

**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF
THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2013 VOLUME II CENTRAL GOVERNEMENT**

**(ENTITIES WITH A DISCLAIMER OF OPINION-MINISTRY OF JUSTICE AND
CONSTITUTIONAL AFFAIRS, NYABYEYA FORESTRY COLLEGE, MUBENDE
REFERALL HOSPITAL AND UGANDA MISSION IN NEW-DELHI)**

MARCH 2015

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1.0 Introduction:

Article 163 (4) and (5) of the Constitution of the Republic of Uganda mandates the Auditor General to submit to Parliament annually a report of the accounts audited by him or her for the financial year immediately preceding and; that Parliament shall, within six months after the submission of the report referred to in clause (4) of this article, debate and consider the report and take appropriate action.

On Tuesday, 29th April 2014, the Annual Report of the Auditor General for the Year Ended 30th June 2013; Volume 2; Central Government was tabled in Parliament and referred to the Public Accounts Committee (PAC) for consideration.

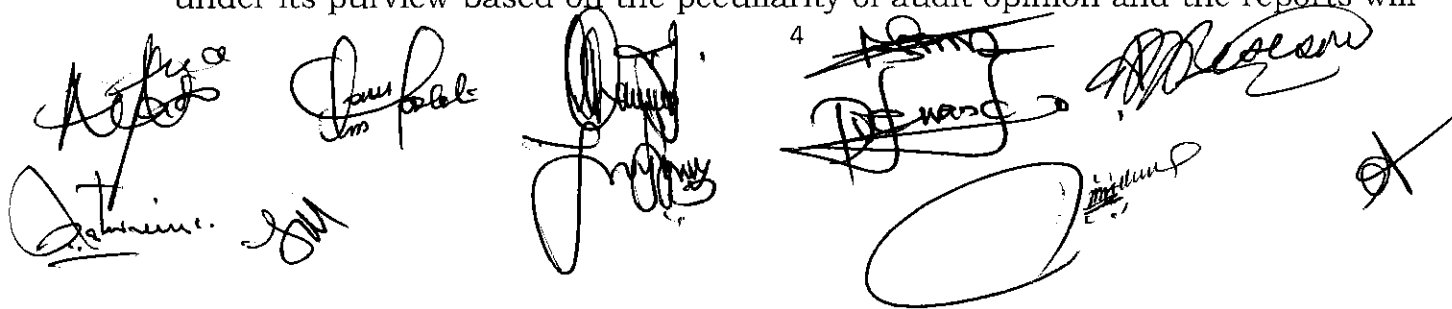
Volume 2 comprises a total of 103 entities comprising Ministries, Agencies, Commissions, Departments, Uganda Missions abroad, Public Universities, Referral Hospitals and the Consolidated Government of Uganda Financial Statements.

In the FY 2012/13, out of the 103 entities audited, 60 entities had unqualified opinions, 39 had qualified opinions and 4 had disclaimed opinions. The basis upon which the audit opinion is premised forms the gist of the audit observations in the separate reports issued on individual entities, which PAC ultimately considered.

Pursuant to Article 90 of the 1995 Constitution and Rule 162 of the Rules of Procedure, PAC commenced the consideration of this report with an inaugural meeting with all Accounting Officers of entities under its purview on 24th July 2014. This was followed with public hearings that commenced on 13th August 2014.

As a strategy for greater efficiency and effectiveness, PAC delineated the entities under its purview based on the peculiarity of audit opinion and the reports will

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be clustered based on opinion with this first batch containing those entities with Disclaimer of opinion, namely; Nyabyeya Forestry College, Ministry of Justice and Constitutional Affairs, Mubende Referral Hospital and The Uganda Mission in New Delhi.

In this case, the Auditor general could not form an opinion on the financial statements of the said entities because there wasn't sufficient information to enable the formulation of an opinion. This therefore points to the general lack of or failure to avail vital records to the auditor and a high potential of weak internal controls that greatly predispose public resources to loss.

2.0 Scope of the Report

This report is on the financial audit for the year ended 30th June 2013 and covers an in-depth analysis of the audit observations. The thrust of the Committee is on the need for improvement of management systems and corporate governance. This in the view of the Committee is integral in plugging the debilitating reality of fragile institutions that have to be strengthened if governmental efficiency and effectiveness and ultimately better service delivery is to be attained.

3.0 Methodology

In the consideration of the report of the Auditor General, the Committee;

- i) Held meetings and in-depth deliberations with the Accounting Officers and representatives of the respective entities under its purview,
- ii) Reviewed documents namely; the report of the Auditor General for the year ended 30th June 2013, the financial statements of the entities for the year under review, relevant laws and regulations, submissions of

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witnesses, reports of the Public Accounts Committee for the previous years,

4.0 Synopsis of observations

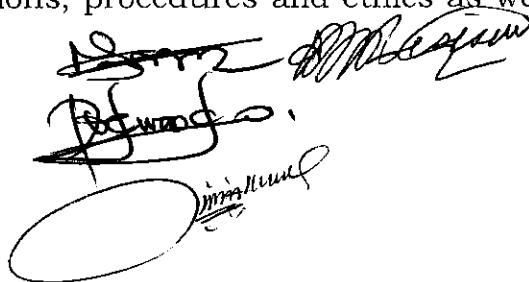
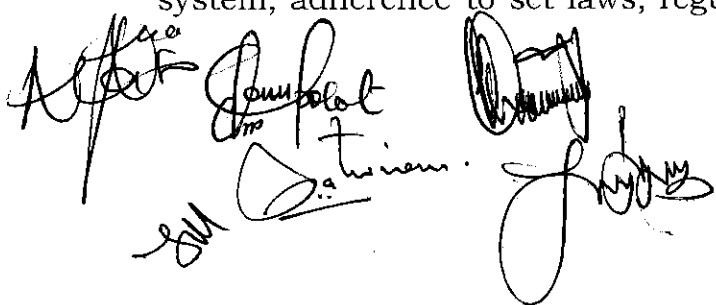
The Committee notes that the most prevalent audit observations revolve around;

- i) **Accounting records:** For all the 4 entities with disclaimers of opinion, the Committee notes the endemic absence of and/or incoherence in accounting records. The Committee notes that major reason for this is the lack of capacity often created by either understaffing or incompetent staff. This is a huge impediment to accountability and a major precipitator of financial loss. Greater attention by the Public Service Commission, Accountant General and the PSST is required in ameliorating this pitfall.
- ii) **Outstanding Commitments:** One of the main obstructive factors that impede planning and budget objectives has been the accrual of commitments that remains outstanding. For MoJCA and Mubende hospital alone, the outstanding payables stood at 164.092bn. While for the MoJCA, the sky rocketing payables position is attributed to a rise on court awards, for Mubende Hospital it is sheer negligence and contravention of the commitment controls. The magnitude of this is an indicator of the need to rethink some aspects of the operation of the Executive with a view of enhancing greater efficiency and effectiveness.

iii) Lapses in Corporate Governance

The Committee notes that the most prevalent audit queries cutting across the 4 entities with adverse opinions point to lapses in corporate governance.

The dictates of prudent and contemporary management require that an organization should ably police itself. This requires a functional internal audit system, adherence to set laws, regulations, procedures and ethics as well as



However, the entities with adverse opinions were generally characterized by the absence of a strategic plan, outdated organograms, staffing gaps, flagrant violations of the PDDA Act and the PFAA and the attendant regulations. For the case on Nyabyeya Forestry College, this malaise was epitomized by the absence of a Board.

These lapses in corporate governance require dynamic, comprehensive solutions and concerted effort of the major protagonists namely; the PSST, Accountant General, the Public Service Commission and of course the Auditor General.

Without functional internal audit systems, meritorious recruitment and placement of staff, adequate staffing and rigorous monitoring, supervision and quality assurance, the quest for greater accountability, efficiency and effectiveness in the public sector will largely remain a pursuit in futility.

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5.0 MINISTRY OF JUSTICE AND CONSTITUTIONAL AFFAIRS

5.1 Court Awards and Compensations

By the end of the financial year 2012/2013, government was indebted due to Court awards, to a tune of Shs.164bn. An examination of documents relating to the amount revealed the following:

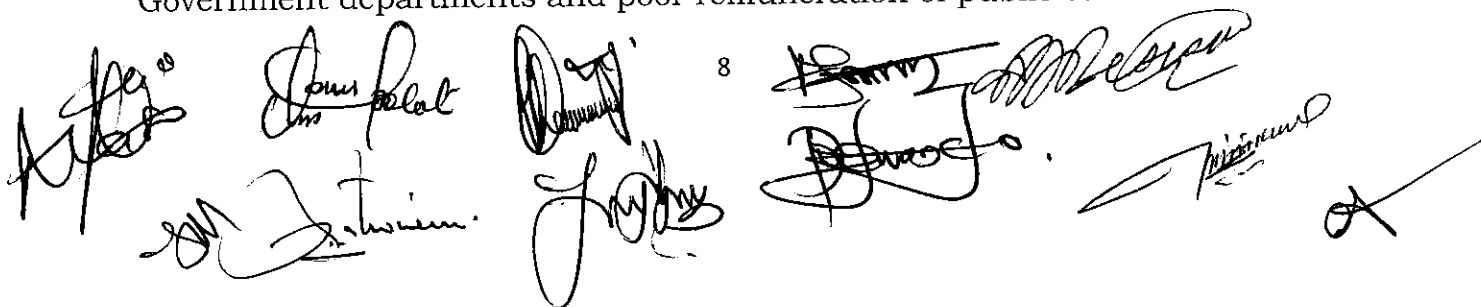
i) Accumulation of arrears

Query: The arrears figure rose by 100% from Shs.82b in the year 2011/12 to Shs.164bn in the year under audit posing the question of the extent to which government is making effort to minimize court awards and compensations.

Response: The Accounting Officer conceded the audit observation and informed the Committee that in a bid to stem the accumulation of court awards, a draft Cabinet Memo that aims at decentralizing court awards has been prepared and is due for discussion by Top Management before submission to Cabinet. It is envisaged that this decentralization will exert liability directly on the entity/Accounting Officer that causes the loss and compel the entity involved to pick interest in the expeditious and effective conclusion of the case ultimately mitigating the accumulation of the arrears.

Committee observation and recommendation: The Committee observes that while decentralization of court awards would shift the liability to other entities, it may not necessarily sanitize the public purse from further accumulation of payables in the form of court awards unless the Attorney General's chamber props up their manner of handling cases. There is need for stronger and more functional synergies between the MoJCA and the relevant MDAs.

The Committee further notes that the main drivers of court awards in Uganda are; non-adherence to contracts, political interference, uncoordinated and negligent activities and/or connivance of some Government departments and poor remuneration of public servants.

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The Committee recommends that;

- i) the Attorney General's Chamber should be left to do its work without political interference.**
- ii) there should be strict adherence to contracts;**
- iii) Accounting Officers should promptly respond to Court process in order to enable Attorney General defend Government;**
- iv) the remuneration of State Attorneys should be enhanced;**
- v) any public officer whose actions cause financial loss to Government should personally be held liable.**
- vi) The IGG should interest itself in the skyrocketing court awards with a view of identifying possible culprits who connive with complainants.**

ii) Payment of arrears

Query: The delayed settlement of Court awards has exacerbated the magnitude of arrears. Ministry of Finance Planning and Economic Development (MoFPED) has been releasing minimal sums of money to settle this item of Statutory Court Awards, as per the approved budget. For the financial year 2012/2013 only Shs.4.3 billion was approved and released by MoFPED for the item.

Response: The Accounting Officer asserted that they usually budget for Court awards but the releases fall short of the required amounts. This situation had over the years led to the spiraling of the arrears on court awards.

Committee observation and recommendation: Whereas the Accounting Officer maintained that he had routinely engaged MOFPED, albeit

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unsuccessfully, with a view of increasing budgetary allocations and releases for Court awards, so as to cut back on the level of arrears, he was unable to avail evidence of his correspondences with the PSST.

The Committee was concerned about the inherent limitations and inefficiencies of reliance by MOJCA on a manual records system for court awards. This inevitably complicates storage and retrieval of information.

The Accounting Officer was unable to furnish the Committee with the guiding policy on the criteria for settlement of court awards. The Committee takes cognizance of the Accounting Officer's revelation that some compensation is premised on political considerations while others are based on compassionate grounds and that some cases carry commercial interest rates and in some cases with interest rates of up to Ushs. 3m per day.

The Committee also notes that the non-payment of court awards adversely affects private businesses, dents the image of government and attracts unnecessary interest payments.

The Committee recommends that;

- i) Government should as a matter of urgency clear these court awards to avert further accumulation of interest.***
- ii) If the resource envelope does not permit, Government should explore the option of borrowing domestically through the issuance of treasury bills and bonds for this purpose.***

iii) Documentation

Query: The Accounting Officer failed to avail documentation in respect of the claims, court awards and ledgers to support the figure thereby failing the verification by the Auditor of the correctness of the figure of court awards and compensations.

Response: The Accounting Officer expressed regret at the failure to avail the relevant files to the auditors at the time of audit.

Observations: The Committee notes that withholding of information from auditors is a violation of Section 37 of the National Audit Act, 2008.

The Committee therefore recommends prosecution of the Accounting Officer in accordance with Section 37 (3) of the National Audit Act 2008.

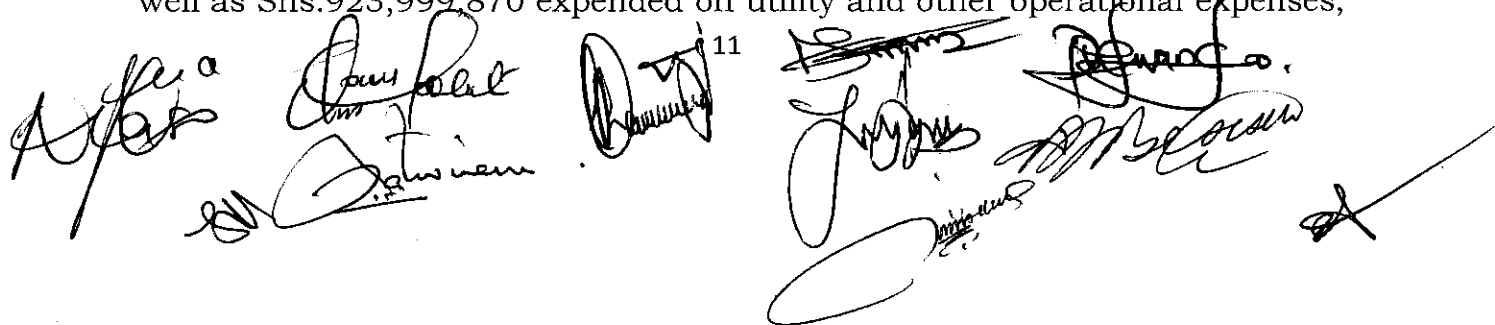
5.2 Other Operating expenses (recurrent)

Query: The Statement of Financial Performance for the year ended 30th June 2013 reported miscellaneous expenses (recurrent) of Shs.88,545,581,549. However, total transfers received from the Treasury were only Shs.36,868,184,164 and there was no evidence of the supplementary budget extended to MoJCA. Furthermore, the details and accountability documents for the miscellaneous and other expenses were not provided.

Response: The Accounting Officer informed the Committee that the Ushs. 88,545,581,549 billion, in question is not all liabilities for the year. Shs 87,621,581,679 billion is the total liabilities and shs. 923,999,870 is the total expenses incurred during the year under item 01-124903-282104.

Committee observation and recommendation: The Committee notes that while the Accounting Officer disputes the audit observation, his inability to provide the required documents to the auditor renders his explanation futile.

This is corroborated by the Auditor's observation that whereas Management responded that Shs.88,545,581,549 billion in question relates to the liabilities for the financial years 2012/13, which included; Shs.87,621,581,679 court wards, human rights tribunals awards, compensations, rent, and contribution to international organizations, as well as Shs.923,999,870 expended on utility and other operational expenses,

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he (the auditor) was unable to confirm the amounts as there was no documentation to the effect.

The Committee rejected the explanation by the Accounting Officer that the files were now available. The Auditors were at MOJCA from 30th September 2013 for 6 months and no relevant documentation was provided.

The Committee notes that the failure to avail documents to the Auditors is a contravention of section 37 of the National Audit Act, 2008.

The Committee recommends that the Accounting Officer be held liable for violating Section 37 of the National Audit Act and be further investigated by the IGG to establish culpability with a view of penalizing him in accordance with the Section 37 (3) of the same Act.

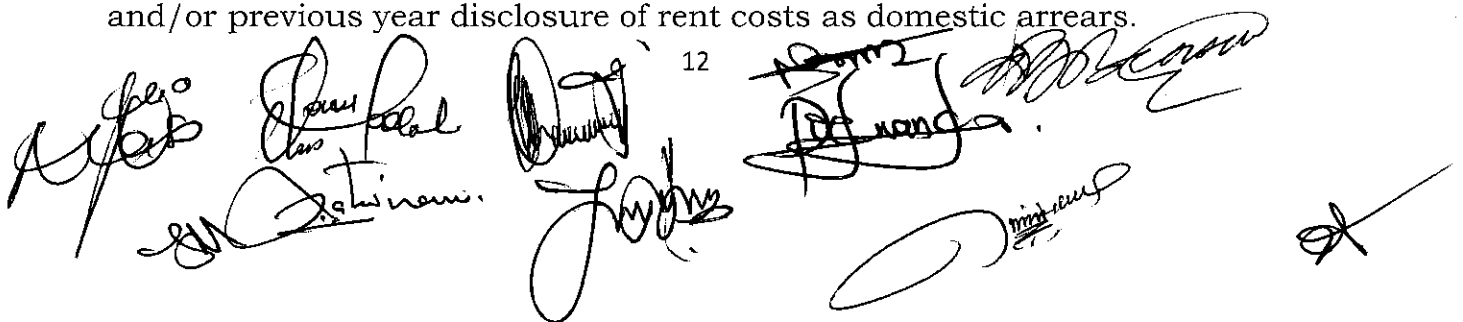
5.3 Rent Payments (Produced Assets Private Entities)

Query: An over expenditure on rent Shs.1,073,506,924 without authorization. The Budget for Rent (produced assets to private entities) was Shs.2,403,815,000 and yet the actual expenditure as revealed by the transactions on payment vouchers totaled to Shs.3,477,321,924.

Response: The Accounting Officer informed the Committee that during the year under review, MOJCA got Shs. 2,403,815,000 billion for rent as reflected in their budgetary ceilings. However MOJCA also got Shs.1,073,506,924 billion as domestic arrears on the same . This is what was spent on rent. The Accounting Officer tabled a schedule marked as **annexure A**

Committee observation and recommendation: The Committee demanded for a copy of the budget call circular to prove that indeed the additional figure was budgeted for. In the absence of this evidence, the Committee found it irregular to spend above the budget allocation without authority and/or previous year disclosure of rent costs as domestic arrears.

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The Committee recommends that the Accounting Officer be held liable for flouting the Public Finance and Accountability Act and the regulations there-under.

5.4 Absence of Strategic Plan

Query: The Ministry lacked an approved Strategic Plan for the period 2012/13-2016/17 and yet a strategic plan provides an organization with purpose and direction. Annual activities undertaken by any organization should be derived from the strategic plan.

Response: The Accounting Officer agreed to the audit observation and informed the Committee that the Ministry's Strategic Investment Plan which was in draft form at the time of audit, had since been approved.

The Committee was satisfied with the steps taken to correct the anomaly.

5.5 Non-divestiture of Centre for Alternative Dispute Resolution (CADRE)

Query: The Arbitration and Conciliation Act, 2000 (Cap.4) is an amendment of the laws relating to Domestic Arbitration, International Commercial Arbitration, Enforcement of Foreign arbitral awards and to define the law relating to conciliation. The Act establishes the Centre for Arbitration and Dispute Resolution (CADRE).

The rationale for establishing CADRE was to promote arbitration and alternative dispute resolution to decongest the Commercial Court and create a conducive business environment for promotion of business and attract investments.

CADRE is one of the agencies which was recommended for divestiture into autonomous status, however, it has not been operationalized since 2000 when comprehensive restructuring was done. As a result, the objectives for

legal framework provisions for CADRE to promote arbitration and decongest the Commercial courts are not being realized.

Management explained that between 2009 and 2011 the Ministry together with the JLOS sector secretariat and Ministry of Public Service finalized the institutional arrangement in accordance with the Arbitration and Reconciliation Act Cap 4. The draft was approved in the same year by the governing council of CADRE. The Ministry submitted the Organizational Structure for CADRE to Ministry of Public Service for approval and to date nothing has been done.

Response: The Accounting Officer informed the Committee that MoJCA met all the pre-requisites for operationalizing CADRE in accordance with the Act and submitted theses through the Ministry of Public Service for final approval by Cabinet. Unfortunately all the efforts have been in vain.

The Accounting Officer maintained that his proactivity is evidenced by the Comprehensive Institutional Arrangements for CADRE drafted by the Ministry and the correspondences to the Ministry of Public Service.

Committee observation: The Committee notes that the non operationalization of the CADRE is a setback to the promotion of alternative dispute resolution and the decongestion of the commercial court. Continued delays in the dispensation of justice militates against justice itself.

The Committee therefore urges the Ministry of Public Service and the Prime Minister to ensue speedy operationalization of CADRE.

5.6 Inadequate Records Management

Query: The records management system is inadequate because the Ministry's case management filling system is still a manual one. MoJCA works with case and advice request files that require tracing, quick movement and action which is not possible in the manual system. The manual system is cumbersome and subject to abuse.

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Observation: The Committee faults the Accounting Officer for the failure to establish a proper filing system and advises quick transition from manual to electronic systems.

Query: While the Ministry has grown in both scope of work and staffing and is progressively establishing regional offices in a bid to decongest the headquarters, the absence of some of these positions on the organogram that incidentally was last revised in 2000 causes legal and administrative challenges in their operations

Observation: The Committee notes that human resource planning and management is an integral function of the Accounting Officer. Any lapses in this regard causes misalignment of organizational structure and is an indictment of the planning function of the Ministry.

Service expectations regularizes the staff structure of the Ministry.

5.8 Staffing gaps

Query: According to the staff establishment, the approved number of positions is 340 and only 273 positions were filled by the time of audit, while 67 positions remained vacant, which is 19.7% of the workforce of the Ministry. The unfilled positions impact negatively on the achievement of the Ministry's objectives and planned outputs.

Responses: The Accounting Officer informed the Committee that vital positions of Solicitor General, Director Legal Advisory Services, etc; have all been filled except for the position of Administrator General and Commissioner Legal Drafting. The status of other vacant posts is presented in the table below;

No.	Vacant Post	No of post	Status	Responsibility
1	Administrator General	1	Shortlisting to be held on 12/8/2014	PSC
2	Commissioner Legal Drafting FPC (Local Government)	1	Declared to PSC for Filling.	PSC
3	Principal Personal Secretaries	2	Declared to MoPS for filling.	MoPS
4	Senior Personal Secretary	3	Declared to MoPS for filling	MoPS
5	Records Assistants	2	Declared to MoPS for filling	MoPS
6	Pool Stenographer	1	Declared to MoPS for filling	MoPS
7	Office Typist	1	Declared to MoPS for filling	MoPS

8	Principal Accountant	1	Declared MoFPED filling.	to for	MoFPED
9	Drivers	7	Submitted PSC for filling	to	PSC
10	Accounts Assistant	2	Declared MoFPED filling	to for	MoFPED
11	Senior Accounts Assistant	3	Declared MoFPED filling	to for	MoFPED
12	Senior Attorneys State	8	Promotion process ongoing	is	MoJCA
13	Principal Supervisor (Administrator General) Office	1	In the structure	old	To be traded off
14	Senior Supervisors Office	6	In the structure	old	To be traded off
15	Office Supervisors	17	In the proposed structure	old	To be traded off
16	Commissioner for Legal Education & Advocates Enrollment	1	In the old proposed structure		To be filled after approval of the new structure
17	Commissioner for Inspection & Legal Aid	1	In the old proposed structure		To be filled after approval of the new structure
18	Principal Attorney State	4	In the old proposed structure		To be filled after approval of the new structure

the Ministry will go a long way in plugging the staffing gaps mentioned in the query.

The Committee recommends that the Ministry together with the Public Service Commission fast tracks the recruitment of a substantive Administrator General and an Assistant Administrator General.

5.10 Staffing gaps in the Law Council

Query: Contrary to Part II of the Advocates Act which prescribes the establishment and functions of the Law Council and the recommendation of the restructuring exercise of 2000 that the Ministry of Justice and Constitutional Affairs divests the operational status of the Law Council to a semi-autonomous one, the Council by the time of audit (January 2014) had not been divested and continues to operate under full support of Ministry of Justice with huge staffing gaps. The Law Council was operating with only a Secretary and an office attendant. This situation has greatly affected the work of the Council.

Response: The Accounting Officer informed the Committee that the only approved posts are; of Secretary - Law Council and Office Attendant which are substantively filled. The remaining posts are filled by officers drawn from other Directorates/Departments.

In addition, the Law Council has put in place a Pro bono Board of Trustees and all other Committees are fully constituted as per the provisions of the law

Observation and recommendation: *The Committee notes that it is incumbent upon the Accounting Officer to ensure the plugging of any staffing gaps at the Law Council in accordance with section 2 of the Advocates Act (Cap. 267) and the Advocates (Amendment) Act, 2002 and recommends that the same be fast tracked.*

5.11 Lack of Quality Assurance Unit

Query: The Ministry did not have an established function of Quality Assurance. As a result of this, Ministry of Justice and Constitutional Affairs has continued to experience problems of ensuring due process, diligence and adherence to procedures in dispensation of justice especially in the provision of legal support and advisory services on contracts and civil litigation.

Response: The Accounting Officer informed the Committee that there are two posts of Quality Assurance in the proposed structure which is pending approval by the Ministry of Public Service and subsequently Cabinet.

Observation: The Committee notes that the dictates of prudent corporate governance require a functional Quality Assurance unit for purposes of diligence and adherence to procedures.

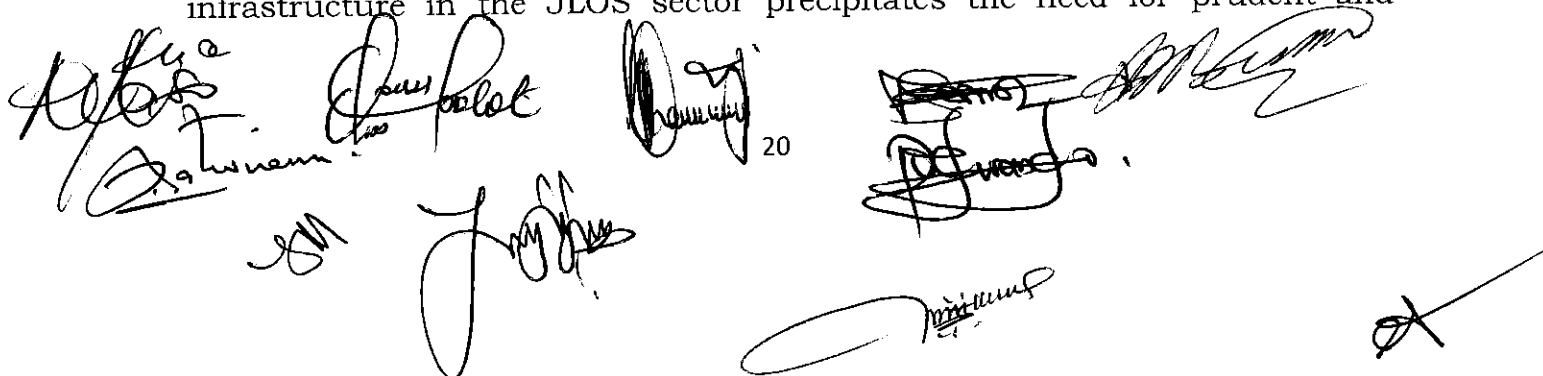
The Committee recommends that the Accounting Officer liaises with the Ministry of Public Service and the Public Service Commission to ensure expeditious establishment of the quality assurance unit.

5.12 Lack of Estates Manager

Query: Whereas the Ministry of Justice and Constitutional Affairs is undertaking major structural developments throughout the sector in form of JLOS house and Mini-JLOS houses in every region in the country, the function and position of estates management is not yet established in the Ministry.

Response: The Accounting Officer informed the Committee that the post of Estates Officer is reflected in the Ministry's proposed structure which is yet to be approved by Ministry of Public Service.

Observation: The Committee notes that the aforementioned investment in infrastructure in the JLOS sector precipitates the need for prudent and



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professional operation and maintenance warranting a fully fledged estates officer.

The Accounting Officer should therefore expeditiously liaise with the Ministry of Public Service to ensure the approval and subsequent actualization of the Ministry's proposed new structure.

5.13 Mischarge of Expenditure

Query: A review of payments revealed that there was mischarge under various codes of Shs.1,356,763,496 during the year under review without authority.

Response: The Accounting Officer attributed this mischarge to the lack of money on relevant activity items such as urgent travel abroad, travel inland and other urgent operational requirements.

Observation: The Committee notes that the explanation of the Accounting Officer on the rationale for mischarges is an admission of a lapse in planning and budgeting which are cardinal managerial principles. Besides, the Committee also notes that the items for which the mischarges were done are not those that are of an emergency nature and as such should have been duly planned for and at worst a request for virement sought.

The Committee recommends that the Accounting Officer be held liable for usurping the powers of Parliament of appropriation and violation of the Public Finance and Accountability Act and the regulations thereunder.

The Committee further recommends that the Accounting Officer streamlines the planning and budgeting function to ensure equitable resource allocation to the activities that feed into the core result areas of the Ministry.

5.14 Motor Vehicle Repairs

Query: The Ministry spent total sum of Shs.225,873,321 for repairs of motor vehicles. Examination of records revealed that, there was no technical assessment of the motor vehicles before and after repair contrary to Section 816 of TAI.

Response: The Accounting Officer conceded the query and regretted the failure to carry out technical assessment before and after repairs.

Observation: The Committee notes the violation of Section 816 of TAI by the Accounting Officer.

The Committee recommends that the Accounting Officer be held responsible for negligence of duty.

5.15 Unacknowledged remittances of Withholding Taxes/PAYE to Uganda Revenue Authority

Query: Shs. 980,240,917 was withheld from payments to staff as Pay As You Earn (PAYE) and to Suppliers and Service providers as 6% Withholding Taxes. However, neither acknowledgement receipts nor tax certificates from URA were availed to confirm that URA received the remittances and that tax certificates were issued.

Responses: The Accounting Officer agreed to the audit observation and explained that at the time of Audit, the URA computer system could not process the certificates and that since then, the remittance receipts are now available.

Observation: The Committee notes that failure to issue tax certificates makes it difficult for the suppliers to determine their tax obligation when filing their returns to URA. In addition the difficulty in confirming remittances which is occasioned by the absence of the acknowledgement receipts; renders any attendant transactions doubtful.

The Committee therefore recommends that such tax related documentation should in future be secured in time and properly filed as evidence of compliance lest such audit queries will persist with a potential indictment of the capabilities of the Accounting Officer.

5.16 Budget Analysis

(a) Lack of Budget Provision for Capital Development

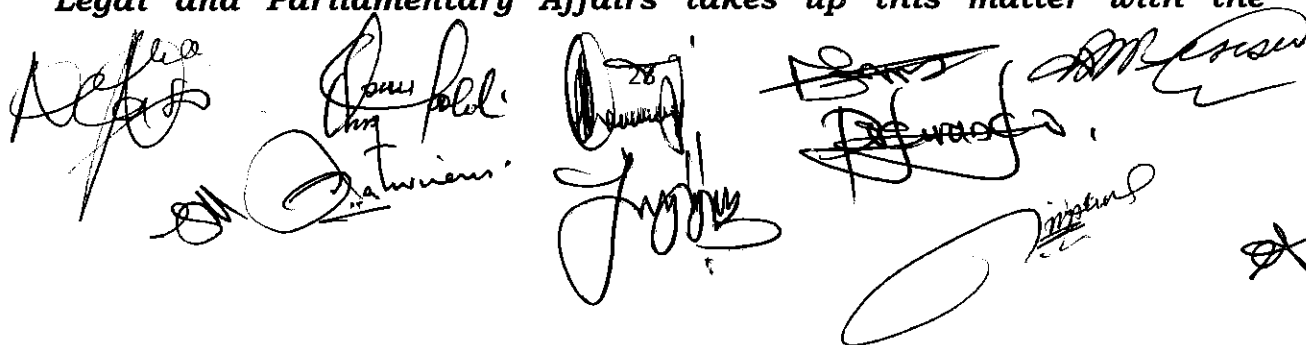
Query: There was no provision for Capital Development for the entity in the year's budget. Therefore the Ministry could not meet its Capital needs especially to procure assets classified under class 3 assets whose expenditure Codes were provided with zero funds.

Audit noted that what appeared to be approved under Development is Donor support which passes through MoJCA as conduit towards implementation of activities in the JLOS Project at the JLOS Institutions. Due to this, MoJCA is forced to use recurrent budget funds to meet some of its capital development expenditure, for instance; MoJCA spent Shs.133,801,000 to procure Telesaver Land lines.

Response: The Accounting Officer agreed to the query and added that the Ministry is in continuous engagement with Parliament, MoFPED and other stakeholders to ensure that there is a comprehensive budget to provide for both Capital activities and Recurrent. However, not much has so far been achieved.

Recommendation: The Committee notes that the continued deprivation of the MOJCA of capital development resources inevitably stifles the achievement of the core-output areas of the Ministry and jeopardizes the efficient and effective dispensation of justice.

The Committee recommends that the Parliamentary Committee on Legal and Parliamentary Affairs takes up this matter with the



in a bid to secure a more Comprehensive Budgetary allocation for both Recurrent and Capital Development of the Ministry.

(b) Inadequate provision for Recurrent Budget

Query: Records availed during the audit revealed that the approved revised budget for MoJCA for the year ended 30th June, 2013 was Shs.21,783,000,000 (Recurrent – Shs.21,783,000,000 and Development – UGX.0), out of which only Shs.16,787,000,000 was actual release which is 77%. This left the un-released budget of Shs.4,996,000,000, which was 23% of the approved budget.

Response: The Accounting Officer agreed with the audit observation and added that he has continued to work with MOFPED and Parliament to ensure budgeted funds are released.

Observation: The Committee notes that failure to release all budgeted funds hampers implementation of planned activities. It also undermines Parliamentary Authority under the Appropriation Act 2010. This in effect renders the entire appropriation process an exercise in futility.

The Committee recommends that;

- i) the Ministry of Finance, Planning and Economic Development should adhere to the Appropriation Act.*
- ii) the PSST be held liable for non-adherence to the Appropriations Act*

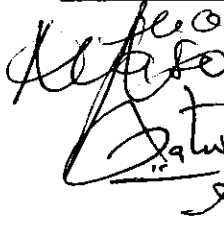
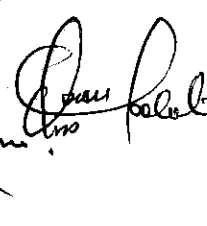
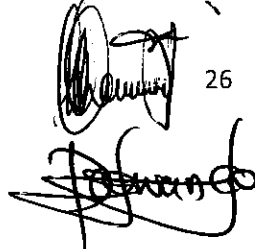
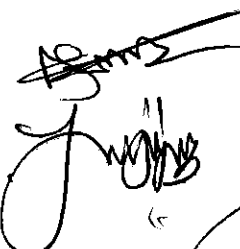

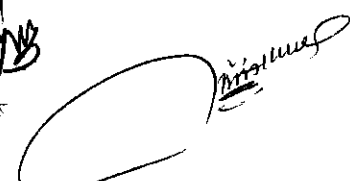

5.17 Budget Performance

Query: During the year under review, MoJCA planned to undertake a number of activities. A review of the reported performance by the Ministry revealed that some Key planned activities were not fully achieved despite funding approved for the purpose. The details of expected output, actual output and deviations are below;

output and deviations are below:


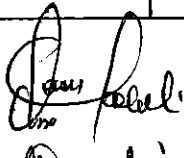
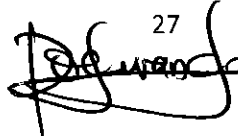
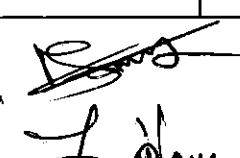
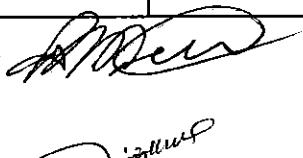
OUTPUT NO. / BUDGET	DESCRIPTION	PLANNED ACTIVITIES	EXPECTED OUTPUT	ACTUAL OUTPUT	DEVIATION
120101 0.659bn.	Bills, Acts, Statutory Instruments, Ordinances, and Bye-laws	-Bills to be drafted and published.	19 Bills	7 Bills	12 Bills not achieved by 63%
		Acts to be published	22 Acts	14 Acts	8 Acts not achieved by 36%
		Statutory Instruments (SIs)	61 SIs	42 (SIs)	19 Sis
		Ordinances	6	3Ordinances	3 Ordinances
		By-Laws	3	0 Byelaws	-3Byelaws
		Legal Notices	16	13 Legal Notices	3 L/Notices
120103 0.883bn.	Civil suits defended in Court	Effective representation of Government in Court	-64 Civil Suits handled	-	-
		Effective supervision of State Attorneys to Defend Government in Court	-114 Constitution Petitions	-	-
			-319 UHR Tribunals		
			-10 EAJC References		
			-2 Local Arbitrations 7 1 Civil matter		
		Effective negotiation of Out of Court Settlements	0	NIL	NIL


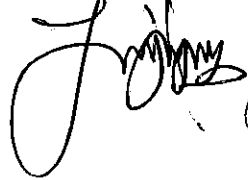
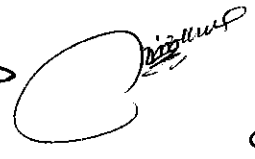

120301 0.150bn.	Estates Registration and Inspection	New Files for clients to be opened	4,000 Files	3,058 Files	944 files
		Estates to be wound- up	200 Estates	200 Estates filed	-
120303 0.150bn.	Estates Administration	Land transfers	400 Land transfers	383 Land transfers	17 land transfers
		Certificates of no objection to be issued	2,200 Certificates	2,198 Certificates	2 certificates
120401 0.144bn.	Conclusion of disciplinary Cases	Hold Disciplinary Committee meetings and conclude cases	150 cases in 60 sittings	72 cases in 36 sittings	78 cases
		Carrying out research and Consultations	Carried out research and Consultations	NIL	Not done
120501 1.826bn.	Ministry of Justice and Constitutional Affairs (JLOS)	Develop legislative quality assurance satndards for MOJCA service	QA Standards developed	NIL	Not done
		Set a legal and audit inspectorate Dept.	Legal Audit and Inspectorate Dept. set out	NIL	Not done

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		Gov't liability mitigation policy	Liability Mitigation Policy formulated	NIL	Not done
		Claimant Award and Compensation Policy	Claimant Award and Compensation Policy formulated	NIL	Not done
120552 1.680bn.	Ministry of Internal Affairs (JLOS)	Improve Border Control	Border Control improved	NIL	Not done
		Alternative sentencing promoted	Promoted Alternative Sentencing	NIL	Not done
		Enhanced forensic analysis	Forensic Analysis enhanced	NIL	Not done
		Resettlement of returnees	Returnees resettled	NIL	Not done
		Capacity to regulate NGOs	Capacity to regulate NGOs enhanced	NIL	Not done
		Publication of Law reports	Law Reports Published	3,000 copies published	Published
120555 2.391bn.	Judiciary (JLOS)	Cases to be disposed of	119,126 cases	Total of cases disposed off was 54,800	64,326 cases
		Construction of Aibanda CM & Lugazi/ Mayuge GI	Aibanda CM and Lugazi/ Mayuge GI Constructed	NIL	Not done

		Transcription and Court recording equipment in courts	In 13 Courts	In 4 Courts	9 courts
		Inspections Conducted	130 inspections	NIL	Not done
		Complaints to be handled	900 Complaints	NIL	Not done
		Increased rationalised physical presence	Increased physical presence	NIL	Not done
		Quick wins case backlog	Case backlog reduced	NIL	Not done
		Community policing	Done	NIL	Not done
		Improved welfare	Improved welfare	NIL	Not done
		Increased production and productivity	Increased production and productivity	NIL	Not done
		Effective Offender re-integration and rehabilitation programmes	Effective offender integration	NIL	Not done
120559 1.908bn.	Directorate of Public Prosecution DPP (JLOS)	Radio Talk shows in regional centres around the Country will be held	36 Radio talk shows	36 Radio talk shows	-
		Judicial Officers recruited	Judicial Officers recruited	NIL	Not done
		Strong Public Complaints system	Strong Public complaints System established	NIL	Not done

		Staff will be trained in short term courses	8 staff members	NIL	Not done
120560 2.237bn.	Other JLOS Funded Services	Orientation programme plans to have cases prosecuted	142,250 cases	Prosecuted 1,283 cases in 41 High courts, 113,722 in MC	27,245 cases
		Nation wide adhoc inspections carried out	4 Nationwide and 100 Adhoc	NIL	Not done
		Rationalised physical presence	Physical Presence	NIL	Not done
		Train prosecutors	100	NIL	Not done
		Hold professional retreat	1	NIL	Not done
		Computerization of Business registration of BDR	Business registration of BDR computerized	NIL	Not done
		Tax Appeals Tribunal	Tax Appeal Tribunal supported	NIL	Not done
		Local Council Courts	Local Council Courts supported	NIL	Not done
		Uganda Law Society	Uganda Law Society supported	NIL	Not done

120601 4.347bn	Court Awards and Compensations paid	Effect Payments of Court Award claimants	Court Award claimants payments effected	2.19bn paid	2.157bn. not paid
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Table 2: Source: Submission of the Accounting Officer MoJCA during his appearance before the Committee on 12th August 2014

Response: The Accounting Officer agreed with the audit observation and explained that the performance varied from the expected output for the following reasons:-

- (a) Expected output is projected against Government's Legislation Programme and Ministry of Justice and Constitutional Affairs bench marks. Further, planned activities are demand driven; fewer requests from MDAs automatically result in fewer outputs in terms of drafted legislation.
- (b) Delayed payments to Government Printer (UPPC)

Whereas MOJCA drafts legislation for all MDAs, it is the responsibility of each MDA promoting legislation to meet publication and printing costs. MoJCA has no control in ensuring timely payment to UPPC by MDAs without which, legislation cannot be published.

- (c) Delayed response by client MDAs to requests for further instructions and clarification by First Parliamentary Counsel (FPC) and the need to consult other departments in the processing of the legislation also impacts on output achieved.

Observation:

The Committee notes the need for MOJCA to improve its liaison with other MDAs during the planning process so as to arrive at realistic projections.

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6.0 MUBENDE REFERALL HOSPITAL

6.1 Financial Statements

i) Accounting records

Query: The Hospital did not avail cash books, abstracts, subsidiary ledgers, journals, vote books, payment vouchers, revenue registers, asset registers, contract registers and General Ledgers. Consequently, the auditor could not ascertain whether the financial statements were a true reflection of the transactions of the hospital during the year under review.

Response: The Accounting Officer agreed with the audit observation and attributed it to the shortage of staff in the Accounts section.

Observation and recommendations: The Committee notes that staff shortage impedes the efficiency and effectiveness of the hospital in delivering appropriate health care services.

The Committee recommends that the Ministry of Health, the Ministry of Public Service and the Ministry of Finance, Planning and Economic Development urgently take stock of the staffing gaps across referral hospitals and comprehensively addresses the same.

ii) Outstanding commitments

Query: UGX.92,029,568 owed to contractors remained outstanding at the closure of the year but it was not disclosed in the schedule of outstanding commitments.

Response: The Accounting Officer conceded the audit observation and referred to his failure to disclose the details of the figure in question in the schedule of outstanding commitments as an oversight.

Observation and Recommendation: The Committee notes that the non disclosure of the UGX.92,029,568 implies that the same would not be settled in the next financial year as would not be verified by the MoFPED as arrears to receive a first call on the subsequent financial year's budget.

The Committee recommends that;

- i) the Accounting Officer be held responsible for failure to disclose arrears in the Financial Statement.***
- ii) the Accounting Officer should re-instate the figure in the opening balances of the subsequent financial year.***
- iii) the outstanding commitment be prioritized in the budget for the subsequent financial year***
- iv) The Accounting Officer be cautioned for negligence of duty.***

iii) Lack of Budget Approval and Performance Reports

Query: The hospital budget lacked Board approval as there were no minutes availed for audit.

Response: The Accounting Officer conceded the audit observation and admitted that at that time of audit the hospital did not have a board to approve the budget. Formation of the board has been impeded by the failure of some districts namely Kyankwanzi and Kiboga to nominate Members to the board because they lacked a sense of belonging to the referral hospital. Only Mityana and Mubende districts are represented on the board.

Observation and Recommendation: The Committee observes that the failure of Kyankwanzi and Kiboga districts to nominate Members to the Board of Mubende Hospital impedes service delivery.

The Committee recommends that;

- i) Ministry of Health should recalibrate the catchment area of Mubende referral hospital to resolve the impasse on the board. This should take into consideration the socio-cultural and geo-political conditions in the area.***
- ii) A hospital board be put in place immediately***

iv) Journalizing payroll

Query: The district paid out salaries totaling UGX.1,170,000,000 to staff for the financial year 12/13 through the straight through process under the hospital vote but did not journalize the expenditure yet they had budgeted for the expenditure. The expenditure is therefore misstated in the financial statements.

Response: The Accounting Officer agreed to the audit observation and stated that the staff borrowed from the District Local Government lacked the capacity and time since she only worked two half-days a week, in essence one full day a week.

Observation and recommendation: *The Committee notes that a sustainable solution to this setback lies in resolving the staffing impasse at the hospital and recommends that the staffing gaps at the Hospital be addressed immediately.*

v) Unsupported figures of fixed assets acquired

Query: A review of the statement of stores and other assets (physical assets) acquired during the year ended 30th June 2013 revealed non-residential assets of UGX.119,584,000 and UGX.219,167,000 which were not supported with assets schedules rendering verification difficult.

Response: The Accounting Officer agreed to the audit observation and stated that he did not have adequate staff to update the register and these assets were newly received donations from JICA.

Observation and recommendation:

The Committee notes that non-assignment of monetary value to the said assets was due to the failure of the Accounting Officer to enlist the services of the Chief Government Valuer.

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The Committee recommends that the Accounting Officer enlists the services of the Chief Government Valuer.

6.2 Over expenditure on capital development procurements

Query: The hospital had a capital development procurement budget of UGX.500,000,000 of which UGX.338,750,000 was released. This amount was for the construction of VIP empty latrines, supply of assorted furniture, supply of assorted equipment, construction of a parking yard, supply of patients monitors, supply and installation of metallic shelves and two computer sets. A review of the expenditure vouchers revealed that the entity spent UGX.375,351,376 exceeding the actual release by UGX.36,601,376. There was no evidence of authorization of the excess expenditure nor the source of funding.

Response: The Accounting Officer disputed the query. He stated that they received some additional funds from the Ministry Of Health (about 48million) to repair a transformer. He attributes this query to that. However he could not avail documentary evidence to this effect.

Observation and recommendation: The Committee notes that in the absence of documentary evidence to support the Accounting Officer's explanation, the Committee upholds the audit observation and ***recommends that the Accounting Officer be held liable for un-authorized expenditure and by implication usurping the powers of appropriation of Parliament.***

6.3 Imprest holder not officially appointed by the Accounting Officer:

Query: Section 227 of the Treasury Accounting Instruction Part 1 Finance requires the imprest Holders to be appointed by Accounting Officers with the Approval of the Accountant General. It was observed that the hospital draws UGX.18,000,000 annually as imprest. However the imprest holder has never

been appointed officially by the Accounting Officer and neither was there an approval by the Accountant General.

Response: The Accounting Officer conceded the audit observation.

Observation and recommendation: *The Committee recommends that the Accounting officer should ensure that imprest holders are formally appointed.*

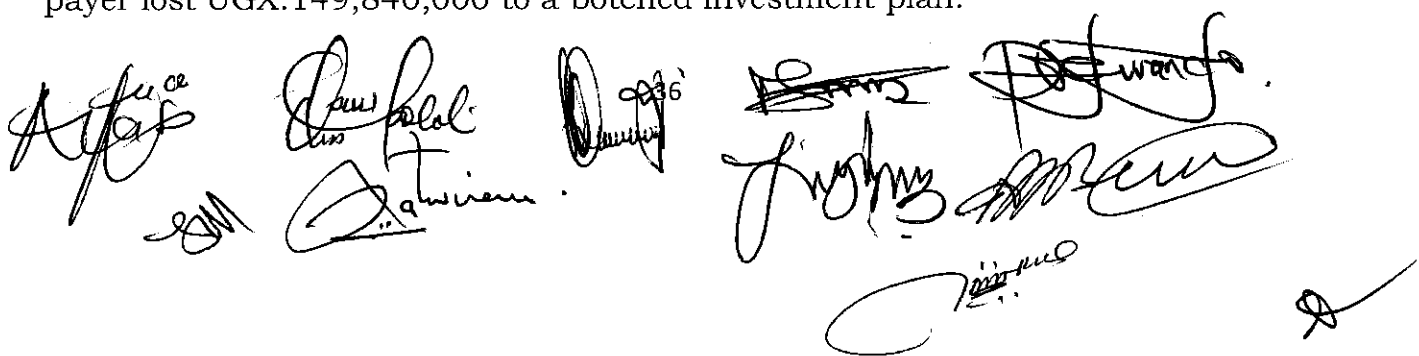
6.4 Non implementation of the investment plan

Query: In the financial year 2010/2011 the hospital entered into contract with a firm to carry out consultancy services to develop a 30-year master-plan for the hospital at a contract sum of UGX.149,840,000.

Although the entity received the investment plan it has never implemented it. Besides, this investment strategic plan does not state the goals, strategies, objectives and activities to be carried out and has no linkage with National Development Plan (NDP).

Response: The Accounting Officer informed the Committee that initially the Hospital engaged M/S Joda consult to draw up an investment plan but later the Ministry of Health over-rode the investment plan because they anticipated a World bank project that required the Hospital to redevelop an investment plan in line with World Bank guidelines. This led to the disbandment of the initial investment plan and that the Hospital is now implementing the World Bank one.

Observation and recommendation: The Committee notes that the explanation of the Accounting Officer that MOH over-rode the initial investment plan of the MOH smacks of the absence of coordination between the referral hospital and the Ministry of Health. It is due to this incongruence in planning that the tax payer lost UGX.149,840,000 to a botched investment plan.

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The Committee therefore recommends that the Accounting Officer be held liable for causing financial loss of UGX. 149,840,000.

6.5 Procurement Irregularities

i) Construction of a Parking Yard

Query: The entity entered into contract with a firm to construct a parking yard at a contract sum of UGX.102,705,750. The contract was rolled over to financial year 2013- 2014. By the time of Audit the company had received UGX.38,617,362 as advance payment leaving a balance of UGX.64,088,388. An inspection in November, 2013 revealed that the gate and the security house were not yet completed at the time of audit. The pavers were broken implying poor quality materials and workmanship.

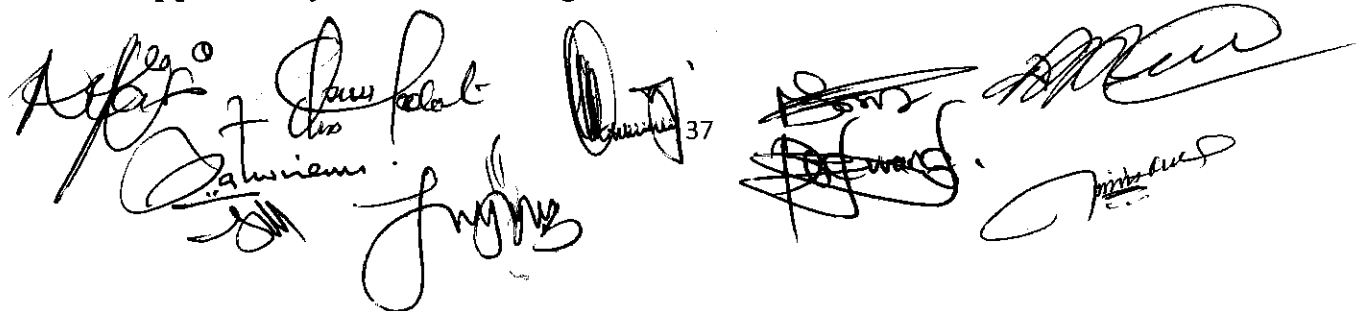
Response: The Accounting Officer disputed the audit observation and argued that the works were still on-going at the time of the audit. The Accounting Officer stated that the expected time of completion was July 2014.

Observation and recommendation: The Committee notes that the Accounting Officer's claims that the parking yard was completed by the contractor and handed over to the Hospital in November 2013 was in sharp contrast with the audit observation that was based on an audit inspection of November 2013.

The Committee therefore recommends that the Accounting Officer be held responsible for failure to carry out proper contract management.

ii) Supply and installation of metallic shelves

The referral hospital entered into contract with a firm for supply and installation of metallic shelves at a contract sum of UGX.28,208,626. Payment of UGX.17,957,760 had been made to the company leaving a balance of UGX.10,250,866. It was noted that the procurement requisition Form 20 was not approved by the authorizing officer.

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There was a contradiction on the date and time of bid opening, as the record of bid opening indicates date and time of bid document on 22/01/2013, at 10.30 am while the date and time in the request for quotation document is 18/01/13.

Response: The Accounting Officer informed the Committee that the contradiction arose out of the failure to get enough bidders. The Procurement Officer revealed that the bid acceptance date was postponed to 22nd May 2013 by the contracts committee. However he failed to produce the minutes of the meeting of the contracts committee.

Observation and recommendation: The Committee notes that the decision to extend the bidding deadline is not provided for under the PPDA Act and as such the actions of the Accounting Officer were ultra vires.

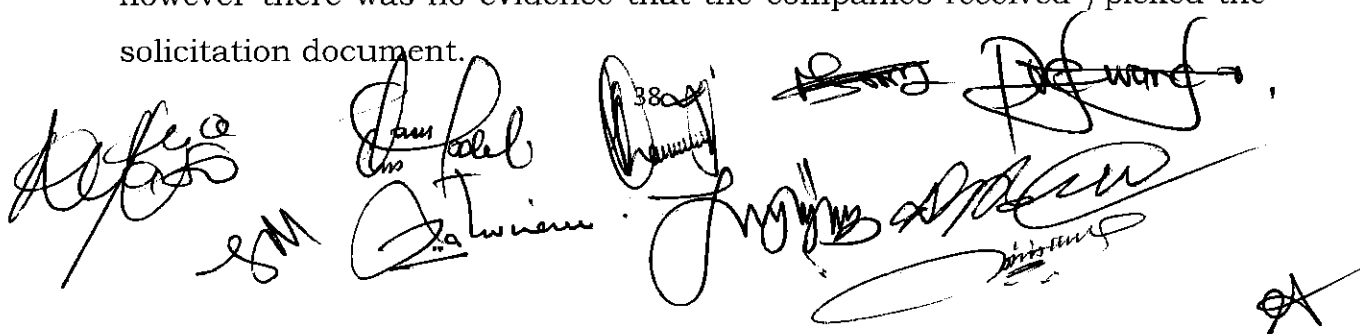
The Committee recommends that the Accounting Officer and the Procurement Officer be held liable for flouting the PPDA Act and the regulations there-under and be further investigated by the IGG with a view of prosecution.

iii) Construction of emptible VIP 6 stance latrine

Query: The referral hospital entered into contract with a firm for construction of emptible VIP 6 stance latrine at a contract sum of UGX. 39,331,000. The contract started on 3rd February, 2013 and it was supposed to end on 3rd April 2013 using restricted bidding method. Payments made at the time of audit totaled to UGX.33,688,520 leaving a balance of UGX.5,642,480. Inspection carried out in November 2013 revealed that the emptible toilets were completed and were already in use.

However, a review of the procurement file revealed the following:

- Requisition for procurement was not approved by the authorizing officer.
- The request for quotation was purportedly issued to the five firms, however there was no evidence that the companies received /picked the solicitation document.

The bottom of the page contains several handwritten signatures and initials in black ink. From left to right, there is a large signature, the initials 'SM', another signature, a signature with '38' written above it, a signature with '38' written above it, a signature with '38' written above it, and a signature with '38' written above it. There is also a small 'X' mark at the bottom right.

The Committee notes the fraudulent maneuvers observes that there was a flagrant violation of the PPDA Act and the regulations there-under.

The Committee recommends that the Accounting Officer be held liable for breach of the PPDA Act.

iv) Supply and installation of 10,000 litres 2 water tanks

Query: The referral hospital entered into contract with a contractor for Supply and installation of 10,000 litres 2 water tanks at a contract sum of UGX. 17,540,000. The contract started on 3rd February, 2013 and it was supposed to end on 3rd April 2013. By the time of audit the company had been paid UGX.17,961,520 more by UGX.421,520 implying even the retention money had been paid before the defect liability period. An inspection carried out revealed that the tanks were supplied and installed.

A review of the procurement file revealed that invitation to bid was purportedly issued to three companies however there was no evidence of receipt of the invitation documents by all these companies, and; a record of issue indicates only two companies. In addition a record of receipt and bid opening revealed that only one company received and returned the bid document which was evaluated as the best bidder.

Response: The Accounting Officer informed the Committee that the Authorizing Officer-Hospital administrator-Simon Kisabagiri was not present at the time. However the Hospital Administrator could not recall the circumstances under which he himself was unavailable.

The Hospital Administrator admitted he did not sign the requisite documents leaving only the signature of the Accounting Officer and yet the Accounting Officer is supposed to be the final signatory.

The amount of variation on the tank was UGX 421,520 paid to the contractor even before the expiry of the Defects Liability Period (DLP).

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The Accounting Officer informed the Committee that the contract for the tanks did not have a DLP.

The Accounting Officer informed the Committee that they re-allocated funds for the water tanks but could not state from which activities these funds were re-allocated.

Observation and recommendation: The Committee notes that the variation in contract price for the supply and installation of the water tank was unduly done. In addition, the absence of a DLP in the contract posed a huge risk of financial loss incase of poor quality works. The very act of re-allocating funds from other vote functions as per the admission of the Accounting Officer without requisite approval is an act of impunity and blatant violation of the Public Finance and Accountability Act and the regulations there-under.

The Committee recommends that;

- i) the Accounting Officer be held liable for flouting the PPDA Act and the PFAA and the regulations there-under.**
- ii) The Accounting Officer further be investigated for abuse of office and causing financial loss as exhibited in the potentially dubious handling of the contract.**

- v) Consultancy service for development of Bill of Quantities & drawings for latrine, parking yard & walk way construction**

Query: The Referral Regional Hospital entered into contract with a company at a contract sum of UGX. 9,800,000 to carry out Consultancy service for development of BOQs & drawings for latrine, parking yard and walk way construction. By the time of audit the entity had received UGX.9,212,000 leaving a balance of UGX.588,000 un paid.

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A review of the procurement file revealed that four companies were approved to be invited for solicitation documents however, only two companies did acknowledge receipt and only one company returned the bid document whose opening was not witnessed by a representative of the contracts committee. Time of bid opening was not indicated.

Response: The Accounting Officer conceded the query justifying his decisions as being based on the advice of his procurement officer.

Observation and recommendation: The Committee notes the whimsical nature of decisions by the Accounting Officer moreover at variance with the established procurement laws and regulations.

The Committee also notes the general ineptness of the Accounting Officer in the execution of his tasks.

The Committee recommends that;

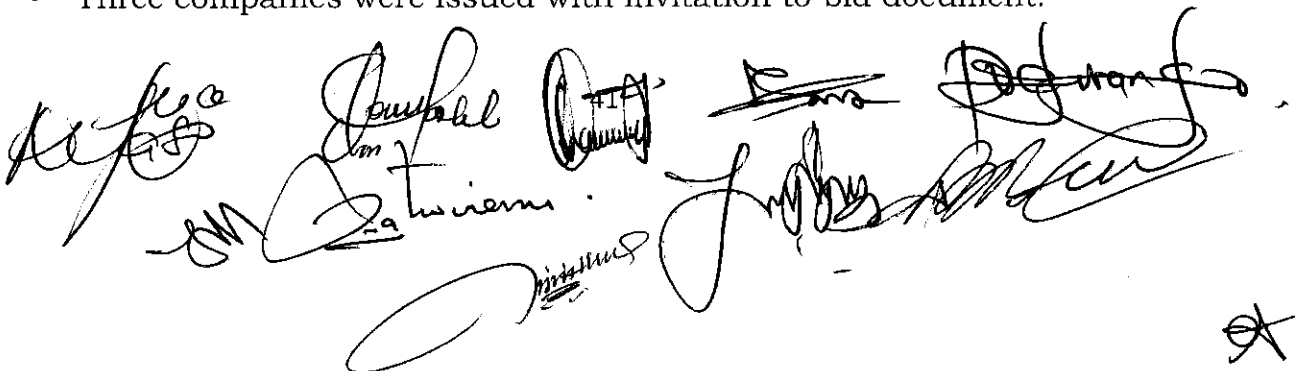
- i) the Accounting Officer be held liable for flouting the PPDA Act and the regulations there-under.**
- ii) the Accounting Officer be relieved of his role as Accounting Officer.**

vi) Supply of assorted medical equipment

Query: The Referral Hospital entered into contract with a firm under contract number MDH/SPLS/12-13/00058/0009 to supply assorted medical equipment at a contract sum of UGX. 62,225,000. The contract was supposed to start in March and end in April 2013. By the time of audit the supplier had been paid UGX.58,416,300 leaving a balance of UGX.3,808,700.

A review of the procurement file revealed the following:

- Three companies were issued with invitation to bid document.

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- The record of receipt of bid document and record of bid opening revealed that two other companies were included in the receipt of bid document and yet there was no evidence that those companies were invited to bid.
- Date and time of bid opening was not indicated on the record of receipt and opening of the bid documents.
- Record of bid opening was not witnessed by any representative of the contracts committee.
- It was noted that the contractor did not have the required technical knowledge on the equipment. Besides, the contract manager did not prepare progress reports. Inspection carried out in November revealed that some of the purchased equipment were damaged, broken and some had started rusting.

Response: The Accounting Officer conceded the audit observation.

Observation and recommendation: The Committee notes that this was outright fraud.

The Committee recommends that the Accounting Officer- Dr. Nkurunziza Edward and the former Procurement Officer-Mr. Karibwije Chris be further investigated by the IGG, for fraudulent conduct and breach of the PPDA Act and the regulations there-under, with a view of prosecution.

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7.0 NYABYEYA FORESTRY COLLEGE

7.1 Unpopulated Cash Flow statements

Query: The Cash Flow Statement presented was not populated despite the fact that the College reported total revenue of UGX. 1,922,661,535= and total operating expenses of UGX. 1,506,391,016= on the statement of financial performance.

Response: The Accounting Officer informed the Committee that during the transition period when the College was transferred from the Ministry of Education and Sports to the Ministry of Water and Environment in 2010, a new financial reporting template was introduced which required training. But due to limited time and staffing constraints in the Accounts section, the training was not done resulting into this error.

Observation and recommendation: The Committee notes that the Accounting Officer signed unpopulated cash flow statements-a reckless action akin to signing a blank cheque. This in the view of the Committee is an indicator of not only gross negligence but incompetence too.

The Acting Bursar-Mr. Kasada Michael admitted to making the Accounting Officer sign the unpopulated financial statements because the latter was traveling out of the country and yet the financial statements had to be submitted.

The Committee recommends that disciplinary action be taken on both the Accounting Officer and the Acting Bursar for negligence.

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Handwritten signature.

7.2 Inaccurate figures used in the statement of change in equity

Query: Nyabyeya Forestry College used Bank Balances of UGX. 332,724,275= instead of previous years surplus/deficit in the statement of changes in equity. Further more the figure for the opening balance used could not be linked to the financial statements submitted for the Audit. UGX 64,615,200= was disclosed as surplus for the year under review in the statement of changes in equity. But this figure differs from surplus of UGX. 410,014,695= disclosed in the statement of financial performance.

Response: The Accounting Officer attributed this to unsaved work on the computer after making changes in the statement of change in Equity and given the limited time this error could not easily be detected. The Ag. Bursar begged for clemency from the Committee stating that the correct figure was Ushs. 410,014,695 for which he tabled bank statements. Following additional scrutiny, the discrepancy narrowed to Ushs. 90,000.

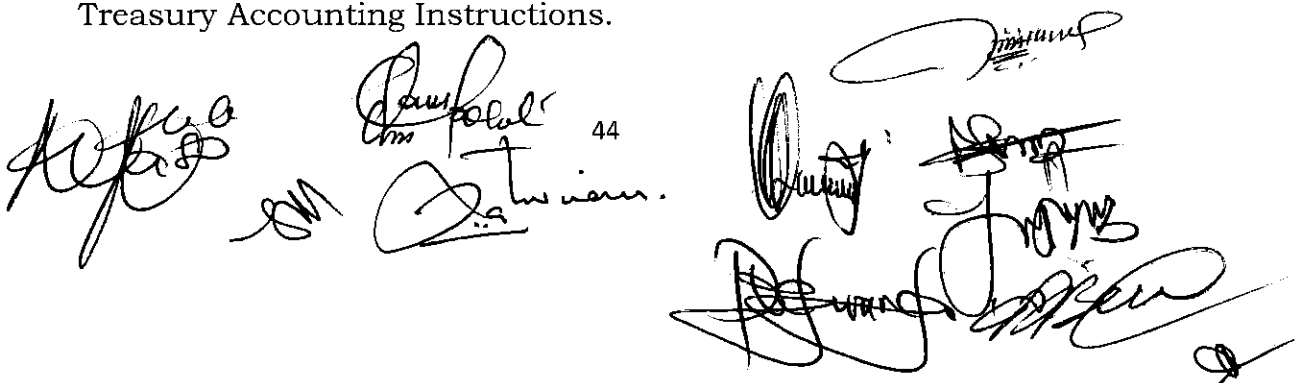
Observation and recommendation:

The Committee notes this as a case of ineptitude and recommends that;

- i) the Accounting Officer exercises greater responsibility and diligence in the execution of his duties.***
- ii) a substantive bursar be recruited and deployed at Nyabyeya Forestry College.***

7.3 Financial statement notes

Query: The Column for the notes was not adequately populated in the statement of financial performance as required by third schedule Part 2 of Public Finance and Accountability Act, 2003 and paragraph 418 of the Treasury Accounting Instructions.



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Response: The Accounting Officer attributed this to inadequate staffing in Accounts and the absence of a provisional page for financial statement notes on the financial reporting template which was used.

The Accounting Officer revealed that he had belatedly notified the Accountant General about the staffing gaps on 30th May 2014

Observation and recommendation:

The Committee notes that the staffing level of any entity is directly proportional to its output. Nyabyeya Forestry College needs urgent attention in as far as plugging the staffing gaps is concerned.

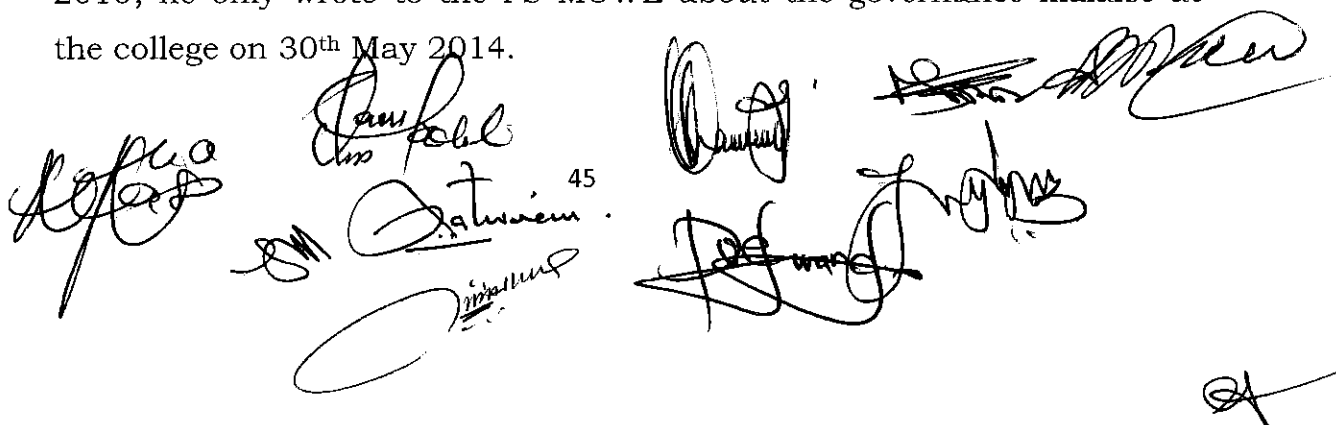
The Committee recommends that the Ministry of Water and Environment, the Ministry of Public Service and the Ministry of Finance, Planning and Economic Development should work closely to plug the staffing gaps at the College.

7.4 Governance of the College

Query: The absence of a Governing Council ever since the College was transferred from Ministry of Education and Sports to Ministry of Water and Environment in 2010 contrary to section 77 of the Universities and other Tertiary Institutions Act, 2001.

Response: The Accounting Officer revealed that this issue was being pursued with the Permanent Secretary Ministry of Water and Environment.

Observation and recommendation: The Committee notes that while Mr. Kasolo-the Accounting Officer, became principal of the college in 1993 and the College moved to MOES in 1998 and later back to the MOWE in 2010, he only wrote to the PS MOWE about the governance malaise at the college on 30th May 2014.

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The Committee noted with dismay the lack of pursuit of the critical governance issues by the Accounting Officer

The Committee was informed that the responsibility to appoint the Governing Council was vested in the Permanent Secretary Ministry of Water and Environment.

The Committee notes that while the Accounting Officer admits that the governing council is non-existent, the boards of the defunct Governing Council continue to operate. This in the view of the Committee is irregular as the decisions and actions of these boards are illegal.

While the Accounting Officer attempted to justify the continued operation of the boards of the defunct Governing Council by stating that the institution had to continue functioning because without the boards of the governing council, the college operations would crumble, the Committee notes that an illegality can not be used to ameliorate the deep rooted governance challenges at the College.

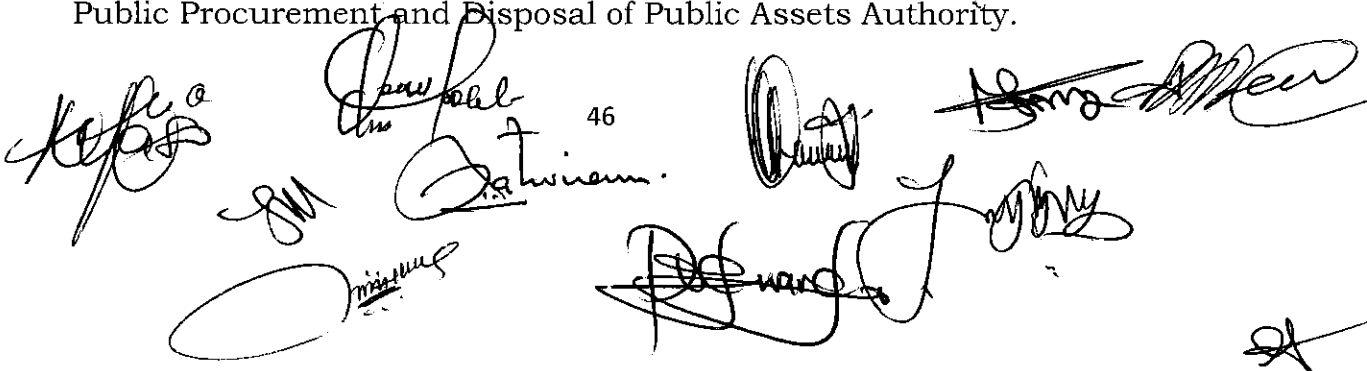
The Committee recommends that the Permanent Secretary-Ministry of Water and Environment immediately appoints a governing Council for Nyabyeya Forestry College.

7.5 Procurements, Receipts and issue of Accountable stationary.

Query: The College uses receipt books, invoice books and delivery books in transaction processing however, audit noted a number of irregularities in the manner they are procured and issued out as indicated below.

- a) The College procured accountable stationary from the open market, contrary to paragraph 101 of the Treasury Accounting Instructions 2003 (Part II – Public Stores), which require Accounting Officers to procure Accountable stationary in accordance with guidelines issued by the Public Procurement and Disposal of Public Assets Authority.

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- b) Contrary to Paragraph 501 of Treasury Accounting Instructions 2003 (Part II – Public Stores), the College did not maintain stores ledger to record all receipts, issues and balances of all its accountable stationary.
- c) Paragraph 53 of the Treasury Accounting Instructions, 2003, states that no revenue counter foils form will be printed without the prior authority of the Accountant General. However, it was noted that the College used their own set of receipts without the permission of the Accountant General.

Response: The Accounting Officer informed the Committee that he has already taken up this issue with the Accountant General.

Observation and recommendation:

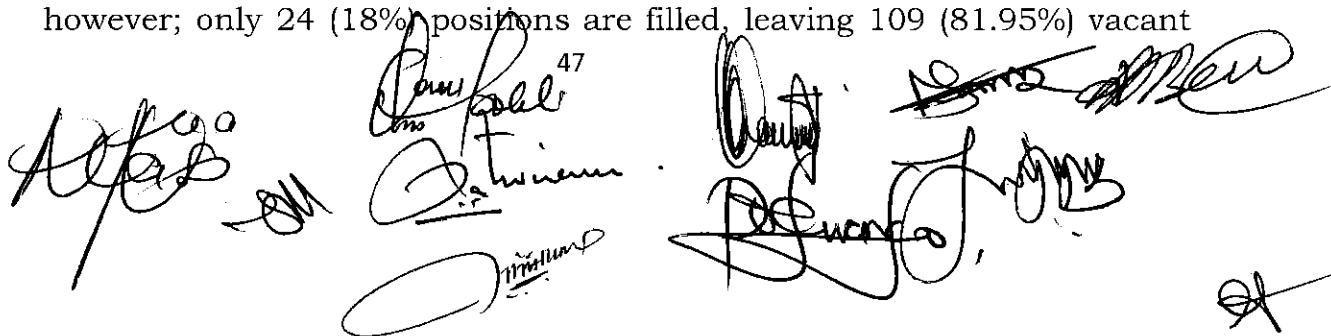
The Committee observes that this is an indicator of laxity on the part of the Accounting Officer as he is supposed to be the custodian of the relevant laws and regulations. The derogation of these laws and regulations is an indictment of the Accounting Officer's suitability for the role.

The Committee recommends that;

- i) ***The Accounting Officer be held responsible for failure to adhere to the Treasury Accounting Instructions (TAIs)***
- ii) ***The Accounting Officer immediately rectifies this anomaly and takes the initiative to acquaint himself with and adhere to the relevant laws and regulations governing his schedule.***
- iii) ***The Accountant General should organize periodic orientation and reorientation sessions with Accounting Officers to prop up their capacities to ably execute their tasks.***

7.6 Human Resource Management

Query: The College has an approved staff structure of 133 posts, however; only 24 (18%) positions are filled, leaving 109 (81.95%) vacant

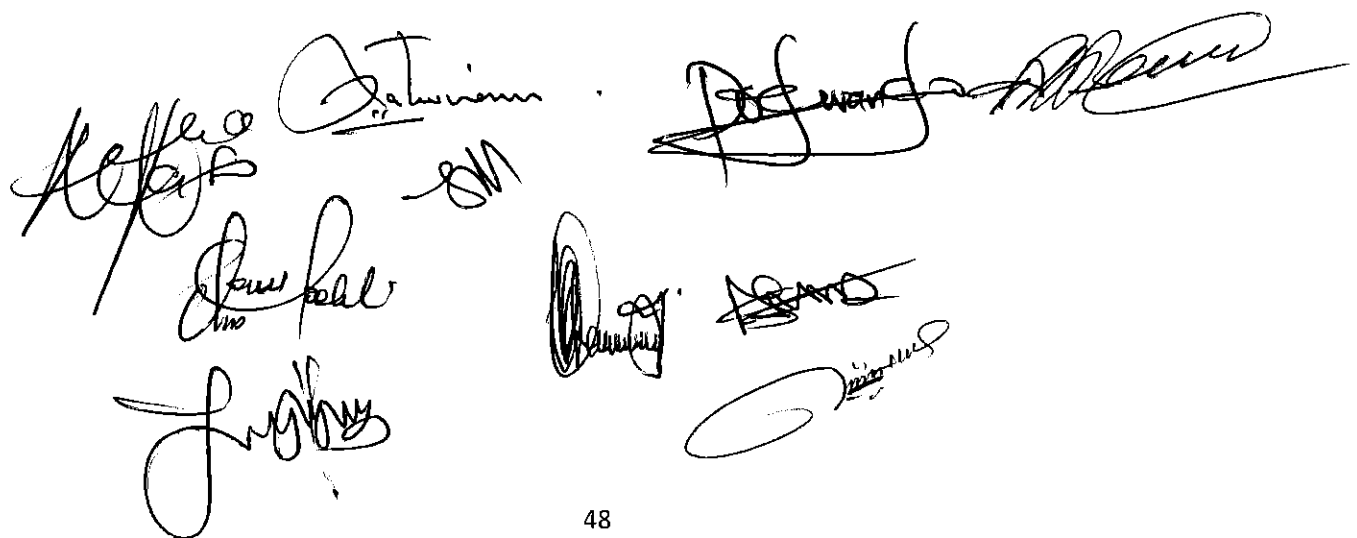
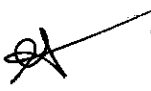
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posts. The unfilled posts include the post of a Bursar, Academic Registrar, Stenographer, Forest Technicians and Lecturers. Inadequate staffing affects the level and quality of service delivery.

Response: *The Accounting Officer informed the Committee that Management has renewed efforts to have this issue resolved with Public Service through the parent Ministry of Water and Environment.*

Observation and recommendation: The Committee notes that with a staffing gap of 81.95%, the output of Nyabyeya Forestry College is very questionable. This is because staffing is directly proportional to output.

The Committee recommends that the Public Service Commission immediately causes the filling of vacancies in the major functions of the College.

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8.0 UGANDA HIGH COMMISSION, NEW DELHI, INDIA

8.1 Review of financial statements

Query: A review of the financial statements revealed several audit observations namely:

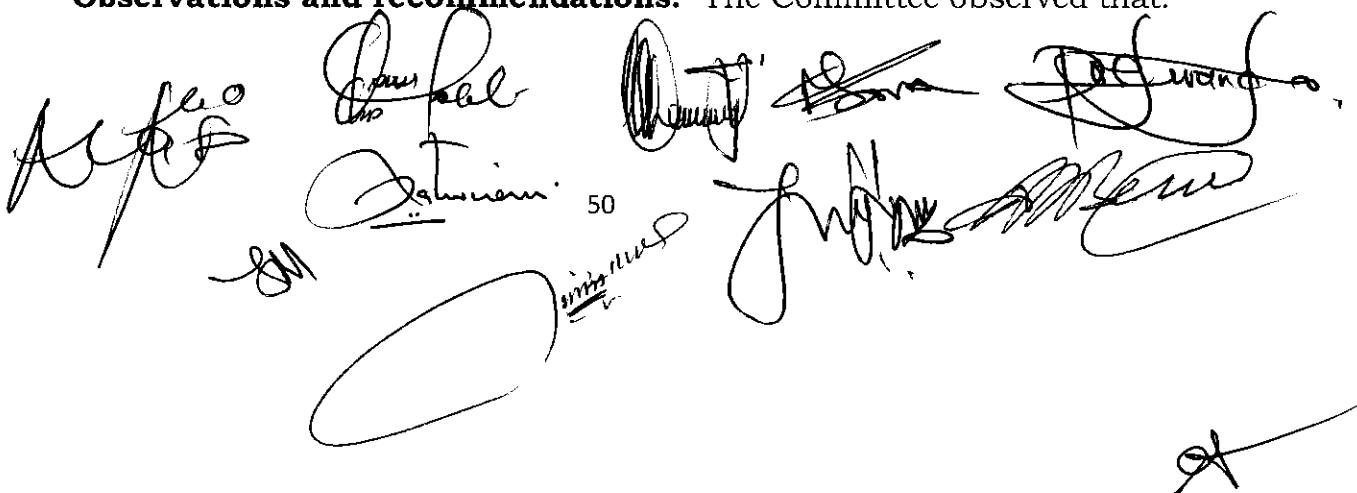
- a) The statement of losses of public monies and stores (page 19) reported UGX.1,211,606 that was incurred on lost immigration permits. The amount related to the F/Y 2011/12 (UGX.728,323), and F/Y 2012/13 (UGX.473,283). However, there was no explanation to the causes nor was the matter investigated.
- b) The statement of financial performance revealed transfer from the treasury UGX.1,678,001,914 and NTR UGX.149,891,269. However, the auditor was not able to verify the amounts for lack of general receipts.
- c) The statement of financial performance also revealed foreign exchange losses UGX.11,405,848. Again, the auditor was not able to verify the amount because no supporting document was availed to indicate the computation of the losses.
- d) The statement of financial position reported cash and cash equivalents of UGX.416,692,443. The cash books, certificates of bank balance, bank debit advice notes and Board of Survey report were not presented for audit. Accordingly, the amount and the supporting Note 20 to the financial statement could not be verified. Similarly payables reported at UGX.119,550,361 lacked supporting documents.
- e) The cash flow statement reported domestic arrears paid of UGX.86,306,031, and deposits received of UGX.26,216,871. However, the respective ledgers and supporting payment vouchers and acknowledgement receipts were not presented for verification.

- f) The statement of appropriation revealed that the budget on transfers received from the treasury were revised from UGX.1,678,000,000 to UGX.2,069,386,260. There was therefore, a budget revision of UGX.391,384,346. However, the PS/ST authority was not availed.
- g) Statement of arrears of revenue reported an accumulated amount of UGX.149,891,269 at the year end. However, supporting ledger was not availed rendering it difficult for the amount to be verified.
- h) The notes to the financial statements on pages 31, 35, 39 indicated supporting schedules which were not attached.

Response: The Committee was informed that:

- a) the total loss of NTR (bank draft and cash) in FY 2011/12 was Rs.44,000, out of which Rs.16,500 was collected in cash and the balance in drafts. In the following year, some drafts of Rs.16,500 were received against the lost drafts and banked in October 2012. Out of Rs.27,500, only Rs.16,500 was received.
- b) as a control measure, the Mission does not accept cash; drafts are received and deposited in the bank.
- c) general receipts for NTR were submitted to the Auditor with the monthly returns and vouchers.
- d) Foreign exchange losses and gains are computed automatically by running a process called exchange rates batch adjustment job.
- e) A cash book with all the expenditure vouchers were provided to the Auditor.

Observations and recommendations: The Committee observed that:



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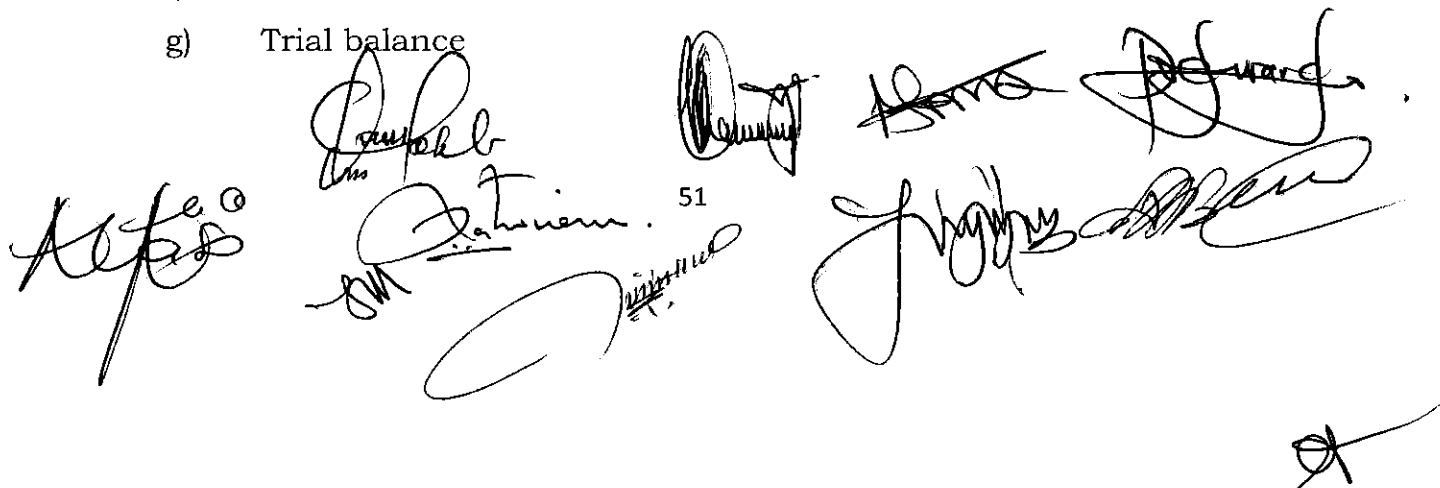
- a) in FY 2011/12, the Accounting Officer did not remit unspent balances to the Consolidated Fund, that is, out of UGX149m, only UGX115m was remitted.
- b) UGX23m (sale of assets) was utilized at source with authority.
- c) staff NSSF remittance/contribution of UGX56m was not remitted and had been carried forward to FY 2013/14.
- d) most of the supporting documents requested for by the Auditor General had been availed by the Accounting Officer, however, it was reported that they had not been availed for review thus leading to the adverse opinion given.
- e) The Committee observes that NTR was received both in cash and draft and never remitted.

The Committee recommends that the Accounting Officer be held liable for flouting the Treasury Accounting Instructions, which require unspent balances and NTR to be remitted promptly to the Consolidated Fund.

8.2 Incomplete preparation of monthly returns

Query: The monthly returns examined at the Mission on a test check basis were incomplete. The following were lacking:

- a) Cash books
- b) Bank reconciliation statements
- c) Abstracts
- d) Counterfoil returns
- e) Expenditure summaries
- f) Balanced NTR revenue returns
- g) Trial balance



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Response: The Committee was informed that the Mission had been preparing the same returns since 2007, which included expenditure summaries, trial balance and NTR revenue returns, all of which would be submitted to the Accountant General and copied to the Ministry of Foreign Affairs.

Observations and recommendations: The Committee observed that there is need for proper reconciliation and filing of returns.

The Committee further notes that the failure to furnish Auditors with requisite documents and information at the time of audit is a violation of Section 37 of the National Audit Act 2008.

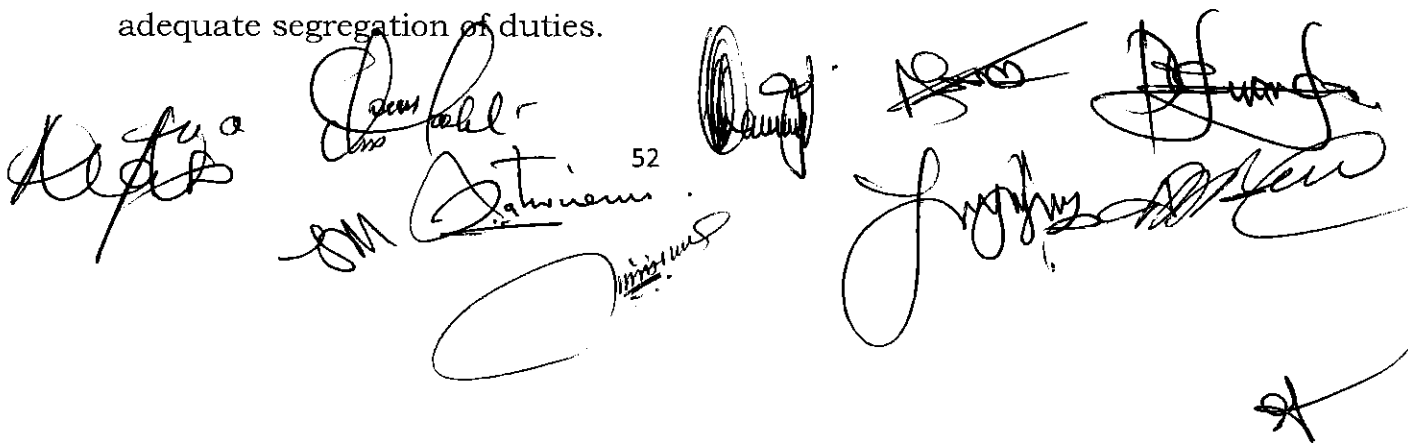
The Committee recommends that;

- i) the Accounting Officer submit the complete set of monthly returns for further investigation.*
- ii) the Accounting Officer be held responsible for failure to declare the required documents at the time of audit.*

8.3 Segregation of duties

Query: A review of the expenditure revealed minimal segregation of duties. The requisitioning for procurements, selection of the supplier, authorization of purchase orders, approving of payments were all done by the Accounting Officer.

On the other hand, invoice processing, ledger posting, preparation of purchase invoices and payment vouchers were all done by the Accountant. Therefore, processing of payments was a responsibility of only two people. This poses a risk in the expenditure process for lack of adequate segregation of duties.



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Response: It was explained that, only two people were given responsibility rights on the Navision system, the software installed for financial management.

Observation: The Committee established that for most of the expenditure relating to the operations of the Chancery namely; the payroll for local staff, repair and maintenance of building and motor vehicles, procurement of goods, etc., were not endorsed by the Head of the Chancery who would render the necessary counter check to confirm genuineness of expenditure.

Recommendation: *The Committee recommends that the system be reviewed to enhance responsibility rights to include the Head of Chancery.*

8.4 Non-submission of returns to Ministry of Foreign Affairs

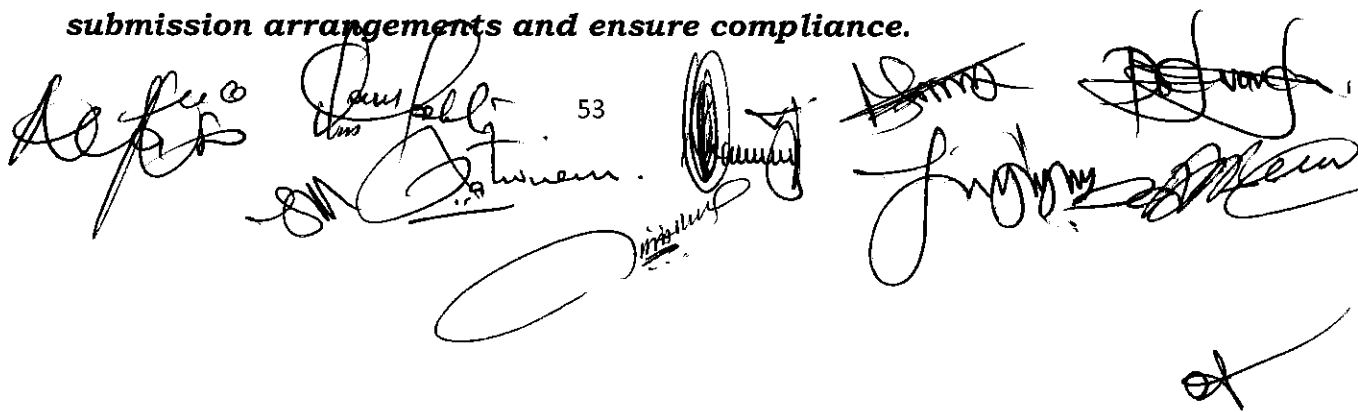
Query: The Mission did not submit monthly returns to the Ministry of Foreign Affairs as required by Regulations. This was a matter that had been raised repeatedly in the previous audit reports.

Response: The Committee was informed the Mission had submitted all accounts returns for the year under review.

Observations and recommendations: The Committee noted that the system of submission was not very clear.

The Committee recommends that the Accounting Officer liaises with the Ministry of Foreign Affairs for guidance on the existing submission arrangements and ensure compliance.

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8.5 Foreign Service Allowance

a) Apparent Overpayment

Query: In three cases the Foreign Service allowance being paid was inconsistent with the officers' entitlements according to their grading and Mission classification. This resulted into an overpayment of US\$1,698.57 per month.

Response: The Committee was informed that the New Delhi Mission had been upgraded from Category C to Category B according to a letter from Ministry of Public Service Ref. No.COM 95/100/01 on categorization of Missions.

Observations and recommendations: The Accounting Officer could not explain the apparent overpayment.

The Committee recommends that the overpaid US\$1,698.57 per month amounting to US\$20,376 be recovered.

b) Review of Foreign Service Allowance

Query: It was noted that the Foreign Service Allowance (FSA) paid to the home-based staff to cater for their cost of living has never been reviewed by the Ministry of Foreign Affairs and Public Service for a long time. The FSA has now been eroded by the expensive market prices in the economy.

Response: The Committee was informed by management that in view of the high price index in India, it was becoming increasingly difficult for the staff to live an affordable life. This impacted on their morale and hence productivity.

Recommendation: ***The Committee recommends that management engages the relevant authorities for the possibility of reviewing the FSA.***

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c) Payment for Repair of Chancery

Query: A sum of Rs.151,470 was paid to a firm in respect of repair and maintenance of air conditioners at the Chancery. However, the bills were not endorsed by the Head of Chancery.

Response: The Committee was informed that according to the tenancy agreement, such repair and maintenance were considered major and were a responsibility of the landlord. Accordingly, a claim had been made for recovery. However documentary evidence of the claim was not presented for verification.

The Mission had paid a sum of Rs.151,470.00 to Daikin Air conditioning Inc. for the annual maintenance of the Chancery air conditioning, which is the Mission's responsibility as per the tenancy agreement. It is not recoverable as it is the Mission's legal responsibility to maintain air conditioners as per the tenancy agreement.

Observation and recommendation: The Committee ascertained that documentary evidence of the claim was not presented for verification.

The Committee recommends that the Accounting officer follows up the claim and ensures recovery. Furthermore, in future such bills should be independently checked by the responsible officer before they are approved by the Accounting Officer for payment.

d) Renting of Property

Query: The Mission does not own any property. Accordingly, the Chancery, the official residence and other residences for staff are rented at an annual cost of Rs.15,033,600 equivalent to US\$820,008 (2,141,040,888). The Head of Mission stated that the matter had been raised in their annual retreats of Heads of Missions.

raised in their annual retreats of Heads of Missions.

Response: The Committee was informed that the Indian Government had a plan of having a Diplomatic Enclave II, an area demarcated for Chanceries/Missions.

Observations and recommendations: The Committee established that the Uganda High Commission plans to secure a plot, however, funds have not been availed for the same. Rent for the current premises was UGX 815,000,000 per annum.

The Committee observed that if the amount paid in rent (UGX.815m) could be saved in the long run, the Mission would be able to acquire its own premises.

The Committee recommends that the Head of Mission follows up this matter and engages the Ministry of Foreign Affairs and Ministry of Finance, Planning and Economic Development and other stakeholders for the necessary consideration.

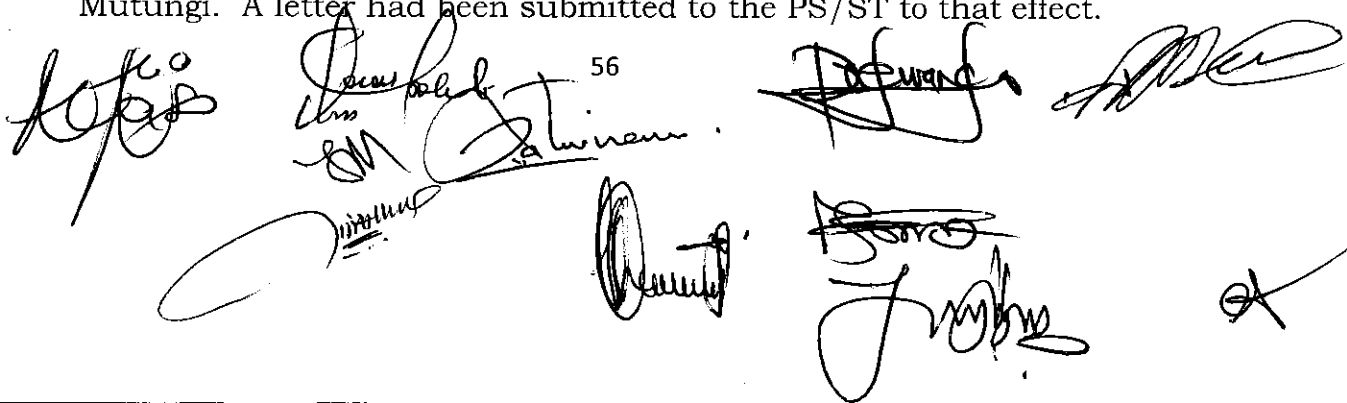
8.6 Review of procurements

a) Lack of a Contract Committee and a Procurement and Disposal Unit

Query: An interview with the Accounting officer revealed that there was a Contracts Committee chaired by the Head of Chancery. However, it had not been formally appointed by the PS/ST Contrary to the Public Procurement and Disposal of Public Assets (PPDA) Regulations. Besides the Contracts Committee lacked the requisite training and sensitization. It was also discovered during the inspection that there was no PDU. In fact, it was the Chairperson who was again carrying out the roles of the PDU.

Response: The Committee was informed that a Procurement and Disposal Unit was in place, chaired by the First Secretary, Mr. Francis Mutungi. A letter had been submitted to the PS/ST to that effect.

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Observations and recommendations: The Committee ascertained that according to the number of available staff (6), the Accounting Officer was able to constitute a fully-fledged contracts committee as well as the PDU in accordance with the existing PPDA guidelines issued for mission.

The Committee recommends that the Accounting Officer ensures that the Contracts Committee is formally appointed and a PDU established.

b) Procurements and disposals undertaken during the year

Query: The statement of revenue collected and the statement of stores acquired during year reported disposals of assets of UGX.23,347,294 and a motor vehicle acquired at UGX.138,804,641. However the procurement file lacked any record relating to the disposal and procurement process respectively. Accordingly I could not confirm whether the required procedures were complied with and value for money obtained.

Response: The Accounting Officer availed a file "Written off representation car" and stated that a new representation car had already been defined and imported through the direct dealer of Mercedes Benz.

Observation and recommendation: The Committee observed that the procurement of the new representation car had been done bypassing PPDA guidelines, which was irregular.

The Committee recommends that the Mission embraces prudent procurement management by following the PPDA guidelines.

c) Goods and services consumed

Query: The statement of appropriation of account reported a sum of UGX.1,023,353,893 incurred on goods and services. However, evidence to confirm whether the proper procurement procedures were complied with were lacking as the procurement file availed did not contain

evidence of initiation, bidding, evaluation, contract management, etc, of the procurements in question. Besides value for money could not be confirmed.

Response: The Committee was informed that the expenditure on goods and services during the year principally comprised the following:

General expenses	50,825,466
Communications	22,766,056
Utility and property expenses	736,374,725
Supplies and services	4,673,522
Insurance and licenses	4,959,853
Travel and transport	195,523,437
Maintenance	8,230,834
Total cost of goods and services	1,023,353,893

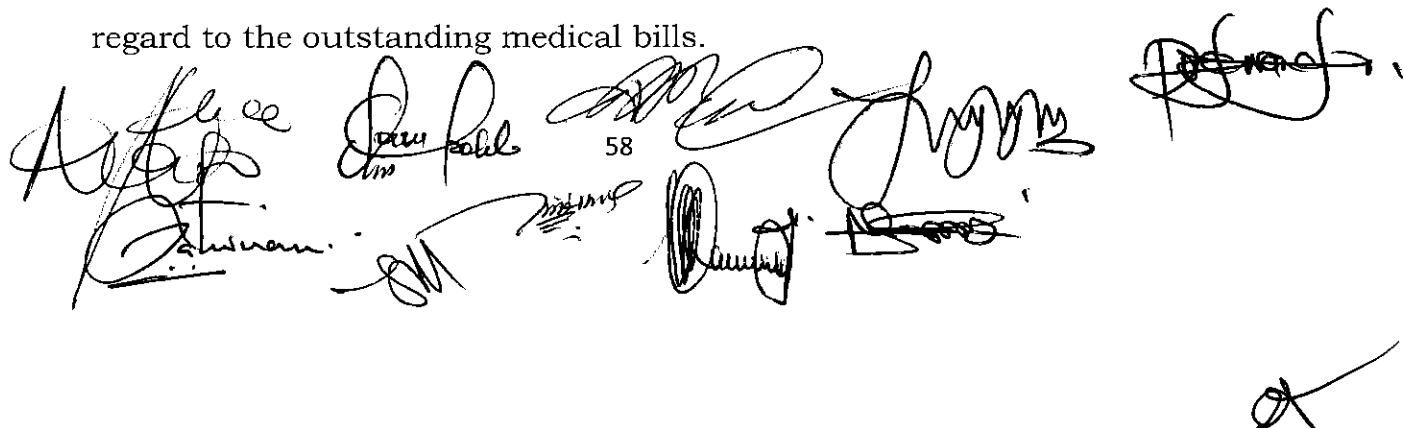
Recommendation: *The Committee recommends that;*

- i) procurement procedures be complied with and documented.*
- ii) the Accounting Officer be reprimanded for failure to exercise prudent use of public resources.*

d) Outstanding Medical Bills

Query: There were outstanding medical bills of Rs.1,471,386 (US\$27,850.93) in respect of Indra Prasha Medical Corporation Limited (Apollo Hospital) incurred on two patients referred by the Mission. In both cases, clearance from the mother organizations and medical board authority as required under the Standing Orders were not availed for audit. Although the Accounting Officer had reminded the mother organizations of the pending bills, no response had been obtained.

Response: The Committee was informed that the Accounting Officer had sent a reminder for payment to the Ministry of Foreign Affairs with regard to the outstanding medical bills.

A collection of handwritten signatures and initials in black ink, likely representing the members of the committee and other officials involved in the audit process. The signatures are scattered across the bottom of the page, some overlapping. A small number '58' is visible in the center of the page, below the signatures.

Observation and recommendation: The Committee observed that the sequence of events with regard to this event was irregular, yet this could have been prevented since it was not the High Commission's mandate.

It was further observed that failure to settle the debt may depict negatively on the image of the Mission and the Country as a whole, and may even attract litigation.

The Committee recommends that;

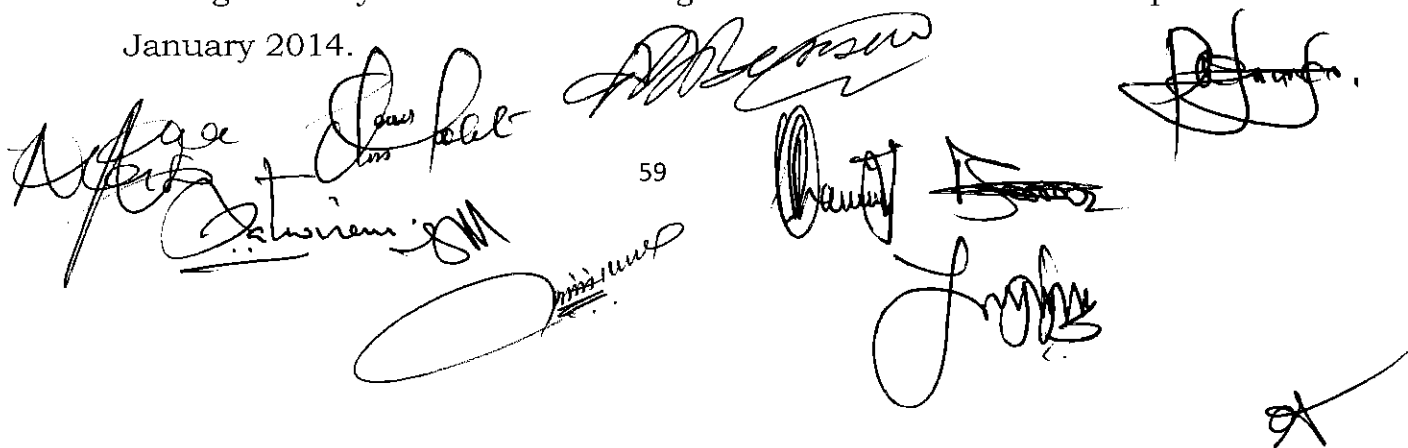
- i) the former Ambassador, Ms. Misha Madhvani be held responsible for over-stepping her mandate and committing Government without due Authority.*
- ii) the Accounting Officer continues following up the matter with her counterparts and ensure settlement of the outstanding bills.*
- iii) The referral of cases for medical treatment should be premised upon relevant clearances as prescribed in the Standing Orders.*

e) Training

Query: It was noted during discussions with the Head of Mission that there was need for training of staff to enable them meet their mandate with necessary efficiency. Such training would include exposure to procurement, financial and accounting regulations, human resource management, the Navision software installed for financial management, and negotiation skills among others.

Response: The Committee was informed that the Accountant General had scheduled the training for the computerized financial management system for Accounting Officers of Missions to take place in January 2014.

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Observation and recommendations: The Committee noted the limited capacity of the accounts staff due to the several errors in figures in accounts.

The Committee recommends that;

- i) the Accountant General should interest himself in the capacity of Accountants and Accounts Assistants at Uganda's Missions abroad.**
- ii) management engages the Ministry of Foreign Affairs and that of Finance Planning and Economic Development and other stakeholders to secure the necessary budget provisions for training.**

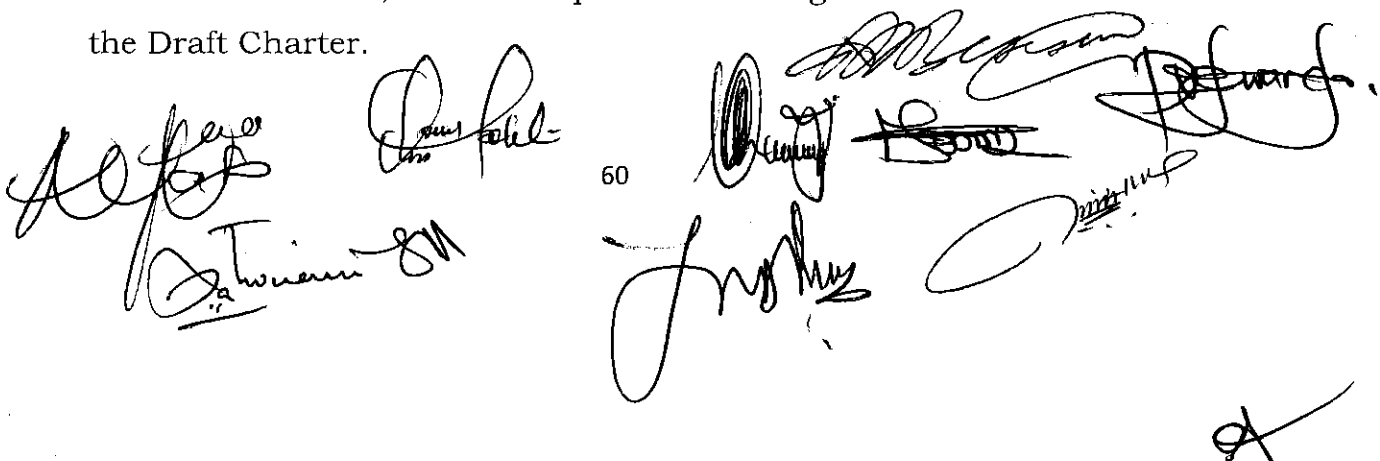
8.7 Mission Charter and Performance Reports

Query: The Mission prepared performance reports according to the required budget performance format, however, they did not show actual outputs realized during the year. It was therefore, not possible to assess performance against the targets for which UGX.2,069,386,260 was allocated in the revised budget estimates.

Besides, the Mission charter was not availed for audit. During discussions with the Accounting Officer, she explained that there was other guidance from the Ministry of Foreign Affairs that was used to prepare the targeted outputs for the year. However, these guidelines were also not provided for verification. In the circumstances, it was not possible to establish value for money spent.

Response: The Committee was informed that a Draft Mission Charter was now available, and work plans and budgets had been drawn from the Draft Charter.

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The bottom of the page features several handwritten signatures and initials in black ink. On the left, there are two distinct signatures. In the center, there is a signature that appears to be 'J. N. M.' with a large, stylized flourish. To the right of this, there are several other signatures, including one that looks like 'M. M. M.' and another that is more cursive. The page number '60' is printed in the center, above the signatures.

The Committee requested the Accounting Officer to submit the Draft Mission Charter, the guidance mentioned above and the performance report that includes actual output realized. Unfortunately, the guidance upon which the planning for the year under review was based, was not availed.

The Committee therefore recommends that the Accounting Officer be held responsible for failure to operationalise the Mission Charter and implementing activities based on guidelines outside the Charter

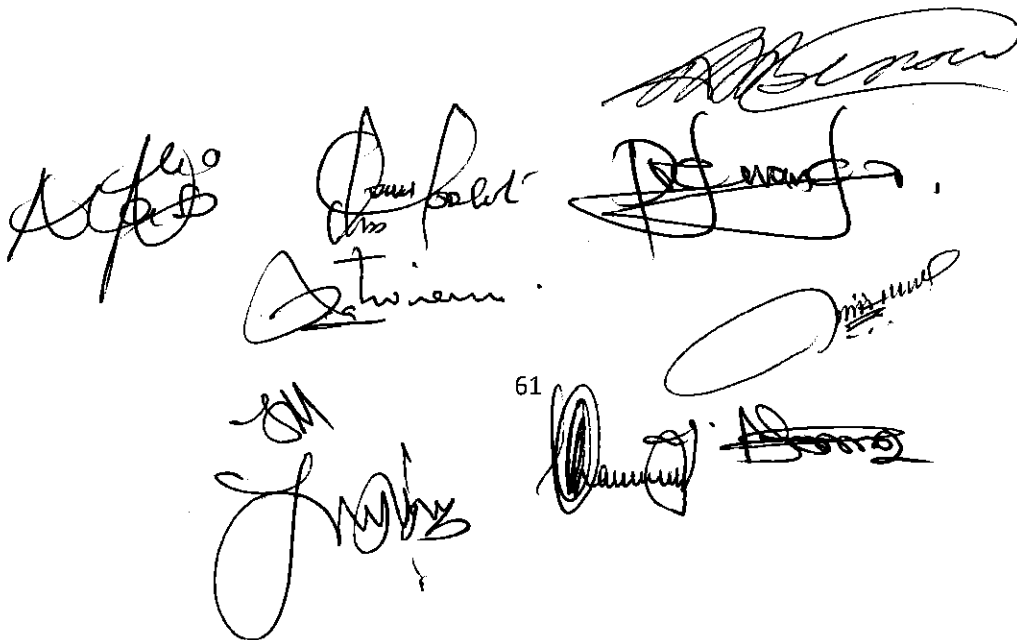
8.8 Review of the Inventory

Query: A review of the inventory of the Chancery and the residences revealed old furniture and other stores that require replacement.

Response: During discussions the Head of Mission and the Accounting Officer explained that Capital Development funds to enable replacement of the items were minimal.

The Accounting Officer handed over a copy of the Hand Over report containing various attachments listed in Annex A

Recommendation: The Committee recommends that Government as matter of urgency allocates funds to the Mission to enable acquisition of new furniture and equipment.

A collection of handwritten signatures and initials in black ink. At the top left is a signature that appears to be 'A. J. O.'. To its right is a signature that looks like 'D. J. O.'. Further right is a signature that appears to be 'D. J. O.'. Below these are several other signatures, including one that looks like 'J. O.', another that looks like 'J. O.', and a large signature that looks like 'J. O.'. There are also some initials and a small '61' written near the bottom center.A handwritten mark or signature in the bottom right corner, possibly a stylized 'X' or a signature.

9.0 CONCLUSION

The Committee is of the considered opinion that the amelioration of the audit queries pertaining the 4 entities that earned a disclaimer of opinion inter-alia requires continuous institutional reform, stronger and more rigorous internal audit functions, greater monitoring, evaluation and advice by the Office of the Prime Minister and the relevant sector ministries.

Alfas
Sturium.
John Paul
De Mont.
SM
Tracy
David
Sam
Sam

ANNEX A

The Accounting Officer handed over to the Chairperson a list of the following supporting documents:

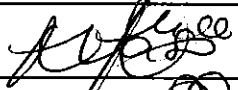
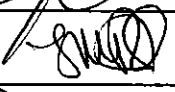


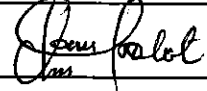

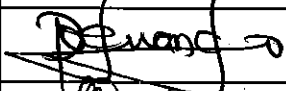
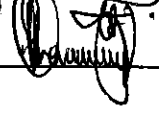
- Handover Report of the Former Consular/Accounting Officer (2011-2012); Communication between the Former CS and Former AA, Report of new drafts received and deposited in the bank, ledger of cash in transit.
- Copies of General Receipts for NTR remittance to Bank of Uganda, copies of credit advice from Royal Bank of Scotland for the releases received from Treasury and ledger of transfers received by agencies.
- Ledger of foreign exchange account (code 221018).
- Copies of bank statements and reconciliations as at 30th June 2013 for all five accounts cash balance certificate and note 20 of financial statement.
- Copies of ledger of payables (sundry creditors and trade creditors) and deposits.
- Authority letter of use of unspent balance for transport equipment and carriage haulage, freight and transportation for movement of Ambassadors.
- Copy of schedule of notes of financial statements as at 30th June 2013.
- Copy of the Tenancy Agreement for the Chancery.
- Copy of the Standing Order for change in categorization of Mission and a copy of the Harmonized Foreign Service Allowance.
- A copy of the letter sent to the PS/ST for setting up a Procurement Committee.
- Copies of the quotation/bid for selling the old representation car and procuring a new representation car.
- Copies of payment vouchers with procurement forms, emails, insurance policies of vehicle and supporting documents to support general expenses.
- A copy of the Daikin Agreement and payment receipt.
- A copy of the Mission Charter.
- A copy of the Board of Survey.
- A copy of the emails and hard copies sent as proof of delivery of audit responses.
- A copy of the Financial Statement for the Principal Auditor.

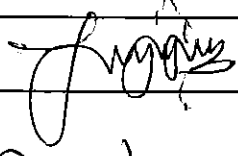
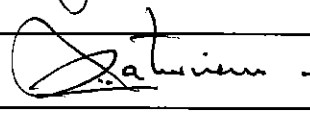
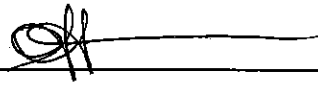


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Handwritten signatures and initials are present at the bottom of the page, including a large signature on the left, a signature in the center, and several other signatures and initials on the right and bottom. A small number '63' is visible near the center signature.

**ENDORSEMENT OF THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON
THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2013 VOLUME II CENTRAL GOVERNEMENT:
(ENTITIES WITH A DISCLAIMER OF OPINION-MINISTRY OF JUSTICE AND
CONSTITUTIONAL AFFAIRS, NYABYEYA FORESTRY COLLEGE, MUBENDE
REFERALL HOSPITAL AND UGANDA MISSION IN NEW-DELHI)- MARCH 2015**

No.	NAME	DESIGNATION	SIGNATURE
1	Hon. Alaso Alice Asianut	Chairperson	
2	Hon. Mwiru Paul	Deputy Chairperson	
3	Hon. Ssekikubo Theodore	Member	
4	Hon. Ababiku Jesca	Member	
5	Hon. Kibojana Margaret Namara	Member	
6	Hon. Boona Emmanuel	Member	
7	Hon. Musasizi Henry Ariganyira	Member	
8	Hon. Besisira Ignatius	Member	
9	Hon. Asupasa Isiko Wilson Mpongo	Member	
10	Hon. Kamba Saleh	Member	
11	Hon. Opolot Jacob Richards	Member	
12	Hon. Kabakumba Masiko	Member	
13	Hon. Kabasharira Naome	Member	
14	Hon. Karuhanga Kafureeka Gerald	Member	
15	Hon. Ogwang Peter	Member	
16	Hon. Olanya Gilbert	Member	
17	Hon. Ajok Lucy	Member	
18	Hon. Byarugaba Alex Bakunda	Member	

19	Hon. Dombo Emmanuel Lumala	Member	
20	Hon. Egungu Nantume Jeneper	Member	
21	Hon. Katwiremu Yorokamu Bategana	Member	
22	Hon. Kwizera Eddie Wa Gahungu	Member	
23	Hon. Lwanga Timothy Mutekanga	Member	
24	Hon. Mugabi Muzaale Martin Kisule	Member	
25	Hon. Musinguzi Yona	Member	
26	Hon. Nakato Kyabangi Katusiime	Member	
27	Hon. Nandala-Mafabi Nathan	Member	
28	Hon. Okot Ogong Felix	Member	
29	Hon. Oleru Huda Abason	Member	
30	Hon. Sewungu Joseph Gonzaga	Member	

