM, Mr. Pius Bigirimana be held responsible for diverting PRDP funds to procure vehicles for the Prime Minister and other Ministers at OPM.

**C1.1.5 UK/UG Post Conflict Account**

Shs. 3 billion was transferred (borrowed) to the UK/UG Post Conflict account. The transfer was initiated by the Principal Accountant and authorised by the PS. The money was processed as office imprest for the Karamoja department. Mr. Bigirimana accepted sanctioning the transfer of Shs. 3 billion. This was due to pressure which had been mounted on him to pay the LR Group, which had been contracted to carry out a programme called “Cattle theft prevention in Karamoja.” The firm was engaged in implanting electronic chips to the cattle. This payment would have come under general supply of goods and services which was provided for in the budget.

**Observations**

The submission of Mr. Bigirimana was not however in consonance with the purpose for which Shs. 3 billion was borrowed from UK/UG post conflict development programme on behalf of Karamoja department. The Committee observed that the loose minute originated by the Principal Accountant states
that the money was being borrowed to be used as office imprest in the Karamoja Department, as seen in the last paragraph of the letter which reads as follows: "The purpose of this memo is to seek your consent and authority to process these volumes as imprest for office running." This is in total contradiction with the submission of the PS.

99 The Committee further observes that the request from the Principal Accountant to the PS with regard to "Imprest for office running" was misleading as there was no such imprest established. Whereas the PS approved the borrowing and instructed the PA to refund as soon as funds were available, the requisition did not clearly indicate how the funds would be utilised. The PS acknowledged to the Committee that approving the borrowing as imprest was an oversight on his part. The money was allegedly used for cattle branding in Karamoja, an activity that was not budgeted for.

**Recommendation**

100 The Committee recommends that the PS, OPM be held responsible for diversion of PRDP funds to Karamoja for cattle branding.
C1.2 PRDP North Account

101 The PRDP North account was opened in June 2010 to receive funds meant for monitoring PRDP activities. As earlier indicated, Shs. 11,166,123,879 was irregularly credited on the account from Norwegian support to PRDP account on 9th February 2011. Of this amount, Shs. 2,561,332,832 was withdrawn by the cashier Mr. Oonyu, of which Shs. 1,887,744,916 was approved by the Accounting Officer and Shs. 673,587,916 relates to forged signatures. No accountability was available for review.

102 In addition Shs. 6.2 billion was transferred to the Ministry of Works in May 2011 for procurement of a ferry on Lake Bisina. Accountability documents from the Ministry of Works regarding the same were availed for review but the ferry is not yet operational. Shs. 1,324,297,716 was paid to Farm Engineering Ltd. Further, Shs. 150,000,000 was paid to Nakaseke District and Shs. 207,975,000 was paid to Akamba Ltd. Shs. 776,602,900 was transferred to staff personal accounts. Details of these payments could not be established as the cashbooks and vouchers were not availed.

103 The Accounting officer submitted the Committee that the procurement of the ferry was a Presidential Pledge whereas the
payments to Farm Engineering Industries Ltd, Nakaseke District, and Akamba Ltd were unfunded commitments at OPM. However, as noted in the previous paragraphs, the Accounting Officer expended funds whose source was not clear and without respective approved work plans.

**Recommendations**

104 The Committee recommends that the Cashier be held responsible for gross negligence of duty and causing financial loss. The Committee further recommends that Mr. Oonyu be investigated with a view to prosecution and recovery of the lost funds.

105 The Committee recommends that the PS OPM, Mr. Pius Bigirimana be held responsible for diverting PRDP funds to procure a ferry on lake Bisina and to pay Farm Engineering for ploughing in Karamoja.

**C1.3 Expenditure off the Policy on Disaster Management Account.**

106 Audit notes that shs. 6.953 billion was irregularly transferred to this account on the 27th June 2011 from the Norwegian support to PRDP. Due to absence of cash books and expenditure vouchers. However the Audit could not isolate the details of the expenditure relating to this figure.
107 In his submission, the Accounting Officer stated that this money was not used for drafting the National Policy on Disaster Management but was instead fraudulently spent by the Principal Accountant and the Commissioner Disaster Management, Mr. Martin Owor, by depositing money on staff personal accounts and accounts of suppliers without requisitions or demand notes being presented. The Committee obtained a list of payments from this account indicating several payments made to suppliers and staff of OPM.

Observation

108 The Committee observes that the Policy on Disaster Management for which shs. 6.953 billion was spent was already in existence. The Committee established that most of the funds were utilised for fraudulent payments to food suppliers.

Recommendation

109 The Committee recommends that the Principal Accountant and the Commissioner Disaster Management be investigated with a view to establishing their role in the utilization of these funds.
C2 Mismanagement of Funds at the OPM

C2.1 Cash Withdrawals beyond Authorised Limit

110 Audit observed that daily cash withdrawals of Shs 96 million totalling Shs 3,237,987,522 over the audit period were made but the auditors were not availed the relevant documents indicating the recipients of the funds and their utilization. The Cashier, Mr. Isaiah Oonyu, informed the Committee that there were no cashbooks in place and he was not maintaining any official records of the imprest and cash advances that he was withdrawing. The process would involve withdrawing money from BoU, getting it to the safe, paying against a list provided to him or on the basis of a phone call by the Principal Accountant, and taking the rest of the money to a safe in the office of the Principal Accountant.

111 The only unofficial record that the Cashier had was his diary in which he would note the payees. Under these circumstances, the Cashier claimed to have handed over a cumulative amount of Shs. 3.5 billion to Mr. Kennedy Lubega, the Driver to the Principal Accountant, and Shs. 1.7 billion given to a one Faisal, both of whom used to sit in the office of the Principal Accountant. The Cashier claimed not to know their titles or their schedule of duties
in the OPM. It has since been established that the said Faisal was not an employee of OPM.

112 In his defence, the Cashier stated that he had not been given cashbooks to maintain, and that he worked on the instructions of the PA. He however stated that in his 21 years in service, he found this was peculiar and strange, but given his junior position, he could not question a practice that he found in place at the OPM. Mr. Oonyu informed the Committee that there were two safes being operated, one under him at the Cash Office and the other in the office of the Principal Accountant. There were no documents to support the expenditure upon which the imprest would be retired before raising another voucher. The Cashier was not keeping accountability as required.

113 Shs. 2.16 billion was paid to the personal bank accounts of the Cashiers, Isaiah Oonyu, and Gideon Obbo (deceased) as advances, yet they were not implementing any activities and had not requisitioned for the funds. The explanation received from Mr. Oonyu was that he would be informed by the Principal Accountant that money had been remitted to his personal bank account. The Principal Accountant would instruct him to withdraw the money, and take it to him for safe custody, and eventual payment to the individuals implementing activities.
Observations

114 The Committee observes that there was a total breakdown in both the system and the internal controls expected in an institution. The absence of cashbooks and imprest vouchers casts doubt on the regularity and approval of expenditure. This was a failure by Internal Audit not to have noticed the anomalies.

115 The Committee finds it not only strange but also ridiculous, the explanation by Mr. Oonyu, the Cashier, that he handed over large sums of money to persons unknown to him and without acknowledgement.

Recommendation

116 The Committee recommends that the Cashier be held responsible for gross negligence of duty and causing financial loss. The Committee further recommends that Mr. Oonyu be investigated with a view to prosecution and recovery of the lost funds.

117 The Committee further recommends that Ms. Annet Namuddu, Principal Internal Auditor and Ms. Alice Nangoku, the Senior Internal Auditor at OPM be referred to the appointing authority for disciplinary action for negligence of duty and be investigated for possible collusion.
The Committee recommends that the former Principal Accountant, Mr. Kazinda be investigated for his role in mismanagement of cash withdrawn by the Cashier.

**C2.2 Imprest Withdrawals above Authorized Limit**

The OPM took advantage of the donor funds that had been fraudulently transferred to project accounts, to draw funds disguised as imprest beyond the authorised monthly limit on IFMS of Shs. 96,371,916. The amounts drawn during the months under review are as follows:

- October 2011: Shs. 289,115,748
- November 2011: Shs. 289,115,748
- December 2011: Shs. 867,374,244
- January 2012: Shs. 770,975,328
- February 2012: Shs. 481,859,580
- March 2012: Shs. 867,347,244
- April 2012: Shs. 192,743,832
- May 2012: Shs. 192,743,832

**Observations**

The Committee observes that by transferring funds from the PRDP holding account to project accounts, the OPM was able to circumvent the control in place to limit the amount of cash that...
they could draw on a daily basis under voted resources released on IFMS. Taking the example of the Crisis Management and Recovery Programme, Shs. 14.876 billion was fraudulently credited to the account, instead of transferring it to the Consolidated Fund. Shs. 867,347,244 was withdrawn from this account as imprest in one month alone, March 2012.

121 The Committee observes that some of the imprest withdrawals were not approved by the Accounting Officer. The withdrawals were effected through forged security papers.

Recommendations

122 The Committee recommends that the PS, Mr. Bigirimana be held liable for approving imprest withdrawals over and above authorised monthly limit.

123 The Committee further recommends that the former Principal Accountant, Mr. Kazinda be investigated for violating imprest warrants and forging cash withdrawals.

C2.3 Fraudulent Payments made on IFMS

C.2.3.1 Entries made on IFMS

124 Audit established that Senior Accountant, Yahaya Kasolo, together with Accounts Assistants, Ms. Lydia Nalwanga and Ms. Irene Birungi were charged with the responsibility of entering
invoices on the IFMS, and reported directly to the Principal Accountant. The Committee interviewed these officers with a view to understanding their role in the fraudulent entry of invoices on IFMS. The Committee notes that both Mr. Kasolo and Ms. Nalwanga were not truthful in their submission to the Committee, and insisted that all the payments they entered on the IFMS were accompanied by loose minutes and LPO’s approved by the Accounting Officer. However, there is clear evidence that invoices amounting to Shs. 16.22 billion, which were validated and paid by the Principal Accountant to suppliers and staff of OPM were made without the approval or knowledge of the Accounting Officer.

Observations

Ms. Nalwanga’s insistence that all payments to suppliers were based on LPO’s, invoices from suppliers, delivery notes, accompanying loose minutes and Contracts Committee minutes contradicts the submission by the companies that received money from OPM without supplying any goods or services and who then had to return the money to the Principal Accountant. Indeed Ms. Birungi admitted to the Committee that they would be instructed by the Principal Accountant to make entries on IFMS to pay suppliers without supporting documentation.

Recommendations
126 The Committee recommends that Mr. Yahaya and Ms. Nalwanga be held liable for causing financial loss of shs. 16.22 billion and be investigated with a view of prosecution.

127 The Committee further recommends that Ms. Birungi be referred to the Appointing Authority for caution.

128 The Committee recommends that that the former Principal Accountant, Mr. Kazinda be investigated for his role in the fraudulent transaction amounting to shs. 16.22 billion.

C2.3.2 Transfers to Individual Accounts

129 The Treasury Accounting Instructions, Sections 227, 228 and 229 state that all payments should be made by the Accounting officer directly to the beneficiaries. Where this is not convenient an imprest holder should be appointed by the Accounting Officer with the approval of the Accountant General. However, analysis of payments made over two financial years revealed that in a number of instances huge sums were transferred to staff personal accounts (Shs.34,610,365,101) for undertaking Ministry activities without following the regulations. It was noted that transfers onto the personal accounts was authorised by the Accounting officer vide an internal memo to the Principal Accountant dated 21st May 2010.
Audit request to access the original accountability documents proved futile. The current head of accounts (Principal Accountant) confirmed that no single accountability document was passed on to him at the time of hand over. The PS OPM submitted to the Committee that the former Principal Accountant had an unofficial office in the basement and that on a number of occasions carried some files with him. However, the Committee could not confirm that the documents were taken by the Principal Accountant.

The Committee interfaced with a number of OPM staff who were advanced large sums of money to provide accountability as to how the funds were utilised. Audit review revealed that the payments could be categorised into four:

- Those with evidence of submission of accountability
- Those with no evidence of submission
- Those with photocopies of the original accountability documents
- Those who did not respond at all.

The table below gives the summary of personal advances.

<table>
<thead>
<tr>
<th>Status</th>
<th>Amount (Shs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submitted with evidence</td>
<td>14,609,943,235</td>
</tr>
<tr>
<td>Submitted without evidence</td>
<td>10,995,884,316</td>
</tr>
</tbody>
</table>
Photocopies of accountabilities | 3,162,885,899  
Returned to Accounts Department | 767,435,963  
No response from the Staff | 5,068,711,688  
**Total** | **34,604,861,101**

**Observations**

133 Whereas there was evidence of accountability having been submitted for Shs.14,609,943,235/= above, there were no documents at the OPM to support these accountabilities. The Permanent Secretary informed the Committee that the documents had been stolen by the former Principal Accountant. The Committee could not therefore access the accountabilities.

134 A number of the staff mentioned as having been advanced a total of Shs.10,995,884,316 claimed to have submitted their accountabilities to the Accounts Department. However, there was no evidence of such submissions having been made. The Committee could not therefore confirm these accountabilities.

135 Audit obtained photocopies of accountabilities amounting to Shs. 3,162,885,899. However, these were not complete and could not therefore be reviewed by the Auditors.

136 A number of staff claimed to have returned sums of money amounting to Shs. 767,435,963 to the Accounts Department. The
Committee established that these sums were paid to the individual staff without being requisitioned and for no planned activities. All the staff claimed that they were informed verbally by the Principal Accountant that they had been paid in error and should return the money to him. The various staff informed the Committee that they withdrew the sums in cash and returned it to the Accounts Department without official receipt to acknowledge the return. However, some of the staff produced evidence of acknowledgement of returned funds to Mr. Geoffrey Kazinda and Ms. Lydia Nalwanga. Two of the staff Mr. Abdu Muwanika (Shs. 88 million) and Mr. Martin Etyang (Shs. 108 million), claimed that they returned the funds to Mr. Kazinda who refused to give them any acknowledgement.

137 The Committee observed that it has been the practice for staff to return unutilised sums of money to the cashier without an official receipt. The normal procedure would have been for the Cashier to bank the funds on the TGA and issue a General Receipt. For full accountability, the staff who returned the funds would then obtain their copy.

138 The Accounts Assistant, Ms. Lydia Nalwanga who was stationed at Principal Accountant’s Office admitted to the Committee that she received shs. 95 million that had been returned by Mr. Cyprian Dhikusoka, a staff at OPM. Ms.
Nalwanga claimed to have handed over the cash to Mr. Kazinda. Mr. Dhikusoka produced to the Committee a hand written acknowledgement from Ms. Nalwanga.

139 A number of staff advanced a total of Shs. 5,068,711,688 did not respond to the audit request to avail accountabilities. The Committee interfaced with the staff, except Ms. Beatrice Kezabu who has been charged and Mr. Boniface Obbo who is deceased.

Recommendations

140 The Committee recommends that the Accounting Officer be held liable for failure to secure accountability documents and the circumstances under which the documents are alleged to have disappeared be investigated.

141 The Committee further recommends that Police investigate whether activities for which funds were advanced were implemented and Value for Money achieved. (List attached)

142 The Committee recommends that the Staff who claimed to have submitted accountabilities amounting to shs. 10,995,884,316 but could not provide evidence to the Committee be investigated with a view of recovering any outstanding sums. (List attached)
143 The Committee recommends that the staff who received and claimed to have returned funds to the former Principal Accountant be investigated with a view of establishing the authenticity of the purported acknowledgement documents and apportion responsibility.

144 The Committee recommends that Mr. Martin Etyang and Mr. Abdu Muванika be investigated with a view of recovering the money that they claimed to have returned to Mr. Kazinda without acknowledgement.

145 The Committee recommends that Ms. Lydia Nalwanga be investigated for loss of Shs. 95 million she received from Mr. Dhikusoka which she claimed to have handed over to Mr. Kazinda.

146 The Committee recommends that the Staff who availed photocopies of accountabilities amounting to Shs. 3,162,885,899 but be investigated with a view of recovering any outstanding sums. (List attached)

147 The Committee recommends that the former Principal Accountant, Mr. Kazinda, be investigated for transferring money to staff personal accounts purportedly in error and allegedly receiving the same from the staff of OPM.
C2.3.4 Irregular Transfer of Funds to Accounts of Food Suppliers

148 The Audit revealed that suppliers of OPM were fraudulently paid over and above the amount of food supplies. The company directors/proprietors submitted to the Committee that they would then be verbally alerted by the former Principal Accountant, Mr. Kazinda that OPM computers had developed technical hitches, resulting into posting more money on their company bank accounts in error. The companies were allegedly informed that the problem would persist for three years to be corrected, and that they should therefore cooperate by returning money posted on their accounts under such circumstances. Shs. 8,575,224,934 was transferred to accounts of food suppliers without any basis as observed below:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Directors</th>
<th>Amount Fraudulently paid (Shs.)</th>
<th>Committee Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulondo Apartments Ltd</td>
<td>Sebulondo Asuman</td>
<td>521,216,797</td>
<td>Mr. Sebulondo accepted, claimed to have returned the money and produced purported acknowledgement from</td>
</tr>
<tr>
<td>Company</td>
<td>Name</td>
<td>Amount</td>
<td>Details</td>
</tr>
<tr>
<td>------------------------------</td>
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<td>-----------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Christ Embassy</td>
<td>Amos Mwani</td>
<td>655,850,167</td>
<td>Mr. Mwani accepted, claimed to have returned the money to Mr. Kazinda but did not obtain an acknowledgement.</td>
</tr>
<tr>
<td>Mbalaba Enterprises</td>
<td>Sebulondo Asuman</td>
<td>587,200,000</td>
<td>Mr. Sebulondo accepted, claimed to have returned the money and produced purported acknowledgement from Mr. Kazinda</td>
</tr>
<tr>
<td>Bimala Ent. Ltd</td>
<td>Sebulondo Asuman</td>
<td>577,232,000</td>
<td>Mr. Sebulondo accepted, claimed to have returned the money and produced purported acknowledgement from Mr. Kazinda</td>
</tr>
<tr>
<td>Kapitol Hospitality</td>
<td>Amos Mwani</td>
<td>575,232,000</td>
<td>Mr. Mwani accepted, claimed to have returned</td>
</tr>
<tr>
<td>Name</td>
<td>Amount</td>
<td>Details</td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>------------------</td>
<td>-------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Katikamu General Supplies</td>
<td>426,589,830</td>
<td>Mr. Mulindwa accepted, claimed to have returned the money and produced purported acknowledgement from Mr. Kazinda</td>
<td></td>
</tr>
<tr>
<td>Kaweesi Dauda &amp; Sons</td>
<td>556,180,000</td>
<td>Mr. Kaweesi accepted, claimed to have returned the money and produced purported acknowledgement from Mr. Kazinda</td>
<td></td>
</tr>
<tr>
<td>Jesus Enterprises</td>
<td>546,264,800</td>
<td>Mr. Mwani accepted, claimed to have returned the money to Mr. Kazinda but did not obtain an acknowledgement</td>
<td></td>
</tr>
<tr>
<td>Rural Enterprises</td>
<td></td>
<td></td>
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<td>-------------------</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Amos Mwani</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denis Onguti.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>502,520,000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr. Mwani accepted, claimed to have returned the money to Mr. Kazinda but did not obtain an acknowledgement</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Khadali Foundation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>467,975,254</strong></td>
</tr>
<tr>
<td>The Committee could not trace the particulars of the Directors.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nsuka General Supplies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haj. Sulaiman Nsubuga Kaggwa</td>
</tr>
<tr>
<td><strong>504,644,000</strong></td>
</tr>
<tr>
<td>Haj. Nsubuga accepted, claimed to have returned and produced purported acknowledgement from Mr. Kazinda</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Maliaka Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mwani Amos</td>
</tr>
<tr>
<td><strong>421,460,000</strong></td>
</tr>
<tr>
<td>Mr. Mwani accepted, claimed to have returned the money to Mr. Kazinda but did not obtain an acknowledgement</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Salgado</th>
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<tbody>
<tr>
<td>Amos</td>
</tr>
<tr>
<td><strong>382,996,200</strong></td>
</tr>
<tr>
<td>Mr. Mwani accepted,</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MJZ Ent. Ltd</td>
<td>Bulondo Asuman</td>
<td>612,940,000</td>
<td>Mr. Sebulondo accepted, claimed to have returned the money and produced purported acknowledgement from Mr. Kazinda</td>
</tr>
<tr>
<td></td>
<td>Zahara Namusoke</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dakakyu Ent. Ltd</td>
<td>Daudi Kaweesa</td>
<td>547,900,000</td>
<td>Mr. Kaweesa accepted, claimed to have returned the money and produced purported acknowledgement from Mr. Kazinda</td>
</tr>
<tr>
<td></td>
<td>Suleiman Mutyagubya</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Siraje Senyondo</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Muhafud Kaweesi</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lukaka Ent.</td>
<td>George</td>
<td>32,269,186</td>
<td>Mr. Mubiru accepted,</td>
</tr>
<tr>
<td></td>
<td>Mubiru Edward Nyanja</td>
<td>claimed to have returned the money and produced purported acknowledgement from Mr. Kazinda</td>
<td></td>
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<td>--------------------------</td>
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<td>-----------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Geofro Family &amp; George Mubiru Florence Nakamatte</td>
<td>43,992,000</td>
<td>Mr. Mubiru accepted, claimed to have returned the money and produced purported acknowledgement from Mr. Kazinda</td>
<td></td>
</tr>
<tr>
<td>ASB Ent.</td>
<td>Sebulondo Asuman</td>
<td>612,762,700</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mr. Sebulondo accepted, claimed to have returned the money and produced purported acknowledgement from Mr. Kazinda</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>8,575,224,934</td>
<td></td>
</tr>
</tbody>
</table>

Observations

149 The Committee observes that all the suppliers were prequalified by OPM. They had supplied food stuffs to OPM
against LPO’s raised and were duly paid. However, they were subsequently paid several times for the same supplies allegedly in error.

150 In all instances the funds were claimed to have been returned to the former Principal Accountant, Mr. Kazinda. In all cases except for the companies owned by Mr. Amos Mwani (Jesus Enterprises, Salgado, Malaika Enterprises, Rural Enterprises and Kapitol Hospitality), the proprietors produced handwritten acknowledgement purportedly by Mr. Kazinda. In all instances where the funds were claimed to have been returned, the companies produced similar acknowledgements endorsed by Mr. Kazinda.

151 The Committee noted that several of the companies that supplied OPM are owned by the same individuals. The Committee further notes that in all cases, the payment vouchers from the companies were written by the same person, Mr. Mulindwa Mutasingwa who also owns Katikamu General Suppliers, one of the companies supplying OPM. Mr. Mulindwa in his testimony submitted that he worked as an Advisor to several of the suppliers, preparing and submitting their bids and maintaining basic financial records. He had therefore insisted that suppliers obtain acknowledgement from Mr. Kazinda for funds returned and he assisted in that regard.
152 The Committee observes the purported erroneous transfers to the companies would be effected on the same day and funds would be returned on the same day. Inspection of the bank accounts of each of the companies showed that as soon as money would be deposited on their bank accounts it would be withdrawn in almost similar amounts, most likely to be taken back to OPM.

Recommendations

153 In absence of an explanation of the whereabouts of the money purportedly returned, the Committee recommends that the Mr. Kazinda and various suppliers be investigated with a view of recovering all the funds involved.

New Caltex Service Station Ntinda

154 New Caltex Service Station Ntinda is a limited company registered in May 2000 and had three Directors namely; Hussein Katumwa, Ahmed Masembe and Ibrahim Masembe. The Company had been supplying fuel to OPM since 2009. during this period there was a fuel shortage and was approached by Mr. Martin Owor, the Commissioner Disaster Management, to supply fuel to the Department of Refugees and Disaster Management for purposes of delivering food. There were no contractual dealings with OPM but fuel would be taken with a promise to pay.
155 The Committee was concerned that New Caltex Ntinda had dealings with a Government department without a formal contract. The proprietor responded that he took it as a business risk to supply OPM. Mr. Owor gave him the Order book and no payment terms were drawn up.

156 The Committee noted that the OPM withdrew 57,000 litres of fuel per day for 4 days (5th -6th December, 2011; 15th -17th January, 2012) at a cost of 144 million per day. The Committee further noted that the petrol station had a capacity of only 22,500 litres. The proprietor, Mr. Katumwa, in his response informed the Committee that he would receive signed vouchers from whoever came with them from OPM, make an invoice for payment at the end of every month and forward them to Mr. Martin Owor, Commissioner Disaster.

157 The proprietor acknowledged having received a payment of shs 526 million and the documentation was forwarded to Mr. Martin Owor, Commissioner Disaster. The Committee established that the above payment was made using a forged security paper.

158 The proprietor could not explain the fuel payment of shs. 576,000,000. The Committee further noted that the drivers who were said to have received fuel from New Caltex, Ntinda disputed the fact.
Observation

159 The Committee observes that procurement of New Caltex Ntinda was irregularly executed between Mr. Martin Owor and the Proprietor, Mr. Katumwa.

160 The Committee further noted that payments amounting to Shs. 6.8 billion were not supported with consumptive documents, a sign that these funds could have been put to personal use.

Recommendations

161 The Committee recommends that the officers involved be investigated, prosecuted with a view of recovering sums involved.

The Committee further recommends that New Caltex Ntinda be investigated in the role played in the fraud with a view of recovering the funds received for the fuel not supplied.

162 The Committee recommends that in the event the Company is found culpable, the company be blacklisted.

C3 Implementation of PRDP Projects

Background

163 The OPM undertook to implement the Karamoja Action Plan for food security by providing tractor hire services and ploughing
in various parts of Northern Uganda and Karamoja. In implementing the project, the OPM was to:

- Identify the districts where the ploughing will be done and allocate the acreage to be ploughed per district;
- Hire the service provider and;
- Settle the bills.

164 The districts were to:

- Identify the beneficiaries of the ploughing;
- Supervise the ploughing through district production officers;
- Certify the work done.

165 As part of the implementation plan, contract agreements were signed with M/S Farm Engineering Industries Ltd (FEIL) as hereunder:

- On the 6th November 2009 for provision of Tractor hire services for Karamoja District for a period of 12 months (i.e. November 2009 to October 2010).
- A second contract was signed on 30th June 2010 for provision of tractor hire and ploughing to Teso, Lango and Acholi sub regions. This was after the termination of a contract with National Enterprises Corporation to provide similar services in the greater North.
The third contract was signed on 27th February 2012 for the provision of tractor hire and ploughing for Northern Uganda and Karamoja region for a period of 18 months effective 27th February 2012.

A close scrutiny of the operations revealed the following:

- OPM did not have an official understanding (in form of MoU) with the Districts to guide and bind them on their roles in the undertaking.

- The second contract agreement signed on 30th June 2010 was open ended as it was not time bound and had no contract price, implying that the contractor could supply forever.

- Whereas all the contracts appeared to be frame work contracts, call off orders were not issued to the contractor as a commitment for services, instead letters were written indicating the number of acres to be ploughed.

- A detailed review of the terms and conditions of the contracts revealed that FEIL would make a surcharge of 30% to the agreed upon rates when virgin land is being cultivated. The acreage which had virgin land was not identified in advance and this presented an opportunity for the contractor to declare all land virgin, even on second ploughing and this can cause financial loss.
Observations

167 The Committee observes that the contract agreement provided for first and second ploughing, first and second harrowing, and planting. When the Committee visited the sampled districts in the project area, the Committee was informed that it was only the first ploughing and first harrowing that were done. The second ploughing and second harrowing and planting was not done by Farm Engineering Industries Limited.

168 The Committee further observes that where there was first ploughing and first harrowing, it took place outside the sowing period.

169 The Committee also observes that there was little involvement of the District Local Governments and beneficiary communities and because of this they did not understand the cost and scope of the work. In addition the OPM had no capacity to supervise and coordinate the project on the ground without the involvement of the District Local Governments.

170 The Committee notes that the contract providing for ploughing twice and harrowing twice together with planting was an over-specification as evidenced in Nakapiripirit where the District Production Officer changed the scope of works and instead had FEIL to plough and harrow extra fields instead.
C3.1 Ploughing and Harrowing in Acholi Sub-region

171 The Office of the Prime Minister contracted companies to open up land for farmers in the districts of Amuru, Gulu, Kitgum and Lamwo. The OPM allocated 872 acres to be ploughed in Gulu District by National Enterprises Corporation (NEC) in 2010. Out of the 872 acres, NEC ploughed only 30 acres and later M/s Farm Engineering Industries Limited (FEIL) was contracted to complete the remaining acres. In total 872 people benefitted from the project with one acre per household.

172 Amuru District was allocated 1,018 acres in the first phase of ploughing and harrowing in 2010. NEC was contracted to plough in Amuru District but failed. M/s Farm Engineering Industries Limited (FEIL) was contracted by OPM and ploughed 1,018 acres in the first phase and 1,527 acres in the second phase. However, the beneficiaries of the project could not be established as the list of beneficiaries provided by the Chief Administrative Officer (CAO) were suspicious as the alleged beneficiaries signed in a similar manner.

173 The Committee could not establish how much land was ploughed and harrowed in Lamwo District as the district leadership was absent to avail the information when the Committee visited the District. The beneficiaries of the ploughing
and harrowing project were allegedly selected by sub-counties and lower local council levels basing on the degree of vulnerability.

174 The District and Sub-county officials in the respective project jurisdictions did not monitor the ploughing and harrowing activities since there was no budget line for monitoring at the districts. Although M/s Farm Engineering Industries Ltd surcharged 30% for ploughing virgin land, these were not certified by the District Production Officers as virgin land.

Observation

175 The Committee observes that the list of beneficiaries for ploughing and harrowing presented by the CAO in Amuru District could have been forged. Almost all the beneficiaries signed in very similar manner as opposed to thumb print. The Committee notes that use of similar signatures rather than thumb prints is suspicious.

176 The ploughing project was not monitored by the District and Sub-county officials. This was mainly because of no budget line to the effect. The contractor could have taken advantage of this to either plough less or not to the agreed specification as most beneficiaries were not well versed with the real measurement of an acre.
The Committee established during the field visits that the Chief Administrative Officers who certified the payments did not physically verify the work done. In the circumstances, they should have relied on reports of District Production Officers.

Recommendations

The Committee recommends that a joint Police and Audit investigation be undertaken to determine the scope and cost of actual work done by Farm Engineering Industries Limited with the view to recover the excess payments. The Committee further recommends that such future projects be implemented by District Local Governments.

C3.2 Construction of Chiefs’ Houses

The OPM constructed 54 houses for chiefs in Acholi sub-region. The houses are graded as follows:

- The Category I is estimated to cost Shs.80 million.
- Category II is estimated to cost Shs.48 million
- Category III costs Shs. 40 million

The houses were directly constructed by the staff of the OPM. The Committee on inspection of the houses noted unsatisfactory, incomplete and abandoned works and equipment.
There were several defects ranging from cracked walls, leaking roofs, unplastered inner walls, misfitted doors and windows

181 The Committee observed that these houses were constructed without concrete slabs and without damp proof coating (dpc). This could be the major cause of deep cracks on the walls and floors. Foundation was not dug for the internal walls. Considering the defects, the Committee notes that there was no value for money.

C3.3 Construction of Houses for Primary School Teachers

182 The OPM constructed houses for Primary School teachers in districts of Lamwo and Zombo. Each house is alleged to have cost Shs. 68 million. The Committee observed that these houses were constructed without concrete slabs. This could be the major cause of deep cracks on the walls and floor. However, the houses in Palabek Primary School in Lamwo District were in fairly good condition and of relatively good workmanship. The Committee observed that there was shoddy work on some of the houses.

C3.4 Construction of Staff Houses for Health Workers

183 The OPM constructed houses for nurses in the districts of Lamwo and Zombo. Each house was estimated to cost Shs. 68 million.
Observation

184 The Committee observed that the staff houses in health centre IIIIs were in fairly good condition and of relatively good workmanship compared to staff houses for primary school teachers, though minor defects were registered.

Recommendation

185 The Committee recommends an engineering audit to be carried out to establish extent of poor workmanship and Value for Money. The Committee further recommends that the Office of the Prime Minister should restrict itself to monitoring and coordinating Government programmes and not implementing activities for which they have no technical and supervisory capacity.

C3.5 Settlement of Bududa Landslide Victims

186 After the catastrophic landslides in Bududa in 2010, victims and other occupants of areas perceived to be risky were relocated to Panyadoli in Kiryandongo District. The land formerly occupied by Sudanese refugees was identified by OPM in conjunction with the Kiryandongo District Local Government. The Government has now settled 603 households in the area, with each household occupying 2.5 acres of land. The OPM constructed 101 houses for the victims and opened two acres of land for each household.
C3.6 Housing Project for Landslide Victims

187 Out of the 103 houses constructed for the landslide victims, only 20 houses have so far been completed. The houses that are allegedly estimated to cost Shs. 11 million have exhibited poor workmanship. Others had incomplete doors, windows, open gable.

Recommendations

188 The Committee recommends an engineering audit to be carried out to establish extent of poor workmanship and Value for Money. The Committee further recommends that the Office of the Prime Minister should restrict itself to monitoring and coordinating Government programmes and not implementing activities for which they have no technical and supervisory capacity.

C3.7 Abandoned Hydraform Machines

189 The OPM procured 90 hydraform machines to make blocks to be used in the construction of houses in the PRDP region. During the field visit, The Committee found some machines had been abandoned at various sites eg. Palabek, Nyapea, Northern Uganda Youth Development Centre. Some of the machines had already been vandalized and risked being stolen.
Recommendations

190 The Committee recommends that the hydraform machines be recovered from the abandoned sites with immediate effect and be transferred to NUYDC where they can utilised in training youth in hydraform technology.
C4 Political Supervision

C4.1 The Prime Minister

191 The Committee interfaced with the Prime Minister, Rt. Hon Amama Mbabazi. Of interest to the Committee was to get an explanation on the political supervision, the role the Prime Minister played in procuring vehicles for Ministers including himself, and his role in stopping the transfer of Mr. Geoffrey Kazinda. The Prime Minister clarified on the respective matters as below.

192 The Prime Minister opined that the nature of financial mismanagement that took place in the OPM was a case of criminality that needed to be handled as such, and regretted that it took a while to be noticed. What happened in OPM pointed to weaknesses in the financial systems within Government. For that reason, a consultant had been engaged to review the financial management systems and to look at general performance in Government entities.

193 The PM’s understanding of the PRDP was that up to 99% of the funds would be transferred to Local Governments to implement programmes and activities within agreed work plans submitted by districts and approved in the annual estimates. No information to the contrary had been brought to his attention, until

[Handwritten notes]
the time he requested for the special audit report. The involvement of OPM not only in PRDP but also other Government programmes was to monitor and evaluate the implementation of such programmes. The OPM is not structured to implement Government programmes and does not therefore have the capacity to do so.

194 The Prime Minister agreed that he had a meeting with the Accountant General and the PS, in which he directed that Mr. Kazinda’s transfer be stayed to allow him prepare annual books of accounts and respond to audit queries, and handover thereafter. In the meeting, the only complaint that was brought to his attention about Mr. Kazinda was that he used to mix funds of different programmes.

195 On the procurement of vehicles, the Prime Minister stated that he did not participate in the process, and that this was purely the mandate of the Accounting Officer and not the political head. It did not occur to him that the funding for vehicles was from PRDP. The first time he got to hear about this was when one Member of Parliament alluded to it, but his fears were allayed when Mr. Bigirimana came out through a press release disputing what had been raised by the Member, and clearly stating that funds were not from PRDP. At that point, the Prime Minister had no reason to doubt Mr. Bigirimana.
196 Article 108A establishes the Office of the Prime Minister, and whose main mandate is being Leader of Government Business in Parliament, and coordination and implementation of Government policies across Ministries, departments and other public institutions.

197 The Committee observes that, the many portfolios under OPM create a fusion of roles, which should ordinarily be under separate Government departments.

198 The Committee therefore recommends that the Office of the Prime Minister be restructured and the departments that do not fulfil the core mandate of the Office of the Prime Minister be removed from it. Such non core mandate departments that include Department of Special Programmes, Disaster and Refugees, Information and National Guidance should be stand alone ministries.

C4.2 The Minister for Karamoja Affairs

Trip to Israel

199 The OPM advanced cash to the Cashier’s personal bank account 9 times purportedly to facilitate the Minister’s trip to Israel. The Minister confirmed that she travelled to Israel once, in
September 2010. The Committee notes that there was no indication in the audit report that the Minister had travelled to Israel 9 times. However the OPM advanced to Mr. Boniface Obbo (deceased), the Cashier at OPM a total of Shs. 125,988,000 for this activity.

CONCLUSION

200 Rt. Hon. Speaker, and Honourable colleagues, as I conclude, I would like to thank you for the patience and support you have given to us in the course of our work. This has been a complex probe which involved three Government Ministries and Agencies to wit OPM, Ministry of Finance, Planning and Economic Planning, and Bank of Uganda. It also involved the three arms of Government, the Executive, Judiciary and Legislator swinging into action at the same time. This therefore took us longer than expected. Nevertheless we are happy to present the Report to this august House and beg for your support to adopt it.

I thank you Rt. Honourable Speaker and Honourable Members.

I beg to move
<table>
<thead>
<tr>
<th>Officer</th>
<th>Audit observation.</th>
<th>Narrative/Explanation by the Officers</th>
<th>Committee Observation.</th>
<th>Recommendation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Fredrick Mugenyi Sansa</td>
<td>The officer received shs. 565,722,573 over the audit period reviewed.</td>
<td>The funds were for implementation a number of activities including the annual retreat of Ministers and Permanent Secretaries which was held in Kampala at Protea Hotel in December 2010, and regional workshops on development of the NGO Policy. The officer explained that accountability was forwarded. He tendered evidence of submission with forwarding notes.</td>
<td>On accountability, the Committee was satisfied with the documentation provided as indication that accountability had been made and forwarded to the relevant office.</td>
<td>The Committee recommends that the issue be dropped.</td>
</tr>
<tr>
<td>Mr. Benon Kigenyi</td>
<td>The Officer received Shs. 876,386,294 over the audit period.</td>
<td>The funds were advanced for various activities including construction of teachers' houses and houses of health workers, including purchase of building materials. The officer submitted that he had accounted and forwarded the accountability documents to Accounts Section.</td>
<td>The Committee was concerned that the officer was advanced Shs. 165 million a workshop at Hotel Africana, including the payment to the hotel, against the instructions of the PS that money be paid to the service providers. This payment should have been transferred directly to the account of the hotel based on the booking and invoice raised by the Hotel.</td>
<td>The Committee recommends that the Principal Accountant be investigated for flouting the procurement procedure by depositing cash on the personal account of the staff.</td>
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<td><strong>3</strong></td>
<td><strong>Ms. Christine Kiwanuka</strong></td>
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<tr>
<td>The Officer received Shs 1,251,873,600 and that accountability for Shs 612,384,400 had been passed to Accounts Section without evidence.</td>
<td>The main activities carried out related to sensitization of civilian veterans in Nakaseke, Semuto and Kapeeka.</td>
<td>The officer could not provide a satisfactory explanation on the amounts not accounted for.</td>
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<td>The Committee further noted that the officer purchased iron sheets from Kampala for roofing teachers' houses in Gulu and transported them at a cost of Shillings 20,700,000, instead of the cheaper option of buying them in Gulu.</td>
<td></td>
<td>The balance of the amounts not accounted for should be investigated</td>
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<td><strong>4</strong></td>
<td><strong>Mr. John Martin Owor</strong></td>
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<td>Audit observed that the officer made three requisitions totaling to Shs 145,311,000 for purchase and transportation of items for the</td>
<td>The Committee observed that at his level as commissioner, the Officer should not have been involved in receiving money for activities in the field. He however did it on the advice of the PS.</td>
<td>The officer be investigated with the view of recovery of the money</td>
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<tr>
<td>Ms. Patricia Agaba</td>
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<td>The officer failed to explain the anomaly.</td>
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<td>The Committee finds the accountability for fuel to be a forgery and money recoverable.</td>
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<tr>
<td>The officer should be investigated for uttering false documents and money recoverable.</td>
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</tbody>
</table>

Bududa landslide victims in Kiryandongo District. Some accountability provided was found to be forged and further procurement was undertaken directly contrary to the instruction given by the PS.
<p>| and in some instances in different months. | The Officer was advanced Shs. 99 million additional items for Bududa victims at Kiryandongo resettlement centre. The money was advanced to purchase tarpaulins, contrary to the instructions by the Permanent Secretary that money be paid directly to the service provider. | The Committee noted that it was irregular for the officer to send a driver to undertake window shopping on availability of materials, when OPM had pre-qualified firms for the said items. It was an anomaly on the part of the Principal Accountant to send the money to a personal account, for a prequalified company whose details were with the Office of the Prime Minister. The Officer did not follow the proper procedures in returning the Shs 3 million to the Principal Accountant. | The Principal Accountant be investigated irregularly sending money for suppliers to the personal account of the Officer. |</p>
<table>
<thead>
<tr>
<th>The Officer was advanced Shs 60,037,000 paid under voucher number D13/11 to organize a regional workshop in Teso.</th>
<th>The workshop was to harmonize and adopt the preliminary assessment of service delivery. The funds were paid into the officer's personal bank account to pay for hotel services contrary to procedures and instructions provided by the Permanent Secretary that bills for hotels be paid to the service providers. The Officer could not explain the glaring differences between the signatures at the point of registration and at the point of receiving money.</th>
<th>The Committee found signatures of the recipients of the money paid as transport refund to be suspicious.</th>
<th>The Officer should be investigated for possible utterance of false documents.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shs 50,210,000 under voucher number R011/02 for emergency procurement of food and non-food relief items for fire victims in Karamoja.</td>
<td>The Officer could not explain how the fuel receipt for delivery of food relief items bear vehicle No. UG0344Z and yet the vehicle that offloaded and loaded the items was truck No. UG0123Z.</td>
<td>The Committee finds the accountability suspicious, and could have been used just for purposes of accountability</td>
<td>The Committee recommends that the accountability be investigated.</td>
</tr>
<tr>
<td>The officer was paid Shs. 44 million as advance for ploughing plots</td>
<td>The officer explained that there was money for clearing land available for some areas while money for ploughing for pieces</td>
<td>The Committee found the explanation of the Officer convincing</td>
<td>The Committee recommends that the issue be dropped.</td>
</tr>
<tr>
<td>6</td>
<td><strong>Ms. Rose Nakabugo</strong></td>
<td>The audit observed that receipt No. 2791 worth Shs. 472,000 was used on the 7th September, and receipt No. 2779 worth Shs. 120,000 was used on the 9th September, casting doubt in the authenticity of the accountability submitted by the officer.</td>
<td>The officer could not explain the doubtful accountability of Shs. 6.7 million to facilitate the UPDF team in the Elgon Mountain released on R4596/10. Her explanation was that she passed on the money to someone else who implemented the activity.</td>
</tr>
</tbody>
</table>

| 5 | **The Officer** received Shs 10,520,000 under R50/02 to transport tarpaulins and purchase nails for homeless communities in Kotido and Kiryandongo. | The Officer explained that a number of items had been collected from well wishers at the OPM collections centre. These were transported together with the items that had been procured under the OPM. | Evidence submitted to the Committee by the witness was not satisfactory, as delivery notes for the items she referred to were dated differently. Scrutiny of the delivery notes showed that nails and tarpaulins were delivered on 25th March 2011, second-hand clothes were delivered on 28th |

<p>| 6 | | | | | The Committee recommends investigations in this transaction. |</p>
<table>
<thead>
<tr>
<th>Audit observed that accountability for shs. 7.1 million for relocation of students lacked evidence.</th>
<th>The Officer submitted accountability of Shs. 6.7 million out of Shs 7.1 million for purchase of scholastic materials for Panyandoli Primary School.</th>
<th>Accountability for Shillings four hundred thousand could not be provided.</th>
<th>The Committee recommends recovery of Shs 400,000/=</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Audit observed that accountability for Shs 25,150,000 which showed that 58 bags of sugar worth Shs 15,660,000 and 280 cartons of salt and 120 cartons of soap totaling to Shs 8,340,000 had been bought from Bulwanyi traders was doubtful. The high prices aside, the audit also observed that Bulwanyi traders deal in hardware and not sugar and</td>
<td>The Officer could not explain the circumstances under which she bought sugar at a cost per kilogram at Shs 5,600 at a time when sugar was selling at Shs 3,000 per kilo.</td>
<td>The Committee found the accountability doubtful</td>
<td>The Officer should be investigated for possible utterance of false documents.</td>
</tr>
<tr>
<td>Case</td>
<td>Description</td>
<td>Details</td>
<td>Committee Action</td>
</tr>
<tr>
<td>------</td>
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<tr>
<td>1</td>
<td>Salt, though the officer insisted that the items were purchased from the said Bulawayi traders</td>
<td>The Officer provided evidence of receipt of maize and beans at Namalu and Nakapiripirit.</td>
<td>The Committee was concerned that the officer preferred to move with cash to the supplier, instead of using the normal procurement process.</td>
</tr>
<tr>
<td>2</td>
<td>Audit observed lack of evidence that goods delivered were taken on charge</td>
<td>The Officer informed the Committee that she received Shs. 64 million on her personal bank account which she returned to Accounts, and was acknowledged by the Cashier.</td>
<td>Proper procedure was not followed in refunding the money.</td>
</tr>
<tr>
<td>3</td>
<td>The officer refunded shs 64,000,000</td>
<td>The officer agreed receiving Shs 1.3 billion on account over the audit period to implement various activities, and accounted for the money.</td>
<td>The Committee found the explanation of the Officer satisfactory.</td>
</tr>
<tr>
<td>4</td>
<td>The officer received Shs 1.3 billion over the audit period to implement various activities,</td>
<td>The Officer explained that</td>
<td>The Committee recommends that the issue be dropped.</td>
</tr>
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</table>

**Case 7 Mr. James Okuja**

The Committee found the explanation of the Officer satisfactory.
<table>
<thead>
<tr>
<th>No.</th>
<th>Officer</th>
<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>Mr. Kiprono Dhikassoka</td>
<td>Over the period of audit, the officer received Shs. 1,057 billion, which he never accounted for. It was not clear what he did with it.</td>
</tr>
<tr>
<td>2</td>
<td>Auditor</td>
<td>Audit observed that Shs. 306,800,000 was advanced to the project area, with a questionable accountability.</td>
</tr>
<tr>
<td>3</td>
<td>The Committee</td>
<td>The Committee found the expenditure of the Office to be satisfying. It concluded that money was suspiciously paid to different individuals.</td>
</tr>
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</table>

(7) payments totaling Shs. 7 million on the same day to facilitate the submission of the Officer to be satisfactory.

The Committee recommends that the Principal Accountant be investigated for this payment. The accountability documents should be investigated.
<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Details</th>
<th>Committee's Findings</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Abdul Muwanika</td>
<td>The officer received Shs. 917, 062,628 over the audit period</td>
<td>The Committee found the explanation and the documents submitted by the officer satisfactory.</td>
<td>The Committee recommends that the issue be dropped.</td>
</tr>
<tr>
<td>1</td>
<td>Samuel Mweru Byachi</td>
<td>The officer was paid Shs. 728,610,506 over the audit period, but which audit did not find any accountability.</td>
<td>The Committee found the explanation and the documents submitted by the officer satisfactory.</td>
<td>The Committee recommends that the issue be dropped.</td>
</tr>
<tr>
<td>1</td>
<td>Norbert Katsirabo</td>
<td>The officer was paid Shillings 44,272,000 for regional training workshops. Audit observed anomalies in the signature sheet and cash payment to the hotel.</td>
<td>The witness could not submit the attendance sheet as they had been taken by CID which was carrying out investigations on the accountability relating to the activity.</td>
<td>The Police should continue with the investigations.</td>
</tr>
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</table>

The witness agreed to the normally in the receipts.

The Committee could not pronounce itself on doubtful signatures, because the documents were with CID.

The Police should continue with the investigations.
allowances to CAOs, drivers, transport refund and accounted for 83,563,800 was doubtful. but explained that he was not personally involved in implementing the activity. He delegated responsibility of buying lunch to the Administrative Assistant called Kabagambe Diana who brought the receipts. Agreed to the anomaly.

| On Shs 11.4 million. Accountability is only for paying drivers 10 nights and buying fuel for 5 cars. Officers who undertook the exercise not mentioned. Vehicles kept on shifting from petrol to diesel. Accountability appears fictitious | The officer explained that the activity was undertaken by; Diane Kabagambe, Charles Mugisa, police, Hebert Katorogo and Katsirabo. The money in his names was for drivers and police and other officers received money on their accounts. | The Police should continue with the investigations. |

| Audit observed that Shs. 56,028,400 was | He was not directly involved in paying to the RDCs and |

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advanced for LRDP meeting with RDC’s, CAO’s and District Focal Point persons. Signatures for RDC’s and CAO’s differ greatly from earlier signatures. Workshop was in Africana, however no invoice was presented. Officer paid 11,520,000 to the hotel and the hotel simply increased his deposit to 16,520,000 implying no service was offered and the funds could have been claimed later. CAOs and could not explain the anomaly. He wrote a requisition and found money on account for the workshop instead of money being paid directly to Africana Hotel, and that this was the practice in OPM. Directed administrator to go ahead to book Africana. Booked, gave invoice and paid. Submitted invoice. Receipt as part of invoice given.
## PAC MEMBERS WHO ENDORSED THE COMMITTEE’S REPORT ON SPECIAL INVESTIGATION ON FINANCIAL IMPROPRIETY IN THE OFFICE OF THE PRIME MINISTER (OPM)

<table>
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<tr>
<th>NAME</th>
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<tr>
<td>Hon. Kassiano E. Wadri - Chairman</td>
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<td>Hon. Mwiru Paul - Vice Chairman</td>
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<td>Hon. Akora Maxwell</td>
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<td>Hon. Achia Terence Naco</td>
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<td>Hon. Alaso Alice Asianut</td>
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<td>Hon. Asupasa Isiko Wilson Mpongo</td>
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<td>Hon. Bakunda Alex Byarugaba</td>
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<td>Hon. Besisira Ignatius</td>
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<td>Hon. Bihande Bwambale Yokasi</td>
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<td>Hon. Boona Emma</td>
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<td>Hon. Cadet Benjamin</td>
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<td>Hon. Drito Martin Andi</td>
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<td>Hon. Kaabule Evelynn Naome</td>
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<td>Hon. Karuhanga Kafureeka Gerald</td>
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<td>Hon. Kibojana Margaret</td>
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<td>Hon. Kwizera Eddie Wa Gahungu</td>
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<td>Hon. Kyooma Xavier Akampurira</td>
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<td>Hon. Mpabwa Sarah Patience (Lt. Col.)</td>
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<td>Hon. Mugabi Muzaale Martin</td>
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<td>Hon. Mujuni Vicent</td>
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<td>Hon. Musasizi Henry Ariganyira</td>
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<td>Hon. Musinguzi Yona</td>
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<td>Hon. Opolot Jacob Richards</td>
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<td>Hon. Sekikubo Theodore</td>
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<td>Hon. Ssewungu Joseph Gozanga</td>
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<td>Hon. Wamanga Wamai</td>
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<td>Hon. ArinaItwe Joy Kariisa</td>
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PARLIAMENT OF UGANDA

MINORITY REPORT TO THE PUBLIC ACCOUNTS COMMITTEE REPORT ON FINANCIAL IMPROPIETY IN OPM

1.0 Introduction:

1.1 Rt.Hon. Speaker, and Hon. Members, I beg to proceed under Rule 194 of our Rules of Procedure, to present to you a minority report in the inquiry into the Special Audit Report of financial improprieties in the Office of the Prime Minister.

1.2 Although I am in agreement with the findings of the Committee, I differ with the Majority Members of the Committee in failing to find the Rt. Hon. Prime Minister (Hon. Amama Mbabazi) culpable in the financial scandal that took place in OPM.

1.3 It is for this matter that I present my case to this august House, with specific prayers that this House apportions due responsibility to the Prime Minister for his role in the financial impropriety in OPM.

2.0 Observations and Recommendations

My assessment of the evidence before the Committee gives clear indication that the Rt. Hon. Prime Minister had a role in three particular instances namely:

- Use of PRDP money to purchase vehicles for Ministers at OPM;
- Interference in the transfer of Mr. Geoffrey Kazinda; and
- Failure in political supervision as explained below.
2.1 Purchase of Motor Vehicles for Prime Minister and other Ministers in OPM

2.1.1 The Committee report rightly points out that shs. 1.818 billion of the PRDP funds that were fraudulently transferred from the holding account to the Crisis Management and Recovery Account was used to purchase vehicles for the Prime Minister and Ministers in the OPM, a fact that had been refuted by the PS through a press release.

2.1.2 It has however been found out that PRDP funds were indeed used to buy vehicles, contrary to the press release by the PS.

2.1.3 My point of departure from the Committee report is failure to find the Rt. Hon. Prime Minister culpable in this matter. The Prime Minister allowed the PS to mislead the country through a press release that funds used to purchase vehicles, including 2 vehicles for the Prime Minister, were not from PRDP. The Prime Minister after getting information from a Member of this House should have used the machinery available to him to establish the source of funding for the purchase of these vehicles, more especially given the fact that such funds had not been provided for in the budget. His failure to do so leads me to conclude that:

i. The Prime Minister knew that indeed the funds used to purchase vehicles for himself and other Ministers were from PRDP but decided to side with the PS in misleading the country to the contrary.

ii. Even if the Prime Minister did not know for certain that PRDP funds had been used, at least he was aware that funds for vehicles had not been provided for in the budget for the financial year under
review and should therefore have taken interest in knowing where the funds were coming from.

iii. Further Rt. Hon. Speaker, and Hon. Members, when the PS appeared before the Committee, he submitted that he was put under political pressure by the Prime Minister to secure a vehicle for the Prime Minister and other Ministers.

2.1.4 Given the above explanation I propose that this House recommends as follows:

1. That the Prime Minister (Hon. Amama Mbabazi) be held politically responsible for having influenced the PS to use PRDP funds for purchase of vehicles.

2. The Prime Minister further be held responsible for failure to use the information provided by a honourable Member of this House that PRDP funds had been used to procure vehicles, instead of using it to help the suffering people of Northern Uganda as planned.

2.2 Transfer of Principal Accountant Mr. Kazinda from OPM

2.2.1 From the submissions received from various witnesses that the Committee interacted with, most of the financial improprieties were orchestrated by the former Principal Accountant, Mr. Kazinda. It came to the Committee’s attention that there were instructions to transfer Mr. Kazinda but the Prime Minister stepped in to stop the transfer, a fact that was confirmed by the Accountant General while appearing before the Committee.

2.2.2 It is my contention that the continued stay of Mr. Kazinda in the OPM as Principal Accountant served to give him clout that he had political
backing of the Prime Minister. Mr. Kazinda's being in office fueled the mismanagement of funds in the OPM. As evidenced through the Auditor General's Report and the Committee inquiry, a lot of funds were lost during his continued stay in office.

2.2.3 Given the Rt. Hon. Prime Minister Amama Mbabazi's role in influencing the retention of Mr. Kazinda at OPM, this august House should find him responsible, and recommend as follows:

"That the Prime Minister be held responsible for over-stepping his powers by exerting political pressure on the Accountant General, an act that led to loss of colossal sums of money under OPM".

2.3 Political Supervision

2.3.1 Under Article 108A Clause (2) (a) of the Constitution, the Prime Minister has a constitutional responsibility to coordinate and implement government policies across all Ministries, Departments and public Institutions.

2.3.2 PRDP was a Government policy framework where funds earmarked under it were to be used to fund approved workplans, from implementing districts. Indeed when the Prime Minister appeared before the Committee, he stated that his understanding of PRDP was that 98% of the funds would go to the local Governments. Instead as you all now know, PRDP funds were used outside the framework including purchase of vehicles, and some of the funds were literally looted by officers under OPM.

2.3.3 In view of the above, I implore this House to recommend as follows:

"That the Hon. Amama Mbabazi having failed to play his constitutional role in respect of coordinating and implementing the PRDP interventions, be found unfit to hold the Office of
Prime Minister, and H.E. the President be requested to relieve him of his duties as Prime Minister.

3.0 Conclusion

Rt. Hon. Speaker, and Hon. Members, it is my prayer that this august House finds merit in my submission, and adopts the recommendations contained therein.

I beg to move.

Hon. Ssewungu Joseph Gonzaga Joseph

Hon. Besisira Ignatius

Signature: ........................................

Signature: ........................................

Date: 04/06/2013
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<thead>
<tr>
<th>Document</th>
<th>Date</th>
<th>Content</th>
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<tbody>
<tr>
<td>1 List of witnesses and suppliers</td>
<td></td>
<td>Names and positions</td>
</tr>
<tr>
<td>2 Letter by Auditor General to PS</td>
<td>9th July 2012</td>
<td>Drawing the attention of the PS to difficulties in getting documents to facilitate audit</td>
</tr>
<tr>
<td>3 Letter by PS to Auditor General</td>
<td>17th July 2012</td>
<td>In reply to the above</td>
</tr>
<tr>
<td>4 Letter by PS to Auditor General</td>
<td>08th August 2012</td>
<td>Request for a forensic audit</td>
</tr>
<tr>
<td>5 Letter by Auditor General to PS</td>
<td>08th August 2012</td>
<td>In reply to the above</td>
</tr>
<tr>
<td>6 JFA</td>
<td>3rd December 2008</td>
<td>Conditions of transfer of funds.</td>
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<td>7 Letter by PS to Accountant General</td>
<td>26th January 2011</td>
<td>Request to transfer Norwegian funds</td>
</tr>
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<td>8 Transfer of funds by Accountant General</td>
<td>17th June 2011</td>
<td>Transfer of funds from Support to Peace and Recovery to National Policy on Disaster Management</td>
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<tr>
<td>9 Email from Mugisha to Atwine</td>
<td>19th December 2011</td>
<td>Request to transfer Euro 4m from Ireland to Crisis Management</td>
</tr>
<tr>
<td>10 Transfer of funds by Accountant General</td>
<td>01st December 2011</td>
<td>Transfer of funds from Support to Peace and Recovery to Crisis Management &amp; Recovery Programme</td>
</tr>
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<td>11 Loose Minute by Mariam Kiggundu</td>
<td>13th June 2011</td>
<td>Request to credit funds from Royal Danish Kingdom and Royal Swedish Kingdom to National Policy for Disaster</td>
</tr>
<tr>
<td>12 Email by C/FMS to Okello Wilbert</td>
<td>01st February 2012</td>
<td>Raising concern on transfer to project accounts</td>
</tr>
<tr>
<td>13 Letter from BOU to Accountant General</td>
<td>29th October 2012</td>
<td>Indicating Bank statement for PRDP Account were different from those issued by BOU</td>
</tr>
<tr>
<td>14 Transfer request received by BOU</td>
<td>28th December 2011</td>
<td>Transfer of UGX 14,876,108.017 from Support to Peace and Recovery to Crisis Management</td>
</tr>
<tr>
<td>No.</td>
<td>Date</td>
<td>Event Description</td>
</tr>
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<tr>
<td>15</td>
<td>Memo by the principal Internal Auditor to Principal Accountant requesting for documents</td>
<td>11th February 2010  Memo by the Principal Internal Auditor to Principal Accountant requesting for documents</td>
</tr>
<tr>
<td>16</td>
<td>Memo by PS to the principal Internal Auditor</td>
<td>19th April 2010  Instruction to Heads of Departments not give documents to the Principal Internal Auditor</td>
</tr>
<tr>
<td>17</td>
<td>Letter by PS to PS/ST.</td>
<td>19th April 2010  Referring Mr. Wejula (Principal Internal Auditor) back to Ministry of Finance for redeployment.</td>
</tr>
<tr>
<td>18</td>
<td>Letter by PS to Mr. Shaban Wejula.</td>
<td>4th May 2010  Releasing the Mr. Shaban Wejula from OPM.</td>
</tr>
<tr>
<td>19</td>
<td>Letter to PS/ST by Mr. Shaban Wejula</td>
<td>10th May 2010  Giving clarifications on the accusations labelled against him by the PS.</td>
</tr>
<tr>
<td>20</td>
<td>Letter to PS/ST by PS OPM</td>
<td>23rd March 2010  Among others questioning why the Commissioner Internal Audit used PS/ST letter head</td>
</tr>
<tr>
<td>21</td>
<td>Letter from PS/ST o PS OPM</td>
<td>31st March 2010  Responding to the above</td>
</tr>
<tr>
<td>22</td>
<td>Handover report of Mr. Shaban Wejula</td>
<td>10th May 2010  Among others indicating difficulties in getting documents in OPM and indicating key areas to look at identified in para. 3.0</td>
</tr>
<tr>
<td>23</td>
<td>Letter from Governor BOU to the Minister of Finance</td>
<td>29th January 2013  Report on the Forensic Examination of signatures</td>
</tr>
<tr>
<td>24</td>
<td>Letter from PS/ST to PS OPM</td>
<td>14th July 2011  Cash withdrawal authority of up to shs. 100 million</td>
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<tr>
<td>25</td>
<td>Letter from PS/ST o PS OPM</td>
<td>8th October 2011  Cash withdrawal authority of up to shs. 100 million</td>
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<tr>
<td>26</td>
<td>Letter from BOU to PS/ST</td>
<td>19th March 2011  Seeking clarity on cash withdrawal authority of up to shs. 100 million</td>
</tr>
<tr>
<td>27</td>
<td>Press release by PS OPM</td>
<td>7th May 2012  Among others rebutting allegations by Hon. Odonga Otto that PRDP funds had been used to procure a vehicle for the Rt. Hon. Prime Minister.</td>
</tr>
<tr>
<td>28</td>
<td>Internal Memo by PS to PA</td>
<td>12th  Seeking statement of Account</td>
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<td>29</td>
<td>Internal Memo by PA to PS</td>
<td>December 2011</td>
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<td>30</td>
<td>Letter from PS Works to PS OPM</td>
<td>25th April 2012</td>
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<td>31</td>
<td>Acknowledgement of refund of money by Kazinda Geoffrey from:</td>
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<td></td>
<td>Johnson Owaro</td>
<td>22nd November 2010</td>
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<td>Mweru Samuel</td>
<td>07th May 2012</td>
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<td>32</td>
<td>Acknowledge of receipt of cash by L.Nalwanga</td>
<td>3rd May 2011</td>
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<td>Letter from E.Mondo(Maj.Gen)(Rtd) to the Principal Accountant.</td>
<td>23rd August 2011</td>
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<td>34</td>
<td>Edward Fred(UVAB)</td>
<td>7th May 2012</td>
</tr>
<tr>
<td>35</td>
<td>Letter from Okuja James to PS OPM</td>
<td>29th October 2012</td>
</tr>
<tr>
<td>Name</td>
<td>Title</td>
<td>Office</td>
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<tr>
<td>Amama Mbabazi</td>
<td>Prime Minister</td>
<td>Prime Minister</td>
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<tr>
<td>J.K. Museveni</td>
<td>Minister for Karamoja Affairs</td>
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<td>Louis Kasekende</td>
<td>Deputy Governor</td>
<td>BOU</td>
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<td>Philip Andrew Wabulya</td>
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<td>John Cadonga</td>
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<td>Titus W. Mulindwa</td>
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<td>David L. Kalyango</td>
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<td>Keith Muhakanizi</td>
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<td>GOL Bwoch</td>
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<td>Fixon Akonya Okonye</td>
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<td>Maris Wanyera</td>
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<td>Fred Twesiime</td>
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<td>Mpoza Isaac</td>
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<td>Semakula Lawrence</td>
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<tr>
<td>Nasamba Mubarak</td>
<td>Data Center Manager/IFMS</td>
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<td>Enoch Guma</td>
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<td>Tony Yawe</td>
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<td>Atwine Bright</td>
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<td>Mariam Kiggundu</td>
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<td>Mwandha Joseph</td>
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<td>Mugisha David</td>
<td>Principal Internal Auditor</td>
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<td>Wejula Shaban</td>
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<tr>
<td>Walter Olallo</td>
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<td>No.</td>
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<td>32</td>
<td>Pius Bigirimana</td>
<td>Permanent Secretary</td>
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<td>Flavia Waduwa</td>
<td>US/P &amp; D</td>
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<td>34</td>
<td>Ssansa Mugenyi</td>
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<td>Kimpi Ezekiel</td>
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<td>Namuddu Annet</td>
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<td>Moses Watasa</td>
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<td>Albert Byamugisha</td>
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<td>Kazungu D. Apollo</td>
<td>Commissioner, Refugees</td>
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<td>42</td>
<td>Dr. Robert Limlim</td>
<td>Director NUSAFA</td>
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<td>Mugumya Kenneth</td>
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<td>Kitiinisa Julius</td>
<td>Principal Procurement Officer</td>
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<td>Moses Watasa W.</td>
<td>Commissioner information</td>
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<td>Owaro Johnson</td>
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<td>47</td>
<td>Etyang Martin</td>
<td>Ass. Commissioner Program-Karamoja</td>
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<td>Amodoi Peter</td>
<td>Coordinator/GDP</td>
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<td>Kaima Godfrey</td>
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<td>Owiny Richard</td>
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<td>Dhikusoka Cyprian</td>
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<td>Aziku Ochatre Patrick</td>
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<td>Bafaki Charles</td>
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<td>54</td>
<td>Lubega R</td>
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<td>Pongu Isaiah</td>
<td>Accounts Assistant</td>
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<td>56</td>
<td>Muwanika Abdul</td>
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<td>Oonyu Isaiah</td>
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<td>Okuja James</td>
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<td>Nalwanga Lydia</td>
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<td>Kasolo Yahaya</td>
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<td>Kaima G</td>
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<td>Agaba Patricia Ruhinda</td>
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<td>Benon Kigenyi</td>
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<td>66</td>
<td>Kiwanuka Christine</td>
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<td>67</td>
<td>Mutebi Henry</td>
<td>Managing Director (New Caltex Ntinda)</td>
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<td>68</td>
<td>Katumwa Hussein</td>
<td>MD</td>
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<td>Kasanda David</td>
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<td>Fabian Kasi</td>
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<td>71</td>
<td>Peninah T. Kasule</td>
<td>General Manager Operations</td>
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<td>72</td>
<td>Joseph Kimbowa</td>
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<td>Michael Jingo</td>
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<td>74</td>
<td>Allen Ayebare</td>
<td>Chief Manager Corporate Affairs</td>
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<td>W. Wafula</td>
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<td>Directors of food suppliers to OPM</td>
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<td>80</td>
<td>Lobuku Zephaniah</td>
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<td>Asuman Sebulondo</td>
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<td>Daniel Muhendwa</td>
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<tr>
<td>90</td>
<td>Eustice Tumusime</td>
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</table>
9th July, 2012

The Permanent Secretary
Office of the Prime Minister
Kampala

VALUE FOR MONEY AUDIT ON SPECIAL PROGRAMMES IN THE OFFICE OF THE PRIME MINISTER (OPM)

This is in reference to our letter ref. VFM 67/257/01 of 27th June, 2011, which led to the commencement of a Value for Money Audit by my Office on special programmes in the Office of the Prime Minister.

The audit has now reached an advanced stage where the auditors are required to review documents and analyze data to arrive at conclusions. Inspite of the various requests and meetings the auditors have had with you and your staff, we are finding difficulties in accessing the required documentation and information, especially in the Accounts Department of your office.

We shall, therefore, be grateful if you could prevail over your staff on this matter and ensure that the documents are availed. Your attention is further drawn to Sec.37 of the National Audit Act, 2008, regarding penalties for refusal or failure to give the Auditor General or a person authorized by him access to records, documents and information for audit.

Please do not hesitate to contact me should you require any clarification on this matter.

Keto Nyapendi Kayemba (Mrs.)
For: AUDITOR GENERAL
17 July 2012

The Auditor General
Office of the Auditor General
P. O. Box 7083
KAMPALA.

VALUE FOR MONEY AUDIT ON SPECIAL PROGRAMMES IN THE OFFICE OF THE PRIME MINISTER (OPM)

I acknowledge receipt of your letter reference VFMSA 191/354/01 dated 9th July 2012 regarding the above subject.

Indeed your officers have been here twice requesting for documents so that they can conclude their audit. As per my copy of the letter I wrote to the Accountant General, the Principal Accountant who is the custodian of all documents has been out of office for over one month. I have reported this matter to the Accountant General and I hope that he will take appropriate action to cause Mr. Kazinda, Principal Accountant to appear and provide the required information since he is the person with keys to his office.

I am attaching the letter I wrote to Mr. Kazinda to bring to his attention the Public Service guidelines and the implication for his being absent from office without official leave. I hope you will understand the tricky situation, I find myself in.

By copy of this letter, I am attaching your letter to the Accountant General for his information and necessary action.

Pius Bigirimana
PERMANENT SECRETARY.

cc: The Accountant General
Ministry of Finance, Planning and Economic Development
KAMPALA.
08 August 2012

The Auditor General
Office of the Auditor General
P. O. Box 7083
KAMPALA.

REQUEST FOR FORENSIC AUDIT IN THE OFFICE OF THE PRIME MINISTER

I refer to my letter reference ADM.20/158/01 dated 17 July 2012. It appears that the former Principal Accountant caused loss of so many files and therefore, a number of documents which are necessary for Audit might be missing.

In view of what has appeared to have been fraudulent activities committed by the Principal Accountant and some other officials, I request you to arrange to carry out a forensic audit for the two Financial Years 2010/2011 and 2011/2012 focusing on:

i. Manipulation of the Integrated Financial Management System by the Principal Accountant.

ii. Use of Security documents in effecting payments on the projects.

iii. Use of Personal Accounts in undertaking project activities.

I will appreciate your quick intervention.

[Signature]

Fru Bintumana
PERMANENT SECRETARY.

c.c.: Permanent Secretary/Secretary to the Treasury
Ministry of Finance, Planning and Economic Development

c.c.: Accountant General
Ministry of Finance, Planning and Economic Development

c.c.: Chairman, Public Accounts Committee

c.c.: Chairman, Presidential Affairs Committee

c.c.: Director, Criminal Intelligence and Investigations Department
REQUEST FOR FORENSIC AUDIT IN THE OFFICE OF THE PRIME MINISTER

I acknowledge receipt of your letter dated 8 August 2012 referenced ADM.20/158/01 and duly note the contents.

I hereby confirm that the scope of our on-going statutory audit will be expanded so as to capture in adequate depth the issues mentioned in your letter plus any other matters which in our opinion may be deemed necessary.

John F.S. Muwanga  
AUDITOR GENERAL

cc. Chair Public Accounts Committee, Parliament  
cc. Chair Presidential Affairs Committee, Parliament  
cc. Permanent Secretary/Secretary to the Treasury  
cc. Accountant General, Ministry of Finance, Planning & Economic Development  
cc. Director C.I.D.

The Signatories,

1. Whereas the Government of Uganda (hereafter referred to as "GoU") has requested the support of the Norwegian Ministry of Foreign Affairs (hereafter referred to as "MFA") and the Swedish International Development Cooperation Agency (hereafter referred to as "Sida"); MFA and Sida are hereafter together referred to as "the Signatory Development Partners", to contribute towards the on-budget funding of the Peace, Recovery and Development Plan for Northern Uganda 2007 - 2010 (hereinafter referred to as the "PRDP"); GoU and the Signatory Development Partners together are hereafter referred to as "the Signatories": the list of the Signatory Development Partners is attached to this JFA as Annex 1 and the list may be amended to accommodate more Development Partners.

2. Whereas GoU has committed itself to provide an agreed level of funding to the PRDP as indicated in the Medium Term Expenditure Framework and the National Budget Framework; the Signatory Development Partners have committed themselves to support the PRDP by providing on-budget financial assistance as requested by GoU;

3. Whereas the financial contributions by the Signatory Development Partners will be decided on within the bilateral arrangements/agreements between GoU and the Signatory Development Partners;
4. Whereas the Signatory Development Partners have committed themselves to the principles of harmonisation as reflected in this Joint Financing Arrangement (hereafter referred to as ‘JFA’) and strive for the highest degree of alignment with the budgetary, monitoring and accountability systems and legislation of GoU so as to enhance effective implementation, to reduce the administrative burden on GoU and to minimise transaction costs;

5. Whereas GoU and the Signatory Development Partners, based on the PRDP framework for coordination, implementation and monitoring as well as the structure around the budget process, have reached an understanding on common procedures for consultation and decision-making, disbursement mechanism, monitoring and reporting, review and evaluation, audit, financial management and the exchange of information and cooperation between the Signatories as reflected in this JFA;

6. Whereas respect for human rights, democratic principles, the rule of law and good governance, including the fight against corruption, which govern the domestic and international policies of the Signatories, are the fundamental principles on which the cooperation between the Signatories rests and which constitute essential elements of this JFA;

7. Whereas the PRDP is one of the cornerstones in the Juba Peace Agreement between the Government of Uganda and the Lords Resistance Army. The agreement is yet to be signed by the parties, but GoU has even so moved forward with implementation of the PRDP;

8. Whereas the Joint Budget Support Framework (JBSF) agreed between GoU and Development Partners supporting GoU with General Budget Support and Sector Budget Support will be the commonly agreed framework to assess progress in different sectors and overall in Uganda;

Have decided as follows:

**Paragraph 1**  
**Objectives of the PRDP and scope of the JFA**

9. The overall objective of the PRDP is to consolidate peace and security and lay the foundation for recovery and development. The PRDP-document, dated September 2007, describes the national strategy and action plan for development in the North of Uganda 2007-2010 and is a policy framework that will assist Government and Development Partners in guiding the regular planning and annual budgeting process, as well as promote PRDP objectives with additional resources to Northern Uganda.

10. The overall objective of the PRDP is to be achieved through four core strategic objectives (SO) that are mutually reinforcing:
   a) Consolidation of State Authority
   b) Rebuilding and Empowering Communities
c) Revitalization of the Economy
d) Peace Building and Reconciliation

11. The PRDP-document, including timeframe and budget, will be brought up to date whenever required, taking into account *inter alia* the results of reviews, the decisions taken by the Government of Uganda on the basis of the consultations with the Signatory Development Partners, national and international developments.

12. The PRDP is a policy framework and in order to achieve the overall strategic objectives several different implementation and financing modalities will be used. The GoU contribution is decided in the National Budget Framework Paper and the final budget draft presented to Parliament. There are a number of development partners that will contribute to the PRDP that will not be signatories to this JFA.

13. This interim JFA sets forth the jointly agreed terms and procedures for the notionally earmarked on-budget support to the PRDP and serves as a coordinating framework for consultation between the Signatories, for joint reviews of performance, for common procedures on disbursement, for reporting and for audits.

14. The purpose of the notionally earmarked on-budget support to the PRDP is to support the PRDP and to increase GoU resources to the implementation of the PRDP framework in the national budget process.

15. This interim JFA is expected to be revised and/or amended for FY 2009/2010 when a specific PRDP grant allocation mechanism may be established or when GoU has strengthened the reporting and follow up systems for the PRDP with the objective to provide better transparency, efficiency and accountability for notionally earmarked on-budget funds allocated for the PRDP.

16. The Signatory Development Partners will establish bilateral arrangements/agreements that are compatible with the spirit and provisions of this JFA and will refrain, as far as possible, from setting conditions in the bilateral arrangements/agreements which contradict or diverge from the spirit or the provisions of this JFA. If there is any inconsistency or contradiction between the terms and conditions of this JFA and any of the bilateral arrangements/agreements, the provisions of the bilateral arrangements/agreements will prevail.

17. Insofar as specific provisions of a bilateral arrangement/agreement deviate from the JFA, the Development Partner concerned will inform the other Signatory Development Partners thereof, by supplying a copy of the bilateral arrangement/agreement to each other Signatory Development Partner, specifying the provision(s) concerned.
Paragraph 2  Responsibilities and representation

18. GoU will be fully responsible for the implementation of the PRDP through the Ministry of Finance, Planning and Economic Development (hereinafter referred to as ‘MoFPED’) and the Office of the Prime Minister (hereinafter referred to as ‘OPM’). The Signatory Development Partners will not bear any responsibility and/or liability to any third party with regard to the implementation of the PRDP.

19. MoFPED will:

   a) be responsible for the management of the Signatory Development Partners’ financial contributions. The MoFPED will present financial statements in accordance with an identified and applicable financial reporting framework, such as International Public Sector Accounting Standards (IPSAS) or other mutually acceptable standards (national or international). The financial statements will show all sources of funding, with sufficient breakdowns of data to permit identification of individual sources of funds and disbursements on major activities or types of expenditure.

   b) affirm that the contributions from the Signatory Development Partners will be used only to cover expenditures included in the state budget as approved by the Parliament of Uganda and only on expenditure on the PRDP.

   c) ensure that Government of Uganda support to the PRDP as well as Signatory Development Partners’ support can be effortlessly traced in the National Budget Framework Paper.

   d) submit its semi-annual and annual budget performance reports to the Signatory Development Partners (see paragraph 8)

   e) commit itself to making available in full budget allocations to the on-budget mechanism for the PRDP during the financial year, provided that different spending agencies meet reporting and accountability requirements for accessing funds.

20. The OPM will:

   a) coordinate and monitor implementation of the PRDP

   b) furnish the Signatory Development Partners with all relevant information within the institutional framework for PRDP coordination, implementation and monitoring.

   c) call for meetings of the PRDP Monitoring Committee

   d) furnish the Signatory Development Partners with relevant reports that assess the progress towards the goals of the PRDP, such as the forthcoming District PRPD Results Frameworks and a compiled and analysed results framework for all the districts.

   e) submit reports with consolidated information on progress of the PRDP and results achieved (see paragraph 8).
21. GoU confirms that on-budget notionally earmarked support to the PRDP will to a minimum of 75% be utilised for local service delivery by the Local Governments and to a maximum of 25% be utilised by Central Government for centrally implemented PRDP activities.


23. GoU will provide incremental resources to implementation of the PRDP framework in the national budget process as compared to the baseline year 2007/2008 for the PRDP districts. The following vote functions will be monitored to ensure that an increment is realised:

   a) Agriculture - Vote 501-850: VF 07 Agriculture Advisory Services
   b) Education - Vote 501-850: VF 02 District Primary Education
   c) Health - Vote 501-850: VF 05 District Primary Health Care
   d) Water and Environment - Vote 501-850: VF 08 Rural Water Supply and Sanitation

24. The Signatory Development Partners will:

   a) Apply the principles of the Paris Declaration on Aid Effectiveness and of the Uganda Joint Assistance Strategy for Development Partners harmonisation and alignment.

   b) Coordinate their policy dialogue regarding the PRDP through the PRDP Monitoring Committee and its technical committees. The Signatory Development Partners will undertake joint missions, evaluations, reviews and audits if so required for follow up of the PRDP.

   c) Strive to ensure the predictability of their notionally earmarked on-budget support.

25. The Signatories will cooperate and communicate with each other fully and in a timely manner on all matters relevant to the implementation of the PRDP and this JFA. Signatories will share all information on aid flows, technical reports and any other documentation/initiative related to the implementation of the PRDP which is relevant to the support.

26. GoU will immediately inform all Signatory Development Partners contributing to the PRDP of any circumstance which may interfere or threaten to interfere with the successful implementation of the PRDP and, with a view to resolving the issue, will call for a meeting to consult with all Signatory Development Partners on remedial action to be taken.

27. In matters pertinent to the implementation of this JFA, GoU will be represented by MoFPED. MoFPED and OPM will be represented by their Permanent Secretaries. The representatives of each Signatory Development Partner will be stated in the bilateral arrangements/agreements.
Paragraph 3 Contributions

28. The Signatory Development Partners will confirm their precise contributions within the bilateral arrangements/agreements between GoU and the individual Signatory Development Partner. The contributions of the Signatory Development Partners may be subject to the approval of their respective parliaments and/or national appropriation rules. The GoU contributions to the PRDP are confirmed in the National Budget Framework Paper and will be effortlessly traceable.

29. A first meeting of the PRDP Monitoring Committee (PMC) or similar mechanism should be convened prior to the second disbursement from the Signatory Development Partners. Subsequent disbursements will depend on the regular convening of the PMC.

30. The Signatory Development Partners will inform GoU not later than October each year, prior to the start of the national budget process cycle, of their indicative level of support to the PRDP for the forthcoming financial year. The Signatory Development Partners will base their actual support on the progress attained in the implementation of the PRDP.

31. The Signatory Development Partners’ funds dedicated for the notionally earmarked on-budget PRDP support shall be paid into a Bank of Uganda ‘holding’ account, which is linked to the MoFPED Consolidated Fund Account. Once funds are deposited in the ‘holding’ account, the resources of any particular Signatory Development Partner lose their identity, except for earmarked funds as agreed in the bilateral agreements/arrangements.

32. There will be one main disbursement decision for each Ugandan financial year, which some Signatory Development Partners may split in two disbursements in the 1st and 2nd half of the financial year.

33. Contributions will be deposited, within 48 hours of the date of receipt of the funds, in a single non-interest bearing foreign exchange account indicated by the MoFPED and held in the name of Bank of Uganda. The Bank of Uganda will promptly credit the equivalent value in Uganda Shillings to the Central Treasury Account of the MoFPED. The Uganda Shilling equivalent will be calculated on the basis of the exchange rate on the date of transfer of the funds by the Signatory Development Partner.

34. The Bank of Uganda will immediately acknowledge receipt of the foreign exchange funds, in writing, to the Signatory Development Partner(s) in question. The MoFPED will immediately acknowledge receipt of the Uganda Shilling equivalent in the Central Treasury Account, in writing, to the Signatory Development Partner(s) in question.

35. The MoFPED will subsequently disburse funds to the districts and/or central institutions against approved sector or district annual work plans and budgets.
36. No commission of any kind will be charged when the Bank of Uganda credits the Uganda Shilling equivalent of the funds transferred by the Signatory Development Partners to the different accounts.

**Paragraph 4. Consultations, decision making process**

37. Regular consultations among the Signatories are considered critical to continued engagement by the Signatory Development Partners and for the effective implementation of the PRDP.

38. The monitoring framework for the PRDP is set out in the PRDP document of September 2007 and encompasses three levels: National/Policy; Sector Technical Monitoring and Districts Results Framework. Consultations between the Signatories shall foremost take place at the National/Policy level and in the PMC. Consultations regarding the PRDP will also take place within the Joint Budget Support Framework (JBSF).

39. The Signatories will meet within the framework of the PMC to discuss the implementation of the PRDP, and within the framework of the regular budget consultations with JBSF Development Partners. The PMC meetings will be called and chaired by the OPM and the budget meetings by the MoFPED. In case regular PMC meetings are not convened, the parties shall consult on other forms of meetings. The Signatory Development Partners may refrain from making disbursements if the PMC is not convened.

40. A working group/technical committee under the PMC should be formed to ensure proper planning, coordination, consultation and implementation of the PRDP.

41. In addition to the above consultations, GoU shall call for a specific meeting once a year, to be held post budget (mid-July – September), for follow-up of this JFA and on what progress has been made. The results of the meetings will be recorded in Agreed Minutes. The Agreed Minutes will be drafted by GoU and a draft will be sent to the Signatory Development Partners, for their approval/comments, within 2 weeks after the meeting. The Signatory Development Partners will inform GoU of their approval/comments within 7 days of receipt of the draft.

42. Key subjects to be discussed during the consultations include assessment/review of performance/budget execution and expenditure priorities on the basis of the indicators described in (e.g.) the forthcoming JAF/JBSO Framework and as agreed in the forthcoming Annex 2 of this JFA, review of action plans/budget for the forthcoming calendar year/revenue and expenditure priorities; implementation of the JFA; follow up required on audits.

43. Additional consultation meetings may be requested by GoU and/or the Signatory Development Partners on any subject relevant to the implementation of the PRDP.
Organisational structure

44. The implementation of the PRDP follows the ordinary government system and division of responsibility. This implies that it is implemented based on annual work plans, budgets and progress reports following GoU accounting and reporting principles, as presented by line ministries and local governments.

45. The PRDP on-budget support is implemented by ordinary GoU structures, with the MoFPED as the overall custodian of public finance management, the OPM in the role as the national lead agency, and local governments as leading implementing agencies of local government grants. Coordination at the national level is through the PMC as well as the budget process and at the local level through local government structures, such as the District Development Plans and District Work Plans.

Financial management and disbursements

46. GoU will perform financial management in accordance with sound financial management procedures including internal control mechanisms of mutually acceptable standards (national or international). GoU will keep all Signatory Development Partners contributing to the PRDP informed on progress on tracking studies, public expenditure management reforms and procurement reforms through the existing coordination mechanisms with Signatory Development Partners.

47. The Signatory Development Partners will coordinate the timing and amount of their respective disbursements in such a way that the cash flow needs of the Government of Uganda are satisfied and the common disbursement schedule is respected. Funds will flow from the funding partners to a joint PRDP holding account in Bank of Uganda as per Paragraph 3, section 33. The MoFPED will subsequently disburse funds to the districts or line ministries against approved annual work plans and budgets.

48. In their bilateral arrangements, the Signatory Development Partners will specify their respective disbursement schedules, which will be based on the agreed disbursement mechanism detailed in this JFA. Instalments that will be transferred after the first disbursement from each Signatory Development Partner, will take into account the results of performance assessment, the budgetary forecast for the next year, the GoU funding for PRDP and the overall progress in PRDP.

49. Each Signatory Development Partner may establish its exact and final financial contribution to the PRDP upon receipt and approval of the reports and the financial accounts of the PRDP account. Funds which have been placed at the GoU’s disposal and which remain after completion of the PRDP will be returned to the Development Partners in proportion to their respective contributions.
50. If the Ministry carries out only part of the PRDP the Signatory Development Partners may adjust any outstanding instalments to be paid to the MoFPED accordingly on a fair pro rata basis, or may earmark the remaining part for the contribution to purposes to be decided on by the Signatories.

Paragraph 7  Procurement

51. GoU will perform all procurement in accordance with its procurement rules, guidelines and procedures.

52. GoU will, upon request, furnish the Signatory Development Partners with all relevant documents/information on its procurement practices and action taken, including details and copies of contracts awarded, for their information.

Paragraph 8  Reporting

53. The GoU will provide the Signatory Development Partners with all information relevant to the PRDP and the on-budget PRDP funding mechanism. The reporting requested under this JEA should be aligned with the GoU reporting system and build on what will be compiled in preparation of the PMC meetings.

54. GoU will submit the Ministerial Policy Statements and related Work Plans relevant to the PRDP to the Signatory Development Partners within July every year. They will contain work plans (Performance Contracts) for each programme and project with the specific geographical location of outputs and quarterly progress indicators.

55. GoU will submit the Annual and Semi Annual Budget Performance Reports, with a PRDP specific section. The Semi Annual Budget Performance Report should be submitted by February and the Annual Budget Performance Reports should be submitted by October. They should contain release performance for the specified PRDP grants, by district and by major Vote Function as specified in addition to PRDP Strategic Objective and Programme. These will be compared against baseline information.

56. GoU will furnish the Signatory Development Partners with information pertinent to Central Government transfer to the PRDP districts showing the indicative planning figures for grants classified as PRDP and the subsequent actual allocation for the FY 2008/2009, 2009/2010 and 2010/2011. The budgets will be made available by July every fiscal year and indicative figures will be made available within February. Budget figures will be reported against FY2007/2008 baseline. Information on actual allocations will be provided in Semi Annual- and Annual Budget Performance Reports (ref. paragraph 55).
57. The financial statements should compare the actual costs of activities for the current reporting period with the budgeted costs for the same period, and in the same currency. The financial statements should be prepared in a form and at a level of detail that enables comparison of the budget with actual progress.

58. GoU will provide the Signatory Development Partners with the District PRDP Results Frameworks and a compiled and analysed results framework for all the districts and submit reports with consolidated information on progress of the PRDP and results achieved, as this information becomes available.

**Paragraph 9 Review and evaluation**

59. The review process of Signatory Development Partners’ support to the PRDP will be common for all Signatory Development Partners and will be aligned with GoU’s review process. The GoU and the Signatory Development Partners will maintain a close dialogue regarding the support and the implementation of the PRDP. Progress will be monitored against the budget votes specified in paragraph 22, and the specified outputs for those budget votes.

60. Separate and additional reviews of the PRDP on-budget mechanism might be carried out as and when necessary and be undertaken jointly and coordinated by the OPM, MoPPED and the Signatory Development Partners. Terms of reference for these review missions will be decided upon jointly by the Signatories. Review missions will be scheduled in such a way that the national budget process is facilitated and that the need for input into the policy dialogue and decision-making processes of the Signatory Development Partners are accommodated to the extent possible.

61. The costs of review missions initiated by the Signatory Development Partners will be covered by the Signatory Development Partners. The Signatory Development Partners intend to initiate if appropriate a mid-term review of the on-budget PRDP support after two years of such support. Terms of Reference for the Mid Term Review will be elaborated in consultation with GoU.

62. Signatories will distribute all review/evaluation reports to one another promptly.

63. A joint evaluation will be conducted at the end of the PRDP 2007-2010 if the Signatories so decide. Copies of the evaluation reports will be promptly shared with the Signatories not participating in the evaluation. The costs of the evaluation will be borne by the Signatory Development Partners, unless otherwise decided by the Signatories. In conducting the evaluation, reference will be made to the Guidance for Managing Joint Evaluations, prepared by DAC’s Network on Development Evaluation in 2006.

64. As far as possible, the Signatory Development Partners will refrain from conducting unilateral reviews/evaluations of the PRDP. However, when a Signatory Development Partner is required to
conduct a unilateral review/evaluation, this Signatory Development Partner will consult with the other Signatory Development Partners in a timely fashion to decide on its Terms of Reference (ToR), composition and scheduling. GoU will be consulted immediately on the proposed schedule and ToR. The Signatory Development Partner concerned will immediately share the results of the review/evaluation with all other Signatories.

Paragraph 10     Audit

65. The Signatory Development Partners’ support to the on-budget PRDP-mechanism will be audited by the Auditor General as part of the regular audit of the GoU Accounts for the financial years 2008/09, 2009/2010 and 2010/2011. The GoU will provide the annual audited accounts for both central and local governments (that is covered by the PRDP) within the statutory limit of nine months of the end of the financial year.

66. Full presentation of local government accounts is not yet available. GoU is committed to continue to improve this. The annual audit will be presented to the Signatory Development Partners promptly after the submission by the MoFPED of the annual report to the national Parliament.

67. All Audits, Value for Money and Tracking Studies or similar studies will be carried out by the Office of the Auditor General.

68. The Signatory Development Partners may request GoU to arrange for a financial audit by an independent auditor acceptable to the Signatory Development Partners.

Paragraph 11     Non-compliance, force majeure

69. In the case of non-compliance with the terms of this JFA and/or violation of the fundamental principles set out in this JFA, Signatory Development Partners may suspend further disbursements to the PRDP.

70. If a Signatory Development Partner intends to suspend new disbursements or terminate its support, the Development Partner will call for a meeting with the other Signatories to discuss a possible joint position on the measures, remedial or otherwise, required. If a joint position cannot be reached, the Signatory Development Partner may inform the other Signatories of its intentions regarding the continuation or discontinuation of its support.

71. Each Signatory Development Partner may suspend or reduce new disbursements or terminate its support to the PRDP if the Signatory Development Partners do not reach a common position on the response/remedial action required.
72. The Signatory Development Partners may suspend or reduce new disbursements in the event of extraordinary circumstances beyond the control of the GoU which hinder effective implementation of the PRDP. If the Signatory Development Partners consider suspending new disbursements, they will consult with GoU a reasonable length of time in advance. The suspension will be lifted as soon as these circumstances have ceased to exist/appropriate remedial actions have been implemented by GoU.

Paragraph 12  Corruption

73. The Signatories will cooperate on preventing corruption within and through the programmes financed by Signatory Development Partners, and will require that the GoU’s staff and consultants under projects or programmes financed by Signatory Development Partners refrain from offering third parties, or seeking, accepting or being promised by third parties, for themselves or for any other party, any gift, remuneration, compensation or benefit of any kind whatsoever, which could be interpreted as an illegal or corrupt practice. The Signatories will take swift legal action to stop, investigate and prosecute in accordance with applicable law any person suspected of misuse of resources or corruption.

74. The Signatories will promptly inform each other of any instances of corruption as referred to in this paragraph and of the measures taken as referred to in the previous sub-paragraph.

Paragraph 13  Modification, donor accession and withdrawal

75. Any modification or amendment of the terms and provisions of this JFA will only be approved if agreed in writing by all Signatories.

76. The Signatories welcome participation in this JFA by other development partners who wish to support the PRDP through an on-budget financing mechanism.

77. Upon a new development partner’s written request and written acceptance of the terms and conditions of this JFA, GoU may, as an annex to this JFA, give a development partner written authorisation to become a Signatory. GoU will consult with the other Signatory Development Partners in advance and furnish them with a copy of the letter of acceptance.

78. Each Signatory Development Partner may terminate its support for the on-budget PRDP-mechanism by giving the other Signatories three months’ written notice. If a Signatory Development Partner intends to terminate its support, that Signatory Development Partner will call for a meeting to inform the other Signatories of its decision and consult with them about the consequences for the PRDP, with a view of finding ways to mitigate/ameliorate them.
Signatures

This JFA has been signed by the following partners, each one of which have taken one original of the JFA.

DATE AND SIGNED BY:

Kampala, ______ Dec. 2008

[Signature]

For the Government of the Republic of Uganda
Ministry of Finance, Planning and Economic Development,
Uganda

Kampala, ______ Dec. 2008

[Signature]

For the Norwegian Ministry of Foreign Affairs

Kampala, ______ Dec. 2008

[Signature]

For the Swedish International Development Cooperation Agency,
Sweden
26th January, 2011

The Accountant General
Ministry of Finance, Planning &
Economic Development
KAMPALA

RE: REQUEST TO TRANSFER FUNDS TO THE PEACE, RECOVERY & DEVELOPMENT PLAN (PRDP) FOR NORTHERN UGANDA ACCOUNT

The Peace, Recovery and Development Plan (PRDP) for Northern Uganda, is a comprehensive plan of action to:

- Mobilize the resources for the recovery and development of Northern Uganda.
- Enhance supervision and monitoring of nationally and Internationally supported programmes and activites in Northern Uganda

The overall goal of PRDP is to stabilize the North, after decades of insurgency and lawlessness, in order to regain and consolidate peace and lay the foundation of recovery and development so as to bring the region to the same level with the rest of the country.

In pursuit of this objective the government signed a Memorandum of Understanding with the Norwegian Government, and an account was opened for that purpose. I have been informed that NOK 30 Million has been released for that purpose.

The purpose of this letter is to request you to transfer the money to Account No.000030088000038 Peace Recovery & Development Plan (PRDP) for Northern Ug & A, in Bank of Uganda.

This money will be used to achieve the following:

- Continue with the procurement of iron sheets and cement to be distrusted to the IDPs
- Support agricultural activities through procurement of seeds, tractors, oxen and ox-ploughs.
- To procure heifers for restocking in the region
- To procure Hydraform machines to construct low cost houses.

Pius Bigirimana
PERMANENT SECRETARY
June 17, 2011

The Director Banking
Bank of Uganda
KAMPALA

TRANSFER OF FUNDS FROM SUPPORT TO PEACE, RECOVERY AND DEVELOPMENT PLAN IN NORTHERN UGANDA ACCOUNT NUMBER 003300098000060 AT BANK OF UGANDA.

This is to authorize you to transfer UGX 6,953,527,579.00 (Uganda shillings six billion, nine hundred fifty three million five hundred twenty seven thousand five hundred seventy nine only) as follows:

Bank
: Bank of Uganda

Source Account
: Support to Peace, Recovery and Development Plan in Northern Uganda Account Number 003300098000060

Destination Account
: National Policy for Disaster Management

Account Number
: 000030088000013

G.O.L. Bwoch
ACCOUNTANT GENERAL

Mpoza Isaac D
COMMISSIONER/TREASURY SERVICES DEPT.

Copy to: The Permanent Secretary/Secretary to the Treasury
The Permanent Secretary, Office of the Prime Minister
The Director Budget, MoFPED
Dear Bright,

Welcome from your December examination session. I was not able to communicate to you on the ringfenced tranches of PRDP.

As you are aware by now, Ireland disbursed Euro 4 mn as part of the two tranches intended for Crisis management in Karamoja Area. This is to remind you to credit a relevant account that covers crisis management as part of the PRDP programme.

Please keep me informed when such ringfenced disbursements are made in order to classify them properly.

Regards,

David
December 01, 2011

The Director, Banking
Bank of Uganda
KAMPALA

RE: TRANSFER OF FUNDS FROM SUPPORT TO PEACE, RECOVERY AND DEVELOPMENT PLAN IN NORTHERN UGANDA ACCOUNT NUMBER 003300098000060 AT BANK OF UGANDA.

This is to authorize you to transfer UGX.14,876,108,917.00 (Uganda shillings fourteen billion, eight hundred seventy six million one hundred eight thousand seventeen only) as follows:

**Source account**: Support to Peace, Recovery and Development Plan in Northern Uganda Account Number 003300098000060

**Destination Account**: Crisis Management & Recovery Programme.

**Account Number**: 00003008800030

Your urgent action will be highly appreciated:

G.O.L. Bwoch
ACCOUNTANT GENERAL

Mpoza Isaac D
COMMISSIONER TREASURY SERVICES DEPARTMENT

Copy to: The Permanent Secretary/Secretary to the Treasury
The Permanent Secretary/Office of Prime Minister
The Commissioner Aid Liaison Department
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Closing Balance: 0
LOOSE MINUTE

TO: C/TSD

Thru: Ag. C/ALD

PRDP PERFORMANCE TRANCHES DISBURSEMENT

The Peace, Recovery and Development Program (PRDP), Office of the Prime Minister has received programmed support from the Royal Danish Kingdom as well as the Royal Swedish Kingdom. Amounts equivalent to SEK 15 Million and NOK 5 Million have been disbursed as part of the performance-related tranches for Northern Uganda.

The two disbursements are intended for preparation activities for the development of the National Policy for Disaster management in order to achieve strategic objective 2 of the PRDP: Rebuilding and empowering communities in emergency situations. This support is benchmarked on improving the conditions and quality of life of displaced persons in camps, complete the return of the displaced populations and initiation of community rehabilitation and development programme.

The purpose of this LM is to request you to credit the above disbursements to an account that facilitates Disaster related activities.

Mariam Kiggundu
Economist/ALD
13.06.2011

cc: Ag. C/MEPD

Follow up reports needed.
From: Lawrence Semakula/finance
To: Joseph Mutaka <jmutaka@bou.or.ug>
Cc: Richard Anyi <Richard.Anyi@ifms.ug.eg>, Benon Isabiry <Bisabiry@bou.or.ug>, Cynthia Nakayiza <C.Nakayiza@bou.or.ug>, "Christine R. Asimwe Namanya" <crasimwe@bou.or.ug>, Francis Atugonza <fatugonza@bou.or.ug>, George Wilson Ssonko <gssonko@bou.or.ug>, Henry Kimuli <hkimuli@bou.or.ug>,
Isaac Seguya <iseguya@bou.or.ug>, John Chemonges <JChemonges@bou.or.ug>, Milton Opolo <MOpilo@bou.or.ug>, Peter Kagumya <PKagumya@bou.or.ug>, Ziria Babwona <ZBabwona@bou.or.ug>,
"daniel.kigenyi@finance.go.ug" <daniel.kigenyi@finance.go.ug>, "david.mugisha@finance.go.ug", "erasmus.sande@finance.go.ug", "erasmus.sande@finance.go.ug", "francis.azabo@finance.go.ug" <francis.azabo@finance.go.ug>, "Lawrence.Semakula@finance.go.ug" <Lawrence.Semakula@finance.go.ug>, "maris.wanyera@finance.go.ug" <maris.wanyera@finance.go.ug>, "pedson.twegsomwe@finance.go.ug" <pedson.twegsomwe@finance.go.ug>, "sarah.mbabazi@finance.go.ug" <sarah.mbabazi@finance.go.ug>, "Monica.Mugisha@ifms.ug.eg" <Monica.Mugisha@ifms.ug.eg>, "alex.rutafa@finance.go.ug", "Charles.mwas@finance.go.ug", DAVIS <davis.barugahare@finance.go.ug>, Jennifer <Jennifer.muhuruzi@finance.go.ug>, KIGENY <kigenyld@yahoo.co.uk>, LUBOWA <daniel.lubowa@finance.go.ug>, SANDE <sande.eramus@ifms.ug.eg>, Stella <stella.alinga@ifms.ug.eg>,
Wilbert <wilbert.okelo@ifms.ug.eg>, Wilbert Okelo <wmokelo@gmail.com>

Date: Wednesday, February 01, 2012 08:59AM
Subject: RE: EFT Transactions Confirmation for January 30, 2012

Okello Wilbert

Please I urgently need to understand how .INT files arise from payroll payments? and more so transfers to projects accounts? My understanding for INT under payroll should be for deductions for PAYE to URA collections account at BOU.

Is there a problem with the payments file??? This is urgent

C/PMS

-----Joseph Mutaka <jmutaka@bou.or.ug> wrote: -----
BANK STATEMENT FOR PRDP ACCOUNT NO.0033000980000060 AS AT 28.12.2011

Reference is made to you letter Ref: AGO/83/86/01 dated 25th October 2012 on the above subject. We take cognizance of the fact that reconciliation is a comparison of two statements from different sources; in this case BoU statement Vs IFMS statement *(the original source entry). Is it probable that the same line was missing in the IFMS statement? Secondly, we do send to your e-mail with copies to several of your senior staff daily summary of Government position showing the movement on different accounts for further scrutiny. Thirdly, we issue an electronic statement at the end of every working day which is generated and automatically sent to your IFMS server. In the unlikely event that it was missing on the statement, the other two independent statements would have shown you the movement.

A close look at a copy of the statement you have attached appears completely different from those issued by Bank of Uganda. The following features are worth noting:

1. The date on the left hand corner differs from the BoU format.
   Your statement format is: 12/28/2011 11:49
   Bank of Uganda format is: 12-Oct-2011 11:49AM

2. The BoU logo is different.

3. The BoU statement has 2 decimal points on all the entries; yours has 2 decimal points in some entries and in the others it does not where the balance is zero.
4. The BoU statement gives the name of the person who generated the statement. Yours does not have any name.

5. The BoU statement for the same period (see attached) has 3 additional entries:
   c. A debit of Shs.49,903/= dated 20 Dec. 2011
   all giving a closing balance of Shs.5,295,368,488/= which is different from your closing balance of Shs.14,879,108,017/=.

6. The date format on each of the entries on your statement i.e. 01-Dec-11 is different from the BoU format i.e. 01-Dec-2011.

7. The stamp and signature thereon in your statement is unknown to Bank of Uganda.

Furthermore the allegations that Bank of Uganda issued a statement with a missing line is not correct because the Bank of Uganda Banking System (BBS) has very strong controls and does not allow deletion or back dating transactions. It is not possible to have entries that do not appear in one statement appearing after sometime.

As you are aware, all hard copies of our statements are delivered and signed for in your office. Please let us know when you requested for the statement from Bank of Uganda, who issued it and who delivered it.

In case you need any further clarification, do not hesitate to contact me.

John Chemonges
Director

Copy to: The Permanent Secretary/Secretary to the Treasury
         The Auditor General
         The Commissioner, Treasury Service Department
         Governor
         Deputy Governor

Attachment
**BANK OF UGANDA**
P.O. BOX No. 7120
KAMPALA

**Statement of Account**

<table>
<thead>
<tr>
<th>Date</th>
<th>Reference</th>
<th>User Reference</th>
<th>Currency</th>
<th>Account Title</th>
<th>Payment Details</th>
<th>Debit</th>
<th>Credit</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>21-Oct-2010</td>
<td>991FICT102940001</td>
<td>991FICT102940001</td>
<td>UGX</td>
<td>OPENING BALANCE</td>
<td></td>
<td>0.00</td>
<td>10,161,775,000.00</td>
<td>10,161,775,000.00</td>
</tr>
<tr>
<td>16-Nov-2010</td>
<td>991FINT103203006</td>
<td>712405PT</td>
<td>UGX</td>
<td>REMITTANCE TO SUPPORT TOPRDP 2010/2011 ON 20/10/10 ACCOUNTANT GENERALS OFFICE</td>
<td></td>
<td>0.00</td>
<td>4,804,612,427.00</td>
<td>4,804,612,427.00</td>
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<tr>
<td>25-Nov-2010</td>
<td>991FINT1032060067</td>
<td>712405PT</td>
<td>UGX</td>
<td>FUNDS FROM EMBASSY OF SWEDEN ACCOUNTANT GENERALS OFFICE</td>
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<td>0.00</td>
<td>4,804,612,427.00</td>
<td>4,804,612,427.00</td>
</tr>
<tr>
<td>11-May-2011</td>
<td>991FICT111310001</td>
<td>991FICT111310001</td>
<td>UGX</td>
<td>AAT ACCOUNTANT GENERALS OFFICE</td>
<td></td>
<td>0.00</td>
<td>2,148,992,111.00</td>
<td>2,148,992,111.00</td>
</tr>
<tr>
<td>01-Dec-2011</td>
<td>991FINT113005006</td>
<td>991FINT113005006</td>
<td>UGX</td>
<td>ROYAL DANISH EMBASSY REMITTANCE ACCOUNTANT GENERALS OFFICE</td>
<td></td>
<td>0.00</td>
<td>4,735,085,000.00</td>
<td>4,735,085,000.00</td>
</tr>
<tr>
<td>01-Dec-2011</td>
<td>991FINT113005006</td>
<td>991FINT113005006</td>
<td>UGX</td>
<td>ROYAL DANISH EMBASSY REMITTANCE ACCOUNTANT GENERALS OFFICE</td>
<td></td>
<td>0.00</td>
<td>4,735,085,000.00</td>
<td>4,735,085,000.00</td>
</tr>
<tr>
<td>27-Jun-2011</td>
<td>991FINT111700004</td>
<td>183001PT</td>
<td>UGX</td>
<td>D.T.A RELATION DEPT. COOPTRF TO SUPPORT TO PEACE ACCOUNTANT GENERALS OFFICE</td>
<td></td>
<td>0.00</td>
<td>14,876,160,000.00</td>
<td>14,876,160,000.00</td>
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<tr>
<td>27-Jul-2011</td>
<td>991FINT111206002</td>
<td>991FINT111206002</td>
<td>UGX</td>
<td>CIES ON 991FIC112206002 BANK OF UGANDA</td>
<td></td>
<td>51,983.00</td>
<td>0.00</td>
<td>14,876,160,000.00</td>
</tr>
<tr>
<td>20-Oct-2011</td>
<td>991FINT113540003</td>
<td>991FINT113540003</td>
<td>UGX</td>
<td>CRISIS MANAGEMENT &amp; RECOVERY PROPPA</td>
<td></td>
<td>0.00</td>
<td>5,295,417,381.00</td>
<td>5,295,417,381.00</td>
</tr>
<tr>
<td>20-Oct-2011</td>
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<td>991FINT113540003</td>
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<td>REMITTANCE ACCOUNTANT GENERALS OFFICE</td>
<td></td>
<td>0.00</td>
<td>5,295,417,381.00</td>
<td>5,295,417,381.00</td>
</tr>
<tr>
<td>01-Dec-2011</td>
<td>991FINT1113540058</td>
<td>991FINT1113540058</td>
<td>UGX</td>
<td>TRANSFER CHARGE ON PAYTRANF 991FIC1113540001 UGANDA</td>
<td></td>
<td>48,935.00</td>
<td>0.00</td>
<td>5,295,417,381.00</td>
</tr>
</tbody>
</table>

**Closing Balance**: 5,295,386,486.00

**Signature**: __________

**Note**: Please quote your account number, all particulars and reference numbers on any queries regarding this statement. Any change of address, exception or error must be advised to the Bank within 14 days of the date of the statement otherwise the account will be presumed to be in order.

Minus sign in balance indicates Debit Balance.
<table>
<thead>
<tr>
<th>Date</th>
<th>User Reference</th>
<th>Accountant General's Office</th>
<th>Payment Details</th>
<th>Debit</th>
<th>Credit</th>
<th>Balance</th>
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</thead>
<tbody>
<tr>
<td>21-Oct-11</td>
<td>SFH112012600000</td>
<td>BANK OF UGANDA</td>
<td>TRANSFER</td>
<td>10,181,775.00</td>
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<td>10,181,775.00</td>
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<tr>
<td>22-Oct-11</td>
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<td>BANK OF UGANDA</td>
<td>TRANSFER</td>
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<td>4,925,619.00</td>
</tr>
<tr>
<td>23-Oct-11</td>
<td>SFH112012600000</td>
<td>BANK OF UGANDA</td>
<td>TRANSFER</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>24-Oct-11</td>
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<td>TRANSFER</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>25-Oct-11</td>
<td>SFH112012600000</td>
<td>BANK OF UGANDA</td>
<td>TRANSFER</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>26-Oct-11</td>
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<td>BANK OF UGANDA</td>
<td>TRANSFER</td>
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<td>0</td>
</tr>
<tr>
<td>27-Oct-11</td>
<td>SFH112012600000</td>
<td>BANK OF UGANDA</td>
<td>TRANSFER</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: Please quote your account number and all particulars and reference numbers on any queries regarding this statement. Any change of address, exception or error must be advised to the Bank within 10 days of the receipt of this statement, otherwise the account will be presumed to be in order.

Signatures:
- End of Statement

- Stamp and Sign here

Unknown to Bank
25 October 2012

The Director Banking
Bank of Uganda
P. O BOX 7120
KAMPALA.


Reference is made to the attached Bank Statement dated December 28, 2011.

This Statement which was obtained from Bank of Uganda had a missing line on 1st December 2011 in respect of a transfer of Shs 14.8bn. The Statement was used to reconcile the above Account on that date but because of the missing line it was not possible to detect that the shs 14.8bn had been debited from the account.

This is therefore to request for an explanation for this anomaly as the failure to detect this debit in time by my office is highlighted in the Forensic Audit Report on the Office of the Prime Minister by the Auditor General.

Your quick response will be highly appreciated.

G.O.L Bwoch
ACCOUNTANT GENERAL

Copy: The Governor, Bank of Uganda
The Permanent Secretary/Secretary to the Treasury
The Auditor General/ Office of the Auditor General
The Chief Accountant/Bank of Uganda
The Commissioner Treasury Services Department
December 28, 2011

The Director, Banking
Bank of Uganda
KAMPALA

RE: TRANSFER OF FUNDS FROM SUPPORT TO PEACE, RECOVERY AND DEVELOPMENT PLAN IN NORTHERN UGANDA ACCOUNT NUMBER 003300098000060 AT BANK OF UGANDA.

This is to authorize you to transfer UGX.14, 876,108,017.00 (Uganda shillings fourteen billion, eight hundred seventy six million one hundred eight thousand seventeen only) as follows:

Source account: Support to Peace, Recovery and Development Plan in Northern Uganda Account Number 003300098000060

Destination Account: Crisis Management & Recovery Programme.

Account Number: 0000300088000030

Your urgent action will be highly appreciated.

G.O.L. Bwoch
ACCOUNTANT GENERAL

Mpoza Isaac
COMMISSIONER TREASURY SERVICES DEPARTMENT

Copy to: The Permanent Secretary/Secretary to the Treasury
The Permanent Secretary/Office of Prime Minister
The Commissioner Aid Liaison Department
INTERNAL MEMO

TO : PA

CC : US/F&A

FROM : PIA

DATE : 11TH FEB, 2010

SUBJECT : AUDIT OF ACCOUNTABILITY

We requested for the files for accountabilities and payment vouchers for both cash and EFT payments and you referred us to Mr. Osuna for accountability, Mr. Byekwaso for payment vouchers. Mr. Obbo gave us accountability files for the months of July-September 2009.

Unfortunately Mr. Byekwaso has not yet given us any payment vouchers. For that matter therefore we kindly request your good office to advice the concerned officers to avail us with:

1. All cash payment vouchers from October to date
   (Mr. Obbo)

2. EFT payment vouchers from July to date
   (Byekwaso)

3. Advance ledgers from July to date and accountability for the same period
   (Obbo)

Thank you.
INTERNAL MEMO

To: Mr. Shaban Wejula
   Principal Internal Auditor

c.c.: Heads of Department

c.c.: Principal Accountant

c.c.: Principal Procurement Officer

From: Permanent Secretary

Date: 19-Apr-10

Subject: LETTER OF CREDIT ACCOUNT 001.2450UGX 7,936,571= AND OTHER RELATED MATTERS

I acknowledge receipt of your internal memo dated 16th April 2010 and would like to respond as follows:

1.0 When you were posted to the Office of the Prime Minister, I was made to understand that your duties were to support management to improve in ensuring that there is value for money in what we do. For avoidance of doubt your duties included the following:
   1.1 To coordinate and review audit plans and programmes based on risk profile of the office.
   1.2 To ensure compliance to rules and regulations in all audit engagements.
   1.3 To guide, support and supervise audit execution.
   1.4 To ensure that the processes, procedures are free of risks and help to strengthen them where gaps exist.
   1.5 To be part and parcel of management so as to avoid taking decisions based on wrong premises.

2.0 For the time you have been at the Office of the Prime Minister, your conduct has been more of an External Auditor than Internal Auditor thereby demonstrating your ignorance of your principal responsibility. In fact you have been more of a fault finder than a fault preventer. I have already brought this to your attention.
3.0 I want to believe that you caused the impression and made some people believe that the opening of Letters of Credit towards the end of last financial year was meant to circumvent procedures, yet this was done under the approval and guidance of the Accountant General.

4.0 When it was discovered that there was no breach of procedures, I suspect you went ahead to create other areas where you alleged clarification was required. You came rushing to me on Friday 16th April 2010 and indicated that there was something new and urgent that required clarification. You intimated to me that it was irregular for your Commissioner to send an internal memo to you requiring this clarification. I told you that you should advise him to request the Permanent Secretary/Secretary to the Treasury to formally write to me so that I can cause relevant officers in my office to produce the required clarification. Hypocritically, you ignored my advice and you went ahead to write to me an internal loose minute.

5.0 I must state that these unprincipled inquiries cannot continue the way they are being handled. There is a lot of time wasted and can cause unnecessary unrest. For that matter, I have instructed Heads of Department not to give you any document with immediate effect. Let me warn that no Head of Department is supposed to give you money without my authorization. I will not accept any form of blackmail. I also intend to communicate to your Headquarters to take necessary action.

Pius Bigirimana

PS.
19 April 2010

The Permanent Secretary/Secretary to the Treasury
Ministry of Finance, Planning and
Economic Development
KAMPALA.

Subject: DEPLOYMENT OF MR. SHABAN WEJULA, PRINCIPAL INTERNAL AUDITOR – SCALE U2

Reference is made to your letter reference TAD.77/112/01 dated 20th March 2009, deploying the above officer to the Office of the Prime Minister.

1.0 This is to bring to your attention that the above officer has failed to interpret and apply the requisite regulations so as to help Management put in place appropriate Management systems for the office.

2.0 I wish to point out that the Office of the Prime Minister handles a number of tasks which require appropriate professional and technical guidance as well as adequate speed in order to respond to the day to day demands within the required time. Unfortunately, the office does not have the necessary personal drive and capacity to act as expected.

3.0 Mr. Wejula has demonstrated that he is a fault finder instead of a fault preventer. My understanding of internal audit is to support and advise Management in all those areas that are of high risk profile with a view to close gaps. It is also my understanding that the Internal Audit is required to examine the processes, systems and procedures with a view to strengthen them so that decisions are taken appropriately. I have in the past brought all these weaknesses to the officer. A number of time I have interacted with him, I found the content of his response professionally deficient therefore demonstrating incompetence.

4.0 In view of the above, Mr. Shaban Wejula is hereby referred back to you for appropriate management since he has not been helpful to us as expected. I need a PRINCIPAL INTERNAL AUDITOR in the real sense.

Fius Bigirimana
PERMANENT SECRETARY.

cc: Mr. Shaban Wejula
Principal Internal Auditor
Office of the Prime Minister.
4th May 2010

Mr. Shaban Wejula  
**Principal Internal Auditor**

**Thru:** Under Secretary for Finance and Administration

**DEPLOYMENT TO MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT**

Reference is made to TAD 112/172/01 dated 23rd April 2010, from the Secretary to the Treasury/Permanent Secretary Ministry of Finance, Planning and Economic Development deploying you.

This is to inform you that you are released to take up your new duties in the Ministry of Finance, Planning and Economic Development.

Please ensure to hand over your office and all Government property under your custody in accordance with Section F-e of the Government Standing Orders.

I wish you good luck in your new assignments.


Pius Bigirimana  
**PERMANENT SECRETARY**

**CC:** Permanent Secretary/Secretary to the Treasury, Ministry of Finance, Planning and Economic Development
in accordance with the International Standards for the Professional Practice of Internal Auditing and carried out my duties as laid down in the PFARS, section 28, Internal Audit Manual and Internal Audit Charter for Central Government. Internal Audit can advise on request, however in absence of requests, I have been communicating and advising Management by exception. This does not mean am a fault finder or investigator as alleged.

5. Conclusion
I hope the above clarifications will vindicate and throw more light on the issues labeled against me.

I thank the office of the Prime Minister in general for all the cooperation that I was accorded during my stay.

Wejula Shaban
Out-going Principal Internal Auditor/Office of the Prime Minister

Copy to

Permanent Secretary
Office of the Prime Minister

Accountant General
Ministry of Finance Planning and Economic Development

Commissioner/ Inspectorate and Internal Audit
Ministry of Finance Planning and Economic Development
10th May, 2010

The Permanent Secretary/Secretary to Treasury
Ministry of Finance, Planning and
Economic Development
Kampala

MY DEPLOYMENT IN THE OFFICE OF THE PRIME MINISTER AS PRINCIPAL INTERNAL AUDITOR-SCALE U2

Sir, I would like to make reference to a letter Ref. OPM/P/539 dated 19th April, 2010 from my Permanent Secretary, Office of the Prime Minister to you and copied to me regarding my competence. I wish therefore to respond and clarify as follows:

1. Internal Audit responsibilities are spelt out in the Public Finance and Accountability Regulations, Section 28 and Internal Audit Charter Section 7, in which amongst other measures, my performance could be assessed based on parameters like Quarterly Internal Audit reports, coordinated and supervised audit assignments, internal audit issues raised and relevant recommendations made to management. All these have been done as demonstrated in my 1st and 2nd quarter Internal Audit report’s issued and discussed with the Audit Committee in the presence of the Under Secretary Finance and Administration representing the Permanent Secretary OPM. And also through management meetings and periodic briefs as well as internal memos.

2. Interpretation and application of required Regulations to help management put in place appropriate systems:
It is the responsibility of the Accounting Officer to apply relevant Laws and Regulations while Internal Audit examines the processes, systems and procedures in order to ascertain compliance as a basis for advising management. I have done this to the best of my knowledge.

3. Professional and technical guidance.
This is caused by the expectation gap between what Internal Audit is supposed to do and what management expects. I have been executing my responsibilities...
23rd March, 2010

The Permanent Secretary/ Secretary to Treasury
Ministry of Finance Planning and Economic Development
P. O. Box 7031
KAMPALA

RE: LETTER OF CREDIT DEPOSIT A/C 001.245039.1 UGX 7,936,571,108

1.0 Reference is made to a letter AGO 83/53/01 dated 16th March 2010 signed by Dr. Fixor Okonya Okonye in which he requested necessary documentation an explanation to satisfy your concerns and that of other stakeholders on the Auditor General’s concern that the above mentioned account was opened in appraiser effort to circumvent the requirements of returning all unexpected cash balances at close of the financial year in a deposit account designated as LC Account.

2.0 In my letter of 24th June (ref. ADM 6/01) attached as Annex I when I requested the Accountant General to open this account, I explained that the Ministry will be unable to effect payments to suppliers before the financial year cut off date without flouting Treasury instructions. In his response of reference AGO/83/139/01 dated 1st July 2009 attached as Annex II the Accountant General advised that we open an LC account to complete the procurement.

We attempted to fill the necessary forms for suppliers details but your Internal Audit Department demanded for Letter of Credit numbers which Bank of Uganda had not issued. To expedite payments to suppliers who had long delivered, we were advised to settle these payments through your office. Accordingly, I wrote to Accountant General’s office on various dates as per attached Annex III and when suppliers delivered, we requested Accountant General to cause Bank of Uganda to have the suppliers payments cleared off the Letter of Credit account.

3.0 The purpose of this letter therefore is to;

(a) Inform you how the procurement under the LC was handled and demonstrate that it was not meant to circumvent the requirement of returning all unexpended balances
at the close of the financial year in a deposit account disguised as LC account as being portrayed by the officer.

(b) To inform you that my office will make available the following documents for verification, if necessary.

(i) Contracts Committee approvals
(ii) Local purchase orders
(iii) Evidence of delivery documentations
(iv) Payment instructions forwarded to Bank of Uganda
(v) Distribution list in the districts

4.0 Finally, I am surprised that the said officer uses Accountant General's letterhead and signs for Permanent Secretary, Secretary to the Treasury, which makes me doubt whether he was signing on your behalf and also makes me suspicious of the intentions of his letter. — Bully! for Dr. Makula! — Bully up for AG.

Plus Bighand
PERMANENT SECRETARY

cc. Accountant General

Ministry of Finance Planning and Economic Development
31 March 2010

The Permanent Secretary
Office of the Prime Minister
Kampala

LETTER OF CREDIT DEPOSIT ACCOUNT 001.245039.1 UGX.7,936,571,108=

Reference is made to your letter Ref. PD/47/159/10 dated 23\textsuperscript{rd} March, 2010 on the above subject.

This is to confirm that Accountant General's Office is under the Ministry of Finance, Planning and Economic Development.

You are therefore requested to co-operate with them and provide the relevant information regarding the utilization of Shs.7,936,571,108.

C.M. Kassami
PERMANENT SECRETARY/SECRETARY TO THE TREASURY
HAND OVER REPORT

Following my transfer from the Office of the Prime Minister to Ministry of Finance Planning and Economic Development, I here by hand over the office and the related responsibilities to you.

1. Responsibilities held

I wish to welcome you in general to OPM and specifically to internal audit unit which I have headed for almost a year. I have been heading the internal audit unit and responsible for coordinating and supervising audit activities as defined in the PFARs sec. 29 and internal audit charter sec. 7.

In the Unit I have been working with Mr Kagaba Bob Ag. Senior Internal auditor, Mr. Ocen Francis and Ms. Apio Rose both Internal auditors.

The following projects and programs make up each Vote function under the Vote 003. Each Vote function has Development projects which should not be over looked as you execute your audit activities. These Vote functions include the following:

1) Policy Coordination, Monitoring and Evaluation.

2) Disaster preparedness, Management and Refugees

3) Management of special programs of Luwero, Karamoja and Northern Uganda.

4) Administration and support services

2. Second Quarter Internal Audit Report

The second quarter draft internal audit report was issued to management however not yet discussed by Management and the Audit commit.

Received 11/5/2010
There were some issues we raised in the report on accountability of funds advanced to various districts and such issues remained un-reconciled due to lack of conclusive evidence at the time of issuing out the draft report.

Subsequently we obtained some information regarding those issues as explained below:

The following districts had claimed not to have received funds from OPM under PRDP framework i.e Abim, Kataki, Kyenjojo, Nakapiripirit, Budaka and Tororo.

Review of the system reveals the following;

There is no indication that Abim and Kataki did receive the said funds (for details refer to 2nd quarter internal audit report).

It was revealed that Kyenjojo received the total 29.9m contrary to their claim that they received only 20m (for details refer to 2nd quarter internal audit report).

Issues concerning Nakapiripirit, Budaka and Tororo remained un resolved. Please endeavor to conclude them (for details refer to 2nd quarter internal audit report).

3. Third Quarter Internal Audit Report

3.0 During the third quarter, we had planned to cover the following auditable areas:

3.1 Field Inspection on funds advanced to various districts under Luwoero Rwenzori Development Programme

3.2 Verification of payments vouchers (both cash and EFT vouchers).

3.3 Review of cash management system.

3.4 Audit of Payroll for Refugee settlement camps.

3.5 To complete the field inspection on food dispatched to various districts under disaster preparedness, Management and refugees.

4.0 Information sharing in OPM has not been easy for us especially accessing financial records. We verbally requested for payment vouchers and it took us more than 6 months this financial year to receive them (both cash and printed EFTs) until we formally communicated to the accounts department. No sooner had we received the payment vouchers than we were stopped from reviewing and accessing the financial records and immediately I was transferred from the office.

However, a file for schedules of the payments extracted from the files but before examination of the relevant supporting documents is available for your future action.

I have been unable to review the cash book for cash transactions i.e reconciliation of cash receipts (withdraws) with cash payments. As you take over the office, follow up and complete the exercise.
5.0 Based on the above facts, am unable to give an opinion on the following areas due to limitation of scope

5.1 Effectiveness and completeness of supporting documents on advances.

5.2 Effectiveness of cash management system.

5.3 Authorization and approval of cash payments.

6.0 Status of implementation of the planned activities in the third quarter

6.1 The report for Luwero Rwenzori Development programme is ready for issuing out to management.

6.2 Review of payment vouchers and cash management system.

Due to poor filing system (payment vouchers are filed separately from the supporting documents) associated with time constraint; we were availed with the printed EFT payment vouchers for August and September 2009 and accountability could not be examined due to the facts given above.

For cash payment we were availed with the payment vouchers but still could not examine the supporting documents due to time constraint.

6.3 Audit of the payroll of the Directorate of Refugees and General Status of Refugees Settlement Camps;

The report is also ready for issuing out to management.

5.4 Report on food dispatched to famine affected districts;

The report is ready for issuing out to management.

6.0 Office Premises

Internal audit occupies two offices No 19 and 11 on floor 7 and the following are the Government Assets therein.

Room no. 19

One IFMS Desk top computer HP with a key board and a mouse
HP Laser Jet p2015 Printer
UPS MGE NOVA 600 AVR
HP Laser jet Print cartridge 53A
Two Telephone sets
One four door filing cabinet

condition
working
working
working
new
working
not locking
Two Telephone sets
One four door filing cabinet
FINMAP-AG/LT/9-42
Office Stamp Printy 4727 for verification
Four office chairs
Secretarial Desk
Coat hanger
One office desk
Paper punch
Two Stapling machines
Waste paper basket
Treasury accounting instructions
Paper tray
Office key

Vehicle No. UG0155Z (handed over the keys to the transport officer) still in the garage
Desk organizer Working
Office Carpet OK
Numerous files (Working paper files, permanent file, file for reports etc)
Fuel advantage card for the PIA (Handed over to the Transport officer)
One adding machine

Room No. 11

Three office Tables Good working condition
Five office chairs

Five Paper Trays

One Filing cabinet

One Telephone head set

One desk top computer flat screen (Dell) G8XDJ8X

One printer CNC 1400023

One Laptop Dell 41PGUJ

Two punching machines

Two stapling machines

One extension cable

Various working paper files

Wejula Shaban

Outgoing PIA

Under repair

Good working condition

Good working condition

Alice Nangoku

Incoming PIA

10/05/2010

10/15/2010
Hon. Maria Kiwanuka
Minister of Finance Planning & Economic Development
KAMPALA

Dear Madam,

Report on the Forensic Examination: Comparison of Signatures on Cash Withdrawal forms and Cash Withdrawal Authorisation forms- Office of the Prime Minister

The above matter refers. Following an audit conducted by the Office of the Auditor General in relation to accounts operated by the office of the Prime Minister at the Bank of Uganda, certain financial irregularities were reported. During the subsequent investigations, some signatories disowned signatures on some of the documents against which payments were effected.

As a follow up, Bank of Uganda engaged the services of a forensic document consultant to examine 120 documents using a sample that comprised items from both the disputed category and the non-disputed category. The Consultant’s findings were as here below.

1) Documents signed by the Permanent Secretary

21 items were reported by the expert to bear a signature that matches the specimen signature that was given to the Bank of Uganda. The value in this category is Shs. 1,874,647,598/=.

70 items were reported to bear a signature that differed from the specimen given to the Bank and the value is Shs. 8,080,200,731.

In very few instances i.e. 5 items, the Consultant was unable to tell whether the signatures were forged or not. The total value in this category is Shs. 1,145,431,916.
2) Florence Waduwa’s Signature

The consultant examined 19 items with disputed signature of Ms Florence Waduwa and found that all the signatures on the documents examined matched the specimen. The value is Shs. 1,949,483,485.

The Consultant could not verify 5 items whose value was Shs. 307,899,700.

It should be noted that some of the documents acknowledged as genuine by the Permanent Secretary were classified in the forged category of the consultant’s report.

Please find attached a copy of the report by the Forensic documents Consultant for your information.

Yours faithfully

[Signature]

E. Tumusiime Mutebile (Prof.)
GOVERNOR

Copy: Deputy Governor
FORENSIC DOCUMENT CONSULTANTS

REPORT

Date: 2012-12-10
Your Ref: Signature Examination

Dr. Louis Austin Kasekende
Deputy Governor
Bank of Uganda
P O Box 7120
KAMPALA
UGANDA

RE : FORENSIC EXAMINATION : COMPARISON OF SIGNATURES : CASH WITHDRAWAL AND CASH WITHDRAWAL AUTHORIZATION FORMS

1. Background:
   From 2012-11-28 to 2012-12-03 the following documents were examined at the Bank of Uganda, Kampala:

1.1 Disputed:
   Files containing amongst others Cash Withdrawal forms and Cash Withdrawal Authorisation Forms with EFT Reference Numbers with the following numbers:

<table>
<thead>
<tr>
<th>EFT Reference</th>
<th>Date 1</th>
<th>Date 2</th>
<th>Date 3</th>
<th>Date 4</th>
<th>Date 5</th>
<th>Date 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1111403</td>
<td>109037</td>
<td>109039</td>
<td>109106</td>
<td>111430</td>
<td>1343135</td>
<td></td>
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<tr>
<td>111438</td>
<td>111437</td>
<td>111442</td>
<td>111441</td>
<td>111444</td>
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<tr>
<td>111449</td>
<td>111474</td>
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<tr>
<td>110135</td>
<td>109165</td>
<td>198818</td>
<td>198827</td>
<td>198846</td>
<td>198868</td>
<td></td>
</tr>
<tr>
<td>198873</td>
<td>198873</td>
<td>198895</td>
<td>198883</td>
<td>198884</td>
<td>1881686</td>
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<tr>
<td>198888</td>
<td>198887</td>
<td>198897</td>
<td>198897</td>
<td>110175</td>
<td>111503</td>
<td></td>
</tr>
<tr>
<td>161254</td>
<td>111502</td>
<td>111504</td>
<td>111505</td>
<td>111510</td>
<td>110182</td>
<td></td>
</tr>
<tr>
<td>1962563</td>
<td>1962565</td>
<td>1962567</td>
<td>1962564</td>
<td>1967909</td>
<td>1969027</td>
<td></td>
</tr>
<tr>
<td>1969028</td>
<td>1969029</td>
<td>116314</td>
<td>1969030</td>
<td>1972258</td>
<td>1972257</td>
<td></td>
</tr>
<tr>
<td>116310</td>
<td>110185</td>
<td>110186</td>
<td>110193</td>
<td>1980360</td>
<td>1982465</td>
<td></td>
</tr>
<tr>
<td>1982464</td>
<td>116333</td>
<td>116338</td>
<td>110200</td>
<td>116342</td>
<td>110208</td>
<td></td>
</tr>
<tr>
<td>110199</td>
<td>110203</td>
<td>110211</td>
<td>110227</td>
<td>110202</td>
<td>110239</td>
<td></td>
</tr>
<tr>
<td>110229</td>
<td>110234</td>
<td>216811</td>
<td>110258</td>
<td>110259</td>
<td>110253</td>
<td></td>
</tr>
<tr>
<td>216818</td>
<td>216822</td>
<td>216830</td>
<td>216832</td>
<td>108808</td>
<td>161273</td>
<td></td>
</tr>
<tr>
<td>216838</td>
<td>108811</td>
<td>216843</td>
<td>108812</td>
<td>216845</td>
<td>161287</td>
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<td>108816</td>
<td>108820</td>
<td>108823</td>
<td>108832</td>
<td></td>
</tr>
<tr>
<td>110272</td>
<td>108841</td>
<td>108840</td>
<td>110269</td>
<td>110283</td>
<td>110280</td>
<td></td>
</tr>
<tr>
<td>110289</td>
<td>216860</td>
<td>110291</td>
<td>116345</td>
<td>110303</td>
<td>110305</td>
<td></td>
</tr>
<tr>
<td>110326</td>
<td>110342</td>
<td>216861</td>
<td>110346</td>
<td>116377</td>
<td>116373</td>
<td></td>
</tr>
<tr>
<td>116382</td>
<td>110349</td>
<td>110352</td>
<td>110357</td>
<td>110355</td>
<td>111523</td>
<td></td>
</tr>
</tbody>
</table>
Specimen signatures:

Signature cards containing the signatures of Mr. Pius Bigirimana and Mrs. Flavia Waduwa. Several signatures of Mr. Pius Bigirimana on undisputed documents were also used as specimen signatures in order to obtain a representative sample. (See Annexures “A-43” to “A-59”).

2. Request:

I was requested to examine and compare the signatures in the space “For: Permanent Secretary” on the Cash Withdrawal forms and in the space for “Accounting Officer” on the Cash Withdrawal Authorisation (EFT) Forms with the specimen signatures of the two persons.

3. Examinations and findings:

3.1 The disputed and specimen signatures were examined and compared microscopically in order to determine the construction, quality, sequence of strokes, habitual individual characteristics in inter alia the design, size, proportions, alignment, connections, slant, spacing and the degree of natural variation occurring in the different signatures. The disputed signatures and the specimen signatures were then analyzed, compared and the corresponding characteristics and / or differences evaluated.

Features indicative of forgery such as pen lifts, stops and hesitations of the writing instrument, patching and retouching, slow, drawn quality of the line and unnatural tremor were examined and evaluated when present.

3.2 The following were found regarding the specimen signatures of Mr. Pius Bigirimana:

- The specimen signatures are of good quality, fluent and rhythmic writing with no pen stops, pen lifts at unnatural places, hesitations or tremor occurring.
- The specimen signatures, signed over a period of three years, fall within a narrow range of variation within the “master pattern” (the general structure of the signatures within a defined range of variation) and little if any changes have occurred in the execution of the signatures over time, illustrating the habitual writing characteristics developed by the writer. (See Annexures “A - 43” to “A - 59”).
- The signatures commence with a upward slanting line to the left after which a concave movement to the right is formed which ends upward and a small anticlockwise eyelet is formed at the right before a long vertical stroke is formed downward at the bottom of which an arched movement to the left is formed which ends with a curved movement to the right and the pen is lifted. A series of horizontal movements is formed with a downward orientation through the first vertical movement and a flat triangular shape is formed at the bottom of the movements which is joined to the top of the following stroke with an upward slanting movement to the right. The following movement is formed in the shape of a letter “M” with deep concave movements which ends with a short upward stroke, an anticlockwise oval movement which curves round upward before a concave
movement is formed and a second oval movement is formed. The final movement is formed with a loop at the top with a downward curve which ends with a short stroke to the left.

3.3 Findings: Disputed signatures of Mr. Pius Bigirimana:

3.3.1 The following signatures were found to correspond with the specimen signatures regarding construction, sequence of movements, size, ratio of sizes, fluency and rhythm. No indication of forgery such as poor quality movements, hesitations, pen stops or pen lifts at unnatural places, retouching, etc. occur:

<table>
<thead>
<tr>
<th>Signature 1</th>
<th>Signature 2</th>
<th>Signature 3</th>
<th>Signature 4</th>
<th>Signature 5</th>
<th>Signature 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>111430</td>
<td>1343135</td>
<td>111438</td>
<td>111437</td>
<td>111442</td>
<td>111441</td>
</tr>
<tr>
<td>111444</td>
<td>110097</td>
<td>111480</td>
<td>110142</td>
<td>110148</td>
<td>110135</td>
</tr>
<tr>
<td>109165</td>
<td>198818</td>
<td>1969027</td>
<td>1969028</td>
<td>116314</td>
<td>1980360</td>
</tr>
<tr>
<td>216811</td>
<td>110352</td>
<td>111523</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.3.2 Conclusion:
The disputed signatures and the specimen signatures were signed by the same person.

3.3.3 The following signatures were found to differ from the specimen signatures regarding construction, sequence of movements, fluency and rhythm. The signatures contain poor line quality, differences in construction and the pen is lifted at unnatural positions:

<table>
<thead>
<tr>
<th>Signature 1</th>
<th>Signature 2</th>
<th>Signature 3</th>
<th>Signature 4</th>
<th>Signature 5</th>
<th>Signature 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>110175</td>
<td>111503</td>
<td>111510</td>
<td>110182</td>
<td>1962563</td>
<td>1962565</td>
</tr>
<tr>
<td>1962567</td>
<td>1962564</td>
<td>1967909</td>
<td>1969029</td>
<td>1969030</td>
<td>1972258</td>
</tr>
<tr>
<td>1972257</td>
<td>116310</td>
<td>110186</td>
<td>110193</td>
<td>1982465</td>
<td>1982464</td>
</tr>
<tr>
<td>116333</td>
<td>116338</td>
<td>110200</td>
<td>116342</td>
<td>110208</td>
<td>110199</td>
</tr>
<tr>
<td>110203</td>
<td>110211</td>
<td>110227</td>
<td>110202</td>
<td>110239</td>
<td>110229</td>
</tr>
<tr>
<td>110234</td>
<td>110258</td>
<td>110259</td>
<td>216818</td>
<td>216822</td>
<td>216830</td>
</tr>
<tr>
<td>216832</td>
<td>108808</td>
<td>161273</td>
<td>216838</td>
<td>108811</td>
<td>216843</td>
</tr>
<tr>
<td>108812</td>
<td>216850</td>
<td>108816</td>
<td>108820</td>
<td>108828</td>
<td>108832</td>
</tr>
<tr>
<td>110272</td>
<td>108841</td>
<td>108840</td>
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<tr>
<td>110289</td>
<td>216860</td>
<td>110291</td>
<td>116345</td>
<td>110303</td>
<td>110305</td>
</tr>
<tr>
<td>110326</td>
<td>110342</td>
<td>216861</td>
<td>110346</td>
<td>116377</td>
<td>116373</td>
</tr>
<tr>
<td>116382</td>
<td>110349</td>
<td>110357</td>
<td>110355</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.3.4 Conclusion:
The disputed signatures are forgeries of the person's signatures who signed the specimen signatures.

3.3.5 The following signatures exhibit slight differences in conjunction with corresponding characteristics and a definite conclusion as to the genuineness or not of the signatures cannot be reached beyond doubt:

<table>
<thead>
<tr>
<th>Signature 1</th>
<th>Signature 2</th>
<th>Signature 3</th>
<th>Signature 4</th>
<th>Signature 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>109106</td>
<td>161254</td>
<td>111502</td>
<td>110185</td>
<td>110253</td>
</tr>
</tbody>
</table>
5 Demonstration charts:
Photographic enlargements were made of the disputed and specimen signatures and are attached hereto as Annexures "A-1" to "A-33" regarding the disputed signatures, in order to illustrate the conclusion.

3.3.6 NOTE: During the examination I conducted a cursory comparison of 135 other documents bearing the signature of Mr. Pius Bigirimana contained in the files and found at least 40 other signatures that exhibits all the characteristics of being forgeries. Due to time constraints I did not examine all of the documents occurring in the files, but the forgeries occurring indicates that forgery of Mr. Bigirimana's signature was a frequent occurrence. (See Annexures "A-34" to "A-42" on which 27 such signatures are illustrated).

3.3.7 Remarks:
The signatures found to be forged resembles the genuine signatures of Mr. Bigirimana to a great extent and the line quality are of reasonably good quality. The differences that occur are not obviously apparent and are in the finer details of the signatures and the forged signatures would thus not be readily be detected by a "normal" person untrained in the expert examination of documents.

4. Findings: Signatures of Mrs. Flavia Waduwa:

4.1 The disputed signatures with the following numbers were found to correspond with the specimen signatures regarding construction, size, ratio of sizes, sequence of movements, fluency and rhythm. The signatures commence with a downward stroke which is retraced upward after which an oval loop is formed after which a very large, wide lower loop is formed in the form of a large letter "B" and the pen lifted at the end. The second portion of the signature commences with a short upward hook after which a downward stroke is formed which turns upward and a rounded arched movement formed downwards. From the end of the movement a series of up and down movements are formed with sharp, pointed apexes and the movement ends with an upward stroke.

4.2 No characteristics of forgery such as pen lifts, hesitations, retouching, slow, drawn quality of the line and unnatural tremor are present.

4.3 Conclusion:
The disputed signatures were signed by the person who signed the specimen signatures. (See Annexures "B-1" to "B-6").

5. Exhibit control:
The exhibits were under my exclusive control for the duration of the examination and was stored in a safe to which only I have access during periods it was not physically examined until it was returned in the same condition as it was received.
Qualifications and expertise:

6.1 Professional history:
From January 1981 to August 2006 I was employed by the South African Police Service as an expert examiner of questioned documents, which includes the individualization of handwriting, signatures, typescrit, printed matter and stamped impressions; the identification of forgeries, erasures and alterations; the deciphering of obscured writing and indentations as well as any other examination concerning questioned documents.

Since April 1991 I was the Unit Commander of the Questioned Document Unit of the S A Police Service. On 1994-12-01 I attained the rank of Brigadier and was part of the Senior Management of the Forensic Science Laboratory.

In September 2006 I established the independent company Forensic Document Consultants which specializes in the forensic examination of documents.

6.2 Tertiary qualifications:
- 1995: University of Strathclyde - UK (Diploma in Document Examination).

6.3 Specialized training in the field of questioned documents:
- 1984: IBM: Instructional program on typewriters.
- 1998: Taiwan Forensic Services: Mandarin writing examination.

6.4 Quality management:
- 2005: Member of the South African National Accreditation System Specialized Technical Committee on Forensic Science - Questioned Documents.
5 Training presented:
1994 - 1996: Lecturer and Assessor at Technicon South Africa - Police Science Department.
1997 - 1999: Lecturer and Moderator at the University of South Africa - "Advanced Certificate in Forensic Criminalistics".

6.6 Conferences attended:
1993: International Association of Forensic Sciences Congress - Germany.
1997: Ninth INTERPOL Annual Congress in Currency Counterfeiting - Finland.
1997: Third INTERPOL Annual Congress on Fraudulent Travel Documents - Finland.
2003: SADEK Counterfeit Currency Seminar.

6.7 Scientific publications:
- Textbook: Questioned Documents: University of South Africa (Co-author).
- Examination of Counterfeit Currency: SAPS Commercial Crime.

6.8 International forensic facilities visited:
- Forensic Science Laboratory - Germany.
- FBI Forensic Science Laboratory - Washington DC.
- United States Secret Service Forensic Laboratory - Washington DC.
- Forensic Science Laboratory - Helsinki.
- Forensic Science Laboratory - Taipei.

6.9 Casework experience and Proficiency Testing:
- Questioned document examinations: ± 23000
- Expert evidence in court: ± 1350
- Proficiency Tests (Collaborative Testing Services - USA) successfully completed: ± 17

.................................................: BRIGADIER
J F HATTINGH
PRETORIA
2012-12-10
14th July 2011

The Permanent Secretary
Office of the Prime Minister
KAMPALA

REQUEST FOR CASH WITHDRAWAL

Reference is made to your letter ADM/06/01 dated 12th July 2011 regarding the above subject.

Given the explanations provided, authority is hereby granted to you to withdraw Shs.100million (Uganda Shillings One Hundred Million) subject to proper accountability before the next cash withdrawal as stated in your letter.

Keith Muhakanizzi
For: Permanent Secretary/Secretary to the Treasury

c.c. The Auditor General, Office of the Auditor General
The Accountant General
The Director Banking, Bank of Uganda
The Commissioner for Inspectorate & Internal Audit
8th October 2010

The Permanent Secretary
Office of the Prime Minister
KAMPALA

REQUEST FOR CASH WITHDRAWAL OF
SHS.100,000,000/= FOR OFFICE OF THE PRIME
MINISTER

Reference is made to your letter PD/47/163/10 dated 7th
October 2010 and your earlier letter of 23rd September 2010
in which you requested for authority to draw cash of
Shs.100,000,000/= (Shillings One Hundred Million only) to
enable you facilitate activities in your office.

Authority is granted to you to withdraw Shs.100,000,000/=  
(Shillings One Hundred Million only) subject to proper
accountability before the next cash withdraw.

Keith J. Muhakanizi
For: Permanent Secretary/Secretary to the Treasury

c.c. The Auditor General, Office of the Auditor General
The Accountant General
The Director Banking, Bank of Uganda
The Commissioner for Inspectorate and Internal Audit
BANK OF UGANDA

OFFICE OF THE DIRECTOR
BANKING

Our Ref: BAN.908

19 March 2010

The Permanent Secretary/Secretary to Treasury,
Ministry of Finance Planning and Economic Development,
P O Box 7031
KAMPALA

CASH WITHDRAWALS BY GOVERNMENT MINISTRIES AND PROJECTS

We refer to your letters reference:FAD94/140/01 dated 14th April 2009 and AGO/288/139/01 dated 15th February 2010 on the above subject. We appreciate your effort to discourage cash usage and promote the EFT systems, which are efficient and safer.

In the letters quoted above, you directed us to reject any cash withdrawals in excess of Uganda Shillings twenty million unless prior authority from your Ministry has been obtained. However, we have continued to experience challenges in implementing these directives, especially in the cases where your ministry has given exceptions and where we need to pay against imprest warrants.

In some exceptional cases, accountability before the next cash withdrawals should be done. We have no way of verifying that a Ministry/Department has given accountability for the cash drawn, hence they now qualify for another withdrawal.

The other challenge is Multiple Instructions for exceptions. Let me use an example of Police to illustrate this. In your letters reference: PAD/256/279/01 dated 24th April 2009, you gave Uganda Police Authority to draw UG.Sh. 150,000,000/- per month; on 20th August, your reference:FAD/94/140/01, gave Uganda Police authority to withdraw Ug Shs. 250,000,000/- per month. The following month, on 15th September, Accountant General in his letter to Director, Banking - reference: AGO/83/139/2009, cleared Police Department to withdraw Ug.Shs 242,965,000/- per month and Ug.Shs 18,000,000/- per week. It is not clear to us whether a new authority automatically nullifies the previous ones. Ministries/Departments with multiple approvals keep quoting different approval letters to serve their interests.
In your letter reference AGO/288/139/01 dated 15th February, 2010, you reiterated that Projects are not to withdraw above Shillings 20 Million at any given time in excess of approved monthly warrants or without prior authorization. We do not have sufficient information on these approved monthly warrants per project.

In light of the difficulty in following up accountability of the funds, warrants and allowable limits on Bank of Uganda side, we suggest that instructions to pay are sent to us ONLY after the Ministries, Departments and Agencies have made proper accountabilities to your office and other relevant authorities. This would imply that the control is at the Ministry of Finance and not Bank of Uganda, and any EFT cash withdrawal sent to Bank of Uganda by Ministry of Finance, Planning and Economic Development shall be honoured. For projects, which do not issue EFT through the Ministry of Finance, we request that you give us a list of approved withdrawal limits and their frequency.

John Chemonges
DIRECTOR, BANKING

Copy to: The Auditor General,
Office of the Auditor General

" Governor, Bank of Uganda

" Deputy Governor, Bank of Uganda

n.o.o. EDO

Attached;
REQUEST FOR CLARIFICATION ON CASH LIMIT FOR THE OFFICE OF THE PRIME MINISTER

Reference is made to your letter to the Permanent Secretary, Office of the Prime Minister on the above subject reference FAD 94/140/01 dated 30th June, 2009 copied to Bank of Uganda. In that letter, you granted the Ministry authority to draw cash of Shs.100,000,000= "subject to proper accountability before the next withdrawal".

We wish to confirm from you that the cash withdrawal requests and accountability thereof are made to your office and requests that are sent to Bank of Uganda have satisfied the requirements of proper accountability, irrespective of the frequency.

John Chemonges
DIRECTOR, BANKING

Copy to
Governor
Deputy Governor
Accountant General
Auditor General
OFFICE OF THE PRIME MINISTER
POST OFFICE BUILDING
KINTA ROAD
P.O. BOX 543, KAMPALA, UGANDA

RESPONSE TO ALLEGATIONS ON PROCUREMENT OF A VEHICLE FOR THE PRIME MINISTER:

1. On 12th May 2012, Honorable Okot Ougo M.R. Anwo County made three allegations to the Press that:
   (i) The Prime Minister diverted PRDF funds to purchase a vehicle (Mercedes Benz) for his official use.
   (ii) The vehicle cost over 500,000,000/=.
   (iii) It was unnecessary to buy another vehicle since the one he inherited was still below five years technically approved to regard the vehicle old.
   (iv) I would like to respond to the above allegations as follows:
   (v) It is not true that funds to purchase the vehicle were diverted from the PRDF. PRDF funds are released directly to Districts and other implementing Ministries, Departments and Agencies on the basis of workplan developed and prioritized.
   (vi) The vehicle cost 500,000,000/= as alleged.
   (vii) Contrary to what was alleged that the inherited vehicle is not yet five years old; the vehicle is in fact nine years old because it was purchased in the year 2003 and registered in 2004. It became un-economic because it was breaking down frequently.

3. For avoidance of doubt, let me also state as follows:
   (v) The Prime Minister is entitled to two chauffeur driven vehicles. One Saloon vehicle for town running and a Station Wagon for in-country travel. He is also entitled to a Land Rover car.
   (vi) The purchase of the vehicle was done through the normal PPSA procurement process.
   (vii) Ministry of Public Service approved the cubic capacity of the vehicle in question.
   (viii) The contract was cleared by the Solicitor General.
   (ix) The Ministry of Works and Transport certified compliance with the specifications.

Permanen Secretary, Office of the Prime Minister.

NATIONAL CSO FAIR
DATE: 30TH MAY > 1ST JUNE 2012
VALUE: HOTEL XPICIANA
Theme: Act Together. Shape the Future. Civil Society in Uganda at 50 years.

WHAT IS HAPPENING AT THE FAIR:
- A Civil Society Fair American sponsors a significant number of inline and parallel activities that aim to bring together CSOs from different sectors and sub-national levels.
- The Civil Society (CSO) Fair 2012 will provide an opportunity for different stakeholders to appreciate the role of CSOs in building a just, democratic and inclusive society.
- The day will see the formation of a National Steering Committee to facilitate the implementation of the CSO Agenda in Uganda.
- The National CSO Network will be launched.

WHO WILL PARTICIPATE:
- The CSO Fair will attract participants from the National, Government line and Non-Government line Organisations, the Civil Society, the Media, the Private Sector and the Civil Society.

USHERS
P.O. Box 543 KAMPALA, TEL: 011510272, FAX: 0703094289
Email: ushers@ushers.org, www.ushers.org

WEDNESDAY, MAY 23, 2012
Daily Monitor
www.dailymonitor.com

DAYS TO GO: 44
INTERNAL MEMO

To: Mr. Geoffrey Kazinda  
   Principal Accountant

From: Permanent Secretary

Date: 12-Dec-11

RE: ACCOUNT NO. 00030088000030 – CRISIS MANAGEMENT AND RECOVERY PROGRAMME

I have noted that you continue to charge the above account and; to my recollection funds that were supposed to be on this account got exhausted last month.

I would like to get an explanation on where funds you are charging are coming from and I want you to provide me with statement of account from Bank of Uganda to establish the balance.

Pius Bigrimana

PS.
Sir, you requested me for

(1) Attempts to Secure Money from Ministry
   (a) a request letter for 5.75
   (b) a request letter for 10.19

(2) Intervention by Finance
    attached to Mail that prompted the
    transfer to the account

(3) Transfer by Accountant General as
    (a) Original and
    (b) back dated

(4) Expenditure to Date

Geo. PA
INTERNAL MEMO

To: PAA

From: PAA

Date: 11th October 2011

RE: REQUEST TO BORROW FUNDS FROM DFID NIMES

Reference is made to the reasons advanced in my earlier two Memos dated 26th September 2011.

(i) To borrow 300bn from UK-UG Post conflict Development Programme on behalf of Karamoja Department (UGS 300bn)

(ii) To borrow 500M from UK-UG Post conflict Development Programme on behalf of Northern Uganda to pay Farm Engineering (UGS 500M)

This reserves the departments with just money to foot commitments of 150bn for Karamoja and commitments of 170bn for the Northern Uganda and leaves no funds for day to day running. I am proposing to borrow funds from the DFID-NIMES to keep these departments running.

Since the third quarter release will be used to refund the borrowings in (i) and (ii) above, if approved, this additional borrowing will be refunded in the fourth quarter in the exact amounts spent by the departments just before the fourth quarter funds are released.

The purpose of this memo is to seek your consent and authority to process these borrowings as imports for other running.

11th October 2011
25th April 2012

The Permanent Secretary
Ministry of Works and Transport
KAMPALA

RETURN OF FUNDS FOR THE DELEGATED PROCUREMENT OF THE PROPOSED FERRY SERVICES ON LAKE BISINA AND LAKE KYOGA.

Reference is made to the meeting we held in my office on 4th November 2011, your letter Ref.ADM 59/124/02 dated 24th February 2012, and my letter Ref. PD 88/106/01 dated 21st March 2012, in respect to the refund of the balance of funds for the delegated procurement of the Lake Bisina and Lake Kyoga ferries which your Ministry did not utilise.

This is to submit to you the details on which the funds should be remitted.

A/c name: Peace Recovery and Development Plan for Northern Uganda
A/c Number: 000030088000037
2nd May, 2012

The Director Banking,
Bank of Uganda,
Kampala.

**ELECTRONIC FUNDS TRANSFER**

This is to request you to pay from Ministry of Works & Transport Deposit A/C No. 000160088000014 a sum of Uganda Shillings: 1,214,115,428/= (Uganda Shillings: One billion two hundred fourteen million one hundred fifteen thousand four hundred twenty eight only) and remit it to the bank account details shown below:

**ACCOUNT NAME:** PEACE RECOVERY AND DEVELOPMENT PLAN FOR NORTHERN UGANDA

**BANK:** BANK OF UGANDA

**BRANCH:** KAMPALA

**ACCOUNT NO:** 000030088000037

**AMOUNT:** 1,214,115,428/= 

This payment is in respect of return of Funds to Office of the Prime Minister for the delegated Procurement of the proposed Ferry Services on Lake Bisina and Lake Kyoga.

Your immediate action will be appreciated.

Charles Mugganzu
PERMANENT SECRETARY

Michael Kiggundu
ASST.COMM.ACCOUNTS
May 14, 2012

The Permanent Secretary
Office of the Prime Minister
KAMPALA

RETURN OF SHS. 1,214,115,428= FOR THE DELEGATED PROCUREMENT OF THE PROPOSED FERRY SERVICES ON LAKE BISINA AND LAKE KYOGA THAT WAS UNUTILISED

Reference is made to your letter PD 88/106/01 dated April 25, 2012 submitting the bank details on which to remit the unutilised funds for the delegated procurement of the proposed ferry services on Lake Bisina and Lake Kyoga.

The Ministry of Works and Transport has accordingly remitted shs. 1,214,115,428= on your Account No. 000030088000037 (see copy of Electronic Funds Transfer of May 02, 2012 attached). I would very much appreciate your kind acknowledgement of receipt of this transfer, for my record.

Alex Kakooza
For PERMANENT SECRETARY

Mission: To promote adequate, safe and well maintained Works and Transport Infrastructure and Services for Socio-Economic Development of Uganda.
15th May 2012

The Permanent Secretary
Ministry of Works and Transport
KAMPALA

RETURN OF FUNDS FOR THE DELEGATED PROCUREMENT OF THE PROPOSED FERRY SERVICES ON LAKE BISINA AND LAKE KYOGA

Reference is made to my letter Ref: PD.88/162/01 dated 25th April, 2012 where I communicated to you the Account Number on which to bank the refund of the balance of money for the delegated procurement of the Lake Bisina and Lake Kyoga ferries.

This is to inform you that the details were not correct and hereby submit to you the correct ones as follows:

A/c name: Peace Recovery and Development Plan (PRD) for Northern Uganda & A
A/c Number: 000030088000038

I regret the inconveniences caused.

Pius Bigirimana
PERMANENT SECRETARY

[Handwritten notes:]
Please draft letter to BAN changing account number. [Signed] 11/9/12
16th March, 2012

The Director Banking
Bank of Uganda
P.O.Box 7120
KAMPALA.

RETURN OF FUNDS FOR THE DELEGATED PROCUREMENT OF THE PROPOSED FERRY SERVICES ON LAKE BISINA AND LAKE KYOYA FROM BANK OF UGANDA A/C NO. 000030088000037 TO A/C NO. 000030088000038

Reference is made to our Electronic Funds Transfer on Security Paper No. 239202 of 2nd May, 2012 where we requested you to transfer a sum of Uganda Shillings: 1,214,115,428/= (One billion two hundred fourteen million one hundred fifteen thousand four hundred twenty eight only) from Ministry of Works & Transport Deposit A/C No. 000160088000014 to Peace Recovery and Development Plan for Northern Uganda A/C No. 000030088000037.

This is to request you to reverse the above mentioned transaction in paragraph 1 above to the following Bank of Uganda Account details:

ACCOUNT NAME: PEACE RECOVERY AND DEVELOPMENT PLAN (PRD) FOR NORTHERN UGANDA & A

BANK: BANK OF UGANDA

BRANCH: KAMPALA

ACCOUNT NO: 000030088000038

AMOUNT: 1,214,115,428/= 

Your immediate action will be appreciated.

Alex Kakooza
For: PERMANENT-SECRETARY

Michael Kigundu
ASST.COMM.(ACCOUNTS)
**THE REPUBLIC OF UGANDA**

**PAYMENT VOUCHER**

Dr. To: Peace Recovery and Development Plan for Northern Uganda

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.05.2012</td>
<td>Being return of Funds to Office of the Prime Minister for the delegated Procurement of the proposed Ferry Services on Lake Bafina and Lake Kyoga.</td>
<td>1,214,115,428</td>
</tr>
</tbody>
</table>

**Total**  
1,214,115,428

**Authority: DEPOSIT ACC 2011-0612**

I **CERTIFY** that the above account is correct and was invoiced under the authority quoted, that the above service has been duly and properly performed and has been received in good condition, that the payments/fees charged is in accordance with regulations, the sum of the above is accurate and reasonable, and that the above expenditure:

= One billion two hundred fourteen million one hundred fifteen thousand four hundred eighty only.

**SIGNED**  

**Title:** Accounting Officer  

Date: 2.05.2012

**POSTING INSTRUCTIONS ONLY**

<table>
<thead>
<tr>
<th>Voucher number</th>
<th>Voucher code 015</th>
<th>Cash voucher code 01</th>
<th>Project Code</th>
<th>Account Code</th>
<th>Type of entry</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEPOSIT</td>
<td></td>
<td>015</td>
<td></td>
<td></td>
<td></td>
<td>1,214,115,428</td>
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<tr>
<td></td>
<td></td>
<td>015</td>
<td></td>
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<td>01</td>
<td>1,214,115,428</td>
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</tbody>
</table>

*Signature of Auditor of payment*

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INTERNAL MEMO

To : Johnson Owaro

From : PA

cc : PS
     US/P&D

Date : 22nd November, 2010

RE : RETURN OF UGS. 71,350,000

Because the account of the Resident District Commissioner Moroto was not yet set up on our IFMs system, I paid the money for training of Youth in Moroto to your personal account since you are one of the officers implementing Karimojong programmes.

Today, early in the afternoon, I have been requested to find money and advance it to Mr. Owiny Richard for the same purpose as you wait for the money to settle on your bank account.

When the money is on your account, please return it to the cash office to enable me recover the money advanced to Mr. Owiny and utilize the balance to top up that partial advance. I will acknowledge receipt for returned money.

O/A, I have received (71,350,000)

Seventy One Millions Three Hundred Fifty Thousand only and hereby return the said amount to you. 22/11/2010

Omar Johnson
Number: 1681905
Currency: UGX
Amount: 71,355,000
Date: 19 NOV 2010
Batch: NOV-10 EFT BATCH 09
Voucher: 414560
Status: Reconciled
Cleared Amount: 71,355,000
Cleared Date: 19 NOV 2010
Void Date: 
Maturity Date: 

Supplier:
Name: Owaro Johnson
Taxpayer ID: 
Number: 66795
Address: Kampala Uganda

Bank:
Name: Bank of Uganda
Payment Document: 2010/11 EFT Payments
Payment Method: Electronic

Invoices:
Number: R150/10
Amount Paid: 71,355,000
GL Date: 18 NOV 2010
Description: Karamoja Youth Empowerment for Development
INTERNAL MEMO

To: PA
Thru: US/P&D
From: AS/K
Date: 14th February 2011

REFUND OF FUNDS TOTALLING TO UGX 100,000,000

This is to refund to you the money totalling to Ugx 100,000,000 which the cashier deposited on my bank account as per the attached banking slip.

Please acknowledge receipt of the said funds.

[Signature]
Lubega Raphael
INTERNAL MEMO

To: PA

From: Woboya Vicent

Date: 16 Feb 2011

Re: ACKNOWLEDGEMENT OF REFUND OF SHS 74,750,000

I acknowledge receipt of the above funds from Mr. Woboya Vicent (PDMO) which were erroneously paid in to his account.

Kazinda Geoffrey
PRINCIPAL ACCOUNTANT
INTERNAL MEMO

To: PA

From: US/P&D

Date: 24th February 2011

REFUND OF FUNDS TOTALLING TO UGX 205,080,963

I have received funds totalling to Ugx 205,080,963 which was erroneously deposited in two tranches on my Bank Account as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Eft No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/12/2010</td>
<td>1703316</td>
<td>61,230,500</td>
</tr>
<tr>
<td>19/1/2011</td>
<td>1719699</td>
<td>143,850,463</td>
</tr>
</tbody>
</table>

This is to refund the funds totalling to Ugx 205,080,963 (Two hundred five million, eighty thousand nine hundred and sixty three shillings only) to you.

Please acknowledge receipt and retire the advances.

FW
INTERNAL MEMO

To: PA
From: Woboya Vicent
Date: 2st April 2011

Re: ACKNOWLEDGEMENT OF REFUND OF SHS 50,000,000 & 45,000,000

I acknowledge receipt of the above funds from Mr. Woboya Vicent (PDMO) which were erroneously paid in to his account.

[Signature]

Kazinda Geoffrey
PRINCIPAL ACCOUNTANT
INTERNAL MEMO

TO : PA

FROM : SAS/FA

DATE : 03/05/11

SUBJECT : REFUND OF UG. SHS. 3,000,000

Sir, I requested for Ug. Shs. 96,000,000 for purchase of Tarpualins for the Bududa Landslide victims at Kiryandongo Settlement Centre. However, Ug. Shs. 99,000,000 was paid to me which made an overpayment of Ug. Shs. 3,000,000.

This is to refund the over payment of Ug. Shs. 3,000,000 for which I request you to acknowledge receipt.

Agaba Patricia Ruhinda
This is to acknowledge receipt of shs 13,556,332 (thirteen million five hundred fifty six thousand three hundred thirty two) from Mr. Mweru Samuel Byachi of Uganda Veterans Assistance Board (UVAB) being refund of January (DVPOs), February and March UVAB staff salaries paid in cash.

Name: Lubega Kennedy

Signature: [Signature]

Date: 07/05/12
The Principal Accountant’s Office has recovered Shs. 95,000,000 (ninety five million only) being an erroneous overpayment in Mr. Cyprian Dhikusooka’s Account.

Netty

L. Natwanga

fw. PA
23 August 2011

The Principal Accountant  
Office of the Prime Minister  
Kampala

IRREGULAR POSTING OF FUNDS

Mr. Mweru Samuel Byachi has raised the issue of finding funds allegedly mistakenly remitted to his account by your department and funds brought back to you on your instruction. You may note that the issue of remitting funds in this manner is a serious breach of accounting procedures at your level and could breed all sorts of assumptions. I believe that staff in your department should not be that careless as to make baseless payments.

I should reiterate that all funds payable to my officers should be backed up by an official letter with my endorsement and as you are aware, the said letters are addressed to the Permanent Secretary and it is only the subsequent accountability that is rendered to you.

Please note that this is very irregular and you should ensure that this occurrence is not repeated.

E. Mondo (Maj. Gen.)(rtd)  
Executive Secretary

CC: Public Relations Officer
7 May 2012

The Principal Accountant
Office of the Prime Minister
Postel Building
Kampala

IRREGULAR PAYMENT OF SHS. 13, 556,332/= 

Our letter of 23rd August 2011 on the above subject refers.

We wish to re-echo the contents raised therein in view of yet another remittance to Mr. Mweru Samuel Byachi's account of Shs.13, 556,332/= (Thirteen million five hundred fifty six thousand three hundred thirty two shillings only) which he has been asked to return to you.

The said sum had earlier been paid out to staff for their salaries of January and March salaries plus allowances that had over delayed and accountability was provided. What then was the basis of this double payment?

Please acknowledge receipt

Edward Fred Kasuuja
Manager Finance and Administration

CC: Mr. Mweru Samuel Byachi (PRO)
29th October, 2012

Permanent Secretary
Office of the Prime Minister
Kampala

PERSONAL ADVANCES

The above subject matter refers.

You indicated that the special investigation Report on the allegations of Financial Impropriety in the Office of the Prime Minister indicated that I submitted accountability of Sh 306,800,000 (three hundred six million eight hundred thousand only) which appeared to be forged. And that the funds were meant for regional consultative workshops on departmental programmes. You wanted my response on the matter.

Response

1- I vividly remember that I presented a work plan for the activity and was approved by you.

2- The approved work plan was submitted to the principal accountant to process payment by your office.

3- The Principal accountant indicated that there were no funds to undertake the activity as was approved.

4- The approved work plan that was never paid was not returned to me or my Head of department.

5- The funds for the said activity were never paid to me either by way of an EFT or Cash.

6- The said activity therefore was not undertaken.

7- Transactions on my account indicate that no such amount has ever been deposited on my account for the said activity.

8- I have never presented any accountability of the said activity to the Principal Accountant, Police or the special investigation team on the allegations of Financial Impropriety in the Office of the Prime Minister.

9- If there is any accountability submitted to any authority on the subject, then the source should be clearly identified and be held culpable for the alleged forged accountability.

10- There is no way I could have accounted for funds I never received.

I hope you will find this information useful.

Okuja James Ocen
Principal Assistant Secretary.
Ministry of Trade, Industry & Cooperatives

Mission: To Develop and Promote Competitive and export-led Private sector through accelerating Industrial Development for economic growth.\"