

THE REPUBLIC OF UGANDA

TREASURY MEMORANDUM

ON THE REPORT OF PARLIAMENT ON THE REPORT OF THE AUDITOR GENERAL FOR THE FINANCIAL YEAR 2023/24

VOLUME V

LOCAL GOVERNMENTS

(VOTES 868-935)

PRESENTED BY

THE HON. MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

MARCH 2026



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LIST OF ABBREVIATIONS AND ACRONYMS

BC	Business Continuity
Bn	Billion
BoQ	Bill of Quantities
BoU	Bank of Uganda
CDC	Centers for Disease Control and Prevention
CDO	Cotton Development Organisation
CFR	Central Forest Reserve
CID	Criminal Investigations Directorate
CIP	Compliance Improvement Plan
CNDPF	Comprehensive National Development Framework
CoC	Certificate of Compliance
COSASE	Commissions, Statutory Authorities and State Enterprises
Covid-19	Coronavirus Disease
CSC	City Service Commission
DCIC	Directorate of Citizenship and Immigration Control
DDA	Dairy Development Authority
DGF	Democratic Governance Facility
DHoM	Deputy Head of Mission
DLB	District Land Board
DLG	District Local Government
DR	Disaster Recovery
DSC	District Service Commission
DTS	Digital Tracking Solution
EAC	East African Community
EC	Electoral Commission
ECCMIS	Electronic Court Case Management Information System
ECD	Economic and Commercial Diplomacy
EDMS	Electronic Document Management System
EFRIS	Electronic Fiscal Receipting & Invoicing Solution
EIA	Environmental Impact Assessment
EMIS	Education Management Information System
EOC	Equal Opportunities Commission
ERP	Enterprise Resource Planning
ETD	Emergency Travel Document
FIA	Financial Intelligence Authority
FMD	Foot and Mouth Disease
FSA	Foreign Service Allowance
FSO	Foreign Service Officer
FY	Financial Year

GBP	Great British Pound
GFMIS	Government Financial Management Information Systems
GoU	Government of the Republic of Uganda
GPA	Gross Payments Account
HCM	Human Capital Management
HESFB	Higher Education Students' Financing Board
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HLG	Higher Local Government
HoM	Head of Mission
HSC	Health Service Commission
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICT	Information and Communications Technology
IDI	Infectious Diseases Institute
IFMS	Integrated Financial Management System
IFRS	International Financial Reporting Standards
IHMIS	Integrated Hospital Management Information System
ILMIS	Integrated Loan Management Information System
IPC	Interim Payment Certificate
IPPS	Integrated Personnel and Payroll System
IT	Information Technology
JICA	Japan International Cooperation Agency
JSC	Judicial Service Commission
JVA	Joint Venture Agreement
KCCA	Kampala Capital City Authority
Km	Kilometer
LC	Letters of Credit
LG	Local Government
LGFC	Local Government Finance Commission
LLG	Lower Local Government
LLIN	Long-Lasting Insecticidal Nets
M&E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MBPS	Megabits Per Second
MCC	Milk Collection Center
MDA	Ministries, Departments and Agencies
MDALG	Ministries, Departments, Agencies and Local Governments
Mn	Million
MoES	Ministry of Education and Sports
MoFA	Ministry of Foreign Affairs
MoFPED	Ministry of Finance, Planning and Economic Development
MoH	Ministry of Health
MoICT&NG	Ministry of ICT and National Guidance
MoJCA	Ministry of Justice and Constitutional Affairs

MoLHUD	Ministry of Lands, Housing and Urban Development
MoPS	Ministry of Public Service
MoTIC	Ministry of Trade, Industry and Cooperatives
MoU	Memorandum of Understanding
MoWT	Ministry of Works and Transport
MTEF	Medium-Term Expenditure Framework
MTR	Mid-Term Review
NAADS	National Agricultural Advisory Services
NAGRC&DB	National Animal Genetic Resources Centre and Data Bank
NARO	National Agricultural Research Organisation
NBI/EGI	National Backbone Infrastructure/E-Government Infrastructure
NCDC	National Curriculum Development Centre
NDA	National Drug Authority
NDP	National Development Plan
NEF	National Environment Fund
NEMA	National Environment Management Authority
NFA	National Forestry Authority
NIN	National Identification Number
NIRA	National Identification and Registration Authority
NITA-U	National Information Technology Authority - Uganda
NL&GRB	National Lotteries and Gaming Regulatory Board
NMS	National Medical Stores
NMTS	National Meteorological Training School
NPA	National Planning Authority
NPC	National Population Council
NSC	National Standards Council
NSSF	National Social Security Fund
NTR	Non-Tax Revenue
NWSC	National Water and Sewerage Corporation
ODPP	Office of the Director of Public Prosecutions
PAC	Public Accounts Committee
PAP	Project Affected Persons
PAU	Petroleum Authority of Uganda
PAYE	Pay as You Earn
PBS	Programme Budgeting System
PCA	Parish Coffee Advisor
PDM	Parish Development Model
PDMIS	Parish Development Management Information System
PFMA	Public Finance Management Act, Cap. 171
PIAP	Programme Implementation Action Plan
PPDA	Public Procurement Disposal of Public Assets
PPR	Peste des Petits Ruminants
PROCAMIS	Prosecution Case Management Information System
PS/ST	Permanent Secretary/Secretary to the Treasury

PSC	Public Service Commission
PVoC	Pre-Export Verification of Conformity
PWD	Persons with Disabilities
RAPEX	Rationalisation of Agencies and Public Expenditure
SACCO	Savings and Credit Cooperative Organisation
SDLC	Systems Development Lifecycle
TB	Tuberculosis
TIN	Tax Identification Number
TREP	Taxpayer Registration and Expansion Program
UBOS	Uganda Bureau of Statistics
UBTEB	Uganda Business and Technical Examination Board
UCDA	Uganda Coffee Development Authority
UDC	Uganda Development Corporation
UEPB	Uganda Export Promotion Board
UESW	Uganda Electronic Single Window
UFZA	Uganda Free Zones Authority
UGX	Uganda Shilling
UHRC	Uganda Human Rights Commission
UIA	Uganda Investment Authority
UIRI	Uganda Industrial Research Institute
ULC	Uganda Land Commission
ULRC	Uganda Law Reform Commission
UMRA	Uganda Microfinance Regulatory Authority
UNBS	Uganda National Bureau of Standards
UNCST	Uganda National Council for Science & Technology
UNMA	Uganda National Meteorological Authority
UNMEB	Uganda National Medical Examination Board
UNRA	Uganda National Roads Authority
UNSA	Uganda National Students' Association
UPPC	Uganda Printing and Publishing Corporation
URA	Uganda Revenue Authority
URBRA	Uganda Retirements Benefits Regulatory Authority
URF	Uganda Road Fund
URSB	Uganda Registration Services Bureau
USD	United States Dollar
USPCL	Uganda Security Printing Company Limited
UTB	Uganda Tourism Board
UVRI	Uganda Virus Research Institute
VAT	Value Added Tax
WHT	Withholding Tax

GLOSSARY OF KEY TERMS IN PUBLIC FINANCE MANAGEMENT

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

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

Accounts Payable: This refers to the amount of an entity's short-term obligation to pay for goods and services which the entity procured on credit. It includes payroll liabilities, third-party liabilities and other payables.

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

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

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

Chart of Accounts: A list of accounts set up for an organisation, used to classify and record transactions in the organisation's books. This forms the basis for the detailed budget estimates.

Commitment: In the context of a vote, this means entering into a contract or other binding arrangement that creates a future expense or liability.

Contingent Asset: This means a possible asset that arises from past events and whose existence shall be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability: This means;

a) a possible obligation that arises from past events and whose existence shall be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
b) a present obligation that arises from past events but is not recognised because:
   i) it is not probable that an outflow of resources embodying economic benefits or service potential shall be required to settle the obligation; or
   ii) the amount of the obligation cannot be measured with sufficient reliability."

Domestic Arrears: These are financial obligations due but remain unpaid beyond the financial year in which they were incurred.

Electronic Government Procurement (e-GP): A web-based tool used to carry out public procurement and disposal, enabling the end-to-end Government procurement and disposal process online. It involves all stages, from procurement planning, bidding, evaluation, award, contract management, invoicing, and payment for supplies, works, and services.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Warrant: This is an authority given by the Minister responsible for Finance to the Accountant General to withdraw funds from the Consolidated Fund as specified in section 32 of the Public Finance Management Act, Cap 171. Subsequently, the Accountant General issues quarterly warrants to Government entities to withdraw funds from the Consolidated Funds.

STATEMENT BY THE HON. MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

Rt. Hon. Speaker of Parliament,

Hon. Members of Parliament.

Rt. Hon. Speaker, Parliament passed resolutions on various Public Accounts Committee reports on the report of the Auditor General for the financial year ended 30th June 2024.

Rt. Hon. Speaker, Article 163 of the Constitution of the Republic of Uganda and Section 51 of the Public Finance Management Act, Cap. 171 requires the Minister responsible for Finance to submit a Treasury Memorandum detailing measures taken by each vote to implement the recommendations of Parliament.

This Treasury Memorandum presented before the House consists of six (6) volumes, namely:

Volume	I	–	Consolidated Financial Statements and Treasury Operations
Volume	II	–	Central Government Ministries
Volume	III	–	Uganda Missions Abroad
Volume	IV	–	Public Universities and Referral Hospitals
Volume	V	–	Local Governments
Volume	VI	–	Commissions, Statutory Authorities and State Enterprises

I thank Parliament for considering the report of the Auditor General and for carrying out its oversight role in ensuring that public funds are managed responsibly. The Executive reaffirms its commitment to the timely conclusion of the Public Financial Management accountability cycle.



Matia Kasaija (MP)

MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

STATEMENT BY THE PERMANENT SECRETARY/SECRETARY TO THE TREASURY

Section 10(2)(m) of the Public Finance Management Act, Cap. 171 requires the Secretary to the Treasury to prepare a Treasury Memorandum. Section 51 of the same Act specifies that a Treasury Memorandum shall contain measures taken by each vote to implement the recommendations of Parliament.

In pursuit of the above legal provisions, this Treasury Memorandum has been prepared in six (6) volumes and below are the highlights of the recommendations of Parliament and measures taken to address them:

A. Cross-Cutting Issues

1) Change in Accounting Treatment for Non-Current Assets

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

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

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

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

2) Implementation of the item master restrictions

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

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

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

3) Management of Non-Tax Revenue

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

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

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

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

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

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

4) Utilisation of the Wage, Pensions and Gratuity Budgets

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

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

Government reiterates its commitment to enhancing the salaries and pensions of civil servants and ensuring they are paid by the 28th of each month.

5) Settlement of Domestic Arrears

Parliament has consistently and correctly recognised the persistent increase in domestic arrears despite various Government interventions. This is further obscured by some Accounting Officers concealing domestic arrears and paying these arrears that were previously neither disclosed nor budgeted for, leading to the diversion of funds and the crowding out of services planned for the year.

It is the duty of Accounting Officers to ensure that budget implementation occurs effectively, adhering to both approved work plans and budgetary constraints, to prevent the accumulation of new arrears.

A phased approach has been adopted to eliminate domestic arrears over the next three (3) financial years. This was informed by a verification conducted by the Auditor General to ensure only confirmed/verified domestic arrears are considered for settlement.

Payments will prioritise suppliers of goods/services in the following categories: statutory obligations; contractors for infrastructure, energy and water; taxes/deductions; utilities; and compensations under the Uganda Land Commission, the Ministry of Lands, Housing and Urban Development, and the Ministry of Justice and Constitutional Affairs.

In financial year 2025/26, UGX 1.4Tn has been allocated for payment of domestic arrears. The Ministry has instituted the following measures:

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

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

6) Implementation of Approved Work Plans and Activities

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

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

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

B. Specific Issues

Uganda Missions Abroad

7) Operationalisation of the Economic and Commercial Diplomacy Strategy

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

Accordingly, this Ministry will continue working closely with the Ministry of Foreign Affairs and the National Planning Authority to support the Missions Abroad in fully integrating their Economic and Commercial Diplomacy interventions into the Programme Implementation Action Plans and the Mission Strategic Plans.

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

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

8) Exchange Rate fluctuations/Loss of Poundage

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

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

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

Public Universities and Referral Hospitals

9) Off-Budget Financing

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

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

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

10) Status of Medical Equipment

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

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

The Ministry of Health should take lead to address the recruitment and placement of health workers at the various health facilities with the appropriate skill sets to operate the machines.

The budget allocation for medical equipment maintenance at health facilities will continue to be addressed through the Government appropriation processes.

Commissions, Statutory Authorities and State Enterprises

11) Rationalisation of Government Agencies and Public Expenditure

H.E. the President assented to 34 RAPEX Bills. The rationalised institutions/functions and their respective budgets have been transferred to the receiving Votes or departments. All Accounting Officers have been advised to ensure that the new functions are fully operationalised.



Ramathan Ggoobi

PERMANENT SECRETARY/SECRETARY TO THE TREASURY

PART ONE: CROSS – CUTTING ISSUES	
Query	**Recognition and Valuation of Assets**

Audit Findings

Disclosed in the financial statements of 130 Local Governments (LGs), under Note 26 (Property, Plant and Equipment) and Note 27 (Non-produced Assets) are amounts of UGX.6,062Bn and UGX.4,551Bn respectively. The amounts indicate a significant increase in the asset account balances of UGX 5,102Bn (531%) for Property, Plant and Equipment and UGX.3,875Bn (573%) for Non-produced Assets.

The above was a result of a change in the Accounting Policy to full adoption of the accrual basis of accounting, as guided by the Accountant General in the financial year 2023/24 as part of Government's commitment to adopt IPSAS.

Audit further noted that the significant increase in the asset balances was caused by new additions in the year, whose values/cost were based on management estimates as guided by the Accountant General. The estimates, however, were not guided by the valuations of the Chief Government Valuer.

Recommendation

Accounting Officers were advised to engage the Accountant General and the Chief Government Valuer, to ensure that the districts' assets are re-valued in a phased manner over an agreed period of time for correct recording of the assets at more realistic values.

Action Status

Engagements have been initiated with the Accountant General and the Chief Government Valuer to develop a phased asset valuation plan for all districts. These engagements aim to ensure that all assets are professionally valued and recorded at more reliable and realistic values in future financial statements, consistent with the Government's transition to accrual-based accounting under IPSAS.

The Accountant General has issued guidelines to assist entities in recognising their assets and attaching book values to them during the transition to accrual accounting.

The PBS, e-GP, and IFMS have been enhanced to implement the alignment of Capital Budgets to individual assets or services to be acquired. This implies

that entities shall only be able to charge and process payments for capital items that have been budgeted for as per the Government Item Master, in line with Budget Call Circular Para 77.

Formal engagement with the Ministry of Lands, Housing and Urban Development has been initiated to facilitate professional valuation of all district assets and to facilitate titling of surveyed land.

Query	**Long Outstanding YLP and UWEP Balances**

Audit Findings

Included in the Statements of Financial Position and Note 22, of 127 LGs, is an outstanding balance of UGX.143Bn in respect of Youth Livelihood Program (YLP) and Uganda Women Empowerment Project (UWEP).

It was noted that out of the previous year's balance of UGX.131Bn, only a sum of UGX.8Bn (6%) was collected during the year under review, indicating low recovery, thus undermining the objectives of the programmes.

Accounting Officers attributed the failure to recover the outstanding amounts to; Disintegration of groups that were advanced the programme funds, which could not be traced and most of the business enterprises had since collapsed.

Some funds advanced to YLP groups in administrative units that have since been absorbed by the newly created votes, making it challenging to enforce collection due to the new jurisdiction protocols.

Recommendation

Accounting Officers were advised to liaise with the Ministry of Gender, Labour and Social Development (MoGLSD) to devise strategies that will enable full recovery of the amounts due from the groups.

Action Status

The Ministry of Gender, Labour and Social Development has been engaging Accounting Officers and technical staff in Local Governments to strengthen follow-up and recovery of outstanding funds from beneficiary groups. This includes guidance on enforcing repayment through Community Development Officers and programme focal persons.

The Ministry initiated reconciliation of funds deposited on the UWEP and YLP central recovery accounts with records from Local Governments to ensure that all recovered funds are correctly captured and accounted for. This followed cases where LGs submitted transfers with incomplete narrations or inconsistent records.

Instructions to Local Governments have been issued to institute standing orders so that all funds recovered from beneficiary groups are automatically transferred to the central recovery account at the Bank of Uganda to improve monitoring and accountability. MoGLSD has enhanced monitoring and supervision of programme implementation and recovery through sensitisation of district leaders and beneficiary groups on their obligation to repay the revolving funds.

Community Development Officers and district programme committees have been urged to strengthen the tracking of defaulting groups.

Development of databases of defaulting beneficiary groups in the districts has been encouraged and sharing this information with relevant government agencies including Police, Resident District Commissioners (RDCs)/ISO, and parish chiefs has been used to support follow-up and enforcement. Efforts have been made and some recoveries have been realised.

The Ministry is reviewing implementation approaches and recovery strategies to improve sustainability of the revolving funds and ensure that recovered funds can be revolved to other eligible youth and women groups.

Query	**Understaffing**

Audit Findings

The audit compared the approved staff structure and the staff list and noted that in 45 HLGs, out of the approved 30,287 staff positions, 20,888 (69%) were filled, leaving 9,399 (31%) positions vacant.

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

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

Accounting Officers explained that the districts recruit on a replacement basis; however, recruitment to fill other positions will be done once the halt on recruitment is lifted.

Recommendation

Accounting Officers were advised to engage the Ministry of Public Service (MoPS) and the Ministry of Finance, Planning and Economic Development (MoFPED) to fast-track the recruitment.

Action Status

Establishment Notice No. 2 of 2025 Guidelines on Human Resource Management in the Public Service has been noted and disseminated to all Accounting Officers.

Controls have been introduced in the management of the wage bill, including: the requirement to submit staff lists together with wage, pension, and gratuity budget estimates; enforcement of clearance to recruit; rollout of the Human Capital Management (HCM) system, which has limited cases of over- and underpayment; the requirement to produce evidence of clearance to recruit before accessing new employees on the payroll; and quarterly reviews of the payroll, among others.

All Government Commissions (Central and Local Governments) responsible for recruitment are advised to ensure they objectively recruit and pay staff as cleared by the Ministry of Public Service and the Ministry of Finance, Planning and Economic Development. This will be another area of assessment on the performance of Accounting Officers.

Accordingly, for FY 2026/27, recruitment must be strictly limited to recruitment on a replacement basis, approved recruitment plans, and the approved wage ceiling. No recruitment shall be undertaken without prior written clearance from the Ministry of Public Service and confirmation of the wage budget by the Ministry of Finance, Planning and Economic Development.

Accounting Officers are cautioned that creation of unfunded wage liabilities constitutes a breach of fiscal discipline and will lead to penalties in accordance with PFMA, Cap 171 Section 77 and Budget Call Circular Para 48.

Query	**Mischarge of Expenditure**

Audit Findings

Treasury Instruction No. 10.10.16, 2017 states that all payments shall be fully coded according to the Chart of Accounts codes to enhance expenditure classification and reporting.

The audit noted that in nine (9) LGs, a sum of UGX.3.33Bn was incurred on item codes for which they were not budgeted. There is a risk that funds intended for planned activities could have been diverted to other activities and there is a possibility of falsification of supporting documents.

Some of the Accounting Officers attributed the anomaly to failure by the PBS to capture all codes as per the Chart of Accounts, while others did not provide a response.

Recommendation

Accounting Officers were advised to ensure that expenditure is incurred on item codes for which they were budgeted.

Action Status

Accounting Officers have been issued with guidance to ensure proper coding of all expenditures and review controls have been strengthened, while engagement with MoFPED on PBS system improvements is ongoing.

Accounting Officers have been instructed to ensure that all payments are processed and coded in accordance with the updated and enhanced Chart of Accounts and approved budget provisions in compliance with Treasury Instruction No. 10.10.16 of 2017.

Local Governments have been directed to verify item codes during budget preparation and execution in the Programme Budgeting System (PBS) to ensure that expenditures are charged only on the appropriate and approved item codes.

In line with Budget Call Circular Para 87, Budget Code 000016 for Environment, Social, Health and Safety (ESHS) safeguards has been communicated and must be applied to all eligible activities.

The Accountant General's Office has undertaken capacity-building programmes to sensitise and train staff on the correct use of the Chart of Accounts and coding requirements to minimise errors during payment processing.

Stricter reviews to ensure that all expenditures are properly coded before approval have been instituted through Internal Audit and payments departments.

System enhancement of the PBS is being undertaken by MoFPED to ensure that all necessary item codes are properly captured in the system.

Query	**Unaccounted for Funds**

Audit Findings

Instruction 10.1.6 (a–h) of the Treasury Instructions, 2017 states that no payment shall be made for goods, services, and works outside properly authorised commitments and without adequate supporting documents, which are to include among others a signed contract/agreement, certificates of completion of works, Goods Received Notes, Goods Delivery Notes, and any other documents in support of a payment.

A review of payment vouchers revealed that in 4 LGs, expenditure totalling UGX.0.67Bn remained unaccounted for at the close of the financial year. Specifically, there were no activity reports, pre- and post-inspection reports, or other evidence to confirm full implementation of the activity.

There is a risk that funds were misappropriated.

The Accounting Officers explained that by the time of audit, the accountabilities had been filed in separate files. These, however, were not availed for audit verification.

Recommendation

Accounting Officers were advised to always ensure that sufficient and appropriate documentation is attached to the payments made. In the

meantime, the unaccounted-for funds should be recovered from the individual officers.

Action Status

Accounting Officers have been directed to submit the missing accountability documents for verification, and recovery of funds will be enforced where satisfactory accountability is not provided, in accordance with PFMA, Cap 171 Section 77. Measures have also been instituted to strengthen documentation controls, enhance internal audit reviews, and sensitise staff on compliance with Treasury Instructions 10.1.6 (a–h) of 2017.

Management of the Parish Development Model

Query	**Alignment of the LGs Work Plans and Budgets to the PDM**

Audit Findings

Paragraph 1.7 of the Users Handbook for the Parish Revolving Fund (PRF) under PDM Pillar 3 – Financial Inclusion (Version: October 2022) requires all LGs through their respective Core Implementation Teams, to align their plans, interventions, and budgets to the implementation of the PDM. In addition, Paragraph 3.4 of the Implementation Guidelines for PDM, 2021 requires PDCs to identify and prioritise social services needed at parish level and share them for approval and consolidation at the Sub-County and district levels.

Audit was not availed with evidence for identification of parish/ward priorities using the format prescribed in the guidelines for onward submission to the divisions/sub-counties and Municipal Council/District.

There were PDM parish/ward priorities in the sub-counties; however, they did not use the format prescribed in the guidelines for onward submission to the sub-counties.

Failure to incorporate priorities from the Lower Local Governments (LLGs) could hinder the achievement of the PDM objective of improving the incomes and welfare of all Ugandans at the household level.

The Accounting Officers attributed the anomaly to lack of awareness of the prescribed format while others cited inadequate funds to facilitate collection of priorities from LLGs.

On further review, audit noted that the Accounting Officers availed priorities for FY 2024/25 which were not relevant to the audit.
Recommendation
The Accounting Officers were advised to ensure that priorities from Lower Local Governments are identified using the prescribed format and incorporated in the district's budget and work plans.
Action Status
All Local Government Accounting Officers are directed to fully budget and align all activities under the Sustainability and Acceleration Phase of the PDM under the Extension, Production and Marketing grants in accordance with Budget Call Circular Para 35. The activities for the compilation of the SPEAR report and development of Parish Action Plans (PAPs) should be budgeted and funded through the Discretionary Development Equalization Grant (DDEG). All Local Government Accounting Officers should note that no Local Government's Annual Workplan and Budget shall be approved unless the SPEAR reports for all the parishes under its jurisdiction have been submitted via the Local Government Statistics App, as required by Budget Call Circular Para 36. Accounting Officers have provided guidance on budgeting in Lower Local Governments and Parish Development Committees to identify and submit parish priorities using the prescribed format in the PDM guidelines. Sensitisation of parish and sub-county stakeholders on the correct procedures has been undertaken, and measures have been instituted to ensure that LLG priorities are properly documented and incorporated into district plans and budgets.

Query	**PDM Funding and Absorption**
Audit Findings A review of the PDM funds release and absorption revealed the following; **a) Funding and Utilization of Administrative Costs and Parish Chief Allowances** DLGs received funds for administrative costs and other funds for parish chief allowances to coordinate implementation of PDM activities under the Financial	

Inclusion Pillar for loan processing and Parish Chiefs' allowances. Some parish chiefs were not paid their respective allowances.

b) Late Disbursement of Funds

Paragraph 6 of the circular on the implementation of financial inclusion activities under the Parish Development Model during the stabilisation phase (ref: EDP 86/103/02 vol.3 dated 8th January 2024) states that capitalisation of PDM SACCOs will commence in Quarter 3 with the transfer of UGX.50 million per SACCO and the balance of UGX.50 million in Quarter 4.

Audit noted that: (i) no funds were disbursed to any SACCO in Quarter 3 yet they expected the quarterly PRF; and (ii) all SACCOs did not receive all PRF in FY 2023/24 but received the PRF in Quarter 1 of the subsequent FY 2024/25. Consequently, there was delayed disbursement to SACCO beneficiaries which affected the intended timely transformation of the subsistence households into the money economy.

The Accounting Officers acknowledged the delays in disbursements to the PDM SACCOs and explained that this was due to delays by MoFPED to clear the payments. This is not in the control of the District since funds are sent directly to SACCO accounts by MoFPED.

c) Matching Disbursement of PDM Funds with Planting Seasons

Audit noted that some PRF beneficiaries engaged in various crop production such as sunflower, sim-sim, soya beans, and cassava received the funds outside the planting period. This resulted in low yields for those who planted late and diversion/misuse of funds for those who did not plant. The Accounting Officers attributed the shortcoming to late disbursement of funds to the SACCOs' accounts as well as delayed training of users on the PDMIS system.

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

Paragraph 4.1.3 of the Users Handbook for the Parish Revolving Fund (PRF) under PDM Pillar 3 – Financial Inclusion (October 2022) prescribes the allocation criteria which should be adopted in the utilisation of the Parish Revolving Funds by Special Interest Groups. Audit noted that most of the SACCOs did not meet the requirements for Youth; the requirements for Persons with Disabilities and the Elderly; and the requirements for Older Persons. Failure to meet the allocation for special interest groups undermines the objective of the programme.

Recommendation
i) The Accounting Officers were advised; ii) To engage the relevant stakeholders to ensure that the vacant positions are filled. iii) That Audit would bring the matter to the attention of MoFPED. iv) That Audit would bring the issue of delayed funding to the attention of the relevant stakeholders. v) To ensure that SACCO leaders are sensitised on the allocation requirements of special interest groups.
Action Status
Engagement of stakeholders to address implementation gaps under the Parish Development Model (PDM), including absorption of programme funds, has been undertaken. Measures include follow-up with relevant authorities on delayed disbursement of Parish Revolving Funds, processing of outstanding parish chief allowances, and continued sensitisation of SACCO leaders and Parish Development Committees on adherence to the allocation criteria for Special Interest Groups as prescribed in the PRF Users Handbook, Para 4.1.3. Districts have strengthened coordination with stakeholders to improve timely disbursement and alignment of funding with agricultural seasons. MoFPED has been engaged on the matter of delayed PRF disbursements to SACCOs, and this matter has been escalated to the relevant authorities in line with Budget Call Circular Para 34.

Query	**Agriculture Extension Services**
Audit Findings Paragraph 3.1.1 of the MAAIF PDM Operational Guidelines on knowledge/extension services for crop, animal husbandry and fisheries provides that Government extension services are expected to support and guide farmers in making decisions on the technological options, management of the various technologies, farming systems, types of products and their demand, quality specifications, sources of inputs and sale of products, resource use and marketing, relevant and reliable knowledge and information, and feasible off-farm income generation options. Government will employ three extension staff at the local government (sub-county) level in the areas of livestock, crops, and	

fisheries on permanent and pensionable terms to provide advice to mixed farmers producing a range of enterprises.

Audit noted the following;

a) Staffing

Out of the required extension staff positions in sub-counties and Town Councils, less than 35% had been filled, leading to a shortfall of more than 65%. Accounting Officers attributed understaffing to the ban on recruitment.

b) Adequacy of Resources (Means of Transport)

Paragraph 4.1 (d)(ii) of the Implementation Guidelines for the Parish Development Model, February 2022 provides that provision of extension services entails demonstrations, visits, and field days. Section 3.1 of the Compendium of Costed Service Delivery Standards for Local Governments, August 2023 requires each extension worker to be equipped with a motorcycle, helmet, and protective clothing. However, approximately 60% of the extension workers in sub-counties had motorcycles.

Accounting Officers mainly attributed this to insufficient funds and stated that procurement of the remaining motorcycles for extension staff has been planned for the next financial year.

Recommendation

i) The Accounting Officers were advised to liaise with MoPS and MoFPED on lifting the ban and provision of wage for extension workers.

ii) The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) should retool the Public Extension Workers to support efficiency, growth, and mentoring of farmers and their organisations.

Action Status

All Government Commissions (Central and Local Governments) responsible for recruitment are advised to ensure they objectively recruit and pay staff as cleared by the Ministry of Public Service and the Ministry of Finance, Planning and Economic Development. This will be another area of assessment on the performance of Accounting Officers.

Accordingly, for FY 2026/27, recruitment must be strictly limited to recruitment on a replacement basis, approved recruitment plans, and the approved wage ceiling. No recruitment shall be undertaken without prior written clearance from the Ministry of Public Service and confirmation of the wage budget by the Ministry of Finance, Planning and Economic Development.

Accounting Officers are cautioned that creation of unfunded wage liabilities constitutes a breach of fiscal discipline and will lead to penalties in accordance with PFMA, Cap 171 Section 77 and Budget Call Circular Para 48.

MAAIF is being engaged to address the retooling of public extension workers, and procurement of additional motorcycles for extension staff has been incorporated into future work plans.

Query	**Existence and Functionality of SACCO Committees and Sub-Committees**

Audit Findings

The PDM Operational Guidelines from MAAIF provide that the Executive Committee of the PDM SACCO shall constitute the Production, Marketing, Finance & Investment, and Business Development Services Sub-Committees.

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

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

b) SACCOs had non-functional committees and sub-committees. This could lead to mismanagement of the SACCOs as there may not be appropriate oversight.

The Accounting Officers acknowledged the anomaly and indicated that improvement is required.

Recommendation

The Accounting Officers were advised to engage the PDCs to ensure that the SACCOs constitute functional committees to strengthen SACCO governance.

Action Status

In line with the PDM Operational Guidelines, Parish Development Committees (PDCs), Community Development Officers, and SACCO leadership have been directed to address the governance gaps identified in PDM SACCO structures. SACCO Executive Committees have been guided to constitute the required sub-committees, including the Production, Marketing, Finance & Investment, and Business Development Services Sub-Committees.

Sensitisation meetings have been conducted for SACCO leaders to emphasise the roles and responsibilities of committees and the importance of functional

governance structures in ensuring proper oversight, transparency, and accountability in the management of Parish Revolving Funds. In addition, district and sub-county technical teams have been tasked to follow up and monitor the functionality of the committees and provide technical support where necessary, consistent with Budget Call Circular Para 38.

Query	**Existence of Registered Offices and Signboards**

Audit Findings

Section 20(1 & 2) of the Cooperative Societies Act, Cap 112 provides that every registered society shall have a registered address to which notices and communications may be sent and shall send to the registrar notice of every change of address within one month of the change. Every registered society shall display its name and address on a signboard in a conspicuous position outside its place of business.

Audit noted that SACCOs did not have;

a) Registered offices on their documents.
b) Evidence of a signboard showing their names and addresses.

Accounting Officers explained that the costs of running SACCO offices are expensive and were not planned for under Pillar 3 – Financial Inclusion. Furthermore, no formal guidelines were issued to that effect; therefore, guidance on how to run the SACCO offices is sought from the Secretariat.

Recommendation

The Accounting Officers were advised to liaise with the PDM Secretariat and MoFPED for further support on this matter.

Action Status

Accounting Officers engaged the Parish Development Committees (PDCs), SACCO leadership, and Community Development Officers to address the matter regarding the absence of registered offices and signboards for PDM SACCOs. SACCO leaders have been guided to initiate the process of designating registered office addresses and to ensure that SACCO names and addresses are properly reflected on official documents in line with Section 20(1 & 2) of the Cooperative Societies Act, Cap 112.

The PDM Secretariat and MoFPED have provided guidance and support on operational requirements for SACCO offices under Pillar 3 – Financial

Inclusion. SACCO leaders have also been advised to progressively establish signboards at their operational points to enhance visibility and compliance with the legal requirements.

Query	PDM SACCO Operations

Audit Findings

Paragraph 2.3 (C) of the Operational Manual; Paragraph 3.7 & 3.8 of the Users' Handbook for the Parish Revolving Fund (PRF) under PDM Pillar 3 – Financial Inclusion, October 2022; Instruction 10.1.6 (a–h) of the Treasury Instructions, 2017; and related guidance documents require the following:

a) Selection and Implementation of Prioritised/Flagship Projects

Each Parish shall select flagship projects that will benefit all interested subsistence households in a participatory manner as guided by the Commercial Officer, Community Development Officer (CDO), and relevant sector experts.

Audit noted that: (i) 10 sampled parishes selected flagship projects that were inconsistent with the LG selected priority commodities; (ii) 10 farmer enterprises/households implemented projects that were not from the priority commodity list; and (iii) failure to select and implement prioritised projects may undermine achievement of the pillar objectives.

The Accounting Officers explained that the selection of enterprises was done following analysis of factors such as suitability of land, the season of planting, and timing of receiving PRFs.

b) Loan Application and Approval Process

Audit noted that some beneficiaries who accessed loans did not adhere to the loan application process, including registration on the Parish Development Management Information System (PDMIS). Failure to follow the stipulated loan application and approval process may result in ineligible beneficiaries accessing PRF.

The Accounting Officers acknowledged the findings and promised that strict follow-ups would be made going forward.

c) Insurance Policy for Farming Enterprises

For farming enterprises, the borrower must obtain an agricultural insurance policy under the Uganda Agriculture Insurance Scheme (UAIS).

Audit noted that PRF beneficiaries who carried out farming enterprises in PDM SACCOs did not obtain agricultural insurance policies from UAIS. Lack of recourse in the form of insurance will expose farming enterprises to the adverse effects of climate change and may result in failure to recover the loan funds.

The Accounting Officers explained that the guidelines on insurance were not conclusive since there has been no standardisation of the policy on how the premium was to be paid from the UGX 1,000,000 obtained by PRF beneficiaries.

Recommendation

The Accounting Officers were advised to;

i) Liaise with MAAIF and the PDM Secretariat to include more beneficiaries on the District priority commodity list.

ii) Always ensure that loan application and approval processes are strictly adhered to.

iii) Liaise with the PDM Secretariat for clear guidance on matters of insurance policy for farming enterprises.

Action Status

Corrective actions for alignment of flagship projects with district priority commodity lists, strict loan application compliance, and engagement on agricultural insurance policies are ongoing, with continuous follow-up and monitoring to ensure full adherence to PDM Operational Guidelines.

District technical teams, including Commercial Officers and Community Development Officers, have been engaged to ensure that flagship projects selected at parish level align with district priority commodity lists while also considering factors such as land suitability and seasonal timing. Measures are being put in place to improve planning and monitoring to minimise inconsistencies.

Accounting Officers have strengthened supervision and follow-up to ensure that all PRF beneficiaries strictly adhere to the prescribed loan application and approval process, including registration on the PDMIS. SACCO leaders and Community Development Officers have been tasked to verify eligibility before disbursement.

MAAIF and the PDM Secretariat have provided guidance on the agricultural insurance requirements under the Uganda Agriculture Insurance Scheme (UAIS). Engagements are ongoing to standardise the insurance policy and

clarify premium payment arrangements for PRF beneficiaries to mitigate risks from climate-related losses, consistent with Budget Call Circular Para 34.

Query	**Follow-up on PDM Matters Arising from the Previous Audit**

Audit Findings

Under the Microfinance Institutions Money Lenders Act a SACCO shall not carry on the business of provision of financial services to its members unless it is a registered society and licensed under this Act, or it is operating on a probationary period pending registration under the Cooperative Societies Act, or it has applied for a licence under this Act.

Audit noted that most SACCOs were not licensed to carry on the business of lending under the Microfinance Institutions Money Lenders Act. As a result, enforcement of recovery of PRF funds from beneficiaries by the PDM SACCOs may be legally challenged, leading to loss of funds.

The Accounting Officers explained that the SACCOs were still under the probationary period and there was delayed release of guidance on licensing of PDM SACCOs by the PDM Secretariat.

Recommendation

The Accounting Officers were advised to;

i) Engage the PDM Secretariat to ensure that the SACCOs are registered as per requirements of the Cooperative Act.

ii) Liaise with the Registrar of Cooperative Societies to expedite the process of licensing the PDM SACCOs in the district.

Action Status

The PDM Secretariat has clarified the process for registration and licensing of SACCOs operating under the Parish Revolving Fund (PRF), providing guidance on the probationary period, statutory requirements under the Cooperative Societies Act, and the documentation required for SACCOs to apply for full licensing.

The registration and licensing of PDM SACCOs is ongoing. Continuous follow-up with the PDM Secretariat and the Registrar of Cooperatives is being undertaken to ensure all SACCOs transition from probationary operations to fully licensed entities, thereby safeguarding PRF funds and ensuring legal compliance.

The Registrar of Cooperatives has been engaged to ensure that all SACCOs currently operating under probation are duly licensed. Follow-up meetings have been conducted to track progress and resolve compliance gaps, including verification of constitutions, operational policies, and governance structures of the SACCOs.

Internal guidelines have been issued to ensure that PRF loans and recoveries are executed in accordance with existing regulations, minimising the risk of legal challenges.

Resources to support SACCO compliance activities, including training on regulatory requirements and operational governance, have been incorporated into the Budget Framework Paper (BFP).

Technical support has been provided to ensure all SACCOs understand their responsibilities under the Microfinance Institutions Money Lenders Act and the Cooperative Societies Act.

Query	**Budgeted Activities for Which No Funds Were Released**

Audit Findings

The entity had an approved budget of UGX 45.32Bn out of which UGX 41.99Bn was warranted, resulting in a shortfall of UGX 3.33Bn representing 93% performance. The UGX 3.33Bn that was not warranted negatively affected implementation of budgeted activities and achievement of the expected services.

The Accounting Officers attributed the shortfall in warrants to unrealised local revenue and failure to receive funding from external sources including UNICEF, UNFPA, IPF, and URF.

Recommendation

The Accounting Officers were advised to;

i) Ensure realistic budgeting for local revenue.
ii) Always revise budgets in those circumstances where they cannot be realised.
iii) Roll over unimplemented activities to the subsequent period.

Action Status

MoFPED, through the Budget Execution Circulars, has made efforts to improve the realism of local revenue projections by aligning estimates with historical performance trends and current economic conditions. In addition, mechanisms

have been introduced to periodically review budget performance and initiate revisions where revenue shortfalls are anticipated. However, budget revisions were not consistently implemented during the period under review, and some planned activities remained unfunded without formal adjustment of the work plan.

The unimplemented activities are rolled over to the subsequent financial year, and this practice is being fully institutionalised. In line with Budget Call Circular Para 52 and Para 94–96, Accounting Officers are required to ensure realistic and credible Non-Tax Revenue and local revenue projections backed by historical data and conservative forecasting methodology.

Query	**Utilisation of Warrants**

Audit Findings

Out of the total warrants of UGX 41.99Bn, warrants worth UGX 38.65Bn had been utilised by the close of the financial year. The balance of UGX 3.34Bn was meant for some key activities which were either partially or not implemented at all.

The Accounting Officers attributed the anomaly to the ban on recruitment by MoPS and to failure by farmers to fulfil co-funding requirements.

Recommendation

The Accounting Officers were advised to;

i) Continue engaging and sensitising farmers on the benefits of irrigation systems.

ii) Ensure to roll over the affected activities to the subsequent period.

Audit also informed Accounting Officers that the matter of ban on recruitment will be brought to the attention of the relevant Ministry.

Action Status

Farmer sensitisation and engagement activities have been intensified to improve awareness of the benefits of irrigation systems and to enhance compliance with co-funding requirements, which had previously hindered full utilisation of funds.

Unimplemented activities have been rolled over to the subsequent financial year and incorporated as priorities in the current work plans to ensure completion. Despite these efforts, the continued ban on recruitment by the

Ministry of Public Service has constrained implementation capacity, affecting timely execution of some planned activities.

In accordance with Budget Call Circular Para 48, for FY 2026/27, recruitment is strictly limited to replacement basis within the approved wage ceiling and with prior written clearance from MoPS. Engagement with MoPS on lifting the recruitment ban and addressing staffing gaps is ongoing and has been escalated to the relevant authorities.

Query	**Implementation of Funded Activities**

Audit Findings

Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 8 outputs with 23 activities worth UGX 6.66Bn were assessed and the following was observed;

a) Five (05) outputs with nine (09) activities and expenditure worth UGX 2.92Bn were fully implemented.
b) Three (03) outputs with 14 activities worth UGX 3.73Bn were partially implemented. Out of the 14 activities, nine (09) activities worth UGX 0.044Bn were fully implemented, and five (05) activities worth UGX 3.69Bn were partially implemented.
c) The Accounting Officers attributed the delayed implementation of activities to;
    i) Layamo Seed School — due to financial constraints faced by the contractor; funds for the project were not fully released by end of the financial year.
    ii) Lanyadyang Bridge — due to financial constraints faced by the contractor.
    iii) Periodic maintenance of Ayoma–Alune and Orom–Akilok — due to delayed release of funds (released in Quarter 4).
d) Children's Ward at Orom HCII — due to inadequate funding. The project is being implemented in phases, and the scope of works under the current phase is fully done.

Recommendation

The Accounting Officers were advised to ensure that the affected activities are rolled over to the subsequent period and closely monitored during implementation.

Audit also informed the Accounting Officers that delayed release of funds would be brought to the attention of MoFPED.
Action Status
The affected projects have been rolled over to the subsequent financial year and incorporated into the current work plans as priority activities. Key among these include Layamo Seed School, Lanyadyang Bridge, periodic road maintenance (Ayoma–Alune and Orom–Akilok), and the Children's Ward at Orom HCII. Management has also strengthened monitoring and supervision mechanisms to ensure closer follow-up on these projects, particularly those previously affected by contractor financial constraints and phased implementation. Engagement with contractors has been intensified to ensure timely progress and completion of works in accordance with Budget Call Circular Para 69 and 70. Local Government Indicative Planning Figures (IPFs) have been revised and generated through the Online Transfer Information Management System (OTIMS), through which entities can track the status of project funding, budgeting, monitoring, and execution.
Uganda Intergovernmental Fiscal Transfers 2023/2024

Query	**Funding and Absorption of UgIFT Funds**

Audit Findings

The funding and absorption levels in 97 LGs were evaluated and it was noted that a total of UGX 263.7Bn (99%) was received out of the budgeted UGX 267.3Bn. Out of the funds received, the LGs spent UGX 174.4Bn (66%) by the end of the financial year, resulting in under-absorption of UGX 89.3Bn.

A total of 89 LGs failed to spend UGX 89.3Bn of the released funds; 87 (98%) LGs failed to spend UGX 86.8Bn (88%) of the released amount on education projects while 2 (2%) LGs failed on health projects.

As a result, this delayed provision of the planned education and health services to the intended beneficiaries.

The Accounting Officers explained that under-absorption was mainly due to; delayed release of funds by MoFPED; slow works by contractors who have many sites; delayed initiation and conclusion of the procurement process and; works that did not start in some districts due to land disputes.

Recommendation
The Accounting Officers were advised to; i) Liaise with MoFPED so that funds are released timely. ii) Ensure that the procurement processes are streamlined for timely implementation and robust due diligence is undertaken to attract competent contractors. iii) Engage the relevant stakeholders, including political leaders, to have land issues resolved and process land titles.
Action Status
A detailed Grant Implementation Letter (GIL) template has been issued. The template clearly outlines the specific national policy objective being funded, detailed output and outcome targets measurable at Local Government level, and the quarterly disbursement schedule linked to performance, as required by Budget Call Circular Para 100. All UgIFT fund releases are tracked through the PBS platform in compliance with Budget Call Circular Para 98 and 99. Release of funds is now processed more promptly to facilitate timely utilisation. Procurement has been made more efficient, including early initiation of tendering and prequalification of competent contractors. Contractor performance monitoring has been stepped up to reduce delays in project execution. Periodic reviews of project implementation are being submitted to ensure accountability and timely corrective action. All releases can be tracked through the PBS to improve absorption and timely delivery of services.

Query	**Delayed Release of UgIFT Funds**
Audit Findings The Audit noted that 36 LGs did not receive UgIFT funds timely and on average it took 30 days from the expected date of release. It was further observed that 14 (39%) LGs received funding in the 2nd quarter while 4 (11%) LGs received the UgIFT funds in the 3rd and 4th quarters. The Accounting Officers explained that the delays were mainly caused by MoFPED taking long to issue supplementary funding for UgIFT, which was	

beyond the districts' control. This resulted in partial/non-implementation of 16 key infrastructural facilities, of which 13 were in schools and 3 were in health centres.

Recommendation

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

Action Status

The budget appropriation process is being undertaken and tracked through the PBS. MoFPED has been engaged to emphasise the need for timely release of UgIFT funds to support implementation of planned infrastructure projects.

District technical teams have strengthened planning and monitoring mechanisms to ensure that procurement and project implementation commence immediately upon receipt of funds.

Continuous follow-up with MoFPED and sector ministries is being undertaken to minimise delays and ensure timely delivery of education and health infrastructure in line with Budget Call Circular Para 98 and 100.

Query	**Government Investments in Untitled Land**

Audit Findings

Audit observed that 67 LGs invested a total of UGX 247.4Bn on 1,128 acres of land without evidence of ownership in terms of land titles. There is a risk of loss of funds in settling land disputes including loss of the infrastructure.

The Accounting Officers attributed this to inadequate funds to process land titles and the institutional ownership of the land such as land belonging to faith-based and traditional institutions that prefer memoranda of understanding to transferring title.

Recommendation

The Accounting Officers were advised to fast-track the processing of land titles for UgIFT projects and, going forward, desist from investing Government funds on untitled land.

Action Status
Government investments under UgIFT are only undertaken on land with clear ownership and proper documentation. The Ministry of Lands, Housing and Urban Development and relevant stakeholders have been engaged to survey the land and facilitate the processing of land titles for all UgIFT project sites in line with Budget Call Circular Para 98.

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

Audit Findings

Audit conducted physical inspections of 132 projects in 72 LGs worth UGX 194.46Bn expected to be completed by the end of 30th June 2024 and in use for service delivery. It was noted that;

a) 105 (80%) out of 132 projects in 57 LGs inspected were not completed, while 5 projects in 4 LGs were abandoned and works had stalled.

b) 22 completed projects in 15 LGs were not in use due to delayed commissioning and inadequate teachers to work in the schools and health workers to operate the medical equipment because of the ban on recruitment.

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

Recommendation
The Accounting Officers were advised to engage; i) MoPS to lift the recruitment ban to ensure that staff are recruited for the newly constructed education and health facilities. ii) Contractors and political leaders for timely commissioning of completed projects to improve health and education services in the districts.

Action Status
Through Budget Execution Circulars and the Budget Call Circular, all allocations for transfers to Local Governments are premised on the allocations in the approved National Budget Framework Paper. Votes are required to present proposals within the fiscal ceilings established in the NBFP as authorised by MoFPED. In line with Budget Call Circular Para 99, beneficiary entities must budget for operational readiness of completed and existing facilities, including staff

recruitment and deployment, provision of grants, budgeting for recurrent expenses, securing land titles, and planning for operation and maintenance to ensure sustainability of programme investments.

Engagement with MoPS on lifting the recruitment ban to facilitate staffing of newly commissioned facilities is ongoing and has been escalated to the relevant authorities.

Management of Health Centre IVs in Local Governments	
Query	**Funding and Utilisation of Health Centre IVs**

Audit Findings

The Higher Local Governments (HLGs) audited were allocated UGX 4.056Bn (10%) of the PHC (Non-Wage Recurrent) subgrant to the District Health Office instead of the required 15%. In addition, 29 HLGs over-allocated PHC subgrant to health facilities by UGX.1.274Bn, whereas 21 HLGs under-allocated by UGX.0.804Bn.

Administration of HCIVs revealed that;

i) 93 HCIVs in 93 HLGs had not implemented the new structure as approved by MoPS
ii) Out of the approved old structure of 7,966 positions, only 3,796 (47.7%) positions were filled, leaving a gap of 4,170 (52.3%)
iii) 204 staff in 16 HCIVs were absent from duty for an average of 88 days and were paid UGX.0.610Bn for the period they were absent
iv) 59 staff on long-term study leave earning UGX 1.499Bn per annum had not been bonded
v) 81 HCIVs in 81 HLGs lacked 2,037 key medical equipment items
vi) 895 obsolete/non-repairable and hazardous equipment items were due for disposal but had not been included in the disposal plan
vii) 50 HCIVs in 50 HLGs did not have land titles for 275 acres of land.

The failure to adequately staff, fund, and equip health facilities leads to a decline in healthcare quality, increased morbidity and mortality, and exacerbates healthcare inequality, particularly for vulnerable populations.

Recommendation

The MoFPED should prioritise and increase funding for health centres, invest in modern infrastructure and essential equipment, and address staffing shortages in the health centres.

Action Status
All relevant MDAs and Local Governments must budget to implement the National Health Commodities Supply Chain Roadmap, particularly as external financing declines, as required by Budget Call Circular Para 51. Designated Accounting Officers across specified MDAs, Local Governments, and Regional Referral Hospitals have been advised to allocate funds for their roles in strengthening the supply chain. This includes planning and budgeting for procurement, logistics, ICT systems, road maintenance, utilities such as water and electricity, and other operational support to ensure a consistent supply chain of essential health commodities. Accounting Officers are also directed to address absenteeism, enforce bonding agreements for staff on long-term study leave, initiate disposal of obsolete and hazardous equipment, and fast-track the processing of land titles for health facilities, all in accordance with PFMA, Cap 171 Section 77 obligations.

Management of Universal Primary Education Capitation Grants	
Query	**Education Service Delivery Standards**

Audit Findings

Audit made the following key findings:

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

Inconsistencies existed between EMIS and school enrolment records. While 85,785 pupils were on head teachers' enrolment but not on EMIS, 73,971 pupils were on EMIS but not on head teachers' records.

An under-receipt of UGX 7.02Bn was noted in 91 schools. The Special Needs Education (SNE) grant was not released despite guideline requirements.

The unit rates used for budgeting (UGX 20,000/pupil and UGX 1,350,000/school) were below the inflation-adjusted appropriate rates of UGX 21,240/pupil and UGX 1,433,700/school respectively.

b) Inadequate Number of Teachers

Out of 111,101 primary school teachers on the approved structure across 136 LGs, 85,073 (77%) were in post, leaving a gap of 26,028 (23%). The average teacher-to-pupil ratio in inspected schools was 1:75, against the standard of 1:53.

c) Other Education Service Delivery Standards

The average classroom-to-pupil ratio was 1:101 against the standard of 1:53. The average pit latrine-to-pupil ratio was 1:80 against the standard of 1:40. Pit

latrines in various schools in 45 LGs had been condemned and were not in use, and classrooms in various schools in 54 LGs had old and dilapidated structures.

Recommendation

The Accounting Officer of MoES should identify solutions for EMIS system bottlenecks, increase monitoring and supervision, and engage MoFPED and Parliament to increase the unit provisions for capitation grants.

The Accounting Officers of LGs should engage MoPS for clearance to recruit staff and MoFPED for allocation of funds. The Accounting Officers should also engage MoES, MoFPED, and development partners to provide additional funding to improve infrastructure in primary schools.

Action Status

Infrastructure investments have been strengthened in accordance with Education Service Delivery Standards. EMIS data management and enrolment verification have been enhanced through strengthened monitoring and supervision of schools to ensure timely and accurate updating of pupil enrolment data.

Head teachers and school administrators have been directed and sensitised on proper data entry and management of enrolment records to minimise discrepancies between school registers and EMIS data. Verification exercises and school headcounts are being conducted to validate enrolment figures used for planning and budgeting of UPE capitation grants.

The Ministry of Education and Sports is ensuring that school enrolment data submitted through EMIS informs planning and budgeting for capitation grants through the appropriation process.

The Ministry of Public Service is being engaged to provide clearance for recruitment of additional teachers to address staffing gaps in primary schools. District Service Commissions have been directed to prioritise recruitment of teachers whenever wage resources are made available, to improve the teacher-to-pupil ratio in line with Education Service Delivery Standards.

MoES, MoFPED, and development partners are being engaged to mobilise additional resources to support construction and rehabilitation of classrooms and sanitation facilities. District technical teams have prioritised schools with

dilapidated classrooms and condemned pit latrines for rehabilitation under ongoing government programmes such as UGiFT and other education infrastructure initiatives.

Special Needs Education (SNE) learners are being properly captured in EMIS to ensure they receive the required variable grants as stipulated in the guidelines, consistent with Budget Call Circular Para 108 and Para 110.

Implementation of Road Maintenance Grant

Query	**Delays in Implementation of the Grant**

Audit Findings

Implementation of the Grant was affected by;

a) Conflicting guidelines issued by the Ministry of Works and the Resolution of Parliament. For instance, in May 2023 the Ministry guided that 85% of the Grant should be allocated for rehabilitation works and 15% for other operational expenses. On 27th July 2023, Parliament resolved that 95% of the Grant funds should be used for maintenance works, with operational expenses not exceeding 5% (UGX 50M), strictly used for repair and maintenance of road equipment.

b) Notable delays in submission of the Grant work plans to URF/MoWT by 81 LGs, ranging from 3 days to one year. Work plans for 6 LGs were not approved by the respective District Roads Committees (DRCs). Cities and Municipalities did not have independent Roads Committees due to lack of clarity in the law and guidelines.

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

Recommendation

The MoWT should;

i) Ensure harmonisation of the implementation guidelines with the Resolution of Parliament for effective implementation of the Grant.

ii) Ensure timely issuance of implementation guidelines.

Action Status

The Ministry of Works and Transport (MoWT), in consultation with the Uganda Road Fund (URF) and MoFPED, initiated engagements to harmonise the

implementation guidelines with the Resolution of Parliament. Updated guidance has been issued to Local Governments to align the allocation of funds for road maintenance and operational expenses with the approved provisions.

Local Governments have been advised to ensure timely preparation and submission of work plans to URF/MoWT and to strengthen coordination with the District Roads Committees (DRCs) to facilitate timely approval of the plans.

The matter regarding establishment and operationalisation of independent Roads Committees for Cities and Municipalities has been escalated to the relevant authorities for clarification and guidance. District technical teams have been sensitised on the revised requirements to ensure compliance and timely implementation of road maintenance activities.

The Permanent Secretary/Secretary to the Treasury, through the Budget Execution Circular, has advised that comprehensive road inventories and condition surveys as required by the Ministry of Works and Transport should be put in place. Timely execution of road projects, along with enhanced monitoring and evaluation, should be prioritised to expedite service delivery and ensure greater accountability in the utilisation of public resources, as directed in Budget Call Circular Para 90.

Query	**Utilisation of the Road Maintenance Grant**

Audit Findings

Out of an approved budget of UGX 140Bn, UGX 139.968Bn was received. Out of the UGX 139.968Bn received, UGX 139.178Bn (99%) was utilised by end of the year, resulting in under-absorption of UGX 0.789Bn (1%). UGX 88Bn meant for Q3 and Q4 was released in May 2024, leading to delayed implementation of road activities within the financial year.

The Accounting Officers explained that this was mainly due to: late release of funds (in Quarter 4); lack of or inadequate road equipment; and lack of guidance of MoWT to halt works during heavy rains.

Recommendation

MoLG should;

i) Re-equip districts with road units and plan to establish road units in the LGs without road units.

ii) Capitalise the regional mechanical workshops and create more sub-mechanical workshops to effectively serve.

iii) Ensure timely release of the Grant funds.

Action Status
Capacity strengthening for road maintenance in Local Governments has been undertaken through MoWT support to equip district road units and strengthen regional mechanical workshops to provide equipment maintenance and support services. Local Governments have been advised to undertake maintenance of their own road unit equipment, improve planning and scheduling of road works taking into account weather conditions and availability of equipment, and enhance absorption and timely implementation of road activities in accordance with Budget Call Circular Para 90.

Query	Inspection of Service Delivery under the Road Maintenance Grant

Audit Findings

Physical inspections of a sample of 425 implemented road projects in 140 LGs revealed that out of 303 roads worth UGX 35.820Bn inspected, 159 had anomalies including uninstalled culverts, unconstructed headwalls, silted culverts, and bushes on roadsides. Of the 303 projects sampled, 165 were completed roads and 138 were incomplete works or ongoing road works.

In 3 LGs — Kyenjojo, Bundibugyo, and Mitooma — works worth UGX 0.873Bn were executed outside the approved work plans.

The Accounting Officers attributed this to delayed release of funds from MoFPED, lack of road equipment, and frequent breakdown of road equipment.

Recommendation

The Accounting Officers should;

i) Liaise with MoFPED to ensure timely release of funds.
ii) Liaise with MoWT, URF, and Parliament to provide for monitoring and supervision under the Grant.
iii) Recruit competent technical staff to undertake the works under the Grant.

Action Status

Monitoring and supervision of road works have been strengthened to ensure that contractors and road gangs complete works according to approved work plans and technical specifications. District technical teams, including

registered district engineers, are conducting regular site inspections to address issues such as uninstalled culverts, incomplete headwalls, and poor roadside maintenance.

Engagements with the Ministry of Works and Transport (MoWT) and the Uganda Road Fund (URF) have been undertaken to strengthen monitoring and supervision of road projects and to support capacity building for technical staff, consistent with Budget Call Circular Para 89 and 90.

District Water Supply and Sanitation Conditional Grant	
Query	**Planning, Budgeting and Utilisation of the Water Grant Funds**

Audit Findings

The audit reviewed the planning, budgeting, and utilisation processes of the Grant in 104 districts with a total budget of UGX 74.622Bn and noted the following;

a) In seven (7) districts, thirty-six (36) projects with a budget of UGX 2.187Bn were not in the approved five-year Development Plans of the districts.

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

c) A total of 104 DLGs received UGX 74.344Bn out of UGX 74.622Bn budgeted (99.6%) for the financial year 2023/24. Out of the funds received, the districts spent UGX 72.789Bn (98%), leaving un-utilised funds of UGX 1.555Bn.

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

Recommendation

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

Action Status

The District Rural Water Supply and Sanitation Conditional Grant has been aligned with the approved five-year District Development Plans (DDPs). District Water Offices and Planning Units have been guided to ensure that all water supply projects, including those supporting UGiFT projects such as seed schools and health centre upgrades, are incorporated into the district development plans and annual work plans, consistent with Para 103 of the Budget Call Circular for the year.

Query	Review of Implementation of the Projects

Audit Findings

Audit carried out physical inspections of 449 newly constructed water facilities in 53 districts and noted that 424 projects/facilities were functional, 11 projects were partially functional, while 14 projects/facilities were not functional.

An analysis of the information extracted from the water management information system of 68 districts revealed that 5,462 water facilities were not functional while 4,975 were recommended for decommissioning. Furthermore, 890 villages in 27 districts had non-functional or decommissioned facilities and lacked alternative sources of water.

Recommendation

The Accounting Officers were advised to;

i) Engage MoWE to ensure update of the MIS system that reflects the actual water sources in the district.

ii) Engage Government through MoWE for improved budget allocation.

iii) Ensure that preliminary feasibility studies are comprehensive to detect and prevent early water source failures.

Action Status

The Ministry of Water and Environment (MoWE) has updated the Water Management Information System (MIS) to ensure that the data accurately reflects the status of water facilities in the districts, including those that have been decommissioned or replaced by piped water systems, consistent with Para 68 of the Budget Call Circular.

Query	Minimum Quality Standards

Audit Findings

The audit noted that Thirty-four (34) districts lacked water quality testing kits. As a result only 2,757 (6%) out of 44,265 existing water sources in 44 districts were tested, while only 573 out of 645 (89%) new water sources were tested.

Failure to fully comply with the testing requirements derails the overall objective of ensuring access to safe and clean water for all. Water sources found to be unsuitable for human consumption pose a direct health risk to the local population.

Recommendation
i) MoWE should consider setting up regional water testing laboratories. ii) Government through MoWE should encourage partnerships with educational institutions/universities and other sector players such as NWSC in undertaking water testing activities. iii) Accounting Officers should ensure that the district water departments and district health departments work on preventive strategies to avoid continued water contamination through human behaviour. iv) Government should prioritise testing of existing water sources in the districts by providing adequate funding to augment the local revenue sources.
Action Status
The District Rural Water Supply and Sanitation Conditional Grant Budget and Implementation Guidelines for Local Governments have been strengthened to prioritise testing of new water sources and water points that are prone to contamination. The Ministry of Water and Environment (MoWE) has established regional water testing laboratories and increased funding to support routine testing of water sources and water quality testing activities. Community sensitisation programmes have been conducted by district water and health teams to promote preventive measures against contamination of water sources through improved sanitation and hygiene practices, consistent with Budget Call Circular Para 109.

Implementation of Uganda Support to Municipal Infrastructure Development, Additional Financing Program	
Query	**Planning, Funding and Absorption of USMID-AF Program**
Audit Findings The audit reviewed the budget performance of LGs and noted that out of the availed amount of UGX 1,219.676Bn for USMID-AF activities in 24 implementing LGs, UGX 755.904Bn was spent by the entities during the period under review, leading to under-absorption of UGX 463.772Bn. The Accounting Officers attributed the under-absorption to: slow implementation of works by contractors; delays in the procurement processes	

that affected commencement of projects; and delayed release of Q4 funds by MoFPED.

Recommendation

The Accounting Officers were advised to;

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

Action Status

Contract management teams have been strengthened through budget appropriation to monitor contractor performance, adherence to timelines, and quality standards for civil works such as roads, markets, bridges, and streetlights. Regular progress review meetings have been directed with contractors to identify bottlenecks and ensure timely completion of projects.

Procurement units in the LGs have been guided to adopt accelerated procurement planning and prequalification of contractors to reduce delays in project commencement, and to use e-GP procurement schedules for planning to avoid funding gaps and ensure smooth initiation of works.

Funds are released promptly in Q3 to facilitate uninterrupted project implementation. Funding timelines are communicated in advance to allow LGs to plan and execute projects efficiently. Joint inspection technical teams, including engineers and finance officers, conduct regular site inspections and financial reviews to track expenditure against approved budgets and to take corrective actions for underperforming projects, consistent with Budget Call Circular Para 98.

Query	**Implementation of Program Projects**

Audit Findings

The audit reviewed the implementation of program projects over the period from 2018/19 to 2023/24 and noted that 12 LGs planned to implement 119 projects. Of the planned projects, 59 (50%) with a total contract sum of UGX 148.751Bn had been completed, 28 (23%) with a total contract sum of UGX 23.636Bn had not been commenced, while 32 (27%) with a total contract sum of UGX 367.559Bn had been partially implemented.

Inspections of 42 ongoing and new projects in FY 2023/24 revealed that 28 (67%) had poor workmanship such as cracks on implemented structures, open

culverts and manholes, and poor external finishes; and 14 (33%) were incomplete.

Accounting Officers attributed this to slow progress of works by contractors, delay in award of contracts, and delayed release of funds to contractors.

Recommendation

Accounting Officers were advised to;

i) Implement stricter monitoring and evaluation mechanisms to ensure contractors adhere to agreed timelines and milestones.
ii) Expedite procurement procedures to minimise delays in awarding contracts.
iii) Liaise with the Ministry of Finance to ensure timely release of funds to contractors.

Action Status

Technical teams, including engineers and project supervisors, have been tasked to conduct regular site inspections and ensure that contractors adhere to agreed timelines, work plans, and quality standards. Non-compliance with contract specifications is being addressed through rectification notices and performance reviews, with some contractors required to redo sub-standard works at their own cost.

LGs have adopted prequalification of contractors and streamlined tendering processes to reduce delays in contract award. Procurement schedules are aligned with funding timelines to avoid late project commencement. Training and sensitisation sessions for contractors and site supervisors on technical standards, workmanship expectations, and reporting requirements have been conducted.

Identified defects — including cracks, open culverts, and poor finishes — are being remedied through supervision by technical teams, with contractors held accountable per contract terms in accordance with PPDA (Contract) Regulations 2023 and Budget Call Circular Para 57.

Query	**Sustainability of USMID-AF Program Projects**

Audit Findings

An assessment of the sustainability of the USMID-AF program projects noted the following:

a) 82 out of 84 projects implemented in 19 LGs did not have sustainability plans.

b) 14 LGs did not allocate any resources towards ensuring programme sustainability.

c) 5 sub-projects completed in 4 LGs had defects such as clogged drainages, non-functional solar lights, poorly maintained Paspalum alongside roads, and damaged road furniture.

The Accounting Officers attributed this to limited resources at the LG level making it difficult to manage the costly maintenance of infrastructure.

Recommendation

The Accounting Officers should;

i) Mainstream the LG budget to incorporate sustainability activities as guided by the Programme.

ii) Develop and implement comprehensive sustainability plans for all completed projects to ensure the long-term functionality of infrastructure.

Action Status

Beneficiary entities are required to budget for operational readiness of completed USMID-AF programme investments, including operation and maintenance activities, in accordance with Budget Call Circular Para 68.

Accounting Officers are directed to develop and implement annual Operation and Maintenance (O&M) schedules for assets created under their institutions, indicating the assets, planned O&M activities, timelines and frequency, responsible units, and estimated costs. These schedules must be used to guide prioritisation and execution of O&M within approved workplans and budgets as required by Budget Call Circular Para 68 and Budget Call Circular Para 99.

PART TWO - ENTITY SPECIFIC ISSUES	
Vote 868: Kitgum District Local Government	
Query	**Over and Under Payments of Pension and Gratuity**
Audit Findings A special audit performed identified over and underpayments of pension and gratuity. The Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS. The Accounting Officer explained that, the adjustments were pending as further verification from Ministry of Public Service and MoFPED is being done	
Recommendation	
The Accounting Officer was advised to make the necessary adjustments upon confirmation of the amounts by the MoPS	
Action Status	
Pensioners who responded to the letters written to them were able to fill in the arrears forms for claim of underpayments and the forms were submitted to the Ministry of Finance, Planning and Economic Development for payment in Financial Year 2025/2026. Recoveries were made for the following pensioners Oyikalit Touis, Amone Constant, Anek Jennifer and Lugai Margret. Meanwhile Aceng Rose recovery is still running up to March,202. Reference is made to the recovery plans and evidence of recovery schedule automated in the Human capital management system(HCMs) and being deducted every month as scheduled.	
Query	**Budgeted Activities for which no Funds were Released**
Audit Findings The entity had an approved budget of UGX 45.3Bn out of which UGX 41.9Bn was warranted resulting in a shortfall of UGX 3.33Bn representing a 93% performance. The UGX 3.33Bn that was not warranted was meant for some budgeted activities. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer attributed the shortfall in warrants to unrealized local revenue and failure to receive funding from external sources like UNICEF, UNFPA, IPF	
Recommendation	
The Accounting Officer was advised to; i) Ensure realistic budgeting for local revenue. ii) Always revise the budget in circumstances where the budget cannot be realized. iii) Roll over the unimplemented activities for implementation in the subsequent period.	

Action Status
The budget for Local revenue and other Donor funds like UNICEF was down sized in the FY 2024/2025 and 2025/2026. The affected activities were rolled over and implemented in FY 2024/2025.
Query | **Utilisation of Warrants and Implementation of Planned Activities**
Audit Findings The entity had total warrants of UGX 41.9Bn out of which warrants worth UGX 38.65Bn had been utilised by the close of the financial year. The balance of UGX 3.34Bn was meant for the following activities which were either partially or not implemented at all. The Accounting Officer attributed the anomaly to the ban on recruitment by MoPS, failure by farmers to fulfil co-funding requirements
Recommendation
The Accounting Officer was advised to; i) Continue engaging and sensitizing farmers on the benefits of irrigation systems in farming. ii) Ensure that the affected activities are rolled over to the subsequent period. Audit informed the Accounting Officer that the matter on the ban on recruitment will be brought to the attention of the relevant ministry.
Action Status
The affected activities were rolled over to the FY 2024/2025 since the funds were re-voted back by the Ministry of Finance Planning and Economic Development to the District and supplementary budget was made and approved. Farmers were sensitized and have co-funded under the Microscale Irrigation Program and all funds were absorbed.
Query | **Implementation of Funded Activities**
Audit Findings Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 8 outputs with 23 activities worth UGX 6.66Bn were assessed and the following was observed; Five (05) outputs with nine (09) activities and expenditure worth UGX2.9Bn were fully implemented. Three (03) outputs with 14 activities worth UGX 3.73Bn were partially implemented. Out of the 14 activities, the entity fully implemented nine (09) activities worth UGX 0.044Bn partially implemented five (05) activities worth UGX 3.6Bn were partially implemented. The Accounting Officer attributed the delayed implementation of activities to the following; Delayed completion of Layamo seed school was due to financial constraints faced by the contractor; and funds for the project were not fully released by end of financial year. Delayed completion of Lanyadyang bridge

was due to financial constraints faced by the contractor. Delayed completion of periodic maintenance of Ayoma-Alune and Orom-Akilok was due to delayed release of funding. Funds for the two roads was released in quarter four. Delayed completion of Children's ward at Orom HCII, was due to inadequate funding.

The project is being implemented in phases, and the scope of works under the current phase is fully done.

Recommendation

The Accounting Officer should ensure that the affected activities are rolled over to the subsequent period and closely monitored during implementation. Audit informed the Accounting Officer that delayed release of funds would be brought to the attention of MoFPED

Action Status

Construction of Lanyadyang bridge project is now 100% complete. Construction of Layamo seed school is now 95% complete. Periodic maintenance of Ayoma-Alune and Orom-Akilok roads is 100% complete. The current phase of implementation of children's ward at Orom HCIII is complete.

Query	**Irregularities in Supplementary Funding**

Audit Findings

The entity received total supplementary funding of UGX 6.8 Bn during the year. Audit reviewed the process of requesting and utilisation of the supplementary funding and observed that out of the supplementary funds of UGX 6,8Bn received, only UGX 2.46Bn was utilized leaving UGX 4.36Bn unspent as at the year end. This implies that the entity requested for more funds than they needed.

The Accounting Officer attributed the anomaly to the ban on recruitment by MoPs, failure by farmers to fulfil co-funding requirements

Recommendation

The Accounting Officer was advised to;

i) Engage and sensitize farmers on the benefits of irrigations systems on farming.
ii) Engage MoPS to lift the ban on recruitment.

Action Status

The District has received a clearance letter from the Ministry of Public Service to recruit 54 positions in the Financial Year 2025/2026.

Query	**Delivery of Services from Sampled Implemented Activities in the Budget**

Audit Findings

Audit undertook procedures on a sample of 22 activities worth UGX 7.1Bn to confirm if these activities were implemented by the entity in a timely manner,

were of acceptable quality, quantity and functionality. A number of short comings were noted including the delay in implementation of activities.

Out of the 23 sampled projects, two (02) projects worth UGX 0.466Bn had delays averaging 7.5 months from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time. Delayed completion of Lanyadyang bridge is due to financial constraints faced by the contractor. Delayed completion of Children's ward at Orom HCII, was due to inadequate funds. The project is being implemented in phases, and the scope of works under this current phase is fully done

Recommendation

The Accounting Officer should ensure close supervision and monitoring of contractors for timely implementation of activities

Action Status

Construction of Lanyadyang bridge project is now 100% complete. The current phase of implementation of children's ward at Orom HCIII is complete.

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

Audit Findings

A special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023. The District had 517 Pensioners on the June 2024 payroll, of which 333(64%) were fully verified and 59 (11%) who were paid UGX 1.39Bn over the period of 5 years were not verified, and 125 (24%) did not show up for the validation exercise.

In addition, 51 individuals had not accessed the pension payroll by the end of June 2024, and these were captured as new records. All the new records were verified and included in my determination of the DLG's pension and gratuity estimates. For the period under review, the DLG had an initial approved pension, gratuity, and arrears budget of UGX 14.972Bn and a supplementary budget of UGX 4.204Bn, leading to a revised budget of UGX 19.176Bn, out of which UGX 18.514Bn (97%) was released.

The DLG requested for supplementary funding of UGX 4.204Bn during the period of which UGX 4,204Bn (100%) was released. Of the released funds only UGX 3.595Bn (86%) was spent and the balance of UGX 0.609Bn (14%) remained unspent. Audit further noted that in the financial years 2019/20 and 2022/23 MoFPED released UGX 0.363Bn in excess of the amount requested by the Accounting Officer. The expected DLG's pension and gratuity estimates for 2024/2025 is UGX 3.534Bn for 531 confirmed pensioners excluding pension and gratuity arrears of UGX 0.341Bn.

Comparison of the estimated pension and gratuity budget of UGX 3.874Bn and the approved budget of UGX 4.545Bn revealed a variance of UGX 0.670Bn leading to an over budgeting fifty-one (51) Pensioners/beneficiaries had not yet

accessed the pension payroll by 30th June 2024, with delays ranging from 01 to 369 months. In addition, thirty-three (33) pensioners delayed to receive pension payment, with delays ranging from 1 to 41 months.

One hundred sixty-four (164) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll

Recommendation

The Accounting Officer was advised to;

i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer; the matter should be investigated.
ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.
iii) Ensure proper computation of pensioners' entitlements before payments are made.
iv) Follow-up the amounts over paid with a view of recovery.
v) Sensitize pensioners six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
vi) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

The Ministry wrote on June 22, 2025, to the Ministry of Public Service (MoPS) requesting for a cleanup of the unvalidated pension payroll. Pensioners were notified via a Memo to submit validation slips or pick up introductory letters for MoPS validation.

Out of 125 affected pensioners, only one (the Administrator of Alex Kicaya Bolly) reported. MoPS has yet to communicate a new validation date for the rest.

To safeguard payroll integrity, the district ran its own verification of the 125 individuals and found out that;

- 53 pensioners are verified in both IPPS and HCM systems.
- 72 pensioners remain entirely non-validated/unverified.
- 5 pensioners do not exist on the entity payroll at all.

The district received a response from MoPS regarding *Establishment Notice No. 2 of 2025* (received October 31, 2025) but has not yet implemented it.

Budget Alignment: The district Communicated with both MoPS and the Ministry of Finance (MoFPED) to align the approved FY 2024/2025 wage budget with validation data.

Harmonization Meeting: A district delegation (CAO, Principal HR Officer, and District Planner) attended a scheduled harmonization meeting on September 4, 2024. This directly resulted in the final wage allocation for FY 2024/2025.

Human Capital Management (HCM) System Transition

System Enrollment: Kitgum District officially rolled into the HCM system in October 2024, enabling automatic system calculations of retirement benefits.

Legacy System Backlog: Seven specific pensioners (*Ayella Dickson William, Ojera Alex, Aciro Hellen Rose, Aleng Anne Jolly, Oyet Ensio, Odida Francis Oceng, and Kidega Peter*) had their benefits processed via the older IPPS system and were successfully paid.

Retirement Notifications & Proactive Planning

FY 2024/2025 Retirees: Issued guidance and formal notification letters to 18 specific pensioners six months prior to their retirement dates, outlining the process to access their benefits.

Future Planning: Issued mandatory retirement reminders and notification letters to staff retiring in the upcoming FY 2026/2027, supported by a structured retirement plan.

Correction of Pensioner Birth Dates

Data Inconsistencies: Issued an internal Memo to 70 pensioners flagging inconsistencies in their birth dates and requesting supporting documents.

Correction Requests: 15 pensioners responded with National IDs. The Accounting Officer subsequently escalated these to MoPS on June 20, 2025, requesting official database updates. A response from the Ministry is currently pending.

Vote 869: Koboko District Local Government	
Query	**Budgeted Activities for which no funds were released**

Audit Findings

Paragraph 2 of Schedule 5 of the PFMA, Cap 171, requires Accounting Officers to prepare an Appropriation Account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament.

The entity had a revised budget of UGX 28.95Bn out of which UGX 28.02Bn was warranted resulting in a shortfall of UGX 0.929Bn representing an 84% performance. The UGX 0.929Bn that was not warranted was meant for the following activities; Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.
Recommendation
The Accounting Officer was advised to follow up with the MoFPED to ensure that all the budgeted funds are released.
Action Status
The funds for the NOSP were released and the road works and trainings are ongoing. During the FY 2024/205, Ministry of Health provided 1 billion for phased construction of the OPD to UPDF, works have however not commenced.

Query	**Utilisation of warrants**

Audit Findings The entity had total warrants of UGX 28.02Bn out of which warrants worth UGX 26.76Bn had been utilised by the close of the financial year. The balance of UGX 1.25Bn was meant for the following activities, which were either partially or not implemented at all.
Recommendation
The Accounting Officer was advised to ensure that funds meant for development projects are re-voted and activities expedited for earlier completion.
Action Status
All the funds swept back to treasury were re-voted and the activities are being implemented.

Query	**Implementation of funded activities**

Audit Findings
Audit assessed the extent of implementation of activities for which funds were availed and utilised and observed that construction of Ludara (Lima) mini solar powered water supply system was partially implemented. The Accounting Officer explained that the contract for Ludara was ad measurement. The funding at the time was inadequate. They extended the contract for additional six months and funds for the outstanding obligation provided for in the current financial year. Implementation is at 95% and should be completed by close of December 2024
Recommendation
The Accounting Officer should expedite completion of the project.
Action Status
The projects was phased, but has now been completed and is running

Query	Installation of Irrigation Equipment for Farmers without Full Payment of Co-funding Fees

Audit Findings

Guideline 11 of the technical guidelines for support to Micro-scale version 3, April 2023 page 77 of 230 provides steps which includes a requirement for a farmer to make their second co-funding payment and signing an MoU and shy of that, the application should not be progressed.

A review of the PRN Summary report revealed that only 1 farmer paid full co-funding amount, 10 farmers paid partially and 3 farmers paid nothing. All the 13 farmers had irrigation equipment installed before completion of payment. Installing equipment for farmers before they complete second co-funding implies non-compliance with the project implementation guidelines.

This increases the risk of farmers not paying the funds, which affects other farmers from benefitting from the project hence jeopardizing the program aims and objectives.

The Accounting Officer explained that the income levels of farmers in the district is low which made it hard for them to complete their second payment in time.

A. Recommendation

The Accounting Officer was advised ensure that farmers who received irrigation equipment pay their co-funding amounts and evidence presented for audit verification

Action Status

The Accounting officer held a meeting with the farmers and some have already paid their co-funding.

Query	Irregular Payment of Salary to Staff who abandoned Duty

Audit Findings

Section C-d (9) of the Uganda Public standing orders 2021 regarding study leave states that, study leave shall not extend beyond the stated duration of the course without any further renewal by the Appointing authority. Audit noted that Mr Galla Norman Abason (Agricultural Officer) who had been granted study under minute number 135/2018 expiring on 18th September 2019 had not returned to date. The officer has been UGX 0.092Bn in salary even if they were not offering any services to government.

The Accounting Officer explained that the District had written to the officer to appear for rewards and Sanction committee but he did not appear and no explanation feedback was received from the staff. The Accounting Officer further explained that the staff's file had been submitted to District Service commission for further management.

Recommendation
The Accounting Officer was advised to ensure that appropriate steps as per public service standing orders are taken to handle the errant staff and funds irregularly paid to the officer throughout the period of abandonment of duty should be recovered.
Action Status
The errant officer has been referred to the District Service Commission for disciplinary action, and the District is in the process of validating affected pensioner files with the Ministry of Public Service in order to clean up and update the payroll, ensure prompt validation of beneficiaries, and recover any amounts confirmed as overpaid. UGX 28Mn has so far been recovered.

Query	**Special Audit on Gratuity Payments and Pension Payroll for the FYs 2019/20 to 2023/24**

Audit Findings

a) The District had 184 Pensioners on the June 2024 payroll, of which 155 (84%) were fully verified ,5 (3%) were not verified and 24 (13%) did not show up for the validation exercise. In addition, 12 individuals who had not yet accessed the pension payroll by the end of June, 2024 appeared for the head-count and were captured as new records.

b) The District had an initial approved pension, gratuity and arrears budget of UGX 6.32Bn for the period under review, and also obtained supplementary budget of UGX 1.80Bn, resulting in a revised budget of UGX 8.12Bn which was all released.

c) The DLG didn't request for supplementary funding during the period, however, UGX 1.795Bn that was released. Out the released funds, only UGX 1.267Bn (71%) was spent and the balance of UGX 0.528Bn (29%) remained unspent.

d) A total of 12 Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 1 to 100 months. In addition, 44 pensioners delayed to receive pension payment, with delays ranging from 1 to 40 months.Seven (7) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District payroll pension and gratuity.

e) The expected pension and gratuity estimate for the year 2024/25 is UGX 1.11Bn to cater for 200 confirmed pensioners/beneficiaries excluding pension and gratuity arrears of UGX 0.119Bn.

f) A comparison of the re-computed pension, gratuity and arrears budget of UGX 1.23Bn and the districts approved estimate of UGX 1.31Bn for the FY 2024/2025 revealed an over budget of UGX 0.08Bn.

Recommendation
In a bid to improve the DLG's pension and gratuity management processes, it is recommended that the Accounting Officer should; i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries. ii) Liaise with the MoPs to validate those pensioners/beneficiaries with updated pension files. Liaise with the relevant stakeholders to ensure prompt updates of the pension payroll going forward. iii) Follow-up of the affected pensioners/beneficiaries immediately by management so as to have them access the payroll. Plan and budget accurately to avoid supplementary requests. iv) Prepare staff that are due for retirement 6 months before their dates of retirement to enable them prepare and get the necessary document. v) Engage the affected pensioners/beneficiaries and ensure that pension records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action. vi) Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.
Action Status
The verified payroll is being used as a basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts. Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing. Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period. Pre-retirement sensitization programs have been introduced to ensure that staff retiring is guided on the documentation required for timely access to the pension payroll. All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes. The reconciliation process with district records and the Ministry of Public Service (MoPS) is ongoing to confirm the accuracy of the identified overpayments and underpayments of pension and gratuity.

Adjustments to the financial statements will be affected in the subsequent reporting period upon receipt of validation and confirmation from the Ministry of Public Service.
Vote 870: Kole District Local Government
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The entity had an approved budget of UGX 37.5Bn out of which UGX35.8Bn was warranted resulting in a shortfall of UGX 1.64Bn representing an 95.6% performance. The UGX 1.64Bn that was not warranted was meant for the following activities; Failure to provide funds for these key activities budgeted negatively affected delivery of intended services. The Accounting Officer explained that the shortfall was caused failure to receive funds from development partners such Unicef, World Health Organisation (WHO).
Recommendation
Audit advised the Accounting Officer to; always revise the budget in circumstances where the budget cannot be realized and; to roll over the unimplemented activities to the subsequent period.
Action Status
The District engaged the development partners, including UNICEF and the World Health Organisation, and release of the shortfall funding has been kickstarted, and the unimplemented activities affected by the shortfall have been rolled over and budgeted for implementation in the subsequent financial year in line with the Recommendation.
Query | **Utilisation of warrants**
Audit Findings The entity had total warrants of UGX 35.89Bn out of which warrants worth UGX 34.73Bn had been utilised by the close of the financial year. The balance of UGX 1.16Bn was meant for the following activities which were either partially or not implemented at all. The Accounting Officer explained that the affected activities relate to UGIFT projects that are centrally procured; In addition, partial implementation was caused by delays in procurement process by the respective line ministries.
Recommendation
The Accounting Officer should roll over the affected projects and request for the re-voting of the swept funds.
Action Status
The affected activities were re-planned and implemented in the subsequent Financial Year.

Query	Implementation of Funded Activities

Audit Findings

Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 11 outputs with 46 activities worth UGX 8.15Bn were assessed and the following was observed. 09 outputs with 40 activities and expenditure worth UGX 7.81Bn were fully implemented.

02 outputs with 6 activities worth UGX 0.33Bn were partially implemented. Out of 46 Activities, the entity fully implemented 40 activities and partially implemented 6 activities.

The Accounting Officer attributed this to late release of funds and overall delays in procurement.

Recommendation

The Accounting Officer should rollover the affected projects and request for the re-voting of the swept funds.

Action Status

The affected activities have been rolled over and budgeted for implementation in the subsequent financial year, and the Accounting Officer continues to engage MoFPED to ensure that supplementary funding requested is limited to actual entity requirements.

Vote 871: Kotido District Local Government

Query	Overstatement of expenses by letters of Credit

Audit Findings

Accounting Policy 1.12.3 of the financial reporting template 2024 states that "outstanding letters of credit at period-end are treated as receivables and expensed through the Statement of Financial Performance in the period when the goods and services are delivered(recurrent expenditure) or capitalized in the Statement of Financial position".

Audit noted that letters of credit worth UGX 0.726Bn that remained unutilized at the end of the financial year were expensed as transfers to other government units in the statement of financial performance. This overstated expenses and understated the reserves for the year.

The Accounting Officer attributed expensing LCs to the expectation that payments would be implemented by the Bank of Uganda through the directive from the District authorizing payment to the various contractors, and it would be cleared once the contractors have fully met the payment requirement.

However, since the contractors had not fulfilled the obligation at the year end, it would be misleading to classify it as expenditure for the year. Therefore, the treatment was not in line with the requirements of the reporting policy and guidelines.

Recommendation
The Accounting Officer should adjust the Financial Statements to correct the misstatement in the expenditure.
Action Status
The payment according to analysis from the payment Register/Vouchers, Letter of Credit was not expensed as transfers to other Government units. The codes used were for Assets and not transfers to other government units, thus expenses were not overstated. The transfers to other government units code is 263402 while the assets codes used were; 312111(Residential buildings-Acquisition), 312139 (Other structures -Acquisition), 313111 (Residential buildings –Improvement) among others transferred to Bank of Uganda, thus treated as receivables.
Query | **Failure to Deduct Withholding Tax**
Audit Findings Section 120(1) of the Income Tax Act, Cap338 requires Government of Uganda, a Government Institution, a Local Authority, any company controlled by Government to withhold tax on a supply of goods or materials of any kind and services exceeding one million. Audit noted that the District made payments to various suppliers for goods and services exceeding one million amounting to UGX 0.019Bn and did not withhold tax . This leads to loss of revenue by the government and created un-necessary tax arrears and possible fines and penalties from the tax authority. The Accounting Officer attributed this to direct cash payments made to program implementers before deducting the Withholding tax.
Recommendation
The Accounting Officer should always ensure compliance with the tax regulations
Action Status
A Contract Agreement has been signed with the Service providers and those affected. The outstanding Withholding tax shall be deducted from them as soon as the certificates for payments are generated.
Query | **Review of the Implementation of the Approved Budget**
Audit Findings Paragraph 2 of Schedule 5 of the PFMA Cap 171 requires Accounting Officers to prepare an Appropriation Account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament. **Unprovided Funds.** The entity had an approved budget of UGX 20.14Bn out of which UGX19.13 Bn was warranted resulting in a shortfall of UGX 1.01Bn representing an 95% performance.

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

The Accounting Officer explained that this was because of budget shortfalls in External financing grants and other government grants beyond the control of the District.

Utilisation of warrants. The entity had total warrants of UGX 19.13Bn out of which warrants worth UGX 17.18Bn had been utilised by the close of the financial year. The balance of UGX 1.96Bnwasmeant for the following activities which were either partially or not Implemented at all.

The Accounting Officer explained that the unspent was due to lack of co-funding by the farmers under micro scale irrigation. Furthermore, there was unpaid gratuity and pension as well as wage balances due to vacant positions which could not be filled by the close of the financial year.

Recommendation

The Accounting Officer was advised to;

i) Rollover the affected activities and engage the MoFPED and Donor partners ensure availability of funds in the next budget cycle.
ii) Seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget.
iii) Conduct community sensitization on Government projects to attract farmers to co-fund for Micro Scale irrigation.

Action Status

The affected activities have been rolled over to the current financial year and the financiers, especially donor funded projects are being engaged accordingly.

Management has submitted recruitment plan to Ministry of Public Service for clearance, however the ban is still on, except recruitment on replacement basis only.

Lack of co -funding is due to poverty among the communities.

Query	**Delivery of Services from Sampled Implemented Activities in the Budget**

Audit Findings

Audit undertook procedures on a sample of 15 activities worth UGX 0.70Bn to confirm whether these activities were implemented in a timely manner, were of accept able quality, Quantity and functionality.

Delay in Implementation of Activities. Out of the 8 sampled projects, two (02) projects worth UGX 0.37Bn had delays averaging twelve (12) months from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the Intended services in time.

Unsatisfactory quality of works/services. Audit undertook physical inspections on eight (8) of the15 projects and noted defects on one (1) of the

eight (8) inspected projects worth UGX 0.192Bn. The contractor did very shoddy work. The walls are cracked, the water tank is not serving its purpose because the pipe that connects water from the roof had fallen off already. The head teacher stated that some parts of the floor had already cracked even before handover.
The Accounting Officer explained that they will ensure that the defects are rectified before payment of retention of UGX 0.019Bn and regular monitoring and supervision will be intensified.
Functionality of facilities/buildings/structures. Audit undertook a physical inspection to confirm the functionality of the completed structures/works. Three (3) out of the15 sampled projects worth UGX 0.565Bn were not functional despite completion due to a number of reasons. Failure to use the completed structures for the intended function negates the purpose for which Government invested money to construct.

Recommendation

The Accounting Officer was advised to;

i) Rollover the affected activities for implementation in the subsequent financial year. Also, seasonal changes should be considered during planning.
ii) Ensure regular monitoring of implemented projects.
iii) Ensure that finished infrastructures are all fully utilized to their intended purpose.

Action Status

Construction of the twin staff houses at Lokiding PS and Nakwakwa PS have been completed and occupied by the staff.

The entity currently conducts regular monitoring and site meetings.

Teachers have been engaged and advised to ensure that the facilities are used for the intended purpose.

Query	**Procurement Compliance by the Best-evaluated Bidder**

Audit Findings

The Audit noted that procurements of a contract value amounting to UGX 0.552Bn were awarded to contractors without full compliance with PPDA set regulations and laws. The lack of key records casts doubt on whether contracts were executed in accordance with contractual requirements and terms and conditions.

The Accounting Officer acknowledged the findings and stated that going forward, compliance with the PPDA guidelines would be strictly followed.

Recommendation

The Accounting Officer should always ensure strict adherence to PPDA guidelines while processing procurements for the District

Action Status	
Strict adherence to PPDA guidelines while processing procurements for the District has been emphasized.	
Query	**Special Audit on Management of Government Pension and Gratuity Payroll**

Audit Findings

a) Kotido District had 101 Pensioners on the June 2024 payroll, of which 67 (66%) were fully verified, 12 (12%) who were paid UGX 0.21Bn over the period of 5 years were not verified and 22 (22%) did not show up for the validation exercise.

b) In addition, 13 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. All the 13 individuals were not verified and therefore not included in my determination of the pension and gratuity estimates.

c) The District had and an initial approved pension, gratuity arrears budget of UGX 5.242Bn, for the period under review, and obtained supplementary funds of UGX 0.937Bn, leading to a revised budget of UGX 6.179Bn, out of which UGX 6.179Bn (100%) was released. MoFPED released supplementary funds of UGX 0.937Bn that was not requested by the Accounting Officer. Of the released funds only UGX 0.412Bn (44%) was spent and the balance of UGX 0.526Bn (56%) remained unspent.

d) A comparison of the estimated pension and gratuity budget of UGX 0.388Bn and the approved budget of UGX 1.321Bn revealed a variance of UGX 0.933Bn leading to overbudgeting. Fifteen (15) pensioners delayed to receive pension payment, with delays ranging from 1 to 33 months.

e) Twenty nine (29) pensioners/beneficiaries had inconsistencies in their dates of birth and dates of first appointment between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll. For the individuals who did not show up for the validation exercise and were not accounted for by the Accounting Officer, the matter should be investigated.

ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise. ensure proper computation of pensioners' entitlements before payments are made.

iii) In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budgeted for payment in the subsequent period.
iv) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action

Action Status

The pension payroll has been cleaned and those being paid is per the result of the validation of physical pensioners that attended the validation.

The District shall follow up the amounts overpaid with the view of recovery and under payment shall be recognized as a liability in the subsequent period.

Management is engaging the affected pensioners to correct their particulars and to be forwarded to Ministry of Public Service for Update within the current financial year running.

Vote 872: Kumi District Local Government

Query	**Increasing Contingent liabilities**

Audit Findings

A review of the Memorandum statement in the financial statements on page 43 and 44 revealed that Kumi District had a number of court cases for both non-quantified and quantified contingent liabilities amounting to UGX 0.326Bn during the year under review.

Audit further noted that the district is using the legal services of a private firm instead of consulting the Attorney General whenever his services are required. There is a risk that the district will incur high legal costs in both legal fees, garnishee orders and case settlements in the event that they lose most of the cases.

Recommendation

The Accounting Officer was advised to;

i) Investigate and establish the causes of the high number of court cases in the district, with a view to prevent or minimize new cases arising.
ii) Consider liaising with the Attorney General for support to avoid costly private firms.

Action Status

Management has initiated investigations into the underlying causes of the high number of court cases. In addition engagement with the office of the Attorney General is ongoing to obtain legal support and reduce reliance on costly private law firms.

Query	Procurement Management

Audit Findings

Failure to Carry out Market Assessments. Regulation 3 (2) (a) (rules and methods of procurement) of 2014, requires that the estimate should be based on market assessment. Audit noted that the district did not carry out market assessments for procurements worth UGX 1.86Bn.

Failure to carry out market assessments may lead to the district procuring goods and services and none competitive prices, hence impacting on value for money.

The Accounting Officer explained that market survey shall be carried out and included in the procurement action files. However, the entity's engineers have the costed BOQs for all the projects listed.

Appointment of Contract Manager. Regulation 51 (1) (contracts), 2014, requires the Accounting Officer (AO) or a person appointed by the AO from the user department to manage the contract. Regulation 52 (1) (contracts), 2014, further requires a user department to appoint a person with required skills and competence as a contract manager. Regulation 50 of the PPDA (Contracts) Regulations, 2023 gives guidance on the management of contracts.

Section 50 (1) requires the Accounting Officer to appoint a person from the User Department to be the contract manager. Section 50 (2) requires the PDU to provide a copy of the contract to the person appointed by the Accounting Officer to manage the contract. Section (3) requires the contract manager to prepare a contract management plan using Form 49 and forward a copy to the PDU for monitoring purposes.

Audit noted that the district carried out various contracts worth UGX 5.07Bn without fulfilling the above requirements. This could lead to failure to achieve contract deliverables due to lack of responsible person.

The Accounting Officer explained that the Project Managers for the projects listed were appointed by Accounting Officer.

However, copies of the appointment letters were not availed for verification.

Advance Payment Regulation. 43 (2) of the PPDA (Contracts) Regulations, 2023 requires that; where an advance payment is to be made, an advance payment security specified in regulation 47 shall be required and the requirement for a payment security shall be stated in the bidding documents and in the contract. Regulation 43(3) requires a PDE not to make an advance payment exceeding 30% of the contract price. Regulation 43 (4) requires that the PDE may seek approval of PS/ST to make an advance payment of more than 30% of the contract price.

The District paid an advance worth UGX 0.053Bn to contractors without advance payment security. In addition, this advance was above the 30%

threshold and there was no evidence that it was approved by the PS/ST in accordance with the Regulations. This may lead to loss of funds to Government.

The Accounting Office explained that the contractor was paid under an admeasurement contract implying that was paid for only certified works.

The Audit noted that the guaranteeing of advance payments under the contract and the payments of works are two separate stages of contract management, which must both follow the prescribed regulations that govern them.

Contract Amendment Regulation 55 (4) and (5) (Contracts) 2014, requires the contract amendments to be approved by contracts committee, not to go beyond 15% in a single variation or 25% cumulatively. Regulation 54 (4) (contracts) 2023, states that, "a PDE shall not increase the total contract price by more than 15% of the original contract price." Regulation 54(5), 2023, where a PDE amends a contract cumulatively should not exceed 25% of the original contract price. Regulation 54 (6) (contracts) 2023, requires that contract amendment shall not be issued to a provider without; Revising the contract

Obtaining approval of the contracts committee. Obtaining approval of the Attorney General and other concern bodies. The Audit observed that management of the district amended the original contract amounts worth UGX 2.58Bn to UGX 3.34Bn above the 15% threshold without the necessary approvals.

The possibility of suffocating other planned activities to cater for additional contractual works cannot be ruled out. In addition, the action may lead to loss of government funds through fraudulent omissions.

The Accounting Officer explained that the contract amendment was a price adjustment as a result of rapid rise in the prices during and after covid 19 lock down period which affected the contractor having experienced delays to issue no objection by Ministry of Education and Sports which took almost a full year to obtain. The Price adjustment did not affect the scope of work.

Audit noted that the matter arising out the Accounting Officer's explanation could not appropriately be addressed through a price adjustment, but through other government interventions, such as bail-out arrangements, among others.

The Accounting Officer should ensure that the total contract price does not increase by more than 15% of the original contract price and which should follow procedures as prescribed in the regulations.

Signing of contracts at Value Added Tax (VAT) inclusive price. An Audit review of various contracts noted that the District signed contract Agreements at Value Added Tax (VAT) inclusive price yet there was no evidence on file to show that these companies were VAT registered. The affected contractors were paid VAT amounting to UGX 0.186Bn but the tax was not accounted for to the tax authority resulting into loss of government revenue.

This was attributed to failure by the district PDU to undertake due diligence to confirm that these contractors were VAT registered before signing VAT inclusive contracts.

The Accounting Officer explained that they will undertake to carry out due diligence on contractor VAT registration as advised.

Recommendation

i) Market assessment is carried out in order to compare the market prices and achieve value for money.
ii) Appointment of contract managers for every contract project.
iii) Payment of advances to contractors above 30% of the contract price, in case, it is necessary, he or she must seek approval of the PS/ST for the advance.
iv) Due diligence is done to establish the tax registration status of successful bidders prior to signing of contracts which are tax inclusive.
v) The paid VAT should be recovered from the contractors.

Action Status

The Accounting Officer has commenced carrying out market assessments to inform procurement estimates, has begun appointing contract managers for all ongoing contract projects, and is ensuring that advance payments to contractors do not exceed the 30% threshold without the requisite PS/ST approval. Due diligence on the VAT registration status of contractors is now being undertaken prior to signing VAT-inclusive contracts, and recovery of the VAT amounts paid to non-registered contractors is being pursued.

Query	**Review of the Implementation of the Approved Budget**

Audit Findings

Paragraph 2(a) of schedule 5 of the PFMA ACT, Cap 171, requires Accounting Officers to prepare an appropriation account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament. Out of the approved budget of UGX 45.64Bn, the total warrants for the year amounted to UGX 40.87Bn. Audited UGX 35.72Bn (87%) of the total warrants

Budgeted activities for which no funds were released The District had an approved budget of UGX 45.64Bn out of which UGX 40.8Bn82,359 was warranted resulting in a shortfall of UGX 4.78Bn representing 90% performance.

Failure to provide funds for these key activities budgeted negatively affected delivery of intended services. The Accounting Officer explained that they shall continue engaging Ministry of Finance and other line ministries on unfunded activities.

Utilization of warrants. The District had total warrants of UGX 40.87Bn out of which UGX 39.6Bn was utilized leaving UGX 1.19Bn un-utilized. As a result some activities in all the programmes were not implemented. Failure to provide funds for these key activities budgeted negatively affected delivery of intended services.

The Accounting Officer explained that they shall continue engaging Ministry of Finance and other line ministries on unfunded activities. The Accounting Officer explained that apart from wage, pension and gratuity, the rest of the warrants were utilized, save for minimal balances.

Implementation of funded activities. Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total 40 activities worth UGX 5.19Bn were assessed and the following was observed. All 32 activities with expenditure worth UGX 1.54Bn were fully implemented. Eight (8) activities worth UGX 3.6Bn were partially implemented. Out of 40 Activities, the District fully implemented 32 activities, partially implemented 8 activities and 1 activity Construction of piped water system was not implemented.

The Accounting Officer explained that commensurate with the funding available, the projects were planned in a phased manner and the rest of the activities were planned for in 2024/25.

Supplementary funding approval by Council Regulation 3.12(3) of the Local Government Finance and Accounting Regulations, 2007 require Supplementary estimates to be approved by the Council. Audit noted that supplementary funds of UGX 6.8Bn were approved by Council, leaving a sum of UGX 2.91Bn unapproved.

Request of Supplementary funding by the Accounting Officer Regulation 18 (2) of the Public Finance Management Regulations (PFMR) 2016, requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

Audit noted that supplementary funding of UGX 9.7 Bn was not requested by the Accounting Officer as required by the PFMR.

The Accounting Officer explained that the requests for supplementary spending are always made.

The requests for supplementary funding were however, not availed for verification.

The Accounting Officer should always request for Minister's approval in writing for all funds to be spent as supplementary expenditure.

Utilization of Supplementary Funds Out of the supplementary funds of UGX 9.72 Bn received, only UGX 8.5Bn was utilized leaving UGX 1.18Bn unspent

as at the year end. This implies that the entity requested for more funds than they needed.

The Accounting Officer explained that unutilized supplementary funds were in respect of wage, pension and gratuities.

Delivery of Services from implemented activities. Audit undertook procedures on a sample of 15 activities worth. UGX 3.8Bn to confirm whether these activities were implemented in a timely manner, were of acceptable quality, quantity and functionality.

Delay in implementation of activities. Out of the 15 sampled projects, 1 project worth UGX 3.3Bn had delays averaging 7 months from the expected completion date

Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

The Accounting Officer explained that it's true the implementation of activities for the seed school was supposed to be concluded in financial year 2023/2024. However, the contractor requested for an extension of the period to allow him complete the remaining project activities. The district will ensure that the contractor completes the remaining activities in financial year 2024/25.

Unimplemented activities in the Bills of Quantities. Audit undertook physical inspections on 15 structures UGX 3.8Bn and observed that the District failed to achieve the intended objectives as a result of not executing works/services as per the bills of quantities. The District failed to achieve the intended objectives as a result of not executing works/services as per the bills of quantities.

The Accounting Officer explained that these projects were implemented in a phased manner and the district has planned to complete the remaining activities in financial year 2024/25. For Agaria HC, the structure has cracks on the ceiling, however, the project has been under the defects liability period, thus the contractor will be instructed to make good the defects before retention release. The design provides the ceiling for only preparation rooms in the science lab and office area in ICT/library block. Ceiling in these areas has been done already.

The Accounting Officer should ensure that construction works are as per the bills of quantities.

Functionality of the inspected structures. Audit undertook a physical inspection to confirm the functionality of the completed projects. The Audit observed that one project worth UGX 0.024Bn was not functional.

The Accounting Officer explained that they have advised the community to utilize the facility.

Other Budgetary Performance Matters

i) Delayed release of Funds. Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2).
Audit noted that the district received Government grant amounting to UGX 33.18Bn 5 days on average, after commencement of each quarter.
The Accounting Officer explained that this is beyond the control of the District administration control. However, there is an improvement as compared to the previous years.

ii) Implementation of Budget outputs/items. Audit assessed the 16 output in the budget and noted that Sixteen (16) outputs with twenty-seven (27) activities and expenditure worth UGX 16.55Bn could not be quantified as shown in table below; Failure to quantify outputs affects assessment of planned deliverables.
The Accounting Officer explained that, that's what the PBS provides.

Recommendation

The Accounting Officer was advised to ensure that;

i) Ministry of Finance is engaged about the unfunded activities.
ii) Planned activities are fully implemented and during the year as per the contract agreement.
iii) Supplementary funding is approved by Council.
iv) Supplementary funding is always fully utilized.
v) Completed projects are operational in order for the beneficiaries to receive the intended services.
vi) There is timely release of funds.
vii) Budget outputs are quantified.

Action Status

The Accounting Officer engaged the Ministry of Finance, Planning and Economic Development regarding the unfunded planned key activities. Measures have been put in place to ensure that supplementary funding requests are approved by Council and fully utilised.
Monitoring of activities has been stepped up to ensure that planned activities are implemented within the financial year as per the contract agreements.

Query	**Special Audit Management of Government Pension and Gratuity Payroll**

Audit Findings

a) The District had 695 Pensioners on the June 2024 payroll, of which 540 (77.7%) were fully verified, 49 (7.0%) who were paid UGX 0.96Bn over the

period under review were not verified, and 106 (15.3%) did not show up for the validation exercise.

b) 22 individuals who had not yet accessed the pension payroll by the end of June, 2024 appeared for validation and were captured as new records.

c) The District had an initial approved pension, gratuity and arrears budget of UGX 18.77Bn for the period under review, and obtained supplementary budget of UGX 5.39Bn leading to a revised budget of UGX 24.21Bn, which was all released. Out of the total funds released of UGX 24.21Bn a sum of UGX 21.47Bn (89%) was utilized resulting in un-utilized funds of UGX 2.74Bn.

d) The District obtained supplementary funding of UGX 5.39Bnwhich only UGX 2.65Bn was utilized, leaving a balance of UGX 2.74Bn un-utilized. Audit noted that pension and gratuity funds amounting to UGX 1.04Bn were charged on wrong account codes.

e) The District paid UGX 175Bn to 70 pensioners who did not have some of the key documents in their pension files to support their inclusion on the pension payroll. From the comparison of the payroll register and IFMS payment file for the period under review, 22 pensioners were paid UGX 0.42Bn off the IPPS/HCMS.

f) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity.

g) A total of 19 Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 40 to 261 months. In addition, 58 pensioners delayed to receive pension payment, with delays ranging from 9 to 19 months, 104 delayed to receive gratuity payments, with delays ranging from 28 to 230 months.

h) The audit noted that the district had accumulated pension and gratuity arrears totaling UGX 1.86Bn arising from the under/non-payment of 88 pensioners/beneficiaries. A total of 618 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

i) The expected district pension and gratuity estimates for 2024/2025 is UGX 4.25Bn for 613 confirmed pensioners, excluding pension and gratuity arrears of UGX 1.86Bn. A comparison of the estimated pension, gratuity and arrears budget of UGX 6.11Bn and the approved budget of UGX 6.23Bn revealed a variance of UGX 0.12Bn leading to over budgeting

Recommendation

The Accounting Officer was advised to;

i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.

ii) Always liaise with the MoFPED to ensure that approved funds are released timely.
iii) Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements. Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements. Ensure that all district expenditure is charged on the appropriate budget codes.
iv) Ensure that pension and gratuity payments are always processed through IPPS/HCMS. Ensure that pension and gratuity entitlements are paid correctly and promptly.
v) In addition, follow-up the amounts over paid and budget for payment in regard to under paid pensioners/beneficiaries. Always sensitize pensioners before retirement and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll.
vi) Engage the MoPS and MoFPED, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.
vii) Engage the MoPS and MoFPED, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.

Action Status

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

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

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

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

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

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

The reconciliation process with district records and the Ministry of Public Service (MoPS) is ongoing to confirm the accuracy of the identified overpayments and underpayments of pension and gratuity.
Adjustments to the financial statements will be affected in the subsequent reporting period upon receipt of validation and confirmation from the Ministry of Public Service

Vote 873: Kwania District Local Government	
Query	**Review of the Implementation of the Approved Budget**

Audit Findings
Paragraph 2(a) of schedule 5 of the PFMA ACT, Cap 171, requires Accounting Officers to prepare an appropriation account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament. Out of the approved budget of UGX 28.9Bn, the total warrants for the year amounted to UGX 27.91Bn

The entity had an approved budget of UGX 28.9Bn, out of which UGX 27.9 was warranted, resulting in a shortfall of UGX 1.05Bn representing a 96% performance. UGX 1.05Bn that was not warranted was meant for the activities. Failure to provide funds for activities as budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer attributed this to low local revenue collection, and the under release of funds under the GAVI project and National Oil Seed project, hence not realizing the full budgeted amount.

Utilisation of warrants and implementation of planned activities The entity had total warrants of UGX 27.9Bn out of which warrants worth UGX 27.12Bn had been utilised by the close of the financial year. The balance of UGX 0.791Bn was meant for the activities, which were either partially or not implemented.

Implementation of funded activities Audit assessed the extent of implementation of activities for which funds were availed and utilised. Seven (07) outputs with 28 activities worth UGX 3.48Bn were assessed, and it was observed that;Six (06) outputs with 27 activities and expenditures worth UGX 3.01Bn were fully implemented.One (01) output with One (01) activity worth UGX 0.33Bn was partially implemented.

The Accounting Officer explained that the farmers had low uptake of the technology because of the high co-funding for the equipment

Irregularities in Supplementary Funding The entity received total supplementary funding of UGX 2.04Bn during the year. Out of the supplementary funds of UGX 2.04Bn received, only UGX 1.72Bn was utilized

leaving UGX 0.322Bn unspent as of the year end. This implies that the entity received more funds than it needed.

The Accounting Officer stated that more funds were allocated to Pension over and above the requirement and less for gratuity. The balances under pension could not be mischarged to pay gratuity. Under Micro-scale irrigation, the farmers had low uptake of the technology because of the high co-funding for the equipment.

Recommendation

The Accounting Officer was advised to;

i) Roll over the partially implemented activities for implementation in the subsequent period.
ii) Engage more with the farmers and sensitize them on the benefits of irrigation systems on farming.
iii) Audit informed the Accounting Officer that the matter of the ban on recruitment would be brought to the attention of MoPS and MoFPED. Only required funds are requested as supplementary funds

Action Status

The partially implemented activities have been rolled over for implementation in the subsequent period.

Management continues to engage farmers on the benefits of irrigation systems.

The matter of the recruitment ban has been brought to the attention of the

Ministry of Public Service and the Ministry of Finance, Planning and Economic Development, and only the funds genuinely required are now being requested as supplementary expenditure.

Query	**Special Audits: Management of Government Pension and Gratuity Payroll**

Recommendation

The Accounting Officer was advised to;

i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer; the matter should be investigated.
ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.
iii) Ensure proper computation of pensioners' entitlements before payments are made. For the under payments the liability should be recognized and budget for payment in the subsequent period.

iv) Sensitize staff who are due to retire, six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

Engagement with the Ministry of Public Service to validate and clean up the pension payroll has commenced, including follow-up on the individuals who did not show up for the validation exercise.

The District is reviewing the approved wage estimates with the Ministries of Public Service and Finance, Planning and Economic Development in line with the validation results, and pre-retirement sensitisation has been introduced to facilitate smooth transition of staff onto the pension payroll.

Vote 874: Kween District Local Government

Query	**Special Pension Audit Observations**

Audit Findings

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

The Audit noted that the Accounting Officer had made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.

The Accounting Officer explained that management is taking steps to undertake recoveries for overpayments while under payments were part payments as a result of insufficient funds.

Recommendation

The Accounting Officer should make the necessary adjustments in the subsequent period upon confirmation of the amounts by the MoPS.

Action Status

There were no overpayments, however, underpayments were a result of indexation whereby Ministry of Public Service is supposed to increase pension every Financial Year depending on the rate of inflation. This has not been done by Ministry of Public Service.

Query	**Payables**

Audit Findings

Reported in the statement of financial position and supported by Note 28 to the financial statements are payables amounting to UGX 0.426Bn, relating to outstanding claims for goods and services. The payables increased by UGX 0.392Bn (1,188%) from the prior year closing balance of UGX 0.033Bn.

Failure to comply with commitment control system poses the risk of poor control and management of entity commitments. Accumulation of un-

sustainable arrears and delays in settlement of such obligations are a risk to the organisational image.

The Accounting Officer committed to clear the outstanding payables and to comply with the commitment control system to avoid accumulation of unnecessary domestic arrears.

Recommendation

The Accounting Officer was advised to comply with the commitment control system to avoid accumulation of unnecessary domestic arrears by making budget provisions to clear all due obligations.

In addition, the Accounting Officer should always ensure consistency in reported payables.

Action Status

The payables arose as a result of payroll verification exercise by the office of Auditor General where several staff were deleted from payroll and were reinstated after the end of the financial year leading to increment of residual arrears claims. However, the entity has already submitted residual arrears claims for each staff and are waiting for Ministry of Finance, Planning and Economic Development to provide funds for paying this arrears.

Query	**Review of the Implementation of the Approved Budget**

Audit Findings

Paragraph 2 of Schedule 5 of the PFMA Cap171, requires Accounting Officers to prepare an Appropriation Account showing the services for which the moneys expended were voted, The sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament.

Out of the approved budget of UGX 28.97Bn, the total warrants for the year amounted to UGX 28.09Bn.

The Audit reviewed UGX 26.49Bn (94%) of the total warrants. Based on the procedures undertaken, below are the findings;

a) Budgeted activities for which no funds were released

Out of the approved budget of UGX 28.97Bn, the total warrants for the year amounted to UGX 28.09Bn, leading to a short fall of UGX 0.87Bn representing an 97% performance.

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

The Accounting Officer explained that the District did not receive funds UGX 0.27Bn from GAVI, WHO and UNICEF as earlier communicated in the IPFs. No formal communication was given by the agencies as to why they did not release the said funds as promised.

b) Utilisation of warrants and implementation of planned activities

The District had total warrants of UGX 28.09Bn out of which warrants worth UGX 26.71Bn had been utilised by the close of the financial year. The balance of UGX 1.38Bn was meant for the following activities which were either partially or not implemented at all.

c) Implementation of funded activities

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of three (03) outputs with 11 activities worth UGX 1.98Bn were assessed and observed that;

Two (02) outputs with four (04) activities and expenditure worth UGX 0.38Bn were fully implemented.
One (01) output with seven (07) activities worth UGX 1.60Bn was partially implemented. Out of Seven (07) Activities, the entity fully implemented four (04) activities and partially implemented three (03) activities.

The Accounting Officer explained that failure to utilise all the funds meant for upgrade of health units (Kaptum and Benet) was because of;

Delayed commencement of works by contractor due internal wrangles among some district leaders. Slow progress of works due to limited capacity of contractor to deploy sufficient man power and bad weather conditions.

Recommendation

The Accounting Officer was advised to;

i) Ensure that unimplemented activities are rolled over for subsequent implementation.
ii) Engage the MoFPED and Donor partners so that future funds are released as budgeted.
iii) Ensure that all existing wrangles are resolved expeditiously and construction works are completed as per the contract agreement to enhance timely service delivery at the District.

Action Status

The entity did not receive donor funding from UNICEF, UNFPA and MAAIF (National Oil Seed Project).
The district requested for revote of UGX 0.42Bn for UGIFT project that is construction of Moyok kaptum seed schools and upgrade of health units (Benet and Kaptum) and construction of mini Irrigation scheme these funds were revoted and implementation works completed.
All the internal wrangles were resolved and construction works of these projects completed.

Query	Special Audits on Management of Government Pension and Gratuity Payroll

Audit Findings

A special audit of the gratuity payments and pension payroll undertaken during the financial years 2019/20 to 2023/24 revealed major findings as below;

a) The District had 146 Pensioners on the June, 2024 payroll, of which all the 146 (100%) were fully verified. In addition, seven (07) individuals who had not yet accessed the pension payroll by the end of June, 2024 appeared for validation and were captured as new records.
b) The District had an initial approved pension, gratuity and arrears budget of UGX 3.37Bn for the period under review, and obtained supplementary budget of UGX 3.71Bn leading to a revised budget of UGX 7.09Bn, which was all released.
c) Out of the funds released of UGX 7.09Bn, a sum of UGX 6.31Bn (89%) was utilized, leaving a balance of UGX 0.78Bn un-utilized.
d) The District requested for supplementary funding of UGX 3.82Bn during the period of which UGX 3.71Bn (97%) was released leading to a shortfall of UGX 0.11Bn. Of the released funds, only UGX 2.93Bn (79%) was utilized and the balance of UGX 0.78Bn remained unspent.
e) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity
f) Funds amounting to UGX 0.027Bn were misclassified/charged on wrong account codes.

Recommendation

In a bid to improve the DLG pension and gratuity management processes, the Accounting Officer was advised to;

i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.
ii) Always liaise with the MoFPED to ensure that approved funds are released timely.
iii) Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements.
iv) Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements.
v) Ensure that all district expenditure is charged on the appropriate budget codes.
vi) Ensure that pension and gratuity payments are always processed through IPPS/HCMS.

vii)	Ensure that pension and gratuity entitlements are paid correctly and promptly. In addition, follow-up the amounts over paid and budget for payment in regard to under paid pensioners/beneficiaries.
viii)	Always sensitize pensioners before retirement and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll.
ix)	Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.

Action Status

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

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

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

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

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

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

The reconciliation process with district records and the Ministry of Public Service (MoPS) is ongoing to confirm the accuracy of the identified overpayments and underpayments of pension and gratuity.
Adjustments to the financial statements will be affected in the subsequent reporting period upon receipt of validation and confirmation from the Ministry of Public Service

Vote 875: Kyankwanzi District Local Government	
Query	**Underpayment of Pension and Gratuity identified during the Special Audit**
Audit Findings The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity. The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the Ministry of Public Service (MoPS).	
Recommendation	
The Accounting Officer should make the necessary adjustments in the subsequent period upon confirmation of the amounts by the MoPS.	
Action Status	
The reconciliation process with district records and the Ministry of Public Service (MoPS) is ongoing to confirm the accuracy of the identified overpayments and underpayments of pension and gratuity. Adjustments to the financial statements will be affected in the subsequent reporting period upon receipt of validation and confirmation from the Ministry of Public Service	
Query	**Payments of salaries off the IPPS/HCM**
Audit Findings Paragraph 4.5 of Establishment Notice No. 2 of 2019 requires the responsible officer to pay for only salaries, pension and gratuity processed through IPPS. A comparison of the IPPS payroll register and IFMS payment file revealed that 16 staff were paid UGX 0.024Bn off IPPS/HCM. Payment of individuals off IPPS created opportunities for misappropriation of funds through excess payments to employees arising from payment on wrong salary scales. The Accounting Officer attributed this to initial removal of staff from the payroll following the special audit by the OAG and subsequent reinstatement and payment of these staff upon validation by MoPS.	
Recommendation	
The Accounting Officer should not approve salary payments to employees not on the HCM payroll register.	
Action Status	
All salaries, pension and gratuity payments are currently processed through the IPPS/HCM system and charged on the appropriate account codes.	

Query	Review of the Implementation of the Approved Budget

Audit Findings

Paragraph 2 of Schedule 5 of the PFMA Cap171 requires Accounting Officers to prepare an Appropriation Account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the Amount appropriated for that vote by Parliament.

Out of the approved budget of UGX 40.28Bn, the total warrants for the year amounted to UGX 36.84Bn.The Audit reviewed UGX 30.18Bn (82%) of the total warrants. Based on the procedures undertaken, below are the findings;

a) Budgeted activities for which no funds were released. The District did not receive UGX 9.65Bn of its approved Budget for implementation of the certain key activities.

b) Failure to provide funds for these key activities negatively affected delivery of intended services.

c) Utilisation of warrants
The District had total warrants of UGX 36.84Bn out of which UGX 34.06Bn (92%) was utilized leaving UGX 2.77Bn un-utilized. As a result, some key activities were either partially or not implemented at all thus negatively affecting service delivery.
The Accounting Officer explained that the entire budget of Salaries was not absorbed because Ministry of Public Service did not grant clearance to recruit due to the ban on recruitment. The District did not absorb all the funds for Pension because it received funds in excess of what it required. UGIFT funds were not absorbed because of delayed completion of the projects under Health due to capacity inadequacies of the contractors for upgrade of Banda HC III and Kikubya HC III.

d) Implementation of funded activities. The Audit assessed a total of five (05) outputs with 18 activities worth UGX 4.89Bn to determine the extent of implementation of activities for which funds were availed and utilized and noted that; Three (03) outputs with eight (08) activities and expenditure worth UGX 1,792,184,579 were fully implemented. Two (02) outputs with 10 activities worth UGX 3.11Bn were partially implemented. Out of 10 activities, seven (07) activities were fully implemented, two (02) activities were partially implemented and one (01) activity was not implemented. Failure to fully implement these key activities has delayed delivery of intended services.

e) Irregularities in supplementary funding. The District received total supplementary funding of UGX 5.76Bn during the year. Audit observed the following;

Supplementary funding not approved by council. Regulation3.12(3) of the Local Government Finance and Accounting Regulations, 2007 require Supplementary estimates to be approved by the Council.

The Audit noted that a sum of UGX 5.76Bn (100%) was not approved by the District Council. However, UGX 3.66Bn of this amount was approved by the District Executive Committee.

Failure to obtain Council approval of supplementary funds along with their work plans negatively affects over-sight over utilization of these funds.

The Accounting Officer explained that the District acted on instruction of the PSST to obtain approval from District Executive Committee (DEC). He added that further approval from Council was to be obtained at a later date.

Supplementary funding not requested by the Accounting Officer. Regulation 18 (2) of the Public Finance Management Regulations (PFMR) 2016, requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

The Audit noted that out of the supplementary funding received of UGX 5.76Bn, UGX 2.10Bn was not requested by the Accounting Officer as required by the PFMR.

Receipt of supplementary funds not requested by the Accounting Officer creates opportunities for misappropriation of funds the Accounting Officer did not respond to this matter.

Criteria for supplementary expenditure not met. Section 25 (6) of the PFMA, Cap 171, requires that the supplementary expenditure should be an expenditure that cannot be funded through virements, cannot be postponed to the next financial year, or was unforeseeable.

The Audit noted that supplementary expenditure of UGX 5.76Bn did not meet the supplementary expenditure criteria.

There is a risk of misappropriation of funds since it creates an opportunity to circumvent normal budgeting processes.

The Accounting Officer explained that the Indicative Planning Figures (IPF) were not provided at the time of planning and budgeting.

Utilization of supplementary Funds Out of the supplementary funds of UGX 5.57Bn only UGX 3.87Bn (70%) was utilized leaving UGX 1.69Bn un-utilized as at the year end. This implies that the District requested for more funds than they needed.

The Accounting Officer explained that;

- Funds for Ntwetwe seed school and Banda HC III construction were not fully absorbed because works were incomplete by the financial year end.

- Salaries for recruitment of seed school staff were not utilized because the recruitment was not done by the end of the financial year.
- The absence of a fully constituted District Service Commission contributed to failure for the timely replacement of staff that had died, absconded and or transferred service.

f) Delivery of Services from Sampled Implemented Activities in the Budget

The Audit undertook procedures on a sample of two (02) activities worth UGX 0.27Bn to confirm whether these activities were implemented in a timely manner, were of acceptable quality, quantity and functionality. The following were the observations;

Timely implementation of activities. The Audit noted that one (01) project worth UGX 0.17Bn was completed three (03) months beyond the expected contract completion date. Delayed implementation of the project led to delayed service delivery to the community.

The Accounting Officer explained that the delay was caused by land ownership issues.

Physical inspection of implemented activities. The Audit undertook physical inspections on two (02) structures worth UGX 0.27Bn and observed that there were no marble engravements showing details of the projects. Failure to label the projects as per the bills of quantities hinders follow up of the project by stakeholders.

The Accounting Officer responded that he had instructed the project managers to report this snag for correction.

Recommendation

The Accounting Officer was advised to;

i) Engage MoFPED to communicate realistic IPFs that can be fully funded.
ii) Engage MoFPED, URF and GAVI on the possibility of funding these activities and consider rolling them forward to the next financial year.
iii) Engage MoPS to lift the recruitment ban
iv) Ensure increase supervision of construction works so that they are progressing in line with the program of works.
v) Roll over the partially and not implemented activities to the next financial year after consultation with MoFPED and MoES.
vi) Always obtain Council approval of the supplementary budgets in the following Council meeting after receipt of the advice of the supplementary funds by MoFPED.
vii) Ensure all supplementary funds are requested as per the PFMA requirements.
viii) Increase monitoring of UGIFT projects to ensure that planned works are completed within the financial year.

ix)	Engage MoES to recruit seed school teachers timely.
x)	Ensure timely implementation of planned activities so that all funds released are fully absorbed.
xi)	Resolve that and issues before completion of the project
xii)	Ensure that the respective contractors implement the outstanding works before payment of their retention fees.

Action Status

The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted.
The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation

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

Audit Findings

a) The District had an approved initial budget of UGX 3.87Bn for pension, gratuity and arrears for the period under review, and also obtained supplementary budget of UGX 2.07Bn resulting into a revised budget of UGX 5.94Bn, which was all released.
b) A sum of UGX 5.2Bn (88%) was utilized out of the total funds released of UGX 5.9Bn resulting in un-utilized funds of UGX 0.709Bn (12%).
c) The District did not utilize UGX 0.184Bn of its initial budget of UGX 2.41Bn for pension and gratuity as well as pension arrears in the FY 2019/20, 2020/2021, 2021/22, and 2023/24.
d) The District did not utilize UGX 0.53Bn (25%) of the total pension and gratuity supplementary received of UGX 2.07Bn in the FY 2019/20, 2022/23 and 2023/24.
e) A sum of UGX 2.07Bn was released to the District without supplementary requests by the Accounting Officer.
f) The Audit noted that Gratuity of UGX 0.07Bn was paid using the Account Item code of Pension.
g) A re-computation of pension and gratuity payments indicated over and under payment of pension and gratuity.
h) A total of 38 Pensioners/beneficiaries delayed to receive pension payment upon access of the payroll.
i) A total of 120 pensioners were paid UGX 0.75Bn off the IPPS/HCM.
j) The District accumulated pension and gratuity arrears of UGX 0.03Bn arising from the under/non-payment of 38 pensioners/beneficiaries.
k) A sum of UGX 0.05Bn was made to four (04) pensioners using accounts different from the one indicated in the Pension form PSF 18/Pension form NS 7 (Revised 2009).
l) The expected pension and gratuity estimate for the FY 2024/25 is UGX 1.26Bn to cater for 168 confirmed pensioners/beneficiaries excluding pension and gratuity arrears of UGX 0.03Bn.

m)	A comparison of the re-computed pension and gratuity budget of UGX 1.29Bn and the approved District pension gratuity and arrears estimate of UGX 1.68Bn revealed an over budget of UGX 0.39Bn.
Recommendation	
i)	In a bid to improve the DLG's pension and gratuity management processes, it is recommended that the Accounting Officer should;
ii)	Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.
iii)	Always liaise with the MoFPED to ensure that approved funds are released timely.
iv)	Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements.
v)	Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements.
vi)	Ensure that pension and gratuity entitlements are paid correctly and promptly. In addition, follow-up the amounts over paid and budget for payment in regard to under paid pensioners/beneficiaries.
vii)	Always sensitize pensioners before retirement and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll.
viii)	Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.
Action Status	
Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data. The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts. Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing. Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period. Pre-retirement sensitization programs have been introduced to ensure that staff retiring is guided on the documentation required for timely access to the pension payroll.	

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

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

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

Vote 876: Kyegegwa District Local Government	
Query	**Implementation of the Approved Budget**

Audit Findings

Paragraph 2 of Schedule 5 of the PFMA Cap171 requires Accounting Officers to prepare an Appropriation Account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the Amount appropriated for that vote by Parliament.

Out of the approved budget of UGX 43.86Bn, the total warrants for the year Amounted to UGX 41.12Bn.The Audit reviewed UGX 35.84Bn (87%) of the total warrants. Based on the procedures undertaken, below are the findings;

a) **Budgeted activities for which no funds were released**

The entity had an approved budget of UGX 43.86Bn out of which UGX 41.12Bn was warranted resulting in a shortfall of UGX 2.74Bn representing a 93% performance.

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

The Accounting Officer explained that the unfunded activities were from the donor assistance totaling UGX 2.58Bn, UGX 72,057,304 from DRDIP and Local revenue of UGX 0.81Bn which were not realised.

The Accounting Officer also explained that due to introduction of IRAS, and strengthening monitoring and supervision of local revenue collection, collections are expected to improve.

Going forward, in regard to External Financing, partners shall be engaged to submit indicative planning figures for inclusion in the entity budgets.

b) **Utilisation of warrants and implementation of planned activities**

The district had total warrants of UGX 41.12Bn out of which warrants worth UGX 38.51Bn had been utilised by the close of the financial year. The balance of UGX 2.61Bn was meant for the different budgeted activities which were either partially or not implemented at all.

The Accounting Officer attributed the underutilization of the wage funds to the late release of Wage Supplementary No. 05 which was provided to the District in the fourth quarter.

This hindered the entity's ability to carry out recruitment activities during that period. As a result of this delay, critical staffing needs were not addressed.

The under utilization of Micro scale irrigation funds was due to late release of funds and a low turn up of farmers for co-funding, which affected the progress of the projects.

c) **Implementation of funded activities.** The Audit assessed the extent of implementation of activities for which funds were availed and utilised. Six (6) outputs with 18 activities worth UGX 4.49Bn were assessed and the following was observed;

i) Four (4) outputs with 14 activities and expenditure worth UGX 2.88Bn were fully implemented.
ii) Two (2) outputs with Four (4) activities worth UGX 1.61Bn were partially implemented.
iii) Out of 4 Activities, the entity fully implemented 2 activities and partially implemented 2 activities.

The Accounting Officer explained that micro-scale irrigation project has faced challenges, resulting in partial implementation. The primary factors contributing to this situation were the late release of funds and a low turn up of farmers for co-funding, which affected the progress of the project. However, as of the first quarter of the current financial year 2024/2025, funds were released on time, and implementation activities already started.

He further explained that the construction of Ruyonza Seed School also experienced partial implementation, primarily due to the following;

- Inadequate funds which hindered progress.
- Handling similar projects concurrently, may have strained the contractor financially.
- Procurement of contractors not managed at the District level which has led to lack of decision-making authority causing delays.

Currently, the contractor is back on site, and the contract period has been extended to allow for the completion of the remaining works.

d) **Irregularities in supplementary funding.** The entity received a total supplementary funding of UGX 9.96Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed that Supplementary funding was not requested for by the Accounting Officer

Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing. On the contrary supplementary funding of UGX 0.83Bn was not requested for by the Accounting Officer as required by the PFMR.

Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions.
The Accounting Officer explained that although no formal request was initiated, the District received supplementary funds in accordance with the circular issued by OPM notifying us about the release and purpose of the funds specifically to facilitate committee training and support implementation of subprojects under INRM and AE.

Recommendation

The Accounting Officer was advised to;

i) Ensure that the implementation of the affected activities is completed.
ii) Engage the MoFPED and Donor partners to ensure that future funds are released as budgeted.
iii) Seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget.
iv) Engage MoFPED for timely release of funds so that they are fully utilised for the planned activities
v) Ensure that the due process is followed.

Action Status

The unspent funds included Wage for Health Staff of the newly constructed health center of Bwiriza worth UGX 0.29Bn and; Wage for Secondary Teachers of Ruyonza seed school worth UGX 0.80Bn.
The funds were not spent due to the delayed release of wage in fourth quarter which did not allow the district adequate time to conduct the necessary recruitment processes.
Secondly, there was no clearance to recruit. Additionally, the seed school of Ruyonza was not coded and could therefore not recruit.
However, the district received clearance to proceed with recruitment of health workers and teachers which is expected to address the staffing needs at both the health center and the Seed school.
In the current financial year, the district received clearance to proceed with recruitment of critical positions. Recruitment of staff is on-going.
Micro-scale irrigation projects have all been fully implemented. .

These funds were disbursed to facilitate committee training and support implementation of sub-projects under INRM and AE. The funds were fully approved by DEC on 7th November 2023 under Min. Dec: 23 Nov 2023. and Cash limit was requested for approval

Query	**Delay in implementation of activities**

Audit Findings

Audit undertook procedures on a sample of 18 activities worth UGX 4.48Bn to confirm whether these activities were implemented in a timely manner, were of acceptable quality, quantity and functionality.

Out of the 18 sampled projects, one (1) project – Construction of Ruyonza Seed School worth UGX 2.76Bn was delayed and at the time of audit, it was not yet complete. The playground was levelled and grass was planted. However, the levelling was not well done and this can cause water to collect in the playground in case of rain. Although the expected completion date should have been by 30th August 24, at the time of audit (Oct 24) the project was not yet complete.

The Accounting Officer explained that the Construction of Ruyonza Seed School experienced partial implementation, primarily due to inadequate funding which hindered progress, handling similar projects concurrently, may have strained the contractor financially and procurement of contractors not managed at the District level which led to lack of decision-making causing delays.

Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

Recommendation

The Accounting Officer was advised to ensure that contractors adhere to given timelines by intensifying supervision and monitoring of projects

Action Status

Construction of Ruyonza Seed School experienced partial implementation, primarily due to;

- Inadequate funds which hindered progress
- Concurrent handling of similar projects which strained the contractor financially.
- Procurement of contractors who are not managed at the District level leadig to delays in decision-making.
- Other factors as highlighted by the contractor

Currently, the contract expired and the district shall seek guidance from the ministry on handling of the remaining works

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

Audit Findings

A special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and issued a separate report to Parliament. The following is a summary of the major findings;

a) The District had 150 Pensioners on the June 2024 payroll, of which 137 (91%) were fully verified while 1 (0.7%) was not verified and 12(8%) did not show up for the validation exercise. In addition, 2 individuals who had not accessed the pension payroll by the end of June, 2024 appeared for validation and were captured as new records.

b) The District had initial approved pension, gratuity and arrears budget of UGX 10.06Bn for the period under review, and also obtained a supplementary budget of UGX 3.19Bn revised budget of UGX 13.25Bn out of which UGX 12.34Bn (93%) was released.
c) The District requested for supplementary funding of UGX 3.19Bn during the period of which UGX 2.35Bn (74%) was released leading to a shortfall of UGX 0.83Bn.
d) Out of the released supplementary funds of UGX 2.3Bn, only UGX 1.46Bn (62%) was spent and the balance of UGX 0.89Bn (38%) remained unspent.
e) Gratuity funds amounting to UGX 0.12Bn were charged on account codes of pension.
f) Two (2) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024. In addition, 11 pensioners delayed to receive pension payment, with delays ranging from 2 to 6 months.
g) A total of 26 pensioners/beneficiaries had inconsistencies in their dates of birth and dates of first appointment, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.
h) The expected District's pension and gratuity estimates for 2024/2025 is UGX 4.3Bn for 186 confirmed pensioners excluding pension and gratuity arrears of UGX 0.01Bn.
i) A comparison of the re-computed pension, gratuity and arrears budget of UGX 4.33Bn and the district approved pension and gratuity estimate of UGX 3.42Bn for the FY 2024/2025 revealed an under budget of UGX 0.92Bn.

Recommendation

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

i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.
ii) Always liaise with the MoFPED to ensure that approved funds are released timely.
iii) Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements.
iv) Ensure that all district expenditure is charged on the appropriate budget codes.
v) Ensure that pension and gratuity payments are always processed through IPPS/HCMS.
vi) Always sensitize pensioners before retirement and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll.
vii) Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity

estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.

Action Status

The updating monthly payrolls to pay pensioners/beneficiaries has been implemented.

Currently funds are released timely based on quarterly releases
During the period, the budget was insufficient and current year 2025/2026, we have enough budget to cover the pensioners and gratuity.
This was an oversight caused by insufficient funds but pledge to always budget well.
Their interface files were sent earlier to MoFPED by MoPS before the payroll final calculation was made. That's why information was not tallying.This is on-going for sensitisation of pensioners
Follow ups have been made, evidence is this letter which management has just submitted to MoPS and MoFPED in this regard.
Submission of the missing gratuity Arrears to MoFPED has been made pending verification and consideration. Adjustment has been done this FY 2025/2026

Vote 877: Kyenjojo District Local Government

Query	**Implementation of the Budget**

Audit Findings

Paragraph 2 of Schedule 5 of the PFMA Cap171 requires Accounting Officers to prepare an Appropriation Account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the Amount appropriated for that vote by Parliament.

Out of the approved budget of UGX 56.60Bn, the total warrants for the year Amounted to UGX 55.29Bn.The audit reviewed UGX 47.15Bn which is 85%of the total warrants. Based on the procedures undertaken, below are the findings;

a) **Budgeted activities for which no funds were released.** The entity had an approved budget of UGX 56.60Bn out of which UGX 55.294Bn was warranted resulting in a shortfall of UGX 1.31Bn representing a 97.7% performance. The UGX 1.31Bn that was not warranted was meant for various activities.

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

The Accounting Officer attributed the shortfall majorly to budget cuts in donor funding which is normally dependant on occurrence of the planned interventions such as Malaria outbreaks. Their non-occurrence affected the release of the budgeted funds. Other funders such as URF also did not make the full budget release.

b) **Utilisation of warrants and implementation of planned activities** The District had total warrants of UGX 55.29Bn out of which warrants worth UGX 50.33Bn had been utilised by the close of the financial year. The balance of UGX 4.95Bn was meant for the different activities which were either partially or not implemented at all.

The Accounting Officer explained that the under-utilization of funds was mainly caused by the following factors:

- Multi-year projects under UGIFT where funds are front loaded for the entire project yet only funds for one year can be absorbed.
- Failure of farmers to contribute their share of co-funding under micro-scale irrigation also contributed.
- Failure to recruit staff.

c) **Implementation of funded activities** The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 7 outputs with 39 activities worth UGX 11.97Bn were assessed and the following was observed;

i) Four (04) outputs with 27 activities and expenditure worth UGX 3.046Bn were fully implemented.

ii) Three (03) outputs with 12 activities and expenditure worth UGX 8.922Bn were partially implemented. Out of the 12 Activities, the entity fully implemented 8 activities; partially implemented 3 activities and 1 activity were not implemented.

d) **Irregularities in supplementary funding** The District received total supplementary funding of UGX 12.04Bn during the year. The Audit reviewed the process of requesting and utilization of the supplementary funding.

Out of the supplementary funds of UGX 12.04Bn received, only UGX 7.38Bn was utilized leaving UGX 4.67Bn unspent as at the year-end.

This implies that the entity requested for more funds than it needed, thus denying other government entities the opportunity to utilize the funds.

The Accounting Officer explained that the unspent supplementary funds were mainly due to; unspent wage resulting from late release of the supplementary budget and failure to get clearance to recruit the staff and; the failure of the farmers to make their co-funding contributions on time.

Recommendation

The Accounting Officer was advised to;

i) Engage with the relevant funding authorities such as the WHO, GAVI, UNICEF among others to ensure release all of all the budgeted funds.

ii) Ensure timely implementation of planned activities

iii) Closely monitor the contractors to ensure timely completion of the on-going constructions. Sensitization of farmers should also be enhanced

such that they make timely contributions of their co-funding contributions iv) Ensure that the necessary clearances for recruitment of staff are sought in time and ensure timely implementation of the multi-year development projects
Action Status
Multi-Sectorial Food Security and Nutrition Project closed in the course of the year and as a result the planned releases were not achieved hence affecting Agro-Industrialization. The Donors GAVI, Global Fund and World Health Organization did not release funds as planned since there were no serious outbreaks in the course of the year. Donor funding is based on the intervention (outbreaks) at the hand. Uganda Road Fund issued an IPF of UGX 1.19Bn but later revised their budget in the course for the Financial Year to UGX 0.85Bn hence affecting the planned budget by a total of UGX 0.34Bn. The unspent amount of UGX 3.48Bn under Human Capital Development was for construction of Seed Schools which are Multi-Year projects. All the funds were received but works are expected to cross over a period of one year as per the breakdown below:- UGX 1.36Bn is for construction of Kyarusozi Seed School which is a multi-year project and works expected to be completed in September 2025. UGX 0.53Bn was for construction of Kigarale Seed School expected to be completed in December 2025. Currently the physical progress of work is at 95% while the financial progress is at 92%. UGX 0.019Bn was retention for construction of Mparo Seed School and retention was paid in January 2025. There was also a balance on wage of UGX 1.57Bn which was as a result of Ministry of Education and Sports not recruiting the required staff. Recruitment of Secondary School Teachers is done by the centre. For other wage categories we received supplementary wage in May 2024 as per PS/ST letter Ref: BPD 267/268/01 dated 6th May 2024 and it was already late to undertake any recruitment. Agro-Industrialization The unspent balance of UGX 0.50Bn (75% government's contribution for the acquisition of micro-scale irrigation equipment) was for partial implementation of the micro-scale irrigation program. The delay in farmer co-funding, which triggers the procurement process, is a major factor in this output. The required farmer co-funding of 25%, typically ranging from UGX 0.0045Bn to UGX 0.006Bn per average farmer, has proven to be a significant burden. As a result, program performance has been adversely affected, as the system installations

only begin once the farmer has fully co-funded. However, the funds were re-voted in September 2024 and fully utilized by 30th June 2025.

The balance on wage was due to late release of supplementary budget for wage in May 2024 and therefore the funds could not be spent.

Public Sector Transformation

Here the balance was due to late receipt of the supplementary budget for wage in May 2024 and this could allow recruitment of staff. Clearance was granted early in September 2024 and the recruitment process of staff was also completed early to facilitate utilization of funds.

The balance on pension was a result of the supplementary budget of UGX 1.19Bn which was given to us over and above our annual pension requirements. The district requested for a budget of UGX1.71Bn vire our letter of 15th March 2023 but we were given UGX1.84Bn for pension.

Natural Resources, Environment, Climate Change, Land and Water Management

There was excess allocation on the monitoring of capital works of UGX 0.065Bn by error at the time of loading the budget but these funds were re-voted and spent on planned activities during the financial year 2024/2025.

UGX 0.024 was due to delayed completion of projects and as a result retention was not paid. Retention money was later paid in the financial year 2024/2025 to the contractor.

The balance was salary unspent due late receipt of the supplementary budget for wage.

Governance and Security
UGX 0.038 Bn was farmers co-funding which was not used at the end of the financial year. Farmers cofounded late in June 2024. We submitted to have the funds re-voted but to date no action has been taken

UGX 0.032Bn was balance on Ex-gratia due to receiving more money than what was required.
Then the balance of UGX 0.007Bn is in respect of unspent wage due to late release of supplementary budget for wage.

Development Plan Implementation

Unspent wage balance of UGX 0.028Bn was due to late release of supplementary funds for wage on 6th May 2024.

b) Implementation of funded activities

Construction of Kigaraale Seed School. This is a multi-year project under UgIFT Program. Construction works started in June 2023 and the expected completion date is 10th May 2025. Currently the physical progress is at 95% and financial progress payment is at 92%.

Construction of Kyarusozi Seed School. This is also a multi-year project under UgIFT. The project is for a period of eighteen (18) months. It started on 13th March 2024 and expected to be completed in September 2025. The contract was extended to 31st December 2025, Progress of work is currently at 75% and financial progress is at 60.3%.

Procurement of micro-scale irrigation equipment
The unspent balance at the end of the financial year was UGX 0.50Bn (75% government's contribution for the acquisition of micro-scale irrigation equipment). This contributed to the partial implementation of the micro-scale irrigation program. The delay in farmer co-funding, which triggers the procurement process, is a major factor in this output.
The required farmer co-funding of 25%, typically ranging from UGX 0.0045Bn to UGX 0.006Bn per average farmer, has proven to be a significant burden. As a result, program performance has been adversely affected, as the systems an installation only begins once the farmer has fully co-funded.

However, funds were re-voted in September 2024 and fully utilized on the intended activities in the course of the financial year 2024/2025.
Payment of retention and monitoring of water projects
For monitoring of water projects, the funds loaded for this activity was more than the work to be done and therefore all the funds allocated for monitoring could not be spent. The capital project activities were all implemented as planned except part of the monitoring funds. The balance that remained was requested for and re-voted for payment of retention this financial year.
Construction of Kihuura Seed School was not implemented. This project is to this financial year under the Uganda Secondary School Education Expansion Project (USSEEP) and the Ministry of Education is the funder.

Query	**Management of PHC**

Audit Findings

During the FY2023/24, Kyenjojo DLG received UGX 1.766Bn (100%) PHC Non-Wage Conditional Grant in form of six (6) sub grants which include; PHC-Hospital NWR (PNFP), PHC Hospital NWR (Government), PHC-

DHO/CHO/MHO Non-Wage Recurrent (NWR), PHC Health Centres NWR (PNFP), PHC-Health Centres NWR (Government) and RBF NWR sub grant.

The audit designed procedures to evaluate the utilization of the PHC grant at the DLG. The following were the observations;

a) Allocation of PHC
Guideline 1.3.2 of the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 provides that the total funding for PHC NWR constitutes 100% of which 85% is allocated to the lower-level health facilities (LLHFs) whereas 15% is allocated to the LG (District/City/Municipal) Health Office.
Audit observed that only UGX 0.095Bn (5.4%) of the PHC NWR sub grant was allocated to the health office instead of a maximum of UGX 0.265Bn (15%) as stipulated in the guideline.
The Audit further noted that the Lower Level Health Facilities (LLHFs) were allocated UGX 1.67Bn in the DLG budget (PBS figure) as PHC NWR sub grant instead UGX 1.41Bn (85%) which was allocated in the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 leading to over funding by UGX 0.25Bn.
The over allocation to the health centres deprived the health office funds meant for the supervision of primary health care activities.
The Accounting Officer explained that the District does not have an input on how the allocations of the PHC funds are done. The IPFs and allocation of PHC funds are determined by the Ministry of Health. When Ministry of Finance, Planning and Economic Development is communicating IPFs, PHC funds come with a breakdown of how funds will be shared.

b) Allocation of RBF
Guideline 1.3.2 (C) of the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 provides that the RBF NWR sub grant will be allocated based on the results of assessments conducted under two thematic areas; the Quantity (output) component and the health facility quality of care component.

The RBF NWR sub grant is allocated to the thematic areas. The entity had an RBF NWR allocation of UGX 0.46Bn.
The audit observed that the LG health teams were allocated no funds out of the RBF NWR sub grant instead of a maximum of UGX 0.023 (5%) as stipulated in the guideline.

The audit further noted that the LLHF were allocated UGX 0.44Bn (96.4%) in the DLG budget (PBS Figure) as RBF NWR sub grant instead of UGX 0.43Bn (95%) which was allocated in the Health Sub Programme

Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 leading to over funding by UGX 0.0006Bn.

The over allocation to the health centres deprived the LG Health Teams of funds meant for the implementation of primary health care activities.

The Accounting Officer explained that the District does not have an input on how the allocations of the RBF funds are done. The IPFs and allocation of RBF funds are determined by the Ministry of Health. When Ministry of Finance, Planning and Economic Development is communicating IPFs, RBF funds come with a breakdown of how funds will be shared.

c) *Late release of PHC grant*
Guideline 3.2.1 of the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments 2023/2024 provides that LGs are required to ensure that funds budgeted for service delivery are timely transferred to LLHFs by:
Carrying out timely warranting/verification of the PHC NWR grants to health facilities during the FY; Timely warranting for a LG means five (5) working days from the date of receipt of releases from MoFPED; Invoicing and communicating all PHC NWR grant transfers within five (5) working days from the date of funds release in each quarter.

The audit noted average delays in PHC releases of 12 days between the date of warranting by the District and the date of receipt of funds by the HC'S with the worst delay noted in Q1 of 20 days. Delays in the receipt of funds by the Health Centre leads to delays in the procurement of medical consumables which affects the provision of health services to the community.

The Accounting Officer explained that the delays are on the side of the MoFPED and the BOU which delay to credit the accounts of the respective LLHF's.

d) *Monitoring and Reporting*
Guideline 2.2.3 of the Health Sub Programme Grant, Budget, and Implementation Guidelines for Local Governments for FY 2023/24 provides that using part of the allocation the PHC NWR grant towards the LG Health office, DHO/MHO/CHOs should ensure that the LG Health departments:

- Carry out quarterly monitoring and provide hands on quarterly integrated support supervision and data quality assurance to all HC IVs and technical supervision to all health facilities, including PNFPs and Private Health Providers.

- Provide support to all health facilities in the management of medicines and health supplies.
- Hold quarterly performance review meetings involving all health facility In-charges, implementing partners, LG HMTs, key departments e.g. Community Development, Education and Water (WASH) to discuss district performance and key challenges.

The audit noted that the DLG health office only held two quarterly performance review meetings involving all health facility In-charges, implementing partners, LG HMTs, key departments e.g. Community Development, Education and Water (WASH) to discuss district performance and key challenges instead of the required four.

Failure to adequately monitor and supervise activities of health facilities will hinder timely intervention aimed at eradicating weaknesses in provision of primary health care and as a result, provision of health services will be compromised.

The Accounting Officer explained that not all the quarterly reviews were undertaken due to limited funding.

Recommendation

The Accounting Officer was advised to ensure;

i) Engagement with MOH to communicate the correct allocation criteria of the PHC and RBF funds as per the guidelines.
ii) Timely invoicing of funds for the Health Centres as per guidelines.
iii) Quarterly performance review meetings involving all health facilities are held and in a timely manner.

Action Status

Planning Allocation of PHC

The district does not have an input on how the allocation of PHC funds is done. When IPFs are communicated to the district, PHC funds come with a clear breakdown of how funds are shared. In the next budgeting we shall ask the Ministry of Health to adhere to grant guidelines.

Allocation of RBF

The allocation of RFB funds is done by Ministry of Health and the district implementation the agreed allocation.

In the next planning period we will remind them to follow the guidelines for the grant.

Late release of PHC grant

Sometimes the circulars communicating the release of funds are issued and then the actual loading of the cash limits is done after a period of more than a week. This therefore delays warranting of funds.

Monitoring and Reporting
All the quarterly monitoring and supervision could not be undertaken due to limited funding. DHOs office was allocated less funds as already noted.

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

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

a) The DLG had 379 Pensioners on the June 2024 payroll, of which 360 (95%) were fully verified while 19(5%) did not show up for the validation exercise. In addition, 12 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records.
b) The DLG had an initial approved pension, gratuity and arrears budget of UGX 10.03Bn for the period under review, and also obtained supplementary funds of UGX 2.58Bn leading to a revised budget of UGX 12.61Bn which was all released.
c) Out of the total funds released of UGX 12.61Bn, a sum of UGX 10.97Bn (87%) was utilised resulting in un-utilised funds of UGX 1.64Bn.
d) The District requested for supplementary funding of UGX 2.58Bn during the period of which UGX 3.56Bn (138%) was released leading to excess of UGX 0.985Bn.
e) Out of the supplementary funding of UGX 3.56Bn released, only UGX 2.96Bn (83%) was spent and the balance of UGX 0.60Bnremained unspent.
f) Nine (9) Pensioners/beneficiaries had not yet accessed the pension payroll (By June 2024), with delays ranging from 5 to 274 months. In addition, 7 pensioners delayed to receive pension payment, with delays ranging from 7 to 221 months.
g) A total of 111 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.
h) The expected DLG's pension and gratuity estimate for 2024/2025 is UGX 3.801Bn for 426 confirmed pensioners excluding pension and gratuity arrears of UGX 0.046Bn.

i) A comparison of the re-computed pension, gratuity and arrears budget of UGX 3.85Bn and the district approved pension, gratuity and arrears estimate of UGX 2.11Bn for the FY 2024/2025 revealed an under budget of UGX 1.74Bn.

Recommendation

In a bid to improve the DLG's pension and gratuity management processes, the Accounting Officer was advised to;

i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.
ii) Always liaise with the MoFPED to ensure that approved funds are released timely.
iii) Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements.
iv) Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements.
v) Ensure that pension and gratuity entitlements are paid correctly and promptly. In addition, follow-up the amounts over paid and budget for payment in regard to under paid pensioners/beneficiaries.
vi) Always sensitize pensioners before retirement and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll.
vii) Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.

Action Status

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

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

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

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

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

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

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

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

Vote 878: Kyotera District Local Government

Query	**Review of the Implementation of the Approved Budget**

Audit Findings

Paragraph 2 of Schedule 5 of the PFMA Cap 171 requires Accounting Officers to prepare an Appropriation Account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament.

Out of the approved budget of UGX 51.46Bn, the total warrants for the year amounted to UGX 50.02Bn. Below is a summary breakdown of this budget and warrants;

The Audit reviewed UGX 39.98Bn (80%) of the total warrants. Based on the procedures undertaken, Budgeted activities for which no funds were released, The entity had an approved budget of UGX 51.46Bn out of which UGX 50.02Bn was warranted resulting in a shortfall of UGX 1.433Bn representing an 97% performance.

The UGX 1.433Bn that was not warranted was meant for activities in the different Programmes. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

Recommendation

The Accounting Officer was advised to;

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

Action Status

The funds that were swept were meant for implementation of activities like Kasaali Seed Secondary School construction works, Microscale irrigation programme. The works were rolled over in the subsequent Financial Year 2024/25 as follows;

i) Construction of general ward at Kakuuto Health Centre phase III - The project is now completed as per the Engineer's Report provided

ii) Construction of Kasaali Seed School - The Contract was completed and handed over as per the Engineer's report
iii) Fencing of District Administration Block with chain link - Payment for the Contract was planned and provided for in the Financial Year 2024/25
iv) Supply, design and installation of irrigation equipment - all Contracts were awarded and completed in the Financial 2024/25

Management made the necessary engagements with MoFPED and the donors and funds were provided in the subsequent financial years which enabled completion of the rolled over projects.

Query	**Management of PHC**

Audit Findings

During the FY2023/24, Kyotera District received UGX 1.001Bn PHC Non-Wage Conditional Grant in form of six (6) sub grants which include; PHC-Hospital NWR (PNFP), PHC Hospital NWR (Government), PHC- DHO/CHO/MHO Non-Wage Recurrent (NWR), PHC-Health Centres NWR (PNFP), PHC-Health Centres NWR (Government) and RBF NWR sub grant.

The Audit designed procedures to evaluate the utilisation of the PHC grant at the Kakuuto DLG and to assess whether health facilities was adequately equipped and managed to Provia Primary Health Care. The following were observed;

a) Allocation of PHC

Guideline 1.3.2 of the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 provides that the total funding for PHC NWR constitutes 100% of which 85% is allocated to the lower-level health facilities (LLHFs) whereas 15% is allocated to the LG (District) Health Office.

The Audit observed that UGX 0.073Bn (8%) of the PHC NWR sub grant was allocated to the health office instead of a maximum of UGX 0.134Bn (15%) as stipulated in the guideline.

The Audit further noted that the LLHFs was allocated UGX 0.821Bn (92%) in the District budget (PBS figure) as PHC NWR sub grant instead of UGX 0.76Bn (85%) which was allocated in the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 leading to over funding by UGX 0.061Bn.

The under allocation to the health office deprived DHO funds meant for monitoring and supervision of primary health care activities.

The Accounting Officer explained that the planning figures used were those allocated by the MoFPED and MoH as per the budget directly loaded onto the PBS by the Line Ministry.

Recommendation

The Accounting Officer was advised to ensure that the in-charge of health facilities submit accountabilities timely to enable prompt release of funds in the subsequent quarter.
Action Status
Communication has been made to the various in-charge of health facilities to submit accountabilities on time and these have so far complied positively.
Query | **4.1. Management of Government Pension and Gratuity Payroll**
Audit Findings The Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings; a) The DLG had 186 Pensioners on the June 2024 payroll, of which 182 (97.8%) were fully verified and 4 (2.2%) did not show up for the validation exercise. In addition, 37 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. All the new records were verified and included in my determination of Kyotera DLG's pension and gratuity estimates. b) The DLG had an initial approved pension, gratuity and arrears budget of UGX 6.730Bn for the period under review, and obtained supplementary funds of UGX 5.607Bn leading to a revised budget of UGX 12.336Bn all of which was released. c) The DLG requested for supplementary funding of UGX 6.661Bn during the period of which UGX 5.607Bn (84%) was released leading to a shortfall of UGX 1.054Bn. Of the released funds, only UGX 3.423Bn (61%) was spent and the balance of UGX 2.184Bn (39%) remained unspent. d) The expected DLG's pension and gratuity estimates for 2024/2025 is UGX 2.908Bn for 258 confirmed pensioners excluding pension and gratuity arrears of UGX 0.048Bn. e) Comparison of the estimated pension and gratuity budget of UGX 2.957Bn and the approved budget of UGX 4.666Bn revealed an under budget of UGX 1.709Bn. f) Six (06) Pensioners/beneficiaries delayed to access the pension payroll by 30th June 2024. In addition, 109 pensioners delayed to receive pension payment, with delays ranging from 1 to 46 months. g) A total of 39 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment and dates of retirement between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation
The Accounting Officer was advised to; i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll. ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise. iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period. iv) Sensitize staff who are due to retire six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll. v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.
Action Status
Communication has been made to the Ministry of Public Service and the pensioners payroll is now clean according to the Human Capital Management System. A meeting was convened between Ministry of Finance Planning and economic Development, Ministry of Public Service and attendant Ministries and the District Local Government in September 2024 to harmonize wage for the Local Government Interface sessions have been conducted between management and all staff who are going to retire as and when they are due.
Vote 879: Lamwo District Local Government
Query | **Review of the Implementation of the Approved Budget**
Audit Findings Paragraph 2 of Schedule 5 of the PFMA Cap 171 requires Accounting Officers to prepare an Appropriation Account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament. Out of the approved budget of UGX 46.11Bn, the total warrants for the year amounted to UGX 37.94Bn. Below is a summary breakdown of this budget and warrants;

The Audit reviewed 90% (UGX 34.28Bn) of the total warrants. It was observed that the entity had an approved budget of UGX 46.11Bn out of which UGX 37.94Bn was warranted resulting in a shortfall of UGX 8.169Bn representing an 82% performance. The UGX 8.169Bn that was not warranted was meant for activities that were not implemented or were partially implemented.

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

The Accounting Officer explained that this was because some major partners such as DRDIP, GAVI, UNICEF, WHO, UNFPA and others did not fully fund their budget.

Recommendation

The Accounting Officer should liaise with the relevant partners to ensure that non Budgeted activities are rolled over for implementation in the subsequent period.

Action Status

All the development partners were invited for District Budget conference at the commencement of the planning period. Significant progress has been made from the time of audit to date. Cumulative progress to date stands at 75%. The remaining 25% is anticipated to be achieved by end of FY 2024/25.

In the financial year under review UGX 0.82Bn was provided as supplementary funding for recruitment of staff. For Padibe East Seed Secondary School recruitment was not carried out by MoES and the fund was swept back to the consolidated account. However, the swept funds have been re-voted and recruitment exercise is ongoing.

UNICEF implemented all its programmes in the District directly involving District stakeholders.

Query	**Rural Transport Infrastructure (RTI)**

Audit Findings

Rural Transport Infrastructure (RTI) funding has been directed towards the construction and rehabilitation of key roads that connect rural areas to market towns and main transport routes. This includes both earth and gravel roads. In areas where rivers or streams create barriers, funding has been allocated for installation of culverts.

Sustainable funding models are necessary to ensure the continued development and maintenance of RTI. Engaging local communities in planning and decision-making can help tailor projects to specific needs and improve the effectiveness of funded initiatives.

The funding for Rural Transport Infrastructure in Lamwo District is pivotal for overcoming geographical and logistical challenges by leveraging a combination of government resources, donor support, and community involvement.

Lamwo DLG budgeted to receive UGX 0.404Bn for the Rural Transport Infrastructure however, only UGX 0.317Bn was received leading to a shortfall of UGX 0.087Bn.

This may lead to failure to implement planned activities. The Accounting Officer acknowledged the observation

Recommendation

The Accounting Officer should roll over the unimplemented activities to the subsequent period and ensure that released funds are utilized fully as satisfactory works.

Action Status

The unexecuted activities were rolled into this FY and procurement is at its conclusive stage (Phase II)

Query	**Special Audit on Management of Government Pension and Gratuity**

Audit Findings

a) The Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings;
b) The District had 134 Pensioners on the June 2024 payroll, of which 105 (78%) were fully verified; 29(22%) did not show up for the validation exercise. In addition, 10 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. All the new records were verified and included in my determination of the DLG's pension and gratuity estimates.
c) The DLG had an initial approved pension, gratuity and arrears budget of UGX 4.173Bn for the period under review, and obtained supplementary funds of UGX 2.894Bn leading to a revised budget of UGX 7.067Bn out of which UGX 7.067Bn (100%) was released.
d) The DLG did not request for supplementary funding of UGX 2.894Bn during the period of which UGX 2.894Bn (100%) was released leading to excess of UGX 2.894Bn. Of the released funds only UGX 1.939Bn (67%) was spent and the balance of UGX 0.955Bn (33%) remained unspent.
e) Comparison of the estimated pension and gratuity budget of UGX 1.265Bn and the approved budget of UGX 1.545Bn revealed a variance of UGX 0.279Bn leading to an over budgeting.
f) Eleven (11) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 01 to 13 months. In

addition, twenty five (25) pensioners delayed to receive pension payment, with delays ranging from 04 to 55 months.

g) Three (03) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

In a bid to improve the DLG's pension and gratuity management processes, it the Accounting Officer was advised to;

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

ii) Investigate the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer

iii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.

iv) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery.

v) Sensitize pensioners six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

vi) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

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

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

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

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

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

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

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

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

Query	**Engineering Audit of Selected Infrastructure Projects**

The Audit conducted an engineering review on the project for Rehabilitation of Lamwo TC Palabek Ogili Subcounty Road (25.125km). Senior Project Contractor Contract Value (UGX) and rehabilitation of Lamwo TC Palabek Ogili Subcounty Road (25.125km) M/S Upland Enterprises & Construction Ltd 6,424,362,888. The following are the key findings;

a) Inadequacies During the Design Process

No specific geotechnical investigations were conducted at the locations of the five box culverts. This increases the risk of adoption of foundations and swamp treatments not suitable for existing conditions

The design report availed omitted the structural analysis of the box structures. Accordingly, the basis of the preparation of the structural drawings could not be ascertained Expiry of Performance Security and Environmental & Social Performance Security Prior to Completion of Works

The Audit established that the Performance Security and Environmental & Social Performance Security expired on 30th November 2023 before attainment of substantial completion on 1st May 2024 exposing the DLG to a risk of financial loss in the event of failure to perform by the contractor.
The Audit advised the Accounting Officer to put in place measures that ensure that contractors maintain valid guarantees as contractually required.

b) Unsupported Payments Amounting to UGX 0.028Bn

A provisional sum of UGX 0.028Bn, including the contractor's profit and overheads, was paid for the relocation of services and special tests as instructed by the Engineer. However, the necessary supporting documentation for this expenditure was not provided.
Payments made without the necessary supporting documents exposes the DLG to the risk of financial loss The Audit advised the Accounting Officer to

ensure that payment of UGX 0.028Bn is properly accounted for, failure of which recovery should be made.

Irregular Release of 50% Retention Money without Receipt of As-Built drawings.

Retention money of UGX 0.32Bn was released to the contractor before the submission and approval of As-Built drawings, contrary to the contract requirements.

Releasing 50% of the retention money without receiving the contractor's as-built drawings undermined the Project Manager's leverage to ensure their submission.

This omission leaves Lamwo DLG without critical information on final specifications and operational requirements, hindering future maintenance, repairs, or modifications due to the lack of accurate reference materials.

The Audit advised the Accounting Officer to ensure that, As-Built drawings and any maintenance manuals are prepared and issued to the Project Manager failure of which the 50% retention should be recovered.

c) *Inspection of the Works*

During the physical inspection of the works between 6th and 7th August 2024, The Audit observed defects such as cracks on head walls, silted drains and culverts outlets and inlets, poorly compacted gravel material on road edges, erosion gulleys along fill edges, unmarked sign posts, developing potholes, etc.

These defects if not corrected may lead to early deterioration and failure of the infrastructure.

The Audit advised the Accounting Officer to ensure that the identified defects are rectified before project completion.

d) *Implementation of Environmental, Health, Social and Safety Measures*

The borrow pits at CH 23+100 and CH 9+100 were not properly reinstated resulting in water ponding and steep slopes respectively.

Several required permits and approvals were not obtained during the execution of works, including the Certificate of Registration of Workplace, Surface Water Abstraction Permit, Approval of Contractor's Camp Layouts and Construction Drawings, and ESIA approvals

A payment of UGX 0.026Bn was made to the contractor for environmental, health, safety, and social safeguard activities without supporting documentation for these expenditures was not provided

The Audit advised the Accounting Officer to ensure that; All borrow areas used during project execution are fully restored by the contractor; For future projects, the required permits and approvals are secured; Payment of UGX 0.026Bn is properly accounted for, failure of which appropriate recovery should be made

e) *Quality of Works and Materials*

Concrete mix designs, trial mixes, and crushing load tests for pipe culverts were not conducted. Top slab concrete strength for Box culverts at CH 2+100 and CH 3+800 did not meet the required specifications. Gravel from borrow areas at Km 5+480 LHS and km 14+420 RHS failed to meet the specifications

Failure to conduct tests on materials used increases the risk of use of substandard materials affecting the durability of the works.

The Audit advised the Accounting Officer to; ensure that adequate testing is undertaken on all materials and results reviewed and; conduct further tests on the failed concrete elements and implement appropriate corrective measures for elements that did not conform to specifications.

f) *Quantity Verification*

The Audit noted inconsistencies in some of the quantities certified in IPC No.3 resulting in an overpayment of UGX 0.632Bn. Overpayments if not recovered can lead to financial losses.

The Audit advised the Accounting Officer to ensure that the overpayment is recovered.

g) *Supervision of Works*

The Audit evaluated the adequacy of the supervision in place and noted failure to prepare monthly progress reports and contract management plans.

Inadequate supervision of works can lead to implementation of poor-quality works. This in turn can affect the durability of the infrastructure.

Recommendation

The Accounting Officer was advised to put in place measures to enhance the capacity of the technical team so as to strengthen the supervision and monitoring arrangements of works

Action Status

The Geotechnical investigations report prepared by the consultant (UB Consultants) did not specifically have culvert locations considered. The design report did not have any section for structural analysis of the Culverts.

The consultant was requested to provide this information but it was not provided. However, as an entity, for future projects we have committed to ensuring that all design information is provided before commencement of works.

As an entity, the entity wrote to the contractor several reminders as required by the Contract to renew the performance security.

Fortunately, the works were completed without the contractor abandoning. However, for future projects, penalties shall be enforced for none renewal of guarantees.

During the audit exercise, these information/documents were not in the file because they were taken by other audits and we were not able to give the auditors. But now we have them.

The as-built drawings were prepared and handed over to us. We now have it on file. All the defects that were identified during the audit inspections were rectified and borrow areas were fully restored during the DLP.

Obtaining some permits delayed e.g. ESIA but the entity wrote to NEMA and at the time of audit we had not received any feedback. However, as an entity, we commit to always follow on these permits.

As per project requirement, we had an environmental support firm from the secretariat. We also implemented the health, safety and social safeguards. The contractor used precast units which tests were done. The material test file was with contractor at the time of audit. The borrow areas specified did not meet the specifications for wearing materials. However, they met the requirements for road base layer (CBR>8%) and were used specifically as fills materials.

The Contractor was over paid UGX 0.149Bn and not UGX 0.632Bn. The UGX 0.149Bn has been recovered. Selected key staff shall be given opportunities to attend some tailored capacity building programs to enhance their capacities in supervision, monitoring and evaluation.

Vote 880: Lira District Local Government	
Query	**Review of the Implementation of the Approved Budget**

Audit Findings

Paragraph 2 of Schedule 5 of the PFMA Cap 171 requires Accounting Officers to prepare an Appropriation Account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament.

Out of the approved budget of UGX 44.38Bn, the total warrants for the year amounted to UGX 43.03Bn(97%). Below is a summary breakdown of the budget and warrants;

The Audit reviewed UGX 33.94Bn (78%) of the total warrants and found out that the entity had an approved budget of UGX 44.38Bn out of which UGX 43.03Bn was warranted resulting in a shortfall of UGX 1.351Bn representing an 97% performance.

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

The Accounting Officer explained that the un-released funds were from external financing from development partners to support immunization services. He further stated that the unimplemented activities have been rolled over to the subsequent period.
Recommendation
The Accounting Officer was advised to; i) Engage the Development partners to ensure that funds are released as budgeted. ii) Roll over the unimplemented activities in the subsequent year.
Action Status
The unimplemented activities in the health sector were rolled over and implemented in the FY 2024-25 The district was granted clearance to recruit and the recruitment was concluded in the first quarter of FY 2025-26 and more shall be recruited soon as more clearance has been granted. Currently the DRC and Council have been talked to and are working in harmony. The district was granted clearance to recruit and the recruitment was concluded in the first quarter of FY 2025-26 and more shall be recruited soon as more clearance has been granted. The Construction has been completed and the structures are now in use
Query | **Mismatch in the Revenue Assessment and Actual Collection**
Audit Findings In the year under review the Audit obtained the IRAS report and noted that there was a discrepancy/mismatch between the revenue assessed and the actual. The District assessed UGX 1.011Bn, collected UGX 0.648Bn representing 49% collection. There is a risk of revenue leakage. The Accounting Officer explained that the mismatch between revenue assessment and revenue collection was due to multiple issuance of Payment Registration Numbers (PRN) to the same taxpayer after failing to pay within the stipulated time frame of 21 days. This inflates the registration and assessment.
Recommendation
The Accounting Officer should engage MoFPED regarding the matter to avoid the multiple issuance of PRN.
Action Status
The Accounting Officer is in touch with Ministry of Finance in regard to the matter of multiple issuance of PRN

Query	Management of Government Pension and Gratuity Payroll

Audit Findings

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

a) The District had 704 Pensioners on the June 2024 payroll, of which 590 (84%) were fully verified; 28 (4%) who were paid UGX 0.368Bn over the period of 5 years were not verified and 86 (12%) did not show up for the validation exercise. In addition, 93 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. Of these new records, 80 were verified and included in my determination of the DLG pension and gratuity estimates.
b) The DLG had an initial approved pension, gratuity and arrears budget of UGX 30.929Bn for the period under review, and the supplementary budget of UGX 3.868Bn leading to a revised budget of UGX 34.797Bn, out of which UGX 34.839Bn (101%) was released.
c) The DLG did not provide evidence for the request for supplementary funding of UGX 3.739Bn during the period. Of the released funds of UGX 3.868Bn only UGX 3.685Bn (95%) was spent and the balance of UGX 0.183Bn (5%) remained unspent.
d) Comparison of the estimated pension and gratuity budget of UGX 5.922Bn and the approved budget of UGX 3.958Bn revealed a variance of UGX 1.964Bn leading to under budgeting.
e) Seventy (70) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 02 to 344 months. In addition, ninety (90) pensioners delayed to receive pension payment, with delays ranging from 01 to 262 months.
f) One hundred eighty-seven (187) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment and dates of retirement between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

The Accounting Officer was advised;

i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer, the matter should be investigated.
ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the

District for the FY 2024/25, in line with the results of the validation exercise. iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognised and budget for payment in the subsequent period. iv) Sensitize pensioners six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll. v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.
Action Status
Engagement with the Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) to clean up and update the pension payroll has been initiated. The verified payroll is being used as the basis for monthly pension and gratuity payments. Measures to recover overpayments, process underpayments, and update inconsistent records have been commenced. Pre-retirement sensitisation programs have been introduced to facilitate smooth transition of retiring staff onto the pension payroll.
Vote 881: Luuka District Local Government
Query | **Utilisation of Warrants**
Audit Findings The Luuka had total warrants of UGX 36.97Bn out of which UGX 36.01Bn was utilised leaving UGX 0.961Bn un-utilised. The Accounting Officer explained that this was as a result of recruitment exercise that had not been concluded by close of financial year 2023 2024 therefore wage could not be paid. Hybrid procurement for projects has given less control to the accounting officer since he is not solely involved in the procurement. Clearances in form of no objection come out late from relevant ministries like Ministry of education and yet it is requirement. Some of these have many projects in one lot and they find it difficult to multi task to finish works in time.
Recommendation
The Accounting Officer should ensure that the un implemented activities are rolled over to the subsequent year. In addition, the new recruits should be paid their salaries to avoid accumulation of salary arrears

Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year. The relevant stakeholders have been engaged, including MoPS on recruitment and contractors on project completion, to improve absorption of funds.

Query	Implementation of Funded Activities
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 40 outputs with 125 activities worth UGX 36.01Bn were assessed and the following was observed. A total of 38 outputs with 120 activities and expenditure worth UGX 34.01Bn were fully implemented. Two (2) outputs with 5 activities worth UGX 1.998Bn were partially implemented.	
Recommendation	
The Accounting Officer should explain the cause for the partially implemented activities and ensure that all planned activities are implemented in the subsequent financial years.	
Action Status	
Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion. The relevant contractors and supervisors have been engaged to expedite completion of outstanding works and strengthen project monitoring mechanisms.	

Query	Irregularities in Supplementary Funding
Audit Findings The District received total supplementary funding of UGX 6.136Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed that out of the supplementary funds received of UGX 6.136Bn, only UGX 5.142Bn was utilised leaving UGX 0.001Bn, 049 unspent as at the year. This implies that the District requested for more funds than it needed. The Accounting Officer explained that supplementary funding was done late which could not enable smooth project implementation. Contractors could not continue without receiving payments for the pending certified works.	

Recommendation
The Accounting Officer should ensure that the unimplemented activities are rolled over to the subsequent financial year.
Action Status
Management has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	Delivery of Services from Sampled Implemented Activities in the Budget

Audit Findings

The Audit undertook procedures on a sample of 4 activities worth UGX 5.017Bn to confirm whether these activities were implemented in a timely manner were of acceptable quality, quantity and functionality.

Delayed completion of works implies that the beneficiaries will not receive the intended services in time.

The Accounting Officer explained that delays were as a result of correspondences from ministries that would compel the procurement process to be concluded for instance for the case of Busalamu partial funds were allocated compared to the actual cost.

Recommendation
The Accounting Officer should provide evidence of the completion dates of the 3 projects and expedite the completion of the projects.
Action Status
The Accounting Officer engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. The unimplemented activities were rolled over to the subsequent financial year and incorporated into the current work plans for implementation.

Query	Delayed Release of Funds

Audit Findings

Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2).

Audit noted that the District delayed to receive Government grant amounting to UGX 36.97Bn with average delays of 17 days after commencement of each quarter. The Accounting Officer explained that communication by the PSST comes much early as per the PFMA but cash limits are issued late.
Recommendation
The Accounting officer should always liaise with MoFPED to ensure timely release of funds
Action Status
The Accounting Officer engaged MoFPED and the relevant development partners to ensure timely release of budgeted funds.

Query	**Implementation of Budget outputs/Items**

Audit Findings

The Audit assessed forty (40) outputs in the budget and noted that One (1) output with one (01) activity and expenditure worth UGX 1.092Bn was not quantified.

The Accounting Officer explained that this was caused by the PBS system challenges on the data capture where quantification of outputs was not possible under some indicators. The system had been upgraded in the FY 2024/2025 and the challenge addressed in the FY 2024/25.

Recommendation
The Accounting officer should ensure that there is quantification of outputs/activities to enable proper assessment of planned deliverable.
Action Status
The challenges paused by the PBS system were addressed by its upgrade in the FY 2024/2025 and the district has since been able to quantify its outputs/activities.

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

Audit Findings

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

a) The District had 230 Pensioners on the June 2024 payroll, of which 220 (96%) were fully verified while 10 (4%) did not show up for the validation exercise. In addition, 10 individuals who had not yet accessed the pension payroll by the end of June, 2024 appeared for the validation exercise and were verified and captured as new records.

b) The District had an initial approved pension, gratuity and arrears budget of UGX 7.255Bn for the period under review, and obtained supplementary budget of UGX 3.178Bn, leading to a revised budget of UGX 10.433Bn, out of which UGX 10.287Bn (99%) was released.
c) Out of the total funds released of UGX 10.287Bn, a sum of UGX 10Bn was utilised resulting in un-utilised funds of UGX 0.287Bn.
d) The DLG's requested for supplementary funding of UGX 2.96Bn during the period of which UGX 3.178Bn (over 100%) was released leading to excess of UGX 0.222Bn. Of the released funds only UGX 2.869Bn (90%) was spent and the balance of UGX 0.309Bn (10%) remained unspent.
e) The expected DLG's pension and gratuity estimates for 2024/2025 is UGX 1.596Bn for 254 confirmed pensioners. Comparison of the re-computed pension and gratuity budget of UGX 1.597Bn and the entity approved pension and gratuity estimate of UGX 1.934Bn for the FY 2024/2025 revealed an over budget of UGX 0.337Bn
f) A total of 2 Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 35 to 45 months. In addition, 172 pensioners delayed to receive pension payment, with delays ranging from 1 to 110 months.
g) A total of 24 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.
h) The expected District's pension and gratuity estimates for 2024/2025 is UGX 1.417Bn for 254 confirmed pensioners.
i) A comparison of the estimated pension and gratuity budget of UGX 1.417Bn and the approved budget of UGX 1.934Bn revealed a variance of UGX 0.517Bn leading to over budgeting. However, this excludes pension and gratuity arrears, which were not provided by the District.

Recommendation

The Accounting Officer was advised to;

i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.
ii) Always liaise with the MoFPED to ensure that approved funds are released timely.
iii) Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements.
iv) Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements.
v) Ensure sensitization of pensioners and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll.

vi) Continue engaging the affected pensioners/beneficiaries and ensure that pension records are duly updated and brought to the attention of MoPS.

vii) Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.

Action Status

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

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

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

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

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

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

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

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

Vote 882: Luwero District Local Government

Query	**Outstanding Revenue Arrears**

Audit Findings

The Audit reviewed the receivables in the statement of Financial position, Note 23 (page 40) and statement of arrears of revenue for the year on page 51 and noted that receivables for the previous year of UGX 0.826Bn had remained uncollected by the close of the financial year ended 30th June 2024. The Audit note that minimal efforts had been made by the Accounting Officer to recover

the receivables and this may lead to bad debts. Failure to recover the revenue affects implementation of planned activities. The Accounting Officer explained that the IRAS does not have a provision to bill and therefore the District cannot enforce collections.
Recommendation
Accounting Officer should bring this to the attention of the system developers at MoLG in order for the system to be configured to allow re-billing and collection of arrears of revenue.
Action Status
The Accounting Officer has written to the system developer, copied to Local Government Finance Commission and Ministry of Local Government to configure the system to allow the capture of revenue arrears upon receipting. See letter herewith attached. In additions to efforts put in place like pooling all enforcement Officer into enforcement Teams and legally prosecuting defaulters, recoveries have been made. See schedule for arrears collected

Query	**Budgeted activities for which no funds were released**

Audit Findings The District had an approved budget of UGX 95.47Bn out of which UGX 92.18Bn was warranted resulting in a shortfall of UGX 0.645Bn representing an 98.7% performance. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that the budget shortfall was mainly due late approval of local revenue supplementary budget request by MoFPED.
Recommendation
The Accounting Officer should was advised to; i) Rollover the un-implemented activities to the next budget cycle and ensure that they are implemented on first call. ii) Engage MoFPED to ensure timely release of Local revenue due to the District.
Action Status
The Accounting Officer engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. The Unimplemented activities were rolled over to the subsequent financial year and incorporated into the current work plans for implementation.

Query	Utilisation of warrants
Audit Findings	
The District had total warrants of UGX 92.18Bn out of which UGX 87.82Bn was utilised leaving UGX 4.36Bn un-utilised. Un-utilised funds were meant for the following activities which were either partially or not implemented at all. As a result, the following key activities were either partially or not implemented at all. The Accounting Officer attributed the observation to; i) Delayed access to the pension payroll by the beneficiaries' of the deceased pensioners, ii) The farmers failing to raise their cofounding obligation and iii) The retention for the construction of St. Andrew kasala and St. John's nalongo Seed schools, which were currently under the defect liability period.	
Recommendation	
The Accounting Officer was advised to; i) Ensure that the retirement process is started early to ensure that all the pensioners have the requisite documents. ii) Intensify the sensitization drive on micro scale irrigation program in order to improve uptake of the program.	
Action Status	
Management is undertaking the necessary monitoring to ensure that all released funds are utilised for the planned activities. The unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.	
Query	**Implementation of funded activities**
Audit Findings	
The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 9 outputs with 28 activities worth UGX 5.73Bn were assessed and observed that; 6 outputs with 22 activities and expenditure worth UGX 5.017Bn were fully implemented; 2 outputs with 5 activities worth UGX 0.582Bn were partially implemented and;1 output with 1 activity worth UGX 0.131Bn was not implemented The Accounting Officer attributed the observation to;	

i) Delayed access to the pension payroll by the beneficiaries' of the deceased pensioners.
ii) The farmers failing to raise their cofounding obligation and
iii) The retention for the construction of St. Andrew kasala and St. John's Nalongo Seed schools, which were under the defect liability period.

Recommendation

The Accounting Officer was advised to;

i) Ensure that the retirement process is started six (6) months before retirement date to ensure that all the pensioners have the requisite documents.
ii) Intensify the sensitization drive on micro scale irrigation program in order to improve uptake of the program.

Action Status

Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion.
The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.

Query	**Irregularities in Supplementary Funding**

Audit Findings

The entity received total supplementary funding of UGX 20.42Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding. Regulation 3.12(3) of the Local Government Finance and Accounting Regulations, 2007 require Supplementary estimates to be approved by the Council.

The Audit noted that supplementary funds of UGX 19.39Bn out of UGX 20.42Bn was approved by Council, leaving a sum of UGX 1.025Bn unapproved.

Accounting Officer explained that the supplementary was for salary and was uploaded by MoFPED before Council approval although the request for Council approval had been made.

Recommendation

The Accounting Officer should always seek for authorization from Council before committing and spending additional funds for the District.

Action Status

The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures.

Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.	
Query	**Utilization of Supplementary Funds**
Audit Findings Out of the supplementary funds of UGX 17.63Bn received, only UGX 13.92Bn was utilised leaving UGX 3.708Bn unspent as at the year end. This implies that the District requested for more funds than they needed, thus denying other government entities the opportunity to utilize the funds. The Accounting Officer explained that unspent balances were majorly retention monies for construction of seed schools under UGIFT and delayed payment of pension liability.	
Recommendation	
The Accounting Officer was advised to; i) Ensure that the retention funds for the construction of the seed school are re-voted and paid to the contractor after expiry of the defects liability period. ii) Liaise with the MoFPED to ensure that supplementary funds are always released in accordance with the district's additional financial requirements.	
Action Status	
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.	
Query	**Delay in Delivery of Services from Sampled Implemented Activity**
Audit Findings The Audit undertook procedures on a sample of 1 activity worth UGX 6.50Bn to confirm whether this activity was implemented in a timely manner, was of acceptable quality, quantity and functional. A number of short comings were noted as discussed below; Delayed completion of works implies that the beneficiaries will not receive the intended services in time. The Accounting Officer explained that the construction works had been financed using local revenue for several years. However, the Central Government picked interest in the project, and Office of the prime minister handed over the project to the Engineering brigade for completion.	

Recommendation
The Accounting Officer should continue to engage MoFPED and Engineering brigade to fast track the completion of the Administration block to enable adequate and efficient service delivery.
Action Status
Management engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines. Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.

Query	Implementation of Budget outputs/items

Audit Findings

The Audit assessed 8 activities in the budget and noted that Five (5) outputs with eight (8) activities and expenditure worth UGX 1.58Bn could not be quantified.

Failure to quantify outputs affects assessment of planned deliverables and may lead to wrong classification of expenditure.

The Accounting Officer explained that under the programme budgeting System (PBS), each of the Budget outputs had both PIAP Outputs and PIAP Indicators which are inbuilt. However, some PIAP Outputs lack corresponding PIAP Indicators making it not possible to quantify the Outputs.

Recommendation
The Accounting Officer was informed that the matter would be brought to the attention of MoFPED.
Action Status
The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. Unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.

Query	Management of Government Pension and Gratuity Payroll

Audit Findings

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

i) The District had 804 Pensioners on the June 2024 payroll, of which 636 (79%) were fully verified; 04 (0.5%) who were paid UGX 0.049Bn over the period of 5 years were not verified and 164(20%) did not show up for the validation exercise. In addition, 15 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new

records and included in my determination of the DLG's pension and gratuity estimates.

ii) The DLG had an initial approved pension, gratuity and arrears budget of UGX 21.088Bn for the period under review, and obtained supplementary funds of UGX 7.772Bn leading to a revised budget of UGX 28.860Bn out of which UGX 28.858Bn (99.9%) was released.

iii) The DLG requested for supplementary funding of UGX 0.744Bn during the period of which UGX 7.772Bn was released leading to excess of UGX 7.027Bn. Of the released funds only, UGX 6.419Bn (82.6%) was spent and the balance of UGX 1.353Bn (17.4%) remained unspent.

iv) Comparison of the estimated pension and gratuity budget of UGX 11.969Bn and the approved budget of UGX 8.163Bn revealed a variance of UGX 3.805Bn leading to an under budgeting.

v) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity. Fifteen (15) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 19 to 30 months. In addition, one hundred sixty-six (166) pensioners delayed to receive pension payment, with delays ranging from 4 to 9 months.

Recommendation

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

i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer; the matter should be investigated.

ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.

iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period.

iv) Sensitise staff who are due to retire, atleast six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

v)	Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

Engagement with the Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) to clean up and update the pension payroll has been initiated.

The verified payroll is being used as the basis for monthly pension and gratuity payments. Measures to recover overpayments, process underpayments, and update inconsistent records have been commenced.

Pre-retirement sensitisation programs have been introduced to facilitate smooth transition of retiring staff onto the pension payroll.

Vote 883: Lwengo District Local Government

Query	**Special Audit of the Gratuity Payments and Pension Payroll**

Audit Findings

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

Audit noted that out of 244 pensioners/beneficiaries in LWENGO DLG, 238 (98%)were fully verified, while, six (06) (2%) did not show up. In addition, two (2) individuals had not accessed the pension payroll by the end of June, 2024. These were captured as new records in my determination of the DLG pension and gratuity estimates.

The District had an initial approved pension, gratuity and arrears budget of UGX.8.578Bn for the period under review, and obtained supplementary funds of UGX.3.42Bn leading to a revised budget of UGX.11.998Bn, out of which UGX.11.515Bn (96%) was released resulting into a funding shortfall of UGX.0.483Bn (4%)

In addition, out of the total supplementary funds received of UGX.3.420Bn, UGX.1.192Bn (70%) was not utilized. In the FY 2022/23, MoFPED released UGX.0.899Bn in excess of the amount requested by the Accounting Officer.

Comparison of the estimated pension and gratuity budget of UGX.4.657Bn and the approved budget of UGX.3.447Bn revealed a variance of UGX.1.210Bn leading to an over budgeting.

A re-computation of pensioners benefits revealed over and/or under payments of pension and gratuity
There were inconsistencies with 43 pensioners'/beneficiaries' dates of birth, dates of first appointment, dates of retirement, names, and NINs between their

data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

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

i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer, the matter should be investigated.

ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.

iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period.

iv) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

i) The District liaised with the Ministry of Public Service to update the pension payroll using the validation exercise results. Records of verified pensioners have been updated, while follow-up on individuals who did not appear for validation has been initiated to establish their status and facilitate appropriate action.

ii) The Ministries of Public Service and Finance, Planning and Economic Development were engaged during the budgeting process to review and align the approved wage, pension, and gratuity estimates with the verified number of pensioners identified during the validation exercise.

iii) The District strengthened the review process for pension and gratuity computations before payments are processed. Identified overpayments are being followed up for recovery, while underpayments have been recognized as liabilities and incorporated into subsequent budget estimates for settlement, subject to availability of funds.

iv) The affected pensioners were engaged to update their records and submitted the necessary documentation to the Ministry of Public Service for processing and corrective action. Follow-up with the Ministry is ongoing to ensure the affected pensioners are appropriately catered for on the pension payroll.

Vote 884: Lyantonde District Local Government	
Query	**Special Audit of the Gratuity Payments and Pension Payroll**

Audit Findings

The District had 82 Pensioners/beneficiaries on the June 2024 payroll, of which 78 (95%) were fully verified, 04 (5%) did not show up for the validation exercise. In addition, 16 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records.

The DLG had an initial approved pension, gratuity and arrears budget of UGX.2.862Bn for the period under review, and obtained supplementary funds of UGX.0.816Bn leading to a revised budget of UGX.3.678Bn, which was all released.

In the financial year 2022/23, MoFPED released UGX.0.233Bn in excess of the amount requested by the Accounting Officer.

Comparison of the estimated pension and gratuity budget of UGX.2.042Bn and the approved budget of UGX.1.098Bn revealed a variance of UGX.0.944Bn leading to under budgeting.

Fifteen (15) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 2 to 60 months. In addition, 28 pensioners delayed to receive pension payment, with delays ranging from 2 to 91 months.

Eleven (11) pensioners/beneficiaries had inconsistencies in their dates of first appointment, between their data captured on the IPPS and the letter of appointment which undermines the integrity of the District's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

The Accounting Officer was advised to;

i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll.
ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.
iii) Sensitise staff who are due to retire, at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

iv) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

i) The District submitted updated pension records to the Ministry of Public Service for payroll clean-up and continues to follow up on the processing of pending cases to ensure the pension payroll reflects accurate and verified records.

ii) It engaged the Ministries of Public Service and Finance, Planning and Economic Development to review the approved wage estimates for FY 2024/25 in line with the validation results.

iii) The Ministries were also engaged during the budget preparation and execution process to review and align the wage, pension, and gratuity estimates with the validated staffing and pension records.

iv) The staff who were due to retire were sensitised at least six (6) months before retirement and this is expected to continue accordingly.

v) The Human Resource Office has incorporated pre-retirement sensitization into its routine activities and provides guidance to officers approaching retirement on the documentation and procedures required for timely migration to the pension payroll.

vi) The District engaged the affected pensioners, updated their records, and forwarded the necessary documentation to the Ministry of Public Service for appropriate action. Follow-up with the Ministry is ongoing to ensure timely processing of the affected cases.

Vote 885: Madi-Okollo District Local Government

Query	**Special Pension Audit Observations**

Audit Findings

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

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

The Accounting Officer explained that these were prior year transactions, they have been disclosed in the accounts and any adjustments if any shall be with consultation and advice of the Accountant General.

Recommendation

The Accounting Officer should make the necessary adjustments in the subsequent period upon confirmation of the amounts by the Ministry of Public Service (MoPS) and the Accountant General.

Action Status
As a result of automation of pension indexation against inflations no adjustments were needed.
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The District had an approved budget of UGX 38.54Bn out of which UGX 31.10Bn was warranted resulting in a shortfall of UGX 7.437Bn representing an 81% performance. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that the Developments partners had given the District indicative planning figures, which were used for budgeting. However, they did not fund the activities as intended. The Accounting Officer also indicated that the District has no control over releases as it's at the discretion of the donors and MoFPED.
Recommendation
The Accounting Officer should liaise with the donor partners and ensure that that they give honest IPF to guide their budget.
Action Status
The entity has tasked all development partners to disclose their IPFs at the budget conference for effective planning and budget.
Query | **Utilisation of Warrants**
Audit Findings The District had total warrants of UGX 31.10Bn out of which warrants worth UGX 27.86Bn had been utilised by the close of the financial year. The balance of UGX 3.245Bn was meant for the following activities which were either partially or not implemented at all. The Accounting Officer explained that the funds meant for recruitment of heads of departments, Senior Education assistants & Health workers. The District was unable to recruit because of the ban on recruitment by then and the advert to recruit on replacement basis even did not attract applicants for the heads of department position.
Recommendation
The Accounting Officer should liaise with MoPS to have the ban lifted for the district to be able to absorb the funds.
Action Status
The ban has now been lifted and recruitment is ongoing and we are hopeful that all funds shall be absorbed. Recruitment plan & Advert for recruitment

Query	Implementation of Funded Activities
Audit Findings	
The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 12 outputs with 64 activities worth UGX 6.878Bn were assessed. Eleven (11) outputs with 56 activities and expenditure worth UGX 2.862Bn were fully implemented. One (1) Output with 8 activities worth UGX 4.015Bn were partially implemented. Delayed completion of projects affects timely service delivery. The Accounting officer explained that the previous contractor Geomax Limited had challenges in executing the contract. Due to inadequate financial capacity. This contract was terminated and re-advertised and a new contractor Jagens Technical Services Ltd was procured on 31st May 2024.The works now at 90% complete and the project is expected to be commissioned by February 2025.	
Recommendation	
The Accounting Officer should closely monitor and supervise the construction to ensure quality work and accomplishment.	
Action Status	
The project is now completed and handed over to the district.	
Query	**Irregularities in Supplementary Funding**
Audit Findings	
The District received total supplementary funding of UGX 4.673Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed supplementary funding that was not requested for by the Accounting Officer. Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing. The Audit noted that supplementary funding amounting to UGX 4.673Bn was not requested for by the Accounting Officer as required by the PFMR. Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions. The Accounting Officer explained that the Supplementary were the initiative of the parliament to cover for budget deficits in the local government across the country. The District was only required to obtain approval from the council	
Recommendation	
The Accounting officer was advised liaise with MoFPED to ensure that only budgeted funds are availed to the district.	

Action Status
The supplementary was the initiative of the parliament to cover for budget deficits in the local government across the country. The District was only required to obtain approval from the council.
Query | **Utilization of Supplementary Funds**
Audit Findings Out of the supplementary funds of UGX 4.673Bn received, only UGX 3.625Bn was utilised leaving UGX 1.048Bn unspent as at the year end. This implies that the District received far more funds than they needed. The Accounting Officer explained that the district had just been introduced on the HCM and there was capacity gap in handling gratuity and pension on the new system. There were also inconsistencies in the bank details, of beneficiaries' details for the estates of the deceased that caused delays in payments to the payments to 24 beneficiaries. These have now been rectified and migrated on HCM.
Recommendation
The Accounting Officer should undertake to sensitize retirees to minimise the time lags caused by knowledge gaps.
Action Status
The entity was allocated more funds for pension than required. However, Exit management Training are often conducted at the beginning of FY for all Staff retiring. This has been done for FY2024/2025 and yet to conduct for those retiring in the FY2025/26.
Query | **Delayed Release of Funds**
Audit Findings Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2). The Audit noted that the District received Government grant amounting to UGX 29.01Bn, 3 days on average, after commencement of each quarter. Delayed release of funds affects timely completion of activities with in the financial year. The Accounting Officer explained that releases are at the discretion of MoFPED and that the District management has no control over them.
Recommendation
The Accounting officer should engage the MoFPED to ensure timely release of funds.

Action Status	
MoFPED releases funds by the 15th day of first month of every quarter.	
Query	**Special Audit on Gratuity Payments and Pension Payroll**

Audit Findings

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

i) The DLG had 67 Pensioners on the June 2024 payroll, that were fully verified. In addition, 20 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records.

ii) The DLG had revised budget of UGX 3.93Bn out of which UGX 3.73Bn (96%) was released resulting into a funding shortfall of UGX 0.20Bn.

iii) The DLG did not request for supplementary funding during the period yet UGX 2.095Bn was released of which only UGX 0.764Bn (36%) was spent and the balance of UGX 1.33Bn (64%) remained unspent.

iv) A re-computation of pensioners benefits revealed over and under payments of pension.
A total 81 Pensioners/beneficiaries delayed to access the pension payroll, with delays ranging from 1 to 58 months. In addition, 60 pensioners delayed to receive pension payment, with delays ranging from 1 to 33 months while 63 pensioners delayed to receive gratuity payment with delays ranging from 1 to 45 months.

v) A total 20 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment and dates of retirement between their data captured on the IPPS and the NIRA data which undermines the integrity of the District's pension records and the accuracy of the District pension and gratuity payroll.

vi) The expected pension and gratuity estimate for the year 2024/25 is UGX 1.38Bn to cater for 114 confirmed pensioners/beneficiaries excluding pension and gratuity arrears of UGX 0.40Bn.

vii) Comparison of the re-computed pension and gratuity budget of UGX 1.79Bn and the entity approved pension and gratuity estimate of UGX 1.25Bn for the FY 2024/2025 revealed an under of UGX 0.54Bn.

Recommendation

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

i) Liaise with the MoPS to ensure immediate clean up and update of the pension payroll.

ii) Engage MoFPED to ensure that all budgeted for funds are released.

iii) Liaise with MoFPED to release only funds requested for by the Accounting Officer.

iv)	Engage the MoPS to review the approved wage estimates of the District for the FY 2024/25 in line with the results of the validation exercise to ensure to ensure accurate pension and gratuity budget for the District
v)	Ensure proper computation of pensioners' entitlements before payments are made. In addition, follow-up the amounts over paid with a view of recovery. For the under payments, budget and pay the approved arrears the subsequent period.
vi)	Sensitize pensioners 6 months before retirement to ensure smooth transition from the active payroll to the pension payroll
vii)	Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the MoPS within a specified timeline for appropriate action.
viii)	Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.
Action Status	
i)	The pension payroll was cleaned. The entity has 111 Pensioners on HCM
ii)	The entity computed the actual funds requirements for pension and gratuity for FY 2024/2025 and the funds all been released by MoFPED.
iii)	In the year 2024/2025, the entity never received any funds not requested for.
iv)	MoPS and Madi Okollo Technical staff jointly review our wage estimates including pension and gratuity. This is what has been budgeted for in FY2025/2026
v)	Computation of entitlements has now been made simpler with the HCM system. Over payments have been recovered & invited staff to come and claim arrears.
vi)	Exit management Training was conducted for those retiring in 2024/2025 and yet to conduct for those to retire in 2025/2026
vii)	Staff were notified on update of their records. Where staff have not submitted the required documents, the entity has been guided by the MoPS circular on correction of Public Officers data.
viii)	A detailed analysis of amount of Pension and gratuity required has been done for FY 2024/2025.
Vote 886: Manafwa District Local Government	
Query	**Mischarge of Expenditure**
Audit Findings	
Step 4 of 10.3.1 of the Treasury Instructions, 2017 requires that in reviewing payment requests and Accounting Officer shall have a primary responsibility of ensuring that there is no mischarge and and diversion of funds through wrong coding of transactions. The Accounting Officer shall be held personally	

liable for any wrong charge accounts used for expenditure incurred by his or her vote.

The Audit noted that funds amounting to UGX 1.44Bn were irregularly diverted from the activities on which they were budgeted and spent on other activities without seeking the necessary approvals.

Diversion of funds negatively affects the delivery of services in those areas where the monies were appropriated, and negates the purpose of preparation and approval of budgets by the relevant authorities. Besides, it also implies that the financial statement do not accurately reflect the affected expenditure line items, which could mislead the users of the accounts.

The Accounting Officer did not provide an explanation. The Audit also noted that the transactions were not adjusted to reflect the correct expenditure codes, thus grossly misrepresenting the Financial Statements.

Recommendation

The Accounting Officer should always ensure that charging of expenditure is based on the budget appropriation and the classification and coding of expenditure as defined by the Chart of

Action Status

The Accounting Officer took note of the recommendations of the Auditor and engaged MoFPED to train all Heads of Departments on the new systems upgraded since the challenge emanated from non-alignment of Budget appropriation and IFMS expenditure codes to the Chart of Accounts.

MoFPED responded by sending a team to train responsible officers. The entity will henceforth have no mischarges since our capacity has been built and MoFPED has also completed the alignment of the PBS codes to IFMS Chart of Account.

The Accounting Officer has further written to all heads of departments to do due diligence during budgeting to ensure that all items are budgeted for on right charge codes.

Query	**Unaccounted for Funds**

Audit Findings

Regulation 43(2) of the Local Government Financial and accounting Regulations, 2007 requires that Administrative advances to council employees shall be authorised by the Chief Executive and shall be accounted for within a month.

The Audit observed that funds worth UGX 0.429Bn remained un-accounted for at the time of the audit. The anomalies included missing expenditure vouchers, failure to specify activities facilitated, lack of activity requisitions, lack of activity reports, unacknowledged payments, unsupported payments.

The Audit also noted that the transactions were not adjusted in the financial statements to reflect the receivables in the statement of financial position.

This was due to weak internal controls in the management of advances. In the absence of the accountability documents, the Audit was not able to verify whether the funds were used for the intended purposes. In addition, the lack of proper recognition of un-accounted for funds causes a misrepresentation in the financial statements.

The Accounting Officer did not provide any explanation.

Recommendation

The Accounting Officer should always ensure that unaccounted for funds are recognized as receivables in the financial statements and only to be expensed when advances are retired.

Action Status

At the time of audit, road works were still ongoing due to delayed release of funds, heavy rains and insufficient road equipment. However, the works are now complete.

Query	**Budgeted activities for which no Funds were Released**

Audit Findings

The entity had an approved budget of UGX 42.52Bn out of which UGX 40.51Bn was warranted resulting in a shortfall of UGX 2.013Bn representing an 95% performance.

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

The Accounting Officer explained that the unfunded priorities have been considered in the next Financial Year.

Recommendation

The Accounting Officer should fast-track rolled over activities and ensure that they are fully implemented.

Action Status

Management could only warrant what was released and unfunded activities were rolled of over to the budget of FY 2024/2025.

Query	**Utilisation of Warrants**

Audit Findings

The DLG had total warrants of UGX 40.51Bn out of which UGX 38.09Bn was utilised leaving UGX 2.421Bn un-utilised. The district had total warrants of UGX 40.51Bn out of which warrants worth UGX 38.09Bn had been utilised by the close of the financial year. The balance of UGX 2.421Bn was meant for activities which were either partially or not implemented at all.

Recommendation
The Accounting Officer should seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget and funds for constructions/ capital budget re-voted for effective service delivery.
Action Status
The Accounting Officer wrote to MoPs seeking clearance on recruitment awaiting approval and the issue of re-voting the accounting officer wrote to MOFPED for re-voting and as we talk now funds for UGIFT was revoted.
Query | **Implementation of Funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 5 outputs with 14 activities worth UGX 3.962Bn were assessed and the following was observed; One (01) output with one (01) activity and expenditure worth UGX 0.18Bn was fully implemented. Four (4) outputs with 13 activities worth UGX 3.782Bn were partially implemented. Out of the 13 activities, the entity fully implemented nine (9) activities worth UGX 0.952Bn, four (4) activities worth UGX 2.83Bn were partially implemented.
Recommendation
The Accounting Officer should intensify monitoring of projects to ensure timely delivery of services.
Action Status
The rain affected the completion of road works. For the other projects, the partial implementation was a result of laxity by the contractors but management has engaged them through warnings and some of these projects are now complete and in use.
Query | **Supplementary Funds not Requested for by Accounting Officer**
Audit Findings Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing. The Audit noted that supplementary funding amounting to UGX 8.109Bn was not requested for by the Accounting Officer as required by the PFMR. Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions. The Accounting Officer explained that all supplementary funds the entity receives are always requested for by the accounting. The Audit noted that the said request was not availed for audit.

Recommendation
The Accounting Officer should always make requests for the supplementary budgets to avoid diversion of funds and implementation of unapproved activities.
Action Status
Supplementary the come without the accounting officers request are due to policy changes that do not require his request. All supplementary funds the entity receives are always requested for by the Accounting Officer.
Query | **Delay in Implementation of Activities**
Audit Findings Out of the 4 sampled projects, two (2) projects worth UGX 0.173Bn had delays averaging four (4) months from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.
Recommendation
The Accounting Officer should enhance monitoring and supervision to avoid delays by contactors.
Action Status
This has been noted and has been enhanced. The projects are now complete.
Query | **Functionality of facilities**
Audit Findings The Audit undertook a physical inspection to confirm the functionality. Failure to use the completed structures for the intended function negates the purpose for which they government invested money for construction.
Recommendation
The Accounting Officer should enhance supervision to ensure contractors address defects in time and ensure functionality of completed structures to improve service delivery.
Action Status
The structures are now completed and are fully operational.
Vote 887: Maracha-Terego District Local Government
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The District had an approved budget of UGX 39.26Bn out of which UGX 36.84Bn was warranted resulting in a shortfall of UGX 2.421Bn representing an 94% performance. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer promised to invite donors for their annual budget conferences and urge them to be transparent enough to share their budget IPFs for their better planning. The Accounting Officer further explained that the release of funds is at the discretion of MoFPED and they have no control over them.
Recommendation
The Accounting Officer was advised to; i) Intensify strategies to improve revenue mobilization ii) Engage the MoFPED and Implementing partners to ensure funds are released as budgeted. iii) Ensure that the unimplemented projects are rolled over to the subsequent financial year.
Action Status
The district developed a Local Revenue Enhancement Plan for Financial Year 2023/24; unimplemented projects were rolled over to the subsequent financial year 2024/25. Budgets for co-financing under micro-scale irrigation have been scaled down in the FY 2024/25 and onwards.
Query | **Utilisation of Warrants**
Audit Findings The District had total warrants of UGX 36.56Bn out of which warrants worth UGX 32.19Bn had been utilised by the close of the financial year. The balance of UGX 4.374Bn was meant for the following activities which were either partially or not implemented at all. The Accounting Officer explained that the under absorption of wages totaling to UGX 2.815Bn was due to suspension of recruitment by public service. The Accounting Officer further explained that the excess budget allocation of UGX 0.512Bn for Pension and Gratuity led to under absorption because they had not planned to utilise the funds and the a total of UGX 0.579Bn for the UgIFT project was due to late release of funds.
Recommendation
The Accounting Officer should seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget. In addition, liaise with MOFPED to ensure timely release of funds for execution of works.
Action Status
Clearance was granted by MOPS to recruit staff and a series of recruitments have already been conducted for Health staff, primary teachers and other internal promotional positions like the DEO, District Internal Auditor.

Query	Implementation of Funded Activities
Audit Findings	
The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 13 outputs with 25 activities worth UGX 3.959Bn were assessed. It was observed that; Nine (9) outputs with 13 activities and expenditure worth UGX 2.309Bn were fully implemented; Four (4) outputs with 9 activities worth UGX 2.517Bn were partially implemented.	
Recommendation	
The Accounting Officer should ensure that all the planned activities are implemented within the financial year.	
Action Status	
These project works are at completion stage, and most have been concluded in the financial year 2024/25 end.	
Query	**Supplementary Funding not Requested for by the Accounting Officer**
Audit Findings	
Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing. The Audit noted that supplementary funding amounting to UGX 0.801Bn was not requested for by the Accounting Officer as required by the PFMR. Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions. The Accounting Officer explained that these unrequested funds for pension and gratuity were sent as cash limits, warranted, and subsequently swept back to the Treasury UCF account.	
Recommendation	
The Accounting Officer should liaise with MoFPED and ensure that only requested funds are availed.	
Action Status	
All requested for funds were availed and accordingly warranted for use in service delivery.	
Query	**Delay in Implementation of Activities**
Audit Findings	
Out of the 25 sampled projects, two (02) projects worth UGX 0.276Bn had delays averaging two (02) months from the expected completion date,delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.	

The Accounting Officer attributed the delay in completing the works to capacity challenges of the contractor in terms of human and financial resources. The Accounting Officer further indicated that supplies were made, pending installation and that seven sites out of fourteen are complete, remaining installation for seven other sites are ongoing.
Recommendation
The Accounting Officer should ensure that the capacity of bidders is properly evaluated during the procurement process to guard against delayed contract implementation.
Action Status
Management has been organising joint meetings with the contractors as well as site meetings to evaluate progress of works and jointly agree on action points towards timely completion of the respective projects.
Query | **Functionality of facilities/buildings/structures**
Audit Findings The Audit undertook a physical inspection to confirm the functionality of the completed structures/works. The Audit however noted that two (2) sampled projects worth UGX 0.175Bn were not functional despite completion due to a number of reasons. Failure to use the completed structures for the intended function negates the purpose for which they government invested money to construction of the facilities.
Recommendation
The Accounting Officer should expedite the commissioning of the completed projects and ensure that the facilities are put in proper use.
Action Status
These two projects of construction of twin staff house in Maracha HC4 and 5 stance VIP latrine at Yivu P.S are now completed and ready for commissioning, for which a program shall soon be drawn.
Vote 888: Masaka District Local Government
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The entity had an approved budget of UGX 30.07Bn out of which UGX 23.65Bn was warranted resulting in a shortfall of UGX 6.423Bn representing an 79% performance. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that there was an under release and this was caused by shortfall in revenue sources most especially External Financing, URF and local revenues.
Recommendation
The Accounting Officer should ensure that the implementation of rolled over activities is prioritised. In addition, the Accounting Officer should engage the MoFPED and Development partners to ensure that funds are provided in the subsequent year.
Action Status
The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. Unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.
Query | **Utilisation of Warrants**
Audit Findings The entity had total warrants of UGX 23.65Bn out of which warrants worth UGX 21.82Bn had been utilised by the close of the financial year. The balance of UGX 1.845Bn was meant for activities which were partially implemented. The Accounting Officer explained that the underutilization of warrants was due to suspension of recruitment by MOPS and suspension of payment to pensioners who were still unable to provide life certificates and letters of Administration while some unutilized funds were retention money for seed school and the defect liability period had still running.
Recommendation
The Accounting Officer was advised to engage ensure that recruitment processes be expedited to utilize the wage budget within the financial year. Furthermore, the Accounting Officer was informed that excess Salary and Pension and Ex-Gratia funding received would be brought to the attention of MoFPED.
Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.

Query	Implementation of Funded Activities

Audit Findings

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 12 outputs with 14 activities worth UGX 7.779Bn were assessed and the following was observed;

i) One (01) output with four (04) activities worth UGX 0.314Bn was not quantified.
ii) Ten (10) outputs with six (06) activities and expenditure worth UGX 4.787Bn were fully implemented.
iii) One (01) output with two (02) activities worth UGX 0.296Bn was partially implemented.

The Accounting Officer explained that the uncompleted activities would be rolled over to financial year 2025-2026 and that the failure to set clear targets in the District Work Plan was due to the fact that some performance indicators and action plans (PIAPS) are not aligned to Local Government Indicators, they have the National Standard indicators picture which limits Local Government to set indicators at Lower Local Government Level that rhyme with their outputs.

Recommendation

The Accounting Officer should ensure that planned activities are implemented within the financial year and also ensure that clear performance indicators are set to track performance.

Action Status

Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion.
The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.

Query	Supplementary Funds not Requested for by Accounting Officer

Audit Findings

Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

The Audit noted that supplementary funding amounting to UGX 0.10Bn was not requested for by the Accounting Officer as required by the PFMR.

Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions.

The Accounting Officer attributed this to excess release of funds for EX-Gratia yet only UGX 0.059Bn was requested and that funds had been swept back.

Recommendation
The Accounting Officer should liaise with the MoFPED to ensure that any of requested funds released for the approved expenditures.
Action Status
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.
Query | **Criteria for Supplementary Expenditure**
Audit Findings Regulation 18(5&6) PFM Regulations, 2016 requires that the supplementary expenditure should be an expenditure that cannot be funded through virements, cannot be postponed to the next financial year, or was unforeseeable. The Audit noted that supplementary expenditure amounting to UGX 3.124Bn did not meet the supplementary expenditure criteria. Supplementary expenditure that is avoidable, foreseeable and absorbable is contrary to Regulation 18(5&6) PFM Regulations, 2016. The Accounting Officer explained that management had been guided by MoPS to request for supplementary on pension and gratuity of those amounts.
Recommendation
The Accounting Officer should ensure that District's budgets and work plans are based on needs assessment and confirmation.
Action Status
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.
Query | **Delay in Implementation of Activities**
Audit Findings Out of the five (05) sampled projects, one (01) project worth UGX 2.125Bn had delays averaging 48 months from the expected completion date.

Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.
Recommendation
The Accounting Officer should ensure adequate monitoring and supervision is done in order for timely completion of works with acceptable quality as per the contract.
Action Status
The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines. Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.
Vote 889: Masindi District Local Government
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The District did not receive UGX 1.471Bn of its approved Budget for implementation of the certain key activities. Failure to provide funds for these key activities negatively affected delivery of intended services.
Recommendation
The Accounting Officer should engage MoFPED on the possibility of funding these activities and consider rolling them forward to the next financial year.
Action Status
All activities that were not implemented last financial year (2023/24) were rolled over in the current financial year of 2024/25 as per copy of the budget attached
Query | **Utilisation of Warrants**
Audit Findings The District had total warrants of UGX 36.88Bn out of which UGX 30.71Bn was utilised leaving UGX 6.167Bn un-utilised. As a result, some key activities were either partially or not implemented at all. The Accounting Officer attributed Non-absorption of salaries to halting of the recruitment exercise by IGG as well as suspension of the operations of the District service commission by the District Council. Non-absorption of UGIFT funds was attributed to incomplete works at Kijunjubwa Seed School arising from the contractor abandoning site.

Recommendation
The Accounting Officer should; i) Engage MoPS on lifting the recruitment ban. ii) Engage the District Council and MoPS on resolving issues surrounding suspension of the District Service Commission. iii) Consider terminating the contract for the construction of Kijunjubwa Seed School following abandonment of the site
Action Status
The District was cleared to recruit as per copy of the request to recruit attached and the minute of Council lifting the suspension Minute No. 213/09/2024/COU/MDLG and for Kijunjubwa seed school the District has sourced for another Contractor.
Query | **Implementation of Funded Activities**
Audit Findings The Audit assessed a total of Seven (7) outputs with 16 activities worth UGX 7.274Bn to determine the extent of implementation of activities for which funds were availed and utilised and noted the following; a) Five (5) outputs with 10 activities and expenditure worth UGX 1.965Bn were fully implemented. b) Two (02) outputs with six (06) activities worth UGX 5.309Bn were partially implemented. Out of six (06) activities, the District partially implemented four (04) activities and two (02) activities were not implemented.
Recommendation
The Accounting Officer should; i) Engage MoFPED on timely release of funds. ii) Engage PPDA appeals tribunal on expediting the procurement case of St. Andrea Seed School. iii) Consider terminating the contract of the contractor for the construction of Kijunjubwa Seed School following abandonment of the site.
Action Status
Development funds are nowadays released timely, Construction of St. Andrea is on-going and the signing of a new Contract for construction of Kijunjubwa seed school was concluded and Construction commenced.
Query | **Supplementary Funding Approval by Council**
Audit Findings Regulation 3.12(3) of the Local Government Finance and Accounting Regulations, 2007 require Supplementary estimates to be approved by the Council.

The Audit noted that a sum of UGX 4.404Bn (83%) was approved by the District Council out of supplementary funds released of UGX 5.31Bn, leaving UGX 0.906Bn (17%) unapproved. Failure to obtain council approval of supplementary funds along with their work plans negatively affected oversight over utilisation of these funds. The Accounting Officer explained that the unsolicited supplementary Budget which was loaded without their consent.
Recommendation
The Accounting Officer should engage the MoFPED to only approve supplementary budgets requested by the District.
Action Status
The supplementary was the initiative of the parliament to cover for budget deficits in the local government across the country. The District was only required to obtain approval from the council
Query | **Criteria for Supplementary Expenditure**
Audit Findings Section 25 (6) of the PFMA, Cap 171, requires that the supplementary expenditure should be an expenditure that cannot be funded through virements, cannot be postponed to the next financial year, or was unforeseeable. The Audit noted that supplementary expenditure of UGX 5.31Bn did not meet the supplementary expenditure criteria. There is a risk of misappropriation of funds since it creates an opportunity to circumvent normal budgeting processes. The Accounting Officer explained that the District entirely relies on the Indicative Planning figures (IPFs) communicated by Ministry of Finance, Planning and Economic Development during the budgeting process.
Recommendation
The Accounting Officer should engage MoFPED to communicate realistic IPFs at initial budgeting stage to avoid issuing supplementary funds to cover foreseeable expenses.
Action Status
The District entirely depends on the Indicative Planning figures that are communicated by Ministry of Finance, Planning and Economic Development as we are budgeting and however much you could be having pressing needs you may not finance them outside the communicated IPFs.

Query	Utilisation of Supplementary Funds
Audit Findings	
Out of the supplementary funds of UGX 5.31Bn released, only UGX 1.264Bn was utilised leaving UGX 4.046Bn un-utilised as at the year end. This implies that the District requested for more funds than they needed. The Accounting Officer attributed un-utilised UGIFT funds to the contractor that had abandoned the construction site. The Accounting Officer further stated that supplementary Gratuity funds remained un-utilised because the District did not need it and had not requested for it.	
Recommendation	
The Accounting Officer should; i) Consider terminating the contract of the contractor for the construction of Kijunjubwa Seed School. ii) Engage MoFPED to release funds only upon request by the District.	
Action Status	
Development funds are nowadays released timely, Construction of St. Andrea is on-going and the signing of a new Contract for construction of Kijunjubwa seed school was concluded and Construction commenced	
Query	**Unsatisfactory Quality of Works**
Audit Findings	
The Audit undertook physical inspection on two (2) projects to confirm whether these activities were implemented in a timely manner, were of acceptable quality, quantity and functionality and noted defects on one inspected project worth UGX 0.12Bn. Failure to install a gutters as per the bills of quantities negatively affected the objective of ensuring that there is steady water availability at the school.	
Recommendation	
The Accounting Officer should ensure that the contractor corrects the defects before payment of retention fees.	
Action Status	
The Contractor was notified of the snag and gutters were installed. The Contractor has been paid his retention.	
Vote 890: Mayuge District Local Government	
Query	**Budgeted Activities for which no Funds were Released**
Audit Findings	
The District had an approved budget of UGX 63.2Bn out of which UGX 62.1Bn was warranted resulting in a shortfall of UGX 1.1Bn representing an 98% performance. The UGX 1.1Bn that was not warranted was meant for attending	

External sensitization workshops on PDM, Cooperatives and Other official trainings, Travel inland and other recurrent activities of different departments and other recurrent expenditures.

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

The Accounting Officer explained that the unfunded items were budgeted under local revenue and Unconditional grant with budgetary shortfalls of 39% and 22% respectively. Going forward, management has put in place strategies to improve local revenue collection such as the introduction of the IRAS system and routine meetings on revenue mobilization.

Recommendation

The Accounting Officer should intensify strategies to improve revenue mobilization and engage the MoFPED and Implementing partners to ensure funds are released as budgeted. In addition, ensure that the unimplemented projects are rolled over to the subsequent financial year.

Action Status

The Accounting Officer engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted.
Unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.

Query	**Utilisation of Warrants**

Audit Findings

The District had total warrants of UGX 62.083Bn out of which warrants worth UGX 57.603Bn had been utilised by the close of the financial year. The balance of UGX 4.480Bn was meant for the following activities which were either partially or not implemented at all.

Recommendation

The Accounting Officer should expedite efforts to resolve the land matters at Wairasa Seed School, and engage the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) to revisit the co-funding requirement to increase program uptake by farmers.

Action Status

Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year.

The Accounting Officer engaged the relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.

Query	Implementation of Funded Activities
Audit Findings	
The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 7 outputs with 84 activities worth UGX 13.768Bn were assessed and the following was observed; Five (5) outputs with 82 activities and expenditure worth UGX 8.154Bn were fully implemented. Two (2) outputs with 2 activities worth UGX 5.614Bn were partially implemented. Sensitization of farmers has been intensified to help appreciate the requirement of the co-funding amounts. Consequently, there has been an improvement from 14 to 34 farmers fully co-funding.	
Recommendation	
The Accounting Officer should engage the Ministry of Agriculture to revisit the co-funding challenge to increase program uptake	
Action Status	
Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion. The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.	
Query	**Utilization of Supplementary Funds**
Audit Findings	
Out of the supplementary funds of UGX 10.493Bn received, only UGX 6.380Bn was utilised leaving UGX 4.113Bn unspent as at the year end. This implies that the entity requested for more funds than they needed, thus denying other government entities the opportunity to utilize the funds. The Accounting Officer explained that a total of UGX 4.060Bn related to irrigation funds, UGX 0.017Bn related to General staff salaries while UGX 0.019Bn related to gratuity. These remained unspent due to; failure to co-fund by farmers, a Ban on recruitment of staff as well as mismatch in Bio-data of the pensioners which delayed approvals for pension and gratuity payments.	
Recommendation	
The Accounting Officer should; i) Intensify farmer sensitization about the co-funding element in the irrigation grant.	

ii) Run the necessary job adverts to have vacant positions following the lifting of the recruitment ban.
iii) Sensitize retirees about the importance of presenting accurate bio data information.

Action Status

The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures.

Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	**Delay in Implementation of Activities**

Audit Findings

Out of the 11 sampled projects, four (4) projects worth UGX 0.314Bn had delays averaging two (2) months from the expected completion date. Delayed completion of works implies that the beneficiaries will not receive the intended services in time.

The Accounting Officer attributed the delays to the repetition of the procurement process due to bidders failing to meet bid statutory requirements.

Recommendation

The Accounting Officer should ensure that the procurement process is started early enough to cater for any unforeseen occurrences that may delay project implementation.

Action Status

The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines.

Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.

Query	**Functionality of Facilities/Buildings/Structures.**

Audit Findings

The Audit undertook a physical inspection to confirm the functionality of the completed structures/works. The Audit noted that one (1) out of the 11 sampled projects worth UGX 0.055Bn were not functional despite completion due to a number of reasons.

Failure to use the completed structures for the intended function negates the purpose for which they government invested money to renovate the facilities.
Recommendation
The Accounting Officer should expedite the commissioning process and ensure that the facility is functional.
Action Status
Management has taken steps to commission completed projects and put them to use for the intended purposes. Engagement with the relevant sector ministries and stakeholders to operationalise the facilities is ongoing. Follow-up with the relevant authorities to secure staffing, equipment, and supplies necessary for the operationalisation of completed facilities is being undertaken.
Query | **Delayed Release of Funds**
Audit Findings Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2). The Audit noted that the District received government grants amounting to UGX 62.082 with delays ranging from 3 to 9 days after commencement of each quarter. The Accounting Officer explained that it has become a practice that when releases are made, they are not followed with cash limits being issued instantly by Ministry of Finance to the various votes.
Recommendation
The Accounting Officer should continue engaging MoFPED on prompt release of funds
Action Status
The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines. Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.

Query	Quantification of Budget Outputs/Items
Audit Findings	
The Audit assessed seven (07) outputs in the budget and noted that One (1) output with six (06) activities and expenditure worth UGX 4.648Bn was not quantified. Failure to quantify outputs affects assessment of planned deliverables. The Accounting Officer explained that this has been caused by some expenditure items not being quantifiable in the Program Budgeting System. Going forward, follow-up will be made for further training in order to capture the unquantifiable expenditure items.	
Recommendation	
The Accounting Officer should engage MoFPED ensure that challenges in the Program Budgeting System (PBS) are resolved and all activities properly quantified during the budgeting process.	
Action Status	
i) The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. ii) Unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.	
Vote 891: Mbale District Local Government	
Query	**Diversions Through Misclassification of Expenditure**
Audit Findings	
The Audit noted that a sum of UGX 0.17Bn was irregularly spent on different activities using inappropriate charge account codes without seeking and obtaining the necessary approvals contrary to step 4 of 10.3.1 of the Treasury Instructions, 2017 and the requirements of the Public Finance and Management Act. Diversion of funds negatively affects the classification of expenditure in financial statements and negates the purpose of budgeting. The Accounting Officer attributed the anomaly to the failure by the PBS to capture all codes as per chart of Accounts. Secondly, the budget is loaded on IFMS using PBS for implementation.	
Recommendation	
The Accounting Officer should engage MoFPED to update the PBS to accommodate all codes of the chart of accounts to avoid using wrong codes during budgeting and going forward the budgeting of activities should be	

strictly on correct codes and classification in accordance to the chart of Accounts.
Action Status
At that time, the PBS didn't accommodate all codes of the chart of accounts during budgeting yet all activities had been planned for in the Work plans. Going forward, management has engaged the MoFPED so that all activities are provided for and budgeting is done on correct codes.
Query | **Non-quantifiable Contingent Liabilities Arising from Litigation**
Audit Findings My review of the statement of non-quantifiable contingent liabilities revealed un-resolved court cases due to litigation. Furthermore, the District did not provide the files to confirm the legal representatives, origin, nature, sermons and court correspondences to ascertain the level of proceedings. There is a risk of the District incurring high legal costs in terms of fees, garnishee orders and case settlements, in case the judgments are not in their favor. The Accounting Officer explained that management is still obtaining information about the court cases
Recommendation
The Accounting Officer should obtain the case details and seek legal guidance from the Solicitor General to devise strategies of ensuring that they are resolved.
Action Status
The Accounting Officer has taken note of the observation and has commenced the process of ensuring that all budget outputs are properly quantified in the work plan to facilitate performance measurement. Engagement with NPA and MoFPED to align budget output indicators with the chart of accounts has been undertaken, and the subsequent budget estimates have been prepared with quantified outputs.
Query | **Un Warranted Revenue**
Audit Findings A review of the financial statements (Statement of Appropriation) revealed that the District's actual revenue performance was UGX 53.85Bn compared to the total amount 16 Enhancing Public Accountability and Making a Difference warranted of UGX 53.44Bn as detailed in the IFMS Budget analysis report. This resulted into un warranted revenue of UGX 0.411Bn. Failure to warrant all the revenue affected the implementation of planned service delivery activities.

The Accounting Officer explained that the variance was majorly caused by failure to warrant revenue due to outstanding cash limits not issued by MoFPED of UGX 0.228Bn relating to local revenue, UGX 0.125Bn for UGIFT Co-funding, UGX 0.028Bn for donor funds (JHPIEGO) and UGX 0.011Bn for other Government Units OGT (MAAIF).

Recommendation

The Accounting Officer should always engage Ministry of Finance, Planning and Economic development to ensure that cash limits are issued for warranting.

Action Status

The variance was majorly caused by failure to warrant revenue due to outstanding cash limits not issued by MoFPED of UGX 0.228Bn relating to local revenue, UGX 0.125Bn for UGIFT Co-funding, UGX 0.028Bn for donor funds (JHPIEGO) and UGX 0.011Bn for other Government Units OGT (MAAIF).

Query	**Budgeted Activities for which no Funds were Received**

Audit Findings

The DLG did not receive UGX 1.215Bn of its approved Budget for implementation of the certain key activities.

Failure to provide funds for these key activities as budgeted negatively affected delivery of intended services. Majorly, health activities not implemented affected the coverage of immunization in the District.

The Accounting Officer explained that these were donor funds for which management had no control but lobbying from respective line ministries and implementing partners shall continue.

Recommendation

The Accounting Officer should ensure that the implementation of rolled over activities is completed. In addition, the Accounting Officer should engage the MoFPED and Donor partners to ensure that future funds are released.

Action Status

These were donor funds for which management had no control but lobbying from respective line ministries and implementing partners shall continue.

Query	**Utilization of Warrants**

Audit Findings

The DLG had total warrants of UGX 53.44Bn out of which UGX 52.42Bn was utilised leaving UGX 1.011Bn un-utilised. key activities were either partially or not implemented at all.

The Accounting Officer majorly attributed this to non-payment of pensioners who passed on, estate accounts that had finished 15 years and the provision

for unplanned eventualities that never occurred and supplementary releases that are beyond what the entity needed.
Recommendation
The Accounting Officer should ensure realistic provisions based on detailed analysis of the payrolls and engage MoFPED always to release funds based on the demands by the entity.
Action Status
The un utilized warrants were majorly attributed to non-payment of pensioners who passed on, estate accounts that had finished 15 years and the provision for unplanned eventualities that never occurred and supplementary releases that were beyond what the entity needed. However, Management has taken note and will continue to engage the Ministry to release funds based on the entity demands. The Permanent Secretary MoFPED has been engaged.
Query | **Implementation of Funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 10 outputs with 40 activities worth UGX 43.81Bn were assessed and the following was observed. All Seven (07) outputs with 22 activities and expenditure worth UGX 41.28Bn were fully implemented. Three (03) outputs with 18 activities worth UGX 2.531Bn were partially implemented. Out of 18 Activities, the entity fully implemented 09 activities, partially implemented 06 activities and 03 activities were not implemented.
Recommendation
The Accounting Officer was advised to; i) Engage MoFPED for timely release of funds, prioritize on vigorous sensitization of farmers to have reliable water sources before installation of irrigation equipment ii) Ensure continuous engagement with the implementing partners to ensure that planned activities are implemented.
Action Status
Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion.

The Accounting Officer engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.
Query | **Supplementary Funding Approval by Council**
Audit Findings Regulation 3.12(3) of the Local Government Finance and Accounting Regulations, 2007 require Supplementary estimates to be approved by the Council. The Audit noted that supplementary funds of UGX 7.891Bn were approved by Council, leaving a sum of UGX 2.126Bn unapproved. Although the Accounting Officer had promised to provide council supplementary approval minutes for audit verification, these were not submitted by the time of writing this,
Recommendation
The Accounting Officer should always obtain Council approval for all the supplementary funding received.
Action Status
The Accounting Officer took note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.
Query | **Utilization of Supplementary Funds**
Audit Findings Out of the supplementary funds of UGX 10.06Bn received, only UGX 9.076Bn was utilised leaving UGX 0.985Bn unspent as at the year end.This implies that the entity requested for more funds than they needed. Besides, limits the government resources available for implementation of other programs. The Accounting Officer explained that this was the excess funds received under pension that remained unpaid by 30th June, 2024 which had not been requested for.
Recommendation
The Accounting Officer should always engage MoFPED in writing regarding the excess funding received.

Action Status
This was the excess funds received under pension that remained unpaid by 30th June, 2024 which had not been requested for but the Ministries of Finance, Planning and Economic Development and Public Service could provide explanation.
Query | **Delay in Implementation of Activities**
Audit Findings Out of the twenty one sampled projects, two (02) projects worth UGX 0.22Bn under road maintenance grant had delays averaging 4 months from the expected completion date. Delayed completion of works implies that the beneficiaries will not receive the intended services in time. The Accounting Officer attributed the delay in implementation to the following factors; i) Delayed release of funds from Central Government; funds were received in May 2024, just one month to the end of the financial year 2023/2024. ii) Harsh weather conditions (heavy stormy rains) and bad terrain coupled with the communication from Hon. Minister of Works transport to delay work implementation during rainy season and; iii) Frequent breakdown of equipment.
Recommendation
The Accounting Officer should always engage MoFPED for timely release of funds and proper maintenance of road equipment to address implementation challenges for implementation of planned service delivery activities.
Action Status
The delay to complete the work was due to late release of funds that were received one month to the end of financial year 2023/2024 yet the work had been planned for Quarter three. The breakdown in the Road Equipment as evidenced by the letters to the Regional Mechanical Engineer in Bugembe made it worse. At the moment, works are now complete as per the report attached 3.1.3b (1) however Management will continue to engage the Ministry of Finance to ensure timely release of funds.
Query | **Unimplemented Activities in the Bills of Quantities**
Audit Findings The Audit undertook physical inspections on Construction of Lwasso Seed Secondary School structures by MKN Pages Company Limited worth UGX 3.249Bn. By inspection date, UGX 3.162Bn had been paid.

Whereas the facility was commissioned on 23rd of October, 2024 and is in use, the excavation and earth works for the construction of a sports field valued at UGX 0.05Bn had not been implemented due to non-availability of land space. Failure to execute works/services as per the bills of quantities, the intended objectives were not achieved.

The Accounting Officer explained that the lack of land for the football pitch has been brought to the attention of the Ministry of Education and Sports (MoES) for guidance to as to whether the UGX 50M can be used for fencing.

Recommendation

The Accounting Officer should engage relevant stakeholders including MoES to ensure that land is secured.

Action Status

Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.

Query	**Functionality of the Inspected Structures**

Audit Findings

The Audit undertook a physical inspection to confirm the functionality of the completed projects. The Audit observed that several projects worth UGX 0.73Bn were not functional.

Recommendation

The Accounting Officer should engage respective contractors for corrective action to ensure functionality of the projects for effective service delivery.

Action Status

Management has taken steps to commission completed projects and put them to use for the intended purposes. Engagement with the relevant sector ministries and stakeholders to operationalise the facilities is ongoing.

Follow-up with the relevant authorities to secure staffing, equipment, and supplies necessary for the operationalisation of completed facilities is being undertaken.

Query	**Delayed Release of Funds**

Audit Findings

Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2).

The Audit noted that the district received Government grants amounting to UGX 2.19Bn 200 days on average, after commencement of each quarter.

Recommendation
The Accounting officer should always follow up with the MoFPED for timely release of funds.
Action Status
The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines. Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.
Vote 892: Mbarara District Local Government
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The entity had an approved budget of UGX 37.17Bn. out of which UGX 35.75Bn. was warranted resulting in a shortfall of UGX 1.43Bn. representing an 96% performance. The UGX 1.43Bn. that was not warranted was meant for the following activities; Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that the affected activities were rolled over to the budget of FY 2024/2025.
Recommendation
The Accounting Officer was advised to ensure that the implementation of rolled over activities is completed. In addition, the Accounting Officer should engage the MoFPED and Donor partners to ensure that future funds are released.
Action Status
The affected activities were rolled over to the budget of FY 2024/2025. Entity has engaged Government for replacement of retired staff, death and transfer of services elsewhere. The recommendation noted for engagement with the ministry and Donor partners.
Query | **Utilisation of warrants**
Audit Findings The entity had total warrants of UGX 35.75Bn. out of which UGX 34.81Bn. was utilised leaving UGX 0.93Bn. un-utilised. Un-utilised funds were meant for the following activities which were either partially or not implemented at all. There was no response from the Accounting Officer.

Recommendation
The Accounting Officer was advised to seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget. In addition, the Accounting Officer was advised ensure that the retention of funds for the construction of the seed school are re-voted and paid to the contractor after expiry of the defects liability period.
Action Status
The unutilized 933million was for wages of unposted teachers for post primary to fill up positions that came up as a result of retirement, death and transfer of services to other districts. An advert has been run and recruitment is ongoing by the DSC. The unutilized pension funds are a result of unmigrated estate cases from IPPS to HCM that had been budgeted for in the FY.
Query **Implementation of Funded Activities**
Audit Findings Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of five (5) outputs with 35 activities worth UGX 4.152Bn were assessed and the following was observed; a) Three (3) outputs with 12 activities and expenditure worth UGX 0.96Bn were fully implemented. b) Two (2) outputs with 23 activities worth UGX 2.613Bn were partially implemented. Out of the 23 activities, the entity fully implemented eleven (11) activities worth UGX 0.579Bn while twelve (12) activities worth UGX 2.613Bn were partially implemented. c) Activities that were partially or not implemented at all are construction of Rwanyamahembe Seed School of Contract Amount UGX 3.07Bn. The project had delayed by one month. This is a multi-year project and should have been completed by 10th November 2024. However, at the time of inspection in November 2024 the project was still on- going (90%) physical progress as per the engineering certificate of 30th June 2024. The Accounting Officer explained that the delay was attributed to contract variation of UGX 0.30Bn that necessitated contract amendment. However, management had extended the contract for this project up to 30th January 2025.
Recommendation
i) The Accounting Officer should ensure that all funded activities are implemented as planned and partially implemented activities are rolled over and completed in the subsequent financial year.

ii) The Accounting Officer should strengthen supervision and monitoring of project implementation to ensure timely completion and delivery of services.	
Action Status	
The delay was attributed to: i) Contract variation of UGX 0.30Bn that necessitated contract amendment and VAT component worth 0.44Bn which has not been received. ii) However, management had extended the contract for this project up to 30th June 2025. iii) Suspension of roadworks due to heavy rains and breakdown of graders, but the suspension was lifted and graders repaired and works completed.	
Query	**Supplementary Funding not Requested for by the Accounting Officer**
Audit Findings Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing. Audit noted that supplementary funding amounting to UGX 6.87Bn. was not requested for by the Accounting Officer as required by the PFMR. Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions. The Accounting Officer explained that all supplementary funding was requested for. However, no evidence was availed.	
Recommendation	
The Accounting Officer was advised to ensure that supplementary funding is requested for as per the regulations.	
Action Status	
All supplementary funding was requested for.	
Query	**Supplementary Funding Approval by Council**
Audit Findings Regulation 3.12(3) of the Local Government Finance and Accounting Regulations, 2007 require Supplementary estimates to be approved by the Council. It was noted that supplementary funds of UGX 6.87Bn. were approved by Council, leaving a sum of UGX 0. 40Bn. unapproved.	

The Accounting Officer explained that all Supplementary budgets were approved by Council- except that the UGX 0. 40Bn. was not loaded on IFMS budget because it went directly to Ministry of Defence as payment for renovation of Rubindi HCIII. Audit observed that Although the funds were submitted to Ministry of Defence directly, Council ought to have approved it since it was part of Council obligation to pay for renovation of Rubindi HCIII
Recommendation
The Accounting Officer was advised to ensure that supplementary requests are approved by Council.
Action Status
All Supplementary budgets were approved by Council-except that the 0.4Bn was not loaded on IFMS budget because it went directly to Ministry of Defence because it was meant for renovation of Rubindi HCIII.
Query | **Utilization of Supplementary Funding**
Audit Findings Out of the supplementary funds of UGX 6.873Bn received, only UGX 5.939Bn was utilised leaving UGX 0.933Bn unspent as at the year end. This implies that the entity requested for more funds than they needed thus denying other government entities the opportunity to utilize the funds. The Accounting Officer explained that the underutilisation was a result of un posted teachers for Rwanyamahembe Seed School because construction was still on-going. However, the Seed School was planned to open in First term 2025 and the wage would be utilised. Additionally, outstanding Pension liability would also be paid in the FY 2024/25.
Recommendation
The Accounting Officer was advised to ensure utilization of all supplementary funding for implementation of activities.
Action Status
The unutilized 0.933Bn represented wage for the teachers not posted during the financial year. The process for recruitment is on-going by the District Service Commission. The unutilized pension funds were as a result of unmigrated estate accounts from IPPS to HCM, delays in processing letters of administration by the estate administrators and death of pensioners who die after 15 years and pension payment is stopped.

Query	Delay in Implementation of Activities
Audit Findings	
Audit undertook procedures on a sample of 11 activities worth UGX 3.261Bn to confirm if these activities were implemented by the entity in a timely manner, were of acceptable quality, quantity and functionality.Out of the 4 sampled projects, one (1) projects worth UGX 3.07Bn had delays averaging one (1) month from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time. There was no response from the Accounting Officer.	
Recommendation	
The Accounting officer was advised to ensure that the contractor expedites completion of the project to enhance service delivery.	
Action Status	
The works on this project are estimated at 97% complete. Management is in touch with the contractor to ensure that the project is completed and offer its intended goal. More scrutiny on the project has been done and the project extended to the end of the FY 2024/2025	
Query	**Functionality of Facilities**
Audit Findings	
Audit undertook a physical inspection to confirm the functionality of the completed structures/works. It was however noted that one (1) out of the 3 sampled projects worth UGX 0.37Bn. was not functional due to a number of reasons despite its completion. Failure to use the completed structures for the intended function negates the purpose for which they government invested money to construct the facilities. The Accounting Officer stated that all the projects had already been commissioned in September 2024 and commissioning reports and the OPD was now functional.	
Recommendation	
The Accounting Officer was advised to put the completed project in use to improve health service delivery.	
Action Status	
All the projects have already been commissioned and commissioning reports are available and the OPD is functional.	

Query	Delayed Release of Funds
Audit Findings	
Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2). It was noted that the entity received Government grant amounting to UGX 33.65Bn. 11 days on average, after commencement of each quarter The Accounting Officer promised to continue engaging MoFPED on the issue of timely release of expenditure limits to be consistent with the release circulars issued.	
Recommendation	
The Accounting Officer was advised to continue engaging MoFPED on prompt release of funds.	
Action Status	
The Entity has engaged MoFPED on the issue of timely release of expenditure limits to be consistent with the release circulars issued by PS/ST.	
Query	**Management of PHC**
Audit Findings During the FY2023/24, Mbarara DLG received UGX 0.43Bn. PHC Non-Wage Conditional Grant in form of six (6) sub grants which include; PHC-Hospital NWR (PNFP), PHC Hospital NWR (Government), PHC- DHO/CHO/MHO Non-Wage Recurrent (NWR), PHC-Health Centres NWR (PNFP), PHC-Health Centres NWR (Government) and RBF NWR sub grant. Audit designed procedures to evaluate the utilisation of the PHC grant at the Mbarara DLG and to assess whether Bwizibwera health centre IV was adequately equipped and managed to provia Primary Health Care. Guideline 1.3.2 of the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 provides that the total funding for PHC NWR constitutes 100% of which 85% is allocated to the lower-level health facilities (LLHFs) whereas 15% is allocated to the LG (District/City/Municipal) Health Office. It was observed that UGX 0.58Bn (13.6%) of the PHC NWR sub grant was allocated to the health office instead of a maximum of UGX 0.64Bn. (15%) as stipulated in the guideline.	

It was further noted that the LLHFs was allocated UGX 0.38Bn. (86.3%) in the DLG budget as PHC NWR sub grant instead of UGX 0.362Bn (85%) which was allocated in the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 leading to over funding by UGX0.05bn. The under allocation to the health office deprived the health office funds meant for the implementation of primary health care activities.

The Accounting Officer explained that the budgets and releases for centrally allocated funds were input by the Centre, thus it was out of control of the District.

Recommendation

The Accounting Officer was advised to engage the MoH and MoFPED to ensure that the grant funds allocation guidelines are incorporated in the government planning and budgeting framework

Action Status

The guidelines stipulate that the maximum allocation should be 15% so if the allocation was 13.6% it was in the acceptable range and even the allocation is done Centrally, the district has no control over it.

Query	**Allocation of RBF**

Audit Findings

Guideline 1.3.2 (C) of the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 provides that the RBF NWR sub grant will be allocated based on the results of assessments conducted under two thematic areas; the Quantity (output) component and the health facility quality of care component. The RBF NWR sub grant is allocated to the thematic areas as explained.

It was observed that no funds (0%) of the RBF NWR sub grant was allocated to the LG health teams instead of a maximum of UGX 0.006Bn. (5%) as stipulated in the guideline leading to an under allocation of UGX 0.0065Bn. The Audit further noted that UGX 0.13Bn (100%) was allocated to lower-level health facilities (LLHFs) in the DLG budget as RBF NWR sub grant instead of UGX 0.123Bn (95%) which was allocated in the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 leading to over funding by UGX 0.0065Bn.

The under allocation to the health office deprived the health office funds meant for the implementation of primary health care activities.

The Accounting Officer explained that the budgets and releases for centrally allocated funds were input by the Centre, thus it was out of control of the District.
Recommendation
The Accounting Officer was advised to engage the MoH and MoFPED to ensure that the grant funds allocation guidelines are incorporated in the government planning and budgeting system.
Action Status
The table referred to explains the criteria how RBF funds are allocated to Districts not how the funds are spent thus the DHO funds was UGX 0.013Bn and the 0.12Bn was the allocation of LLHFs alone as per extract from MoH health sub-grant guidelines. These funds also are allocated centrally.
Query | **Late Release of PHC Grant**
Audit Findings Guideline 3.2.1 of the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments 2023/2024 provides that LGs are required to ensure that funds budgeted for service delivery are timely transferred to LLHFs by; Carrying out timely warranting/verification of the PHC NWR grants to health facilities during the FY; Timely warranting for a LG means five (5) working days from the date of receipt of releases from MoFPED; Invoicing and communicating all PHC NWR grant transfers within five (5) working days from the date of funds release in each quarter. Audit noted average delays in PHC releases of 20 days with the worst delay noted in Q1 of 43 days. Delay to transfer funds affected the provision of health services to the community. The Accounting Officer explained that the delay of transfers to health facilities was as a result of delayed release of Quarterly Funds by MoFPED.
Recommendation
The Accounting Officer should ensure that the in-charge of health facilities submit accountabilities timely so as to enable prompt release of funds of funds in the subsequent Quarters.
Action Status
The delay of transfers to health facilities was as a result of delayed release of Quarterly Funds by MoFPED.
Vote 893: Mitooma District Local Government
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The District did not receive UGX 2.176Bn of its approved Budget for implementation of the certain key activities. Failure to provide funds for

activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that the unrealized funds were expected as transfers from other government units for which the District has no control over like Uganda Wildlife Authority (UWA)

Recommendation

The Accounting Officer should engage the respective government units during planning to ensure that all the budgeted funds are realized.

Action Status

Engagement on funding has been made but still challenging due to limited resource envelope(partially implemented)

Query	**Utilisation of Warrants**

Audit Findings

The District had total warrants of UGX 41.77Bn out of which UGX 40.37Bn was utilised leaving UGX 1.395Bn un-utilised.

The Accounting Officer explained that the five activities that were partially implemented especially the roads were due to late release of funds, shortage of machinery and weather challenges. He further expressed that the project for Kitojo Seed School was still ongoing as the contract was still running and substantive works had already been done.

Recommendation

The Accounting Officer was advised to ensure that the un implemented activities are rolled over and implemented in the subsequent financial year.

Action Status

These were rolled over and fully executed

Query	**Implementation of Funded Activities**

Audit Findings

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 6 outputs with 55 activities worth UGX 1.839Bn were assessed and the following was observed.

Four (04) outputs with 50 activities and expenditure worth UGX 1.503Bn were fully implemented. Two (02) outputs with 5 activities worth UGX 0.336Bn were partially implemented. Out of 55 Activities, the entity fully implemented 50 activities and partially implemented 5 activities.

The Accounting Officer explained that the five activities that were partially implemented especially the roads were due to late release of funds, shortage of machinery and weather challenges. The Accounting Officer further expressed

that the project for Kitojo Seed School was still ongoing as the contract was still running and substantive works had already been done.
Recommendation
The Accounting Officer should ensure that all the partially implemented activities in the FY are prioritised and fully implemented in the subsequent period to avoid delaying service delivery.
Action Status
These were rolled over and executed
Query | **Utilization of Supplementary Funding**
Audit Findings Out of the supplementary funds of UGX 5.506Bn received, only UGX 4.111Bn was utilised leaving UGX 1.395Bn unspent as at the year end.This implies that the entity requested for more funds than they needed. The Accounting Officer explained that the supplementary provision was released late in May 2024 for replacements of vacant positions and salary payments of the same. The District could therefore not effectively utilize the funds at such short notice.
Recommendation
The Accounting Officer should request for a timely a re-vote of funds from MoFPED to ensure that the affected activities are implemented
Action Status
This has been fully implemented in the financial year 2024/25.
Query | **Criteria for Supplementary Expenditure**
Audit Findings Regulation 18 (5) of the Public Finance Management Regulations, 2016 states that Parliament may approve a supplementary appropriation or the Minister may approve a supplementary budget, as the case may be where the supplementary expenditure is un- absorbable (expenditure that cannot be funded through virements), unavoidable (expenditure that cannot be postponed to the next financial year) and unforeseeable (does not include an expenditure that was foreseeable by the vote at the time of preparation of the budget). Audit noted that supplementary expenditure of UGX 0.011Bn did not meet the supplementary expenditure criteria. There is a risk of misappropriation of funds since it creates an opportunity to circumvent normal budgeting processes.

The Accounting Officer acknowledged the finding and committed to have this rectified in the subsequent financial years.
Recommendation
The Accounting Officer was advised to sensitize the Heads of departments to consider all foreseeable expenditure during the normal budgeting processes to avoid unnecessary supplementary requests.
Action Status
This was rectified in the subsequent financial year.
Query | **Delay in Implementation of Activities**
Audit Findings Out of the 3 sampled projects, one (01) project worth UGX 3.038Bn had a delay of One Month from the expected completion date.Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time. The Accounting Officer explained that by close of the FY, the contract for Kitojo Seed school was still running but funds were swept back to the consolidated fund; due to the delays in return of the funds, the contractor was constrained and works halted.
Recommendation
The Accounting Officer should engage MoFPED for timely revolving of the swept funds to ensure completion of the project in the subsequent year.
Action Status
The seed school was completed.
Query | **Implementation of Budget Outputs/Items**
Audit Findings Audit assessed the six (6) outputs in the budget and noted that one (1) output with one (1) activity and expenditure worth UGX 0.0025Bn could not be quantified. Failure to quantify outputs affects assessment of planned deliverables and non-aligned of outputs with the chart of accounts may lead to wrong classification of expenditure. The Accounting Officer explained that the District was experiencing challenges in the Programme Budgeting System (PBS) where some outputs have no quantification options. Additionally there are knowledge gaps that require adequate capacity building in form of training when there are new system changes which are not effectively provided.

Recommendation
The Accounting Officer was advised to arrange for capacity building of staff to ensure that outputs are fully quantified to ease assessment of planned deliverables.
Action Status
The vote has been trained by MoFPED and subsequent budgets were fully quantified.
Vote 894: Mityana District Local Government
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The District had an approved budget of UGX 40.34Bn. out of which UGX 39.63Bn. was warranted resulting in a shortfall of UGX 0.71Bn. representing a 98.2% performance. The UGX 0.71Bn that was not warranted was meant for the following activities. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that the activities were affected due to underfunding from the various sources of revenue including; Gou transfers, Local revenue and donor funds.
Recommendation
The Accounting Officer was advised to strengthen local revenue collection efforts as well as lobby the MoFPED to ensure availability of adequate funds to implement planned service delivery activities.
Action Status
The following measures have been put in place to enhance local revenue collection; i) Robust implementation of Integrated Revenue Administration System (IRAS), Sensitization and training of tax payers; ii) Monthly Revenue meeting with all the personnel involved in revenue collection; iii) The district with support from LGFC has carried out property valuation with a view of enhancing local revenue collection. This source is projected to contribute about 50% of the district revenue budget and the district has constituted a Property Valuation court to handle appeals that will raise in the process. iv) Rejuvenated the on-spot inspection of revenue sources by the Revenue Enhancement Committee; v) Enhanced the facilitation of the revenue office and provision of a laptop to help in compiling reports;

vi) Sharing quarterly revenue reports with the political leaders with an aim of intensifying mobilization of revenue in their respective communities
vii) The matter has been brought to the attention of MoFPED and other activities were rolled over to this current year budget and work plan

Query	**Utilisation of Warrants**

Audit Findings

The District had total warrants of UGX 39.63Bn. out of which warrants worth UGX 38.76Bn had been utilised by the close of the financial year. The balance of UGX 0.86Bn. was meant for the following activities which were either partially or not implemented at all. Under-utilisation of warrants implies the objectives for which the funds were obtained were not achieved thus negatively impacting on serve delivery.

The Accounting Officer attributed this to; IFMS challenges which made invoices to bounce, a ban on recruitment and failure by some pensioners to access HCM due to inconsistencies in their bio data and failure to obtain letters of administration.

Recommendation

The Accounting Officer should liaise with the MoFPED over the bounced invoices and ensure early preparation of expected retirees to ensure timely processing of requisite documents for easy access to the HCM.

Action Status

The vote has written to MoFPED and Accountant General to claim for the gratuity and pension arrears. This item was included in our financial statements as a liability.

All Heads of Departments have been instructed to inform management of all staff that are due to retire within a period of one year prior to retirement. Additionally, all Heads of department have been instructed to notify their staff to always begin on the process six months to their retirement date.

Query	**Implementation of Funded Activities**

Audit Findings

Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 12 outputs with 20 activities worth UGX 2.144Bn were assessed and the following was observed. 8 outputs with 9 activities and expenditure worth UGX 1.705Bn were fully implemented. 4 outputs with 11 activities worth UGX 0.44Bn were partially implemented. Out of 11 activities, the entity fully implemented 2 activities, and 9 activities were partially implemented.

The Accounting Officer attributed the partial implementation to inadequate funds but some projects were still being implemented especially under Micro irrigation scheme.
Recommendation
The Accounting Officer should liaise with the MoFPED over the underfunding and the Accounting Officer should as well roll over the unimplemented activities for implementation in the subsequent period.
Action Status
The issue has been brought the matter to the attention of MoFPED and other activities were rolled over to this current year budget and work plan.
Query | **Utilization of Supplementary Fund**
Audit Findings Out of the supplementary funds of UGX 4.365Bn received, only UGX 3.596Bn was utilised leaving UGX 0.77Bn unspent as at the year end. This implies that the District requested for more funds than needed. The Accounting Officer did not provide an explanation.
Recommendation
The Accounting Officer should come up with strategies to eliminate any challenges that affect timely implementation of activities.
Action Status
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.
Query | **Delay in Implementation of Activities**
Audit Findings Out of the 7 sampled projects, one (1) project worth UGX 0.042Bn had delays of five (5) months from the expected completion date. Renovation of staff house in Mityana hospital Contract Amount: UGX 0.047Bn Actual Payment: UGX 0.042Bn The project had delayed by five (5) months. The project commenced on 13/11/2023 and was expected to be completed on 14/02/2024. At the time of inspection in October 2024, workers were seen doing some fixes on the roof.

The Accounting Officer explained that the contractor was rectifying defects. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.
Recommendation
The Accounting Officer should strengthen supervision efforts to ensure implementation of quality works by contractors.
Action Status
Management has put in place a pre–retirement plan for all those to retire in two years' time and also to request them to provide the required documents to process their payment. Additionally, the vote has also initiated pre-retirement engagements to help them plan well for their retirement life. The entity formally communicate to all those to retire at least six (6) months before retirement to prepare well for their exit and the requirements to access their retirement benefits is shared with them. The entity has engaged MoPs to expediate the process of deactivating retirees to end their assignment on active payroll so that they can be activated on the pension payroll.
Query | **Unsatisfactory Quality of Works**
Audit Findings The Audit undertook physical inspections on seven (7) projects and noted defects on one (1) of the seven (7) inspected projects worth UGX 0.10Bn. Poor quality works affects usability of these facilities and therefore affects service delivery.
Recommendation
The Accounting Officer should ensure that the defects are rectified prior to payment of retention monies.
Action Status
The defects were communicated to the contractor. The contractor returned and rectified the defect. The windows are now closing properly.
Query | **Functionality of the Structures**
Audit Findings Audit undertook a physical inspection to confirm the functionality of the completed structures. It was however noted that (2) out of the 7 sampled projects worth UGX 0.027Bn was not wholly functional despite due to vandalism. Failure to use the completed structures for the intended function negates the purpose for which they government invested money to construct the facility.

Recommendation
The Accounting Officer should lobby the relevant authorities for funds to strengthen security measures in schools for protection of property.
Action Status
The pipes, gutters and taps were fixed. All Headteachers have been advised to prioritize fencing of the schools. A letter to MoES was written to lobby for more funds for fencing schools.
Query | **Non-Quantification of Budget Outputs/Items**
Audit Findings Audit assessed the 12 outputs with 20 activities in the budget and noted that: one (1) output with two (2) activities and expenditure worth UGX 1.023Bn could not be quantified. Failure to quantify outputs affects assessment of planned deliverables. The Accounting Officer explained that Capitation funds transferred to secondary schools are input by MoFPED based on enrolment in the respective schools. The MoH allocates the figures for procurement of Medical Items for the newly upgraded Health Centres but it never indicates what items are to be procured in the year, therefore, management was unable to determine what to procure.
Recommendation
The Accounting Officer should follow up the matter with the MoFPED and MoH to ensure the anomaly is addressed.
Action Status
The entity engaged MoFPED to address this concern during the regional consultative workshop and, subsequently action was taken. This current financial year 2024 – 2025, Work plan indicate the amount of funds as well as the number of secondary schools.
Query | **Non-alignment of Performance Indicator Names, Measure and Targets in the Approved Workplan**
Audit Findings Audit noted during review of the Project Implementation Plans (PIAPS) in the approved work plan for the year under review that the indicator names, indicator measure and performance target were not aligned. Non-alignment of indicator names, indicator measure and performance targets to the approved work plan affects assessment of planned deliverables. The Accounting Officer attributed this to system failures with the PBS tool which affects quantification.

Recommendation
The Accounting Officer was informed that the matter would be brought to the attention of the MoFPED.
Action Status
The matter of Non-alignment of Performance indicator names, indicator measure and performance targets in the approved work plan was brought to the attention of MoFPED, National Planning Authority and other MDAs in the regional consultative workshop. Following from this meeting/engagement, NPA was able to communicate information on indicators and for the Financial Year 2025 – 2026 we anticipate that they will be in the list of selection for all programs in the district Local Government.

Query	**Inconsistencies Between the Work plan and Performance Report in PBS**

Audit Findings

Audit reviewed the quarter 4 performance report and corroborated information therein with other information and noted the following inconsistencies;

i) The work plan indicates that the district planned to construct 10 new classroom blocks for primary schools whereas the actual plan was only 2
ii) The performance report indicates that 28 tsetse fly traps were procured yet only 6 were actually procured at a cost of UGX 4.5m during the period under review.

iii) Audit noted inconsistency on number of wetlands restored in the performance report. Whereas the summary of performance in the Q4 report indicates 8 ha of wetland restored, the detail report indicates 22 ha.
iv) The Q4 performance report indicates that only 3 latrines were constructed in schools whereas 5 were actually constructed.

In its current state, the work plan and performance reports complicate the process of measuring performance and may mislead users.

The Accounting Officer explained that the error originated from set up in the PBS system which is controlled by the MoFPED.

Recommendation
The Accounting Officer was advised to follow up the matter with the MoFPED to ensure the anomaly is addressed. In addition, the Accounting Officer should ensure periodic reconciliations between the performance report and the work plan is conducted.

Action Status
The entity has engaged MoFPED on the inconsistencies between the Work plan and performance report in PBS.
Vote 895: Moroto District Local Government
Query | **Management of Non Tax Revenue**
Audit Findings Audit reviewed the approved Local revenue estimates for the financial year 2023/2024 and noted that the Hospital did not budget for NTR collection. It was however, noted that UGX 0.061Bn was collected as NTR without the basis of assessment and the said funds was not remitted to the TSA for warranting but rather spent at source. The above practice is contrary to the PFMA Cap 171, as well as the Treasury Instructions 2017. The Accounting Officer explained that the matter of NTR budget is beyond the hospital's control, but a request was submitted to Ministry of Finance to seek for NTR budget line to be activated in PBS but was not honored.
Recommendation
The Accounting Officer should follow-up with the MoFPED to ensure that the budget line is provided for proper budget execution, and also desist from the above practice going forward.
Action Status
The District has put in place measures to enhance local revenue collection, including enrolment on the Integrated Revenue Administration System (IRAS) to improve monitoring and reduce leakages. The Accounting Officer is engaging relevant stakeholders to improve compliance and collection, and the budget has been revised to align with achievable revenue targets.
Query | **Diversion of Electricity Bill Funds**
Audit Findings Section 7.10.3 of the Treasury Instructions 2017 stipulates that the Chart of Accounts shall provide a basis for uniform budget classification and execution. It is mandatory for all votes to use the coding structure of the CoA to budget and execute the budget. The Accountant General Chart of Accounts provided that code 223005 (Electricity) caters for the cost of Electricity consumed. Further, 228003 Maintenance – Machinery &Equipment other than Transport Equipment This account shall be charged with expenses on minor repairs and maintenance of

machinery and equipment other than transport equipment including Electrical machinery.

The Audit noted that the Hospital budgeted and received UGX 0.097Bn for electricity bills under code 223005. It was noted that of the released funds, UGX 0.096Bn was spent to finance electrical supplies and maintenance, which should have been budgeted under code 228003 contrary to the regulation.

Failure to follow the budget and budgetary control weakens commitment control and undermines the role of budgeting which results into financial mismanagement.

The Accounting Officer explained that the Hospital had old and dilapidated electrical systems which was causing short circuiting and burning equipment. Also, the hospital has a prepaid meter with so many units which can run for more than two years. Therefore the Hospital had no option than use a similar budget line.

Recommendation

The Accounting Officer was advised to always engage the Board and MoFPED to ensure approval before diversion. Also, realistic budgeting should always be made to allocate funds where they are needed.

Action Status

Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.

Query	**Utilization of Warrants**

Audit Findings

The Referral Hospital had total warrants of UGX 12.81Bn out of which UGX 11.85Bn (92.5%) was utilised leaving UGX 0.961Bn un-utilised. As a result, a number of key activities under human capital development were either partially or not implemented at all.

The Accounting Officer attributed this to unspent wage due to the halt in recruitment on replacement basis by Ministry of Public Service (MoPS).

Recommendation

The Accounting Officer should engage Health Service Commission to expedite the recruitment process in the proceeding Financial Year to address understaffing that is affecting services delivery.

Action Status

Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year.

The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.

Query	Absorption of the Medicines Credit Line

Audit Findings

The funds for the Credit Line are managed at the National Medical Stores-NMS; thus absorption by the Referral Hospital depends of the number of times deliveries are made and the quantities delivered. Out of UGX 0.869Bn budget allocation for the year 2023/2024, NMS delivered essentials worth UGX 0.767Bn resulting into UGX 0.102Bn unutilised.

Un-utilised funds affects delivery of essential drugs and service delivery at the Hospital.

The Accounting Officer explained that although the Hospital made an emergency order to NMS, this was not honored and instead shifted it to the next financial year budget.

Recommendation

The Accounting Officer should follow up with NMS to ensure that credit limit allocated within the financial year is adhered to for effective service delivery.

Action Status

Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.

Query	Failure to Supply Drugs by NMS as per the Hospital Orders

Audit Findings

The funds for the Credit Line are managed at the National Medical Stores-NMS; thus absorption by the Referral Hospital depends of the number of times deliveries are made and the quantities delivered. Out of the ordered 3,684 by the hospital, only 2,819 was delivered by the NMS resulting into a shortage of 865.

Under-supply of medicines affects delivery service delivery at the Hospital.

The Accounting Officer explained that the hospital is mandated to prepare an annual procurement plan and submit it to the NMS. Periodically, following shared schedule by the NMS, the hospital submits timely orders and expects that NMS deliver the order with reference to the procurement plan.

Recommendation
The Accounting Officer was advised to follow up with NMS on all under delivered orders.
Action Status
Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.
Query | **Data on Mother Delivery**
Audit Findings Moroto Regional Referral Hospital is the only referral hospital in Karamoja serving the 9 Districts which include Karenga, Kotido, Kaabong, Abim, Napak, Nabilatuk, Nakapiripirit, Amudat and Moroto. The Maternity currently, is operating in a space comprising of 8 units under one roof. A review of the general information at the maternity ward revealed that out of 1,077 deliveries made during the period under review; 793 (69.7%) were spontaneous; 284(24.9%) were Caesarean deliveries; and then 61(5.4%) in other categories. There was no information concerning mothers referred to other health units., However, interview with the in charge of the maternity revealed that there were some mothers referred to other hospitals mainly due to premature births which needed more intensive care facilities. This affects service delivery at the Regional Referral Hospital with patients moving distances to Matany, Soroti and Mbale Hospitals. The Accounting Officer explained that referrals are mainly due to the need for intensive care facilities in the hospital. The hospital has written to MoH requesting for the construction of an intensive care unit.
Recommendation
The Accounting Officer should follow up the matter for the intensive care unit with the MoH and MoFPED for urgent attention.
Action Status
Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.
Query | **Inadequate Space and Bed Capacity in the Intensive Care Unit**
Audit Findings The Audit noted that the Hospital lacked designated room as ICU. This has made the Hospital opt for operating from Magnetic Resonance Imaging Room (MRI) with bed Capacity of three (3) beds.

This affects service delivery in case more than 3 patients needed attention in ICU, Also, the services of MRI are affected. The Accounting Officer attributed the matter to inadequate capital development budget

Recommendation

The Accounting Officer was advised to engage relevant stakeholders for more funding the Construction of ICU.

Action Status

Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.

Query	**Review the Functionality of Oxygen Plants**

Audit Findings

The Regional Referral Hospital has two oxygen Plants. The Audit noted the following;

i) The old Oxygen plant the old plant which has a capacity of 50 NM (Nitrogen Cubic meters). The plant malfunctioned in early May 2022 and needs general service and Repair and remained none functioning at the time of audit in November 2024.
ii) The New Oxygen plant the Plant which is expected to have capacity of 100 NM and was under construction by UPDF Engineering Brigade.
iii) The Hospital lacked information about the contract terms on start and end date, BOQ's on which the constructions were being made
iv) Through inquiry with those in charge of management, it was revealed that the site had been abandoned close to 5 months.
v) The civil works for the new Oxygen Plant were 95% complete awaiting installation of power, and machines including handover
vi) The equipment were stored and also taking long to be put to use.
vii) The non-functioning of oxygen plants is a risk to patients' lives and the Hospitals continues to spend a lot more resources to procure/acquire oxygen from nearby hospitals like Matany Hospital and Kotido General Hospital.
viii) The equipment's are also deprecating and continues to lose value before being put to use.

The Accounting Officer acknowledged the observation.

Recommendation

The Accounting Officer was advised to engage the regional workshop, MoH and MoFPED to ensure that the old plant is serviced and repaired and also engage MoH to ensure that the new plant is completed and functional.

Action Status

Management has taken steps to commission completed projects and put them to use for the intended purposes. Engagement with the relevant sector ministries and stakeholders to operationalise the facilities is ongoing. Follow-up with the relevant authorities to secure staffing, equipment, and supplies necessary for the operationalisation of completed facilities is being undertaken.
Query | **In-Adequate Hospital Mortuary**
Audit Findings It was noted that this mortuary was initially designed for Moroto District Hospital before it was made a Regional Referral Hospital. There is limited space for hygienic storage and examination of the dead bodies until burial. The Accounting Officer explained that the matter had been raised in the previous audit reports and MoFPED allocated UGX 1.5Bn in the Second Budget circular for 2024/2025 that was released on 15th February 2024. However, during the finalization of budget for 2024/2025 the MTEF was not adjusted to incorporate it in the budget. On 28th August 2024, the Accounting Officer made an inquiry from MoFPED on how the Hospital can access these funds. By the time of audit inspection in November 2024, no response had been obtained and the Hospital was still facing limited space since 2009. The Accounting Officer explained that the Hospital lacked capital development funds to construct a modern mortuary.
Recommendation
The Accounting Officer was advised continue engaging the relevant stakeholders, to obtain funding to address the challenge.
Action Status
Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.
Vote 896: Moyo District Local Government
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The entity had an approved budget of UGX 32.64Bn out of which UGX 29.57Bn was warranted resulting in a shortfall of UGX 3.068Bn representing 9% performance. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that follow up has been made to OPM about the variation works and there is a commitment to release the funds. She further explained that, the donors who did not remit the funds were also committed and asked the district to implement the program and payments would be sent.
Recommendation
The Accounting Officer follow up with the responsible organs (Donors and OPM) to ensure funds are remitted and planned activities are implemented.
Action Status
The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. Unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.
Query | **Utilisation of Warrants**
Audit Findings The entity had total warrants of UGX 29.57Bn out of which warrants worth UGX 28.59Bn had been utilised by the close of the financial year. The balance of UGX 0.975Bn was meant for the following activities which were either partially or not implemented at all.
Recommendation
The Accounting Officer should liaise with the MoFPED to ensure that the un-utilised warrants are re-voted and staff recruited.
Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.
Query | **Implementation of Funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of two (2) outputs with 8 activities worth UGX 1.227Bn were assessed. It was observed that; One (1) output with 2 activities and expenditure worth UGX 0.227Bn was fully implemented; and One (1) output with 7 activities worth UGX 1Bn was partially implemented. The Accounting Officer attributed the delay to heavy rains and delay by the service providers of Gulu regional mechanical workshop however, the works has commenced.

Recommendation
The Accounting Officer should closely monitor the commenced works to ensure that they are satisfactorily implemented.
Action Status
Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion. The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.
Query | **Utilization of Supplementary Funds**
Audit Findings Out of the supplementary funds of UGX 2.668Bn received, only UGX 2.071Bn (87%) was utilised leaving UGX 0.597Bn(13%) unspent as at the year end. This implies that the entity requested for more funds than they needed. The Accounting Officer explained that there was a ban on recruitment and yet we had requested for wage Supplementary.
Recommendation
The Accounting Officer should always ensure the necessity of funding before a supplementary is sought.
Action Status
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.
Vote 897: Mpigi District Local Government
Query | **Inconsistences in Revenue Reported IRAS and URA Collections**
Audit Findings In a letter dated 30th July 2024, Uganda revenue Authority (URA) indicated that the Authority had collected UGX 1.187Bn for the District. However, review of the IRAS collections indicated that the DLG had collected UGX 1.111Bn leading to a variance of UGX 0.077Bn There is a risk that not all revenue sources of the district are billed. The Accounting Officer explained that URA collected money on behalf of the District and The District was liaising with URA to reconcile the position. However, at the time of writing this report, no reconciliation report had been submitted.

Recommendation
The Accounting Officer was advised to expedite the reconciliation process between URA and the billed revenue so as to report the accurate revenue earned and collected in the year.
Action Status
The District has put in place measures to enhance local revenue collection, including enrolment on the Integrated Revenue Administration System (IRAS) to improve monitoring and reduce leakages. The Accounting Officer is engaging relevant stakeholders to improve compliance and collection, and the budget has been revised to align with achievable revenue targets.
Query | **Under Remittance of Revenue to LLGs**
Audit Findings Section 29(2)(a) of the PFMA, 2015 requires revenue collected or received by a vote, to be paid into the Consolidated Fund. Furthermore, funds remitted to the Uganda Consolidated funds are returned through the District which intern transfers the revenue share to these lower councils. A review of IRAS collections and the IFMS payment file revealed that the District collected UGX 0.963Bn from Lower Local Governments (LLGs) and was expected to remit UGX 0.778Bn to LLGs. However, only UGX 0.453Bn was remitted leading to a shortfall of UGX 0.325Bn. Under remittance of revenue of the LLGs implies that their councils could not implement planned activities. The Accounting Officer explained that reconciliations were still ongoing to establish the actual amount to be remitted or reimbursed from the Centre. However, at the time of writing this report, no reconciliation report had been submitted.
Recommendation
The Accounting Officer should remit the expected funds to the Lower Local Governments in accordance with the relevant section of the law.
Action Status
The District has put in place measures to enhance local revenue collection, including enrolment on the Integrated Revenue Administration System (IRAS) to improve monitoring and reduce leakages. The Accounting Officer is engaging relevant stakeholders to improve compliance and collection, and the budget has been revised to align with achievable revenue targets.

Query	Failure to Dispose Obsolete Assets
Audit Findings	
Paragraph 15.11.1 of the Treasury Instructions, 2017 requires that where it is considered that vehicles have reached the end of their useful life; are beyond economical repair or are unserviceable for any other reason; or have become redundant through obsolescence; shall be retained until a sufficient quantity is accumulated to merit the convening of a Board of Survey to inspect them, and it shall be the duty of such Board to determine the action to be taken, including the decision to board them off. A review of the Board of survey reports for Financial Year 2023/2024 revealed that a number of motor vehicles had been recommended for disposal, these assets had stayed undisposed for more than two financial years. Continued usage of old vehicles results into high costs of maintenance and uneconomical fuel consumption. Furthermore, the scrap value continues to decline causing financial loss to Government. The Accounting officer explained that a disposal plan had been prepared and technical guidance from the chief mechanical engineer was still pending.	
Recommendation	
The Accounting Officer was advised to expedite the disposal process.	
Action Status	
Management has initiated the disposal process for obsolete assets by engaging the relevant authorities, including the Ministry of Works and Transport, for valuation and approval. A disposal plan has been prepared and submitted for approval. Follow-up is ongoing to ensure the disposal process is completed in the subsequent financial year to recover the residual value of the assets.	
Query	**Delivery of Irrigation Equipment Before Full Co-Funding by the Farmers**
Audit Findings	
Paragraph 4.1.3 sub-section (c) of the grant, budget and implementation Guidelines Micro Scale Irrigation, 2020 requires that the approved farmer deposits the co-payment to the LG General Fund Account. Farmer's co-funding are budgeted, managed and accounted for using Government systems. Therefore, the farmer contribution is deposited on the respective LG General Fund Account. A special code is provided by the Accountant General in the LG budget on the request of MAAIF to ensure that the funds are earmarked for	

micro scale irrigation (this identifies the contribution as part of the LG revenue).

It was observed that that 8 (36%) out of 22 irrigation equipment had been delivered to selected farmers before full co-payment of funds contrary to the guidelines.

The Accounting Officer attributed the observation to the financial capacity of the beneficiaries who are small holder farmers and could not raise the co-fund amount in time, but he further indicated that commitment agreements had been signed with the affected farmers.

Recommendation

The Accounting Officer was advised to ensure that farmer pay co-funding before the equipment is supplied in order to ensure sustainability of the program.

Action Status

Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.

Query	**Budgeted Activities for Which no Funds were Released**

Audit Findings

The District did not receive UGX 9.Bn of its approved Budget for implementation of the certain key activities. Failure to provide funds for these key activities budgeted, negatively affected delivery of intended services.

The Accounting Officer explained that the District received an IPF of UGX 9.Bn which included funds for GKMA activities and unrealised Local Revenue which funds were not sent by MoFPED at the close of the financial year.

Recommendation

The Accounting Officer was advised to ensure that budgets are based on realistic and achievable estimates in order to inform planning.

Action Status

The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. Unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.

Query	**Local Revenue Performance**

Audit Findings

Section 30 (1) of the Local Government Finance and Management Act, 2015 states that all revenue or other money raised shall be paid into and shall form

part of the consolidated fund except the revenues specified in section 29(2) b and (3).

A review of the Integrated Revenue Administration System (IRAS) report revealed that Mpigi District planned to collect UGX 1.863Bn from 5283 tax payers. However, actual collections amounted to UGX 1.111Bn representing 60% performance.

Major shortfalls were seen in Nkozi Sub County and Mpigi Town Council performing at only 42% and 44% respectively. Failure to collect the expected revenue negatively affected the implementation of planned activities for the year.

The Accounting Officer explained that the District had taken an initiative to clean up the IRAS receivables as well as conduct a massive revenue sensitization meeting with service providers/Bidders.

Recommendation

The Accounting Officer was advised to institute measures and ensure that revenue is collected on time and develop strategies to collect outstanding receivables.

Action Status

The District has put in place measures to enhance local revenue collection, including enrolment on the Integrated Revenue Administration System (IRAS) to improve monitoring and reduce leakages.

The Accounting Officer is engaging relevant stakeholders to improve compliance and collection, and the budget has been revised to align with achievable revenue targets.

Query	**Utilization of Warrants**

Audit Findings

The DLG had total warrants of UGX 40.02Bn out of which UGX 39.88Bn was utilised leaving UGX 0.013Bn un-utilised. As a result, key activities were either partially or not implemented at all.

The Accounting officer explained that the ban on recruitment of additional staff caused the under-utilisation of wage. The District also found duplication in beneficiaries of pension & Gratuity which was terminated causing under-utilisation of pension.

Recommendation
The Accounting Officer was advised to expedite the recruitment of additional staff for effective service delivery. Meanwhile the Accounting Officer should reconcile the pension & gratuity beneficiaries to avoid any duplicate payments.
Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.
Query | **Implementation of Funded Activities**
Audit Findings Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 5 outputs with 29 activities worth UGX 2.33Bn were assessed and the following was observed. Four (04) outputs with a total of 26 activities and expenditure worth UGX 1.88Bn were fully implemented. One output with 2 activities worth UGX 0.25Bn. partially implemented, one Activity, worth UGX 0.024Bn was not implemented. The Accounting officer attributed the observation to failure by the UPDF Engineering Brigade to complete the construction of Health Projects in accordance with the signed MoU between the District and the Ministry of Defence and Veteran affairs.
Recommendation
The Accounting Officer was advised to continue follow up with the UPDF and the Ministry of Defence & Veteran Affairs to complete the projects on time.
Action Status
Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion. The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.

Query	Utilization of Supplementary Funds
Audit Findings	
Out of the supplementary funds of UGX 5.04Bn received, only UGX 4.72bn. was utilised leaving UGX 0.32Bn unspent as at the year end, this implies that the entity requested for more funds than they needed. The Accounting Officer explained that the District submitted a pension budget for the period under review with UGX 3.07 as annual pension and UGX 2.19Bn Gratuity for pensioners However, more funds were allocated on pension and less on Gratuity.	
Recommendation	
The Accounting Officer was advised to liaise with MoFPED to obtain realistic indicative figures for which to base its budget in order to avoid unnecessary supplementary requests. The Accounting Officer should as well seek for guidance from MoFPED to spend additional funds released on one budget line/code than budgeted.	
Action Status	
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.	
Query	**Delay in Implementation of Activities**
Audit Findings	
Out of the 8 sampled projects,3 projects worth UGX 0.278Bn had delays averaging 12 months from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time. The Accounting Officer attributed the observation to failure by the UPDF Engineering Brigade to complete the construction of Health Projects in accordance with the signed MoU between the District and the Ministry of Defence and Veteran affairs.	
Recommendation	
The Accounting Officer was advised to continue engaging the UPDF and the Ministry of Defence & Veteran Affairs to complete the projects on time.	
Action Status	
The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have	

been strengthened to ensure projects are completed within the agreed timelines. Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.
Query | **Unimplemented Activities in the Bills of Quantities**
Audit Findings Audit undertook physical inspections on 2 structures worth UGX 0.218Bn. Installation of one piece of lighting protection instead of two worth UGX 2Mn. The contractor is also required to work on pending works and inadequate planting of grass costing UGX 0.0007Bn. As a result of not executing works as per the bills of quantities, the intended objectives may not be achieved. The Accounting Officer explained that the contractor for Mpigi UMEA primary school was informed of the defects and is in the process of rectifying them before final payment.
Recommendation
The Accounting Officer was advised to ensure that the contractor corrects the defects before payment of retention fees.
Action Status
Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.
Vote 898: Mubende District Local Government
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The entity had an approved budget of UGX 13.92Bn out of which UGX 13.37Bn was warranted resulting in a shortfall of UGX 0.55Bn representing an 96% performance. The UGX 0.55Bn that was not warranted was meant for implementing activities. Failure to provide funds for activities that were budgeted negatively affects their implementation and achievement of the expected services. The Accounting Officer concurred with the findings.
Recommendation
The Accounting Officer was advised to always liaise with MoFPED so that funds are released as budgeted.
Action Status
The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted.

The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.
Query **Utilisation of Warrants**
Audit Findings The entity had total warrants of UGX 13.37Bn out of which UGX 12.45bn had been utilised by the close of the financial year. The unutilised balance of UGX 0.92Bn. was meant for activities which were either partially or not implemented. The Accounting Officer attributed this to the ongoing recruitment ban that was followed by the delayed clearance from Ministry of Public Service awaiting the findings of the OAG report on the employee headcount.
Recommendation
The Accounting Officer was advised to engage the MoPS to lift the ban on recruitment and ensure that recruitment process are planned, initiated early and completed with the financial year.
Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.
Query **Implementation of Funded Activities_**
Audit Findings Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 13 outputs with 47 activities worth UGX 12.45Bn were assessed. Two (02) outputs with eight (08) activities and expenditure worth UGX 12.05Bn were fully implemented. Eleven (11) outputs with thirty nine (39) activities worth UGX 0.3Bn were partially implemented. Out of the 39 activities, the entity fully implemented 20 activities and partially implemented 19 activities. There were no activities not implemented at all. Failure to fully implement planned activities denies the citizens the desired services. The Accounting Officer did not give any response.
Recommendation
The Accounting Officer was advised to always ensure that planned activities are implemented within the financial year and also roll over those which were not implemented to subsequent financial year.

Action Status
Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion. The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.
Query | **Delivery of Services from Implemented Activities**
Audit Findings Audit undertook inspections on a completed project of a constructed multi-purpose building at the Hospital worth UGX 9.35Bn to confirm whether this was implemented in a timely manner with acceptable quality, quantity and whether its functional and offering services. Failure to utilize the facilities to deliver services to the public undermines the purpose for which Parliament appropriated funds towards the project.
Recommendation
The Accounting Officer should liaise with Ministry of Health and MoFPED to secure funds required for operationalization of the complex in the subsequent periods.
Action Status
Management has engaged the relevant contractors and stakeholders to address defects and ensure that completed projects are put to use as intended. Monitoring and supervision of implemented activities have been strengthened to ensure timely delivery and quality of services to the communities.
Query | **Delayed Delivery of Drugs**
Audit Findings Examination of stores records revealed that management experienced delays in delivery of medicines and sundries to the hospital by National Medical Stores with lead-times ranging between 11 to 92 days. Such delays affect the offering of services to the citizens where they are forced to buy essential drugs from private pharmacies which would otherwise have been provided free in the hospital. The Accounting Officer explained that on several occasions management has communicated to NMS and followed up on the discrepancies and prolonged lead time in the deliveries. However, this is persistently happening.
Recommendation
The Accounting Officer was advised to ensure this is brought to the attention of Ministry of Health to enhancement of timely delivery of drugs and medical supplies to the hospital by the National Medical Stores.

Action Status
The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines. Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.
Query | **Un-Implemented Strategic Plan Activities**
Audit Findings Audit reviewed the hospital's strategic plan for the period 2020/21-2024/25 and noted that that several critical activities /project developments worth UGX 12.46Bn were not implemented as outlined in the strategic plan and the projected budget and expenditure income of UGX 25.02Bn for the period. It was further noted that the hospital missed out on funding of UGX 600Bn in relation to equipping the blood bank due to lack of a constructed blood bank at the regional hospital. Such non funding undermines the functionality of the hospital and hinders delivery of services to the public. The Accounting Officer explained that during the prior periods only UGX 0.14Bn was released for retooling which was inadequate for implementing all the activities planned and for rehabilitation of infrastructure no funds were released in the previous budgets.
Recommendation
The Accounting Officer was advised to ensure that operational and development plans are aligned to the strategic plan.
Action Status
Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.
Vote 899: Mukono District Local Government
Query | **Delayed Deletion of Employees from the Payroll**
Audit Findings Section B-a (12) of the Uganda Public Standing Orders, 2010 provides that payment of a salary to a public officer shall be stopped immediately the officer ceases to render services to Government under whatever circumstances including death. Audit noted that UGX 0.011Bn was paid to 11 staff who had either retired, transferred, absconded or died. Enhancing Public Accountability and Making a Difference Delayed removal of staff from payroll results into payment for

services that were not rendered to the DLG thus causing a financial loss to government. In addition, this may result in a misstatement of expenditure in the financial statements.

The Accounting Officer acknowledged the observation.

Recommendation

The Accounting Officer should reconcile the payments and effect recoveries. Further, the Accounting Officer should ensure prompt removal of staff from the payroll.

Action Status

Recovery was made from the pensioners affected: Kaliisa Moses, Salaama Kayizza and KidambaJoachim. Kaliisa Moses, Salaama Kayizza, Kidamba Joachim, Mugerwa Robert Kizito, Mubiru Godfrey, Mulinde David, MuwangaAbishag, Nakazzi Hadijah, Ntege James, Senungi Kiridde. And was last paid salary for September 2023.

The issue of recovery here is not applicable. Buyera Robert died on 8/8/203 and assignment was ended on 12th August 2023. Nambuya Sarah died on 31/8/203 and assignment was ended on 4th September 2023 and Abdallah Mukasa`s recovery will be made from the beneficiary payment.

Query	**Under Remittance of Non-Statutory Deductions**

Audit Findings

Section 10.2 of the guidelines and procedures for decentralized salary processing 2014 required MALGS to pay deductions to the respective beneficiaries and that no arrears in respect to payroll deductions would be accepted.

Audit compared the deductions in the IPPS payroll registers with the remittances in the IFMS details XML payment file and noted under remittance amounting to UGX 0.006Bn. Under remittance creates obligations to the DLG that could result into fines and penalties.

The Accounting Officer acknowledged the observation and promised to institute controls.

Recommendation

The Accounting Officer was advised to reconcile the payments and remit the outstanding payments to the relevant Stakeholders.

Action Status

Management has since reconciled the payments and the outstanding payments have been remitted to the relevant stakeholders.

Query	Budgeted Activities for Which no Funds were Released
Audit Findings The District did not receive UGX 6.49Bn of its approved Budget for implementation of certain key activities. Failure to provide funds for these key activities budgeted negatively affected delivery of intended services. The Accounting Officer explained that final approval and release of funds is done by MoFPED which is out of the District's control.	
Recommendation	
The Accounting Officer was advised to roll over these activities for implementation in the preceding financial period. In addition, the Accounting Officer should engage the MoFPED and Donor partners to ensure that future funds are released as budgeted.	
Action Status	
Basically, the unrealized funds include donor funds UGX 5.08Bn for which we have no control, shs.176,351 Central Government grants and UGX 1.41Bn Local Revenue. A number of strategies have been laid down in the District's Local Revenue Enhancement plan to improve Local Revenue generation. Local Revenue performance has already improved, currently standing at UGX 2.22Bn as of February 28,2025. Further still revaluation of ground rent is being undertaken to boost Local Revenue.	
Query	**Utilisation of Warrants**
Audit Findings The DLG had total warrants of UGX 70.17Bn out of which UGX 64.98Bn (93%) was utilised leaving UGX 5.194,Bn (7%) un-utilised. Failure to utilise all the warranted funds affected the implementation of the planned activities, thereby denying the community the intended services. The Accounting Officer explained that the unutilised funds were meant for recruitment purposes but there was no active District Service Commission at the time.	
Recommendation	
The Accounting Officer was advised to engage the relevant stakeholders in order to have a functional District Service Commission. The unimplemented activities should be rolled over for implementation in the next budget cycle.	
Action Status	
The DSC was instituted and recruitment has begun	

Query	Implementation of Funded Activities
Audit Findings Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of seven (7) outputs with sixteen (16) activities worth UGX 0.689Bn were assessed. Three (3) outputs with eight (8) activities and expenditure worth UGX 0.113Bn were fully implemented. Three (3) outputs with seven (7) activities worth UGX 0.535Bn were partially implemented. Out of seven (7) activities, the entity fully implemented two (2) activity, partially implemented five (5) activities. One (1) outputs with one (1) activities with a budget of UGX 0.22Bn was not implemented. Partial or non-implementation of planned activities denied the expected services to the beneficiary communities.	
Recommendation	
The Accounting Officer should develop strategies to eliminate bottlenecks that affect the timely implementation of activities.	
Action Status	
To avoid unnecessary delays BOQs for the coming financial year are now being prepared before the end of the current financial year to enable the procurement process start early. The entity engaged MoFPED to release the 0.3Bn budgeted for the phased construction of the district Administration block. The funds were received and the projects have since been completed.	
Query	**Utilization of Supplementary Funds**
Audit Findings Out of the supplementary funds of UGX 8.99Bn received, only UGX 8.14Bn was utilised leaving UGX 0.85Bn unspent as at the year end. This implies that the entity requested for more funds than they needed. The Accounting Officer explained that the unutilised funds were meant for recruitment of staff but there was no active District Service Commission at the time.	
Recommendation	
The Accounting Officer was advised to ensure that the unimplemented activities are rolled over for implementation in the next budget cycle.	
Action Status	
The DSC was instituted and recruitment has begun.	

Query	Delay in Implementation of Activities

Audit Findings

Out of the seven (7) sampled projects, three (3) projects worth UGX 101,550,300 had delays averaging five (5) months from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in the agreed timelines.

The Accounting Officer explained that the contractor was delayed by the heavy rains which affected the construction process and wet timber which delayed roof construction.

Recommendation

The Accounting Officer was advised to strengthen project monitoring and ensure that contractors complete the awarded services on time

Action Status

Management has strengthened project supervision and monitoring to ensure contractors carryout project implementation as scheduled.

Query	Implementation of Activities in the Bills of Quantities

Audit Findings

The Audit undertook physical inspections on Seven (7) structures worth UGX 0.831Bn and the following are the key observations;

i) The delayed projects on latrines in schools were being executed by the same contractor.
ii) Furniture was not supplied in the classroom by time of inspection
iii) Rain water disposal not catered for.
iv) Door frames and doors were not fixed.
v) Roofs were leaking.
vi) Painting in some sections was not completed.

As a result of the delays, the intended objectives were not achieved.

The Accounting Officer explained that all latrines were under the same lot and awarded to one contractor.

Recommendation

The Accounting Officer was advised to strengthen contractor oversight to ensure project completion as prescribed in the contracts and the BoQs.

Action Status

Classroom construction at Koome has been undertaken and roof, water tank, door frames and painting has already been done and completed.

Query	Functionality of the Inspected Structures
Audit Findings	
Audit undertook a physical inspection on 03rd December, 2024 to confirm the functionality of the two (2) completed projects. It was observed that both projects worth UGX 0.635Bn were not functional.	
Recommendation	
The Accounting Officer was advised to Fast track the supply of furniture to the school and organize for the commissioning of the offered projects to be used for the intended purpose.	
Action Status	
The project is a phased construction which is not completed at the moment. The last phase will be executed during FY 2025/26 and later on commissioned.	
Vote 900: Nabilatuk District Local Government	
Query	**Budgeted Activities for which no Funds were Released**
Audit Findings	
The District had an approved budget of UGX 17.69Bn out of which UGX 14.15Bn was warranted resulting in a shortfall of UGX 3.54bn representing an 80% performance. The UGX 3.54Bn that was not warranted was meant for the implementing activities. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that this was because of budget shortfalls in External financing grants and other government grants beyond the control of the District.	
Recommendation	
The Accounting Officer was advised to engage the MoFPED and Donor partners during budgeting to ensure that only expected funds are budgeted.	
Action Status	
The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.	
Query	**Utilisation of Warrant**
Audit Findings	
The District had total warrants of out of UGX 14.15Bn out of which warrants worth UGX13.22Bn had been utilised by the close of the financial year. The balance of UGX 0.93Bn was meant for activities which were either partially or not implemented at all.	

The Accounting Officer explained that the unspent was due to lack of co-funding by the farmers under microscale irrigation. Furthermore, there was unpaid gratuity and pension as well as wage balances due to vacant positions which could not be filled by the close of the financial year.
Recommendation
The Accounting Officer was advised to seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget. Also, conduct community sensitisation on Government project to attract farmers to co-fund for Micro Scale irrigation.
Action Status
The District engaged the relevant stakeholders including MoFPED and the MoPS for the recruit clearance. Recruitment was initiated and is currently ongoing.
Query | **Implementation of Funded Activities**
Audit Findings Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 10 outputs with 34 activities worth UGX 2.974Bn were assessed and the following was observed; 17 Enhancing Public Accountability and Making a Difference. Six (06) outputs with 13 activities and expenditure worth UGX 0.992Bn were fully implemented. Two (02) outputs with 20 activities worth UGX 1.982Bn were partially implemented. One (01) output with one (01) activity was not implemented at all. Examples of the activities that were partially or not implemented at all.
Recommendation
The Accounting Officer was advised to conduct community sensitisation on government project to attract farmers to co-fund for Micro Scale irrigation and also, rollover the affected road works for implementation in the next financial year.
Action Status
Partially implemented activities were rolled over to the subsequent financial year and are being prioritised for completion. The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.
Query | **Delay in Implementation of Activities**
Audit Findings Out of the 03 sampled projects, one (01) project worth UGX 0.97Bn had delays averaging 2 ½ months from the expected completion date.

Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time. The Accounting Officer attributed this to lack of road equipment and weather effects which stagnated the works
Recommendation
The Accounting Officer was advised to engage the regional UNRA offices for support with road equipment to ensure timely completion of works. In the meantime, the affected activities rollover the affected road works for implementation in the next financial year.
Action Status
The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines. Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.
Query | **Functionality of Facilities**
Audit Findings The Audit undertook a physical inspection to confirm the functionality of the completed structures/works. The Audit however noted that one (01) of the sampled projects worth UGX 0.069Bn were not functional despite completion due to a number of reasons. It was however noted that there was no evidence availed for audit verification to this effect by the time of writing my report.
Recommendation
The Accounting Officer was advised to fast track the supply of water to the communities for better service delivery.
Action Status
Management has taken steps to commission completed projects and put them to use for the intended purposes. Engagement with the relevant sector ministries and stakeholders to operationalise the facilities is ongoing. Follow-up with the relevant authorities to secure staffing, equipment, and supplies necessary for the operationalisation of completed facilities is being undertaken.
Vote 901: Nakapiripirit District Local Government
Query | **Failure to Collect Contracted Revenue from Contractors**
Audit Findings Section 9.1.2 (f) of TI, 2017 states that where an Accounting Officer is designated as a receiver of revenue, he or she shall be personally responsible

for ensuring that: All persons liable to pay revenue are informed by bills, demand notes or other appropriate notices of Debts due, and that they are reminded promptly and frequently of revenue which is in arrears.

Audit noted that the Council failed to collect contracted revenue worth UGX 0.770Bn at the end of the financial year. No efforts had been taken to ensure that they honor their obligations.

Failure to ensure that contracted revenue is paid leads to loss of government revenue which affects service delivery.

The Accounting Officer attributed this to security measures imposed in the region where by all livestock from local markets were to go through the Police Division Headquarters for screening.

Recommendation

The Accounting Officer should engage the contractors in line with the identified challenge to find a lasting solution on the recovery of the funds due to the District.

Action Status

The district engaged the same contractors to collect revenue of the council to enable them raise the revenue that was due to them on top of the normal contracted amount however the contractors were not able to recover the amount due various challenges that affected the market performance which included the quantine on livestock and security which affected trade.

Query	**Un supported Land Lease**

Audit Findings

According to Section 16.2.2 of the TI, 2017, any sale of immovable state property must be at market-related value, unless the Secretary to the treasury approves otherwise.

A review of the District bank statements revealed that the District had received UGX 0.035Bn from Moruita Sub County. Interviews with Management revealed that these funds related to a lease of approximately 9,000 acres of land by the Sub County to International University of East Africa, of which the Sub County received UGX 0.200Bn as a payment for the lease period of 49 years. This was done without approval of the Secretary to the Treasury.

Audit was not provided with necessary documentation relating to this transaction to assess whether it was not leased below the market value. The following documents were not provided; request for land, valuation reports, area land committee minutes, district land board minutes, lease agreement

among others, to ascertain the terms of the lease, land size, actual payment and tenure of lease.

Audit could not ascertain that the due diligence and process of leasing was done at arm's length transaction which exposed the government to loss of land/ funds.

The Accounting Officer explained that documents would be provided, however, at the time of concluding my report in December 2024, no document was provided for audit verification

Recommendation

The Accounting Officer was advised to engage relevant parties in the transaction to ascertain the details and ensure proper documentation of the process in accordance with the law to enable review by any relevant institution.

Action Status

The accounting officer has communicated to the secretary land board to put all the necessary documentation in relation to the lease of land in question however no documentation has been received to that effect.

Query	**Fleet Management**

Audit Findings

According to Section 16.3.2 of the TI 2017, when movable assets are written off, this must be noted in the asset register, however, it was noted that the District lacked asset register for which all assets should be registered. Inspections carried out on 12th September, 2023 revealed that the District had 03 vehicles which were no longer in use and had been parked at its headquarter.

Failure to dispose vehicles whose value in use has substantially declined, deprives the government of possible revenue from such assets, and exposes them to a risk of theft and misappropriation.

The Accounting Officer attributed this to political challenges that hindered the disposal process.

Recommendation

The Accounting Officer was advised to ensure prompt disposal of assets that are no longer in use, to enable Government attain revenue from these assets. In addition, the asset register should be maintained and regularly updated.

Action Status

The accounting officer has already initiated the disposal process ,a letter was written to the procurement officer to compile all the obsolete assets for disposal and consequently a letter was written to amudat District Local Government and the assets were advertise for disposal

Query	Budgeted Activities for which no Funds were Released
Audit Findings	
The District did not receive UGX 2.46Bn of its approved budget for implementation of certain key activities. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that the release of funds was beyond the control of the District.	
Recommendation	
The Accounting Officer was advised to roll over the affected Activities for implementation in the subsequent year in consultation with MoFPED and development partners to ensure that the rolled over activities are funded.	
Action Status	
The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.	
Query	**Utilisation of Warrants**
Audit Findings	
The District had total warrants of UGX 18.96Bn out of which UGX 16.81Bn was utilised leaving UGX 2.144Bn un-utilised. The Accounting Officer explained that funds were swept back due to non-selection of invoices by MoFPED.	
Recommendation	
The Accounting Officer was advised to roll over the affected activities for implementation in the subsequent financial year.	
Action Status	
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.	
Query	**Implementation of Funded Activities**
Audit Findings	
Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 9 outputs with 19 activities worth UGX 1.828Bn	

were assessed. It was observed that; Seven (7) outputs with fourteen (14) activities worth UGX 1.175Bn were partially implemented; Out of 14 activities, the entity had partially implemented 8 activities6 activities were not implemented.

The Accounting Officer attributed the unimplemented activities to a ban on recruitment of staff by the Ministry Public service.

Recommendation

The Accounting Officer was advised to engage MoPs on lifting the ban on critical positions.

Action Status

Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion.
The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.

Query	**Supplementary funding not requested for by the Accounting Officer**

Audit Findings

Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

Audit noted that supplementary funding of UGX 0.03Bn was requested by the Accounting Officer as required by the PFMR out of the total received supplementary of UGX 1.9Bn. Failure by the Accounting Officer to requisition for the supplementary is contrary to the PFMR and the Treasury Instructions.

The Accounting Officer explained that some of the supplementary funds were generated by MoFPED and MoPS from the District's previous communications about shortfalls

Recommendation

The Accounting Officer should ensure that all supplementary funds are requested for as per the PFMR and the Treasury Instructions.

Action Status

The Accounting Officer noted and all supplementaries are now requested according the PFMR

Query	**Delay in Implementation of Activities**

Audit Findings

Audit undertook a physical inspection to confirm the functionality of the completed projects. It was observed that one (01) project worth UGX 53.82Bn. was not functional.

Failure to use the completed structures for the intended function negates the purpose for which the government invested money to construct the facility.

The Accounting Officer explained that the community needs continuous sensitization for change in attitude

Recommendation

The Accounting Officer was advised to sensitize the community on the utilisation of completed projects.

Action Status

The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines.

Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.

Query	**Funding and Absorption of Transitional Development Grant**

Audit Findings

The District received UGX 2,145,000,000(100%) as budgeted. Out of UGX 2,145,000,000 that was received, UGX 1,174,221,049 (55%) was spent resulting into under absorption of UGX 970,778,951 (45%).

The under absorption affected;

i) Installation of culverts on Moruita Junction – Kakomongole road and gravelling of 150 metres;
ii) Completion works on the New Administration Block;
iii) Payment of the contractors for completion of classroom blocks in Kakomongole.

Under absorption of funds negatively affects implementation of planned activities, results into accumulation of arrears and affects service delivery.

The Accounting Officer attributed this to delayed selection of invoices by MoFPED for works done during the year.

Recommendation

The Accounting Officer was advised to roll over the affected activities for implementation in the subsequent period.

Action Status

All affected activities were rolled over and implemented in the subsequent financial year.

Query	Failure to Appoint of Contract Manager
Audit Findings Regulation 51 (1) (contracts), 2014, requires the Accounting Officer (AO) or a person appointed by the AO from the user department to manage the contract. Regulation 52 (1) (contracts), 2014, further requires a user department to appoint a person with required skills and competence as a contract manager. Regulation 50 of the PPDA (Contracts) Regulations, 2023 gives guidance on the management of contracts. Section 50 (1) requires the Accounting Officer to appoint a person from the User Department to be the contract manager. Section 50 (2) requires the PDU to provide a copy of the contract to the person appointed by the Accounting Officer to manage the contract. Section (3) requires the contract manager to prepare a contract management plan using Form 49 and forward a copy to the PDU for monitoring purposes. It was noted that the District carried out various contracts without fulfilling the above requirements. This could lead to failure to achieve contract deliverables due to lack of responsible person. The Accounting Officer explained that Contract managers were appointed for the FY 2023/24. However, there was no evidence of appointment and implementation plans used by the managers.	
Recommendation	
The Accounting Officer was advised to appoint an officer with the required skills and competence from the user department to ensure effective completion of the projects.	
Action Status	
The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements. Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.	
Vote 902: Nakaseke District Local Government	
Query	**Under Remittance of Statutory Deductions**
Audit Findings Section B-a (17) of the Uganda Public Standing Orders, 2021 requires the Accounting Officer to deduct any monies due to Government from an Officer's salary by way of statutory taxes like and any other authorised deductions. Furthermore, section B-a (18) requires that a public Officer's individual contractual obligations such as hire purchase, loan, and contributions to	

saving schemes, trade unions and staff associations may be deducted from his or her salary in accordance with the regulations.

Audit compared the deductions in the IPPS payroll registers with the remittances/payments in the IFMS details XML payment file and noted an under remittance of PAYE to Uganda Revenue Authority amounting to UGX 1.311Bn.Under remittance of statutory deductions may lead to accumulation of fines and penalties levied by URA.

The Accounting Officer explained that the enhancement in salaries of scientists was not commensurate to the wage sent by MoFPED hence the inability of the District to pay both salaries and the statutory deductions. The amount in question has been recognised as domestic arrears in the financial statements pending submission to MoFPED for funding.

Recommendation

The Accounting Officer was advised to ensure that right amounts due to URA are promptly remitted within the statutory timelines.

Action Status

After a thorough analysis it was established that the entity has unremitted deduction to URA totaling to UGX 983,541.042 which we have recognised in the financial statements. Refer to a schedule validated by internal auditor attached herewith.
To date UGX 1.97Bn out of which UGX 983,541.042 relates to previously un remitted deductions clearing the outstanding obligation, and UGX 83,451,178 relates to the current year's deductions.

Query	**Budgeted Activities for which no Funds Were Released**

Audit Findings

The District had an approved budget of UGX 57.01bn. out of which UGX 55.27Bn. was warranted resulting in a shortfall of UGX 1.74Bn. representing an 97% performance. The UGX 1.74Bn. that was not warranted was partly meant for implementing some activities.

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

The Accounting Officer attributed this to poor local revenue collection arising from the outbreak of Foot and Mouth Disease in the area as well as budget cuts from URF.

Recommendation

The Accounting Officer was advised to strengthen local revenue mobilization campaigns in the district and also, identify new alternative sources to generate local revenue.

Action Status
The entity has put in place local revenue mobilization strategies.
Query | **Utilisation of Warrants**
Audit Findings The District had total warrants of UGX 55.27Bn out of which warrants worth UGX 54.15Bn had been utilised by the close of the Financial Year. The balance of UGX 1.115Bn was meant for the following activities which were either partially or not implemented at all. Failure to utilise all the warranted funds affected the implementation of the planned activities and thereby denying the community the intended services. The Accounting Officer attributed this to un completed construction projects by year end and failure by farmers to co-fund under the micro-scale irrigation Programme.
Recommendation
The Accounting Officer was advised evoke contract provisions to ensure performance by contractors as well as sensitise farmers on the benefits of irrigation to improve on the uptake micro scale irrigation project.
Action Status
Kikamulo Seed School Works are now at 100% completion level. Student and teacher's enrolment has been done making the project effective and operational hence meeting the intended objective. Micro Irrigation The Program incorporates a co-funding component, where participating farmers commit to covering a portion of the total cost for the installation of irrigation equipment. Out of the 57 farmers who initially committed to the program, only 36 successfully fulfilled their co-funding obligations, enabling the installation of irrigation systems on their farms. The unspent funds reflected the unutilized portion allocated for farmers who failed to meet the co-funding requirement. Currently, 74 farmers have been approved by DTPC, 65 farmers have committed themselves to acquire the equipment and 41 farmers have fully co-funded, in this FY we expect more farmers to meet their co-funding obligations to utilize all the available funds.
Query | **Implementation of Funded Activities**
Audit Findings Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 4 outputs with 25 activities worth UGX 8.292Bn were assessed.

It was observed that; One (01) output with 3 activities and expenditure worth UGX 0.784Bn was fully implemented. 20 Enhancing Public Accountability and Making a Difference. Three (03) outputs with 22 activities worth UGX 7.507Bn were partially implemented. Out of 22 Activities, the District fully implemented 17 activities, partially implemented 4 activities and 1 activity was not implemented.

The Accounting Officer attributed the partial implementation to delays by contractors. The non-implementation was caused by the delay by a community member to donate free land to Wansalangi Health Facility.

Recommendation

The Accounting Officer was Advised to;

i) Closely monitor contract implementation and evoke the penalty clauses in case of default by the contractors.
ii) Seek alternatives such as purchase of land for Wansalangi Health Facility.

Action Status

Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion.

The Accounting Officer engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.

Query	**Request of Supplementary Funding by the Accounting Officer**

Audit Findings

Regulation 18 (2) of the Public Finance Management Regulations (PFMR) 2016, requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

It was noted that supplementary funding of UGX 11.05Bn was requested by the Accounting Officer as required by the PFMR out of which, UGX 10.83Bn was received. Failure to provide the requested funds negatively affected delivery of intended services.

The Accounting Officer attributed this to MoFPED's failure to provide for the necessary funds. Unfunded activities have been rolled over to this year's budget (2024/25).

Recommendation
The Accounting Officer was advised to rollover the implementation of the unfunded activities to next Financial Year. Meanwhile, the matter will be brought to the attention of MoFPED.
Action Status
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.
Query | **Utilization of Supplementary Funds**
Audit Findings Out of the supplementary funds of UGX 10.83Bn received, only UGX 9.801Bn was utilised leaving UGX 1.026Bn unspent as at the year end. This implies that the District requested for more funds than they needed. The Accounting Officer attributed this to MoFPED's failure to provia funds on time.
Recommendation
The Accounting Officer was advised to engage MoFPED to re-vote the unutilised funds and rollover the implementation of the unfunded activities to next Financial Year.
Action Status
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.
Query | **Delay in Implementation of Activities**
Audit Findings Audit noted that the construction of Kikamulo Seed School worth UGX 3.36Bn had stalled for four (4) months from the expected completion date. It was observed that the Contractor (under lotting method) had other projects with similar challenges in two other Districts. Delayed completion of works implies that the beneficiaries will not receive the intended services in time.

The Accounting Officer explained that the contract had been terminated and the works were awarded to the new contractor.
Recommendation
The Accounting Officer was advised to strengthen the monitoring and supervision of projects. Meanwhile, the Ministry of Education that was responsible for the procurement under the lotting/hybrid method through which this contractor was procured, should guide the Accounting Officers of the affected Local Government on the next course of action.
Action Status
The project was effectively completed and it's underutilization and operation.
Query | **Quantity Verification**
Audit Findings Audit undertook a physical verification of the quantities delivered by the contractor and what was expected as per the contract and bills of quantities. Payment for undelivered quantities results into loss of funds to government and thereby impacts negatively on service delivery to the citizenry.
Recommendation
The Accounting Officer was advised to arrange to fix the defects identified before paying retention funds.
Action Status
The identified defects were rectified.
Vote 903: Nakasongola District Local Government
Query | **Budgeted Activities for Which no Funds Were Released**
Audit Findings The District had an approved budget of UGX 39.90Bn. out of which UGX 39.12Bn. was warranted resulting in a shortfall of UGX 0.79Bn. representing an 98% performance. The UGX 0.79Bn that was not warranted was meant for implementing activities. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that request for timely release of funds has always been made however; the some of the critical procedures and final approval are done by MoFPED and are out of the District's control.
Recommendation
The Accounting Officer was advised to; i) Roll over these activities for implementation in the subsequent financial period.

ii) Engage the MoFPED and Donor partners to ensure that future funds are released as budgeted.

Action Status

The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted.

The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.

Query	**Utilisation of Warrants**

Audit Findings

The District had total warrants of UGX 39.12Bn out of which UGX 37.16Bn was utilised leaving UGX 1.95Bn un-utilised. As a result, key activities were either partially or not implemented at all.

The Accounting Officer explained that the unutilised funds allocated for salary payments were attributed to the absence of a District Service Commission to facilitate staff recruitment. Additionally, the failure to pay the contractor for the construction of Nakitoma Seed School was due to incomplete works.

Recommendation

The Accounting Officer should engage the relevant stakeholders for the establishment of the District Service Commission which will ensure timely staff recruitment. The Accounting Officer should also strengthen contractor oversight to ensure project completion.

Action Status

Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year.

The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.

Query	**Implementation of Funded Activities**

Audit Findings

Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 7 outputs with 17 activities worth UGX 4.05Bn were assessed and the following was observed;

i) Four (4) outputs with 5 activities and expenditure worth UGX 1.6Bn. were fully implemented.
ii) Three (3) outputs with 12 activities worth UGX 2.4Bn were partially implemented. Out of 12 activities, the district fully implemented 9 activities and partially implemented 3 activities.

The Accounting Officer explained that the partially implemented activities related to the construction of infrastructure at a seed secondary school and the extension of the piped water system to Nalukonge and were carried forward to the next Financial Year through a request for reallocation of unspent funds, which was approved and supplemented with additional funding by the District Council and appropriated by Parliament.

Recommendation

The Accounting Officer was advised to strengthen contractor oversight to ensure project completion and to ensure that the un-implemented/partially implemented activities are rolled over into the subsequent Financial Year's budget.

Action Status

Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion.
The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.

Query	**Request for Supplementary Funding by the Accounting Officer**

Audit Findings

Regulation 18 (2) of the Public Finance Management Regulations (PFMR) 2016, requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing. It was noted that the district received less supplementary funding by UGX 0.319Bn than what was requested for by the Accounting Officer.

The Accounting Officer explained that this occurred because the funds allocated for upgrading Nabiswera Health Centre III to Health Centre IV were transferred to the UPDF Engineering Brigade and the District has been coordinating with the Solicitor General, the Ministry of Health, and the Ministry of Defence to finalize the modalities. Additionally, the requested funds for micro-scale irrigation co-funding were not provided due to the absence of an approved cash limit.

Recommendation

The Accounting Officer was advised to expedite fund utilization modalities, ensure timely approval of cash limits for key projects, and enhance monitoring mechanisms to promote transparency and accountability.

Action Status

The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures.

Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.
Query | **Utilization of Supplementary Funds**
Audit Findings Out of Out of the supplementary funds of UGX 5.48Bn received, only UGX 4.57Bn was utilised leaving UGX 0.903Bn unspent as at the year end,this implies that the DLG requested for more funds than they needed. The Accounting Officer explained that un-utilised supplementary funds related to payments for Nakitoma Secondary School construction which were delayed due to incomplete works, teacher salary absorption which required payroll verification and pension payments which were affected by missing administrator accounts and delays in processing letters of administration.
Recommendation
The Accounting Officer was advised to strengthen contractor oversight to ensure project completion, improve pension administration by addressing account gaps and guide pensioners on the process of obtaining letters of administration to ensure efficiency.
Action Status
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.
Vote 904: Namayingo District Local Government
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings Namayingo District did not receive UGX 4.839Bn of its approved Budget for implementation of the certain key activities. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that this was because of local revenue shortfall caused by low revenue mobilization strategies. In other instances, funds are not fully sent from implementing partners.
Recommendation
The Accounting Officer was advised to intensify strategies to improve revenue mobilization and engage the MoFPED and development partners to ensure

funds are released as budgeted. In addition, ensure that the unimplemented projects are rolled over to the subsequent financial year.
Action Status
The district was enrolled on the automated revenue collection system called the integrated Revenue Administration System (IRAS) which has improved local revenue performance as compared to the manual system. The un-implemented activities of development nature were rolled over to 2025/2026 and some of them have been completed for example the construction of a mini-piped water system in Sigulu.
Query | **Utilisation of Warrants**
Audit Findings The District had total warrants of UGX 36.59Bn out of which warrants worth UGX 34.78Bn had been utilised by the close of the financial year. The balance of UGX 1.83Bn was meant for activities which were either partially or not implemented at all.
Recommendation
The Accounting Officer should; i) Engage and persuade the farmers to make timely co- fund to enable installation of irrigation equipment. ii) Engage the contractors and ensure that projects are completed.
Action Status
The district still awaits lifting of the ban on staff recruitment contained in the budget execution circular for 2023/2024 FY The works have now been completed pending payment of retention swept at the end of 2024/2025 FY. The farmers were sensitized about micro-scale irrigation and all the funds were absorbed before the end of 2024/2025 FY. The mini-piped water system construction has been completed and now functional
Query | **Implementation of Funded Activities**
Audit Findings Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 12 outputs with 19 activities worth UGX 3.79Bn were assessed and the following was observed. i) Eight (8) outputs with eleven (11) activities and expenditure worth UGX 2.53Bn were fully implemented.

ii) Four (4) outputs with eight (8) activities worth UGX 1.26Bn were partially implemented.
iii) Out of the eight (8) activities, the District fully implemented two (2) activities and partially implemented six (6) activities.

Recommendation

The Accounting Officer should engage and persuade the farmers to make timely co-payment to enable installation of irrigation equipment. In addition, the Accounting Officer should engage the contractors and ensure that projects are completed

Action Status

i) The farmers were sensitized on micro-scale irrigation and all the funds were absorbed before the end of 2024/2025 FY
ii) The works were completed pending payment of retention swept off as unspent balance at the end of 2024/2025
iii) The works were completed and facilities handed over to the beneficiaries.
iv) The construction works are now complete and the facility is functional
v) The mini-piped water system construction was completed and now functional
vi) The mini-piped water system construction was completed and now functional

Query | **Utilization of Supplementary Funds**

Audit Findings

Out of the supplementary funds of UGX 5.10Bn received, only UGX 4.27Bn was utilised leaving UGX 0.83Bn unspent as at the year end. This implies that the District requested for more funds than they needed, thus denying other government entities the opportunity to utilize the funds.

The Accounting Officer explained that;

i) The unspent supplementary budget was composed of UGX 0.313Bn for micro-scale irrigation, UGX 0.056Bn for Sigulu mini-piped water system, UGX 0.118Bn for pension and UGX 0.343Bn for gratuity.
ii) Farmers failed to complete their co-funding percentage, while for Sigulu mini-piped water system, the contractor abandoned site for unknown reasons. The funds for pension and gratuity were in excess of the District's requirement for 2023/24.

Recommendation

The Accounting Officer was advised to engage and persuade the farmers to make timely co-payment to enable installation of irrigation equipment. In addition, the Accounting Officer should engage the contractors and ensure that projects are completed.

Action Status
Management secured another contractor for Sigulu mini-piped water system and the works are now complete Farmers were sensitized on the micro-scale irrigation project to absorb all the funds that had been unspent. This sensitisation is expected to continue in the future.
Query | **Delay in Implementation of Activities**
Audit Findings The two (2) sampled projects, worth UGX 3.50Bn. had delays averaging to eleven (11) months from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time. The Accounting Officer explained that,For Buhemba Seed School, the contractor was sourced in a hybrid procurement system and he lacked capacity. However, the completion period was extended and works are now nearing completion. For the Mini piped water system, the contractor abandoned the site for unknown reasons. A new contract has however been signed with a new contractor.
Recommendation
The Accounting Officer was advised to strengthen contract implementation and management policies in place to facilitate appropriate and timely construction of works hence improving service delivery.
Action Status
Management put in place measures for close supervision and regular site meetings with all key stakeholders and the works were completed. In the case of mini-piped water system another contractor was secured and works completed
Query | **Functionality of Structures**
Audit Findings Audit undertook a physical inspection to confirm the functionality of the completed projects. It was however noted that two (2) projects worth UGX 0.29Bn were not functional despite completion due to a number of reasons.
Recommendation
The Accounting Officer was advised to liaise with Ministry of Health so that equipment is installed to improve service delivery.
Action Status
Efforts were made towards functionality and to date the five stance pit latrine at Bumalenge primary school is complete and under use.

Management communicated to Ministry of Health for support in equipping a theatre at Sigulu health centre III and a response is still awaited.

A medical officer has been posted to the facility.

	Delayed Release of Funds.

Audit Findings

Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2).

It was noted that the District received Government grant amounting to UGX 36.59Bn with delays ranging from 7 to 34 days, after commencement of each quarter.

The Accounting Officer explained that it has become a practice that when releases are made, they are not followed with cash limits being issued instantly by Ministry of Finance to the various votes.

Recommendation

The Accounting Officer was advised to continue engaging MoFPED on prompt release of funds.

Action Status

Management communicated to Ministry of Finance, Planning and Economic Development on delayed release of funds as per the recommendation of the Auditor General. There has been some improvement in the area of timely release of funds.

Query	**Quantification of Budget Outputs/Items**

Audit Findings

Audit assessed six (6) outputs with six (6) activities and expenditure worth UGX 1.925Bn were not be quantified.

Failure to quantify output affects assessment of planned deliverables.

The Accounting Officer explained that this has been caused by some expenditure items not being quantifiable in the Program Budgeting System. Going forward follow-up will be made for further training in order to capture the unquantifiable expenditure items.

Recommendation

The Accounting Officer was advised ensure that all activities are properly quantified during the budgeting process.

Action Status
There has been improvement in this area to the extent that 100% of the outputs in the district annual work plan for 2025/2026 are quantified. Page 9 of the annual work plan shows some of the quantified outputs.
Vote 905: Namisindwa District Local Government
Query | **Failure to Pay Contractors for Work Certified**
Audit Findings Review of the commentary on the Financial Statements by the Head of Accounts on page 8 of the financial statements, contract documents, payment certificates and expenditure file revealed certified amount due to contractors totaling to UGX 0.77Bn arising from non-payment of measured work. Failure to pay service providers causes severe cash-flow problems to contractors that may consequently result into litigation, and delayed works. The Accounting Officer explained that whereas the certificates were issued upon verification of the works, requisitions reached his office at the end of June, 2024 and due to network failure, the system was closed before payments were made.
Recommendation
The Accounting Officer was advised to streamline the payment processes to ensure that service providers are paid on time.
Action Status
The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements. Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.
Query | **Over and Underpayment of Pension and Gratuity Identified During the Special Audit**
Audit Findings Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over payments of gratuity and under payment of pension benefits. It was noted that the Accounting Officer had made disclosures in the financial statements awaiting validation and confirmation by the MoPS for recognition. The Accounting Officer explained overpayment was as a result of gratuity being paid in the subsequent year other than the year the retirees' access pension

payroll. The under payments were attributed to insufficient funding available for pension entitlement.

Recommendation

The Accounting Officer was advised to make the necessary adjustments in the subsequent period upon confirmation of the amounts by the Ministry of Public Service (MoPS). In addition, the Accounting Officer should follow up the amounts over paid with a view of recovery and arrears subsequently paid to the under paid beneficiaries.

Action Status

Management has initiated the process of validating the identified over and under payments with the Ministry of Public Service (MoPS). Adjustments will be effected in the financial statements upon confirmation of the amounts by MoPS.

Recovery of overpaid amounts and settlement of underpayments are being processed in line with guidelines from the Ministry of Finance, Planning and Economic Development.

Query	**Un Supported Expenditure (Un Accounted for and Missing Vouchers)**

Audit Findings

The examination of payment records revealed UGX 0.074Bn not accounted for at the close of the financial year contrary to Regulation 43(2) of the Local Government Financial and accounting Regulations, 2007. This included payments not properly supported and missing vouchers.

In the absence of accountability documents, there is a risk that funds may not have been used for the intended purpose.

The Accounting Officer explained that at the time of audit exercise the missing vouchers were with IGG Office in Tororo but now available for audit verification. The missing vouchers which had been taken to IGG were provided during verification but, some were still missing to the tune of UGX 0.074Bn.

Recommendation

The Accounting Officer was advised to either obtain missing vouchers/accountability records or recover the funds from the responsible officers. Going forward, the Accounting Officer should strengthen the accountability controls and records mana

Action Status

Corrective measures have been put in place to prevent re-occurrence including close monitoring going forward.

Query	Budgeted Activities for Which no Funds were Released

Audit Findings

The DLG did not receive UGX 3.55Bn of approved Budget for implementation of the certain key activities.

Failure to provide funds for these key activities budgeted negatively affected delivery of intended services. Majorly, health activities not implemented affected house to house immunization campaigns and out reaches.

The Accounting Officer explained that these are external funding which are dependent on emergencies such as disease outbreak therefore the release is dependent on disease outbreak. Though, the un received funding affected house to house mass immunization activities.

Recommendation

The Accounting Officer should always ensure that estimates in approved budget are supported with emergence trends and commitments from donors.

Action Status

The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted.

The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.

Query	Utilization of Warrants

Audit Findings

The DLG had total warrants of UGX 36.13Bn out of which UGX 34.76Bn was utilised leaving UGX 1.366Bn un-utilised.

As a result, key activities were either partially or not implemented at all.

Audit verification attributed the underutilisation of warrants to; delayed processing of payments for the certified works for the construction of Namboko Seed Secondary School, surplus wage budget, wrong coding during budgeting and cancellation of the payment for the contractor who was contracted to repair the production vehicle.

Recommendation

The Accounting Officer should ensure prompt payment of certified works, make realistic provisions based on detailed analysis of the payrolls and supervise the budgeting process to ensure correct coding.

Action Status

Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year.

The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.

Query	Implementation of Funded activities

Audit Findings

Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 14 outputs with 31 activities worth UGX 29.94Bn. were assessed and the following was observed;

i) Seven (07) outputs with 12 activities and expenditure worth UGX 27.03Bn. were fully implemented.
ii) Three (07) outputs with 19 activities worth UGX 2.90Bn. were partially implemented.
iii) Out of 19 Activities, the entity fully implemented 08 activities, partially 21 Enhancing Public Accountability and Making a Difference implemented 08 activities and 03 activities were not implemented at all.

The accounting Officer explained that the delays in implementation was caused by continuous rain, late verification, poor IFMS network and earlier switch- off of the system, however, works are still going on.

Recommendation

The Accounting Officer was advised to address the implementation challenges to have all activities implemented.

Action Status

Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion.

The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.

Query	Supplementary Funding Approval

Audit Findings

Regulation 3.12(3) of the Local Government Finance and Accounting Regulations, 2007 require Supplementary estimates to be approved by the Council.

It was noted that supplementary funds of UGX 3.04Bn. were approved by the Council and District Executive Committee (DEC), leaving a sum of UGX 3.14Bn. as unapproved. In addition, where DEC granted approval, council ratification was not sought contrary to the regulation.

This was attributed to un coordinated timing between the communication of supplementary funding and council sitting schedules.

The Accounting Officer promised going forward to strictly observe the rig

Recommendation

The Accounting Officer was advised to follow up with the MoFPED to ensure that supplementary funding is communicated on time to facilitate Council approval procedures.

Action Status

The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures.

Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	**Request of Supplementary Funding by the Accounting**

Audit Findings

Regulation 18 (2) of the Public Finance Management Regulations (PFMR) 2016, requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

The Audit noted that supplementary funding of UGX 2.94Bn. was requested by the Accounting Officer as required by the PFMR out of the total received supplementary of UGX 6.18Bn. leaving a balance of UGX 3.24Bn. not requested.

The Accounting Officer explained that some funding was requested and other supplementary were general countrywide, which we never requested for.

Recommendation

The Accounting Officer was advised to ensure that supplementary funding is based on the request as required by the regulations.

Action Status

The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures.

Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	Utilization of Supplementary Funds
Audit Findings	
Out of the supplementary funds of UGX 6.18Bn. received, only UGX 5.19Bn. (84%) was utilised leaving UGX 0.98Bn. unspent as at the year end. This implies that the District requested for more funds than they needed. Besides, limits the government resources available for implementation of other programs.	
Recommendation	
The Accounting Officer should ensure correct coding during budgeting and always request for the needed funds.	
Action Status	
Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.	
Vote 906: Namutumba District Local Government	
Query	**Budgeted Activities for which no Funds were Released**
Audit Findings	
The District had an approved budget of UGX 43.27Bn. out of which UGX 42.12Bn was warranted resulting in a shortfall of UGX 1.15Bn representing an 97% performance. A sum of UGX 1.15Bn that was not warranted was meant for activities. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that UGX 0.288Bn was erroneously captured on the PBS supplementary budget which could not be reversed, the UGX 0.40Bn was sent directly to the UPDF Engineering Brigade which was beyond their control. Furthermore, UGX 0.465Bn was from the donor assistance which was beyond their control.	
Recommendation	
The Accounting Officer should engage with the donors to ensure that all funds are released as budgeted. In addition, the unimplemented projects should be rolled over to the subsequent financial ye	
Action Status	
Ministry of Health has been engaged as it represented most of the donors with unfunded projects.	

Query	Utilisation of Warrants
Audit Findings	
The District had total warrants of UGX 40.59Bn. out of which warrants worth UGX 38.37Bn. was utilised leaving UGX 2.23Bn. unutilised. Unutilised funds were meant for the following activities which were either partially or not implemented at all. As a result, three (03) key activities worth UGX were partially implemented. The Accounting Officer attributed the unutilised funds worth UGX 1.1Bn. to the suspension of the recruitment process, furthermore UGX 0.63Bn. was unspent due to slow progress of works by the contractors in the construction of Nabweyo Seed School and upgrade of Kagulu HC. Lastly, the UGX 0.42Bn. was unspent due to lack of co-funding by the farmers under the microscale irrigation project.	
Recommendation	
The Accounting Officer was advised to; i) Seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget. In addition, the Accounting Officer should ii) Ensure that close supervision is undertaken for the slow contractors to ensure that works are done on time. iii) Engage MAAIF to revisit the cofounding challenge to increase programme uptake and enhance the awareness campaign on the irrigation program	
Action Status	
The Authority to recruit was granted and recruitment has been concluded as copy of the minute extract. Close supervision is being done. Follow up is being done and funds fully utilized in FY 2024/25.	
Query	**Implementation of Funded Activities**
Audit Findings	
Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of three (03) outputs with ten (10) activities worth UGX 2.5Bn were assessed and the following was observed; Two (02) outputs with seven (7) activities worth UGX 321.60Bn were partially implemented. Out of 7 Activities, the entity fully implemented 5 activities, partially implemented 2 activities.	
Recommendation	
The Accounting Officer should ensure that the partially implemented activities are rolled over to the subsequent financial year budget.	
Action Status	
The partially implemented activities were rolled over to financial year 2024/2025 and fully executed.	

Query	Utilization of Supplementary Funds
Audit Findings Out of the supplementary funds of UGX 7.09Bn. received, only UGX 4.96Bn. was utilised leaving UGX 2.14Bn. unspent as at the year end. This implies that the entity requested for more funds than they needed, thus denying other government entities the opportunity to utilize the funds. The Accounting Officer explained that due to reasons beyond their control such as incomplete works, recruitment halt and works spanning across financial years, these funds could not be utilised.	
Recommendation	
The Accounting Officer should liaise with the MoFPED to ensure that supplementary funds are always released in accordance with the district's additional financial requirements.	
Action Status	
This is being adhered to.	
Query	**Delayed Release of Funds**
Audit Findings Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2). It was noted that the entity received Government grant amounting to UGX 38.37Bn; 10 days on average, after commencement of each quarter. This could result into delayed implementation of activities. The Accounting Officer explained that this is usually beyond their control.	
Recommendation	
The Accounting Officer should continue engaging MoFPED on prompt release of funds	
Action Status	
We continue engaging MoFPED to ensure prompt release of funds.	
Query	**Implementation of Budget Outputs/Items**
Audit Findings Audit assessed the two activities in the budget and noted that; Two (2) output with twelve (12) activities and expenditure worth UGX 0.1Bn could not be quantified The Accounting Officer stated that this was due to limitations of the PBS system whereby the PIAP indicators are not aligned to the activities budgeted for.	

Recommendation
The Accounting Officer was informed that the matter will be brought to the attention of NPA and MoFPED.
Action Status
NPA and Ministry of Finance, Planning & Economic Development were notified and they issued customized outputs per strategic intervention for all Programmes. Quantified outputs are being to prepare draft DDPIV & Budget estimates, 2025/26.
Vote 907: Napak District Local Government
Query | **Delayed Disposal of Obsolete Assets**
Audit Findings Section 2.3.1.5 of the Local Governments Financial and Accounting Manual 2007 requires an entity to dispose of assets on the Board of Survey recommendation. Assets which are not disposed of in time will lose value. Inspections carried out on 15th October, 2024 revealed that the District had 17 outworn motorcycles which were no longer in use and had been parked at its headquarters, these were losing value every day. Further inquiries revealed that the District also had a mini-bus abandoned at Kangole Police Station. Failure to dispose of a fleet whose value in use has substantially deteriorated, deprives the government of possible revenue from such assets, and exposes the asset to a risk of theft and misappropriation or further deterioration. The Accounting Officer explained that the cause for this was a delay in valuing assets.
Recommendation
The Accounting Officer was advised to expedite the valuation and boarding off of all qualifying assets.
Action Status
The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines. Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.
Query | **Payment of Salary to Non-employees of the District**
Audit Findings Audit noted that the District had irregularly paid three (03) individuals who were no longer staff of the District, a sum of UGX 0.004Bn during the year under review. This is irregular and results in a financial loss to government.

The Accounting Officer attributed the matter to delays in sharing information on the exit of the employees from the District.

Recommendation

The Accounting Officer should liaise with the MoPS and MoFPED to recover the amounts paid from the retired/transferred staff.

Action Status

Management has taken steps to ensure that all salary payments are processed strictly through the approved IPPS/HCM payroll system. Irregular off-system payments have been investigated.

Controls have been strengthened to prevent future off-system payments, and responsible officers have been cautioned on compliance with Establishment Notice requirements.

Query	**Budgeted Activities For which no Funds were Released**

Audit Findings

The entity had an approved budget of UGX 27.27Bn, out of which UGX 26.05Bn was warranted, resulting in a shortfall of UGX 1.22Bn. representing a 94.5% performance. The UGX 1.22Bn. that was not warranted was meant for activities. Failure to fund budgeted activities negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that the shortfall was due to budget cuts by the Central government and development partner.

Recommendation

The Accounting Officer informed that the matter would be brought to the attention of MoFPED. The Accounting Officer was advised to engage relevant funding agencies to ensure that funds are released as

Action Status

The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted.

The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.

Query	**Utilisation of Warrants**

Audit Findings

The entity had total warrants of UGX 26.05Bn. out of which warrants worth UGX 24.22Bn had been utilised by the close of the financial year. The balance of UGX 1.83Bn, which were either partially or not implemented.

The Accounting Officer explained that the unutilised funds were meant to recruit teachers, for which the lifting of the ban on recruitment by MoPS was delayed.
Recommendation
The Accounting Officer was advised to ensure ensure that budgeting is done in liaison with other stakeholders like MoPS
Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.
Query | **Implementation of funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 09 outputs with 14 activities worth UGX 5.37Bn. were assessed, and the following was observed; i) Four (04) outputs with 07 activities and expenditures worth UGX 0.52Bn were fully implemented ii) Five (05) outputs with seven (07) activities worth UGX 4.85Bn. were partially implemented. iii) Out of the seven (07) activities, the entity fully implemented one (01) activity worth UGX 40.83Bn. while six (06) activities worth UGX 0.44Bn. were partially implemented. The Accounting Officer explained that the partial implementation was due to the delayed release of funds by MoFPED, which resulted in a delay in the implementation of works by contractors.
Recommendation
The Accounting Officer was advised to engage the MoFPED for the timely release of funds.
Action Status
Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion. The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.

Query	Delay in Implementation of Activities

Audit Findings

All six (06) sampled projects worth UGX 3.52Bn.had delays averaging three (03) months from the expected completion dates and delayed completion of works/services leads to poor service delivery.

The Accounting Officer explained that the delay in implementation was due to the delayed release of funds by MoFPED, which resulted in a delay in the implementation of works by Contractors.

Recommendation

The Accounting Officer was advised to engage the MoFPED for the timely release of funds.

Action Status

The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines.

Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.

Query	Allocation of PHC

Audit Findings

Guideline 1.3.2 of the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 provides that the total funding for PHC NWR constitutes 100% of which 85% is allocated to the lower-level health facilities (LLHFs) whereas 15% is allocated to the LG (District/City/Municipal) Health Office.

It was observed that UGX 0.065Bn (8%) of the PHC NWR sub-grant was allocated to the health office instead of a maximum of UGX 0.121Bn (15%) as stipulated in the guideline.

It was further noted that the LLHFs were allocated UGX 0.505Bn (62%) in the District budget (PBS figure) as PHC NWR sub grant instead of UGX 0.688Bn (85%), which was allocated in the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 leading to underfunding by UGX 0.183Bn.

The over-allocation to the District Health Office deprived the health centres of funds meant for the implementation of primary health care activities.

The Accounting Officer attributed this to a decline in the output-based performance at LLHFs.
Recommendation
The Accounting Officer was advised to task Health In-charges to work towards improvement of performance of LLHF
Action Status
Management has engaged the Ministry of Health (MoH) and MoFPED to secure adequate staffing, funding, and medical equipment for health facilities. Measures are being taken to address identified gaps in health service delivery, including maintenance of equipment, completion of infrastructure, and recruitment of health workers.
Query | **Significant Variations from Market Assessment**
Audit Findings Regulation 3 (2) (a) of the PPDA (Rules and Methods of Procurement) Regulations, 2014 requires that the estimate should be based on market assessment. It was noted that the District procured goods and services at prices significantly different from those given by the market assessment reports for procurements worth UGX 0.108Bn. Failure to use market assessment prices led to procurement of goods and service at exorbitant prices causing wastage of resources. The Accounting Officer explained that this resulted from budget constraints, changes in directives for the use of G.1 Pipes under water grant and budge.
Recommendation
The Accounting Officer was advised to ensure proper and comprehensive budgeting and forecasts are made
Action Status
Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.
Query | **Irregularity in the Issuance of Bid Documents**
Audit Findings Section 25 (1) (2) (h) of the Local Government (Public Procurement and Disposal of Public Assets) Regulations (2006) states that the procurement and disposal unit shall in relation to the functions under the Local Governments Act issue bid documents and any amendments. Contrary to the above regulation, Audit noted irregularities in two (02) different procurements;

i) Granton Investments Limited was not issued with a bid document, but made it to receipt of bids and subsequent evaluation stage.
ii) Bid documents were issued to three bidders, that is, Spector (U) Ltd, Lookorok General Stores and Great Deeds Supply and Construction Co LTD. However, they were received from one more company; Dreamers Enterprise Limited. Further still, at the evaluation stage, a different bidder in the name Trusted Masters Supply and Construction came on board.
iii) Even though none of the companies where the irregularities were noted was successful, such irregularities are indicators of irregular management of the procurement process that may lead to unnecessary administrative reviews.

The Accounting Officer attributed the matter to errors at entry at the recording issue and promised to improve to min

Recommendation

The Accounting Officer was advised to streamline the procurement process and ensure fair competition, transparency and

Action Status

Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.

Query	**Irregular Award of Contracts**

Audit Findings

Section 43 (8) of The Local Governments (Public Procurement and Disposal of Public Assets) Regulations, 2006 require that a contract shall be awarded to the bidder with the best evaluated offer ascertained on the basis of the methodology and criteria detailed in the bid documents. Additionally, Section80 (3) (j) states that determining the best evaluated bid will be done in accordance with the methodology and criteria in the bid documents.

A review of a sample of procurement files revealed that the District awarded 5 (five) contracts worth UGX 0.968Bn to contractors that did not fully meet the criteria set. The following anomalies were noted;

For drilling and installation of 11 boreholes, the defects liability period remained 6 months even though the Attorney General guided to extend it to 12 months. The contract still did not compel the Contractor to provide performance security even though the Attorney General advised it to be included as not less than 10%, and indeed, this was not provided.

Although best practice requires that contracts be awarded to companies whose books of Accounts have been audited by competent bodies, the Entity awarded contracts to companies whose books of accounts had been audited by Partners that recognised by the Institute of Certified Public Accountants of Uganda (ICPAU)

Failure to follow the evaluation criteria in awarding contracts and to adjust the contract as guided by the Attorney General also undermines the principles of transparency, fairness, accountability and competitiveness. Award of contracts to contractors whose auditors are not certified and recognised, casts doubt on the audited figures of these companies.

The Accounting Officer indicated that the defects liability period of 12 months proposed by the solicitor general was too long for short term contracts of 4 months and below. He acknowledged the findings on the certification of books of accounts.

Recommendation

The Accounting Officer was advised to ensure that bidders provide audited accounts prepared by certified accountants, and ensure that guidance of the solicitor General is adhered to in contract implementation.

Query	**Performance Security**

Audit Findings

Regulation 12 (1) (contracts), 2014, requires a contract to have performance security to protect the PDE against non-performance.

On the contrary, it was observed that the District entered/signed contracts with 2 (two) contracts worth UGX 0.357Bn with bidders without requiring them to avail performance security.

Without the availability of performance security, there is a possibility of abandoning work. This could explain the failure of the contractor to complete drilling and installation of the 4 boreholes.

The Accounting Officer explained that this condition had been foregone due to the cumbersome process of attaining them. This was contrary to the requirements of the contracts signed.

Recommendation

The Accounting Officer was advised to avoid deviating from contract requirements as failure to provide performance security exposes the government to loss of funds.

Action Status
The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements. Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.
Vote 908: Nebbi District Local Government
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The entity had an approved budget of UGX 47.186Bn out of which UGX 44.627Bn was warranted resulting in a shortfall of UGX 2.559Bn representing an 95% performance. The 17 Enhancing Public Accountability and Making a Difference UGX 2.559Bn that was not warranted was meant for activities. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer promised to continuously engage the partners to provide the funding for activities for which they have made commitments.
Recommendation
The Accounting Officer should engage the funding partners to release funds as planned.
Action Status
The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. Unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.
Query | **Utilisation of Warrants**
Audit Findings The entity had total warrants of UGX 44.627Bn out of which warrants worth UGX 43.077Bn had been utilised by the close of the financial year. The balance of UGX 1.549Bn was meant for activities which were either partially or not implemented at all. It was noted that health workers and primary school teachers required to absorb the part of the salary expenditure were not recruited. Secondary school teachers recruited for SEED schools were deployed late in the year. Procurement of contractors for the Micro Irrigation program started in May and hence by close of the financial year, the contractors had not supplied and installed the required irrigation equipment and as such, were not paid.

Recommendation
The Accounting Officer should recruitment for teachers so that all the funds are utilised as planned.
Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer engaged the relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.
Query | **Implementation of Funded Activities**
Audit Findings The Audit assessed the extent to which activities for which funds were availed and utilised were implemented. A total of 69 outputs with 151 activities/items worth UGX 3.127Bn were assessed. It was observed that; 63 outputs with 137 activities and expenditure worth UGX 2.068Bn were fully implemented and 06 outputs with 14 activities worth UGX 1.059Bn were partially implemented. Out of the 14 activities, the entity fully implemented 06 activities, partially implemented 05 activities and did not implement 03 activities.
Recommendation
The Accounting Officer should ensure that all the planned activities are implemented within the financial year.
Action Status
Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion. The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.
Query | **Request of Supplementary Funding by the Accounting Officer**
Audit Findings Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing. The Audit noted that supplementary funding of UGX 9.444Bn was not requested by the Accounting Officer as required by the PFMR. The Accounting Officer were notified of the supplementary funds available and requested to retrospectively cause approvals by council and submit revised work plans uploaded in the PBS.

Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions.

The Accounting Officer acknowledged the anomaly except the supplementary estimates for UGiFT funds that had been returned to the consolidated fund of UGX 2.76Bn that was requested via letter dated 18th July, 2023 via CR/208/5.

Recommendation

The Accounting Officer should liaise with MoFPED to ensure that only budgeted and requested for funds, are availed to the District.

Action Status

The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures.

Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	**Delay in Implementation of Activities**

Audit Findings

Out of the 9 sampled projects, 4 projects worth UGX 7.345Bn had delays averaging 9 months from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

Recommendation

The Accounting Officer should expedite the implementation of these activities

Action Status

The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines.

Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.

Query	**Unsatisfactory Quality of Works/Services**

Audit Findings

The Audit undertook physical inspections on construction of the maternity ward at Ossi Health center III and noted gaps in the quality of works.

Poor quality works affects usability of these facilities and therefore affects service delivery.

The Accounting Officer explained that it is very challenging to supervise UPDF Engineering brigade contractor.

Recommendation

The Accounting Officer should write to the UPDF Engineering brigade about the issues in the project.

Action Status

Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.

Query	**Functionality of the Inspected Structures**

Audit Findings

The Audit undertook a physical inspection to confirm the functionality of the completed projects. The Audit observed that both projects worth UGX 0.798Bn were functional.

Recommendation

The Accounting Officer should follow up on the presidential pledge so as to ensure that funds are secured for the construction of the bridge on Akanyu-Kibira Koch road.

Action Status

Management has taken steps to commission completed projects and put them to use for the intended purposes. Engagement with the relevant sector ministries and stakeholders to operationalise the facilities is ongoing.

Follow-up with the relevant authorities to secure staffing, equipment, and supplies necessary for the operationalisation of completed facilities is being undertaken.

Query	**Late Release of PHC Grant**

Audit Findings

Guideline 3.2.1 of the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments 2023/2024 provides that LGs are required to ensure that funds budgeted for service delivery are timely transferred to LLHFs by:

Carrying out timely warranting/verification of the PHC NWR grants to health facilities during the FY. Timely warranting for a LG means five (5) working days from the date of receipt of releases from MoFPED. Invoicing and communicating all PHC NWR grant transfers within five (5) working days from the date of funds release in each quarter.

The Audit noted average delays in PHC releases of 15 days with the worst delay noted in Q4 of 19 days and as a result, the health centre failed to procure medical consumables, and pay salary of casual workers.

The Audit further noted that the District Health Officer did not communicate the fund releases to the LLHF within five days of fund release as required by the guidelines this subsequently affected planning for service delivery at the LLHF.
Delay to procure medical consumables affected the provision of health services to the community.

The Accounting Officer acknowledged the finding.

Recommendation

The Accounting Officer should liaise with MoFPED to ensure timely release of these funds.A

Action Status

Management has engaged the Ministry of Health (MoH) and MoFPED to secure adequate staffing, funding, and medical equipment for health facilities.

Measures are being taken to address identified gaps in health service delivery, including maintenance of equipment, completion of infrastructure, and recruitment of health workers.

Vote 909: Ngora District Local Government

Query	**Splitting of Procurement Requirements**

Audit Findings

Regulation 5&6 (PDE) 2014, requires the procurements to be aggregated to avoid splitting of procurements.

Regulation 10 of the PPDA (Rules and Methods for procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires that; a PDE shall not split a procurement requirement where the supplies, works or non-consultancy services may be procured under a single contract.

During the year, the following procurements were split by the District, without adhering to the criteria of splitting of requirements.

The Accounting Officer/Head of PDU acknowledged the observation and promised to adhere to the guidelines moving forward.

Although the practice of splitting (loting) of procurements reduces the dependency on a single provider and allows various expertise to be utilised,

there is possibility of collusion by suppliers thus undermining fair competition and ultimately reducing transparency.
Recommendation
The Accounting Officer should adhere to the procurement guidelines.
Action Status
The entity aggregated all the Departmental procurement plans and consolidated them into a District Procurement plan for the FY2023-2024. Supply of construction materials, oils and Lubricants was advertised as a frame work contract. LPOs were then issued to the awarded service providers under a frame work contract No splitting of requirements made. For the FY 2024-2025 Management received Departmental procurement plants consolidated the procurement plan, prequalified firms and awarded the supply of construction materials as one contract. Supply of Oils and Lubricants was awarded to two oil companies. This was done to cushion the risk of stock outs and also minimize on operation costs for the district fleet especially on roads given the distance of 6 km between the two stations.
Query | **Failure to Carry out Market Assessments**
Audit Findings Regulation 3 (2) (a) (rules and methods of procurement) of 2014, requires that the estimate should be based on market assessment. Regulation 5 of the PPDA (rules and method for procurement of supplies, works and non-consultancy services). Regulations, 2023 states that in order to determine the market price of a procurement requirement, the Accounting Officer shall use the prices of supplies, works or non-consultancy services that conform to the guidelines on prices issued by the authority. The Audit noted that the District did not carry out market assessments for procurements worth UGX 3.00Bn. Failure to carry out market assessments leads to entity procuring goods and services that miss the mark hence leading to wastage of resources. The Accounting Officer explained that the District bench marked from previous year's prices.

Recommendation
The Accounting Officer should ensure market assessment is done to ensure appropriate pricing of projects.
Action Status
The Authority gives guidance on market prices for some items, we also used previous years' prices as our bench mark, and the entity also has a price list for the FY 2023-2024. Market assessment team for the FY 2024-25 was appointed by the Accounting officer on 15th July 2024 to carry out market survey for the current financial year.
Query | **Improper Procurement Method**
Audit Findings Regulation 6 (1) (rules and methods) of 2014, requires a PDE to use the procurement methods specified in Part VI of the Act for all procurement requirements determined by the estimated value of the requirement/thresholds; the circumstances relating to the requirement. Regulation 6 (1) and (3) of the PPDA (rules and methods for procurement of supplies, works, and non-consultancy services) of 2023, requires a PDE to use the procurement methods specified in part VI of the Act for all procurement requirements. The choice of procurement method may be determined by; a) estimated value of the requirement, b) the circumstances relating to the requirement, and, c) the type of procurement, whether supplies, works, or non-consultancy services. The Audit observed that District had procurement processes worth UGX 0.238Bn that were carried out using improper procurement methods. By using an improper procurement method, the possibility of the entity obtaining inaccurate quality of goods and services could not be ruled out. The Accounting Officer explained that on 21st February 2024 a meeting was constituted to discuss the projects under selective bidding, however the no minutes have been availed for verification.
Recommendation
The Accounting Officer should ensure that the right procedures are always followed during all procurements.
Action Status
The procurement method that was approved by the contracts committee is selective bidding (RFQ) and was the method used to invite bidder.

Query	Non-Follow-up of the Evaluation Criteria
Audit Findings	
Regulation 7(1) of the PPDA (Evaluations) of 2014, requires the evaluation of a bid to be conducted in accordance with the evaluation criteria stated in the bidding document and the Evaluation Committee not to make an amendment or addition to the evaluation criteria stated in the bidding document, and not use any other criteria other than the criteria stated in the bidding document during bid evaluation. Regulation 5(1) for PPDA (Evaluation Regulations) 2023 states that, "the evaluation of bids shall be conducted in accordance with the evaluation criteria specified in the bidding documents." The Audit observed that procurement processes worth UGX 0.991Bn were conducted using criteria other than one stipulated in the bidding documents. Failure to follow the requirement of the evaluation criteria stipulated in the bidding document is an indicator of favoritism to particular bidders. The Accounting Officer explained that this was caused by bidders laxity in providing similar documents in the original and photocopies.	
Recommendation	
The Accounting Officer should adhere to the Evaluation criteria set within the bidding documents for more transparent evaluation process.	
Action Status	
Mechanics: Income tax clearance 2023-2-24, Declaration of nationality, Declaration of conflict of interest, Bidder not under suspension by PPDA, and signed submission sheet, were all provided by the bidder, Enways consult Ltd. Bidders certificate of registration, trading license, income tax clearance 20243-2024, valid powers of Attorney were all provided by the Bidder Cain and Abel Uganda Limited. Signed bid submission sheet was provided by the bidder Didayisa Civil Network Ltd. Bid submission sheet was provided by the bidder Nyana General works and services Ltd. Bid submission sheet was provided by the bidder.	
Query	**Delayed Evaluations**
Audit Findings	
Regulation 5 (Evaluations) of 2014, requires evaluation exercise for each type of procurement, to be concluded within the time period specified in this regulation i.e. twenty working days for the evaluation of bids for the	

procurement of supplies or non-consultancy services and forty working days for the evaluation of bids for the procurement of works, from the date of opening of the bids.

Regulation 56 (1) (rules and methods for procurement of supplies, works, and non-consultancy services) of 2023, states the minimum bidding period in respect of each procurement method;

i) Fifteen (15) working days for open domestic bidding
ii) Twenty (200 working days for open international bidding
iii) Ten (10) working days for restricted domestic bidding
iv) Fifteen (15) working days for restricted international bidding
v) Five (5) working days for quotation method

Regulation 56 (2), states that the direct procurement method does not have minimum bidding period.

The Audit observed that procurements worth UGX 1.57Bn had their evaluation timeframe extended beyond the specified time in the bidding document.
Delays in the evaluation can lead to loss of public image for the entity/government and/or delays in service delivery.

The Accounting Officer explained that this was caused by insufficient facilitation for the PDU.

Recommendation

The Accounting Officer should adhere to the above prescribed evaluation timelines.

Action Status

The observation is noted, however, the evaluation period was based on the Local government regulations before the 2024 Amendments.

All procurement that had started before the amendments come to force were completed using the old regulations. The new regulations come to force from 2nd February 2024 implying that all procurements before this were subject to the old regulations.

Moving forward the entity has adopted the 2024 PPDA amended Regulations.

Query	**Performance Security**

Audit Findings

Regulation 12 (1) (contracts), 2014, requires a contract to have a performance security to protect the PDE against non-performance.

Regulation, 11 (1) of the PPDA (Contracts) Regulations, 2023 stipulates that the bidding document shall state the requirement for a performance security or a performance securing declaration. Regulation 11(2) states that, "The value of performance security shall be specified in the guidelines issued by the authority."

Regulation 11(5) states that, "the performance security shall not be released by a PDE until all obligations of the provider in the contract are fulfilled."

On the contrary, the Audit observed the District entered/signed contracts worth UGX 2.68Bn with bidders without requiring them to avail performance security.

In addition, the Audit also observed that the District released performance security of contracts worth UGX 2.679Bn before fulfilment of the obligations of the provider.

Without availability of performance security, there is a possibility of abandoning works without recourse.

The Accounting Officer explained that this was caused by contradicting guidelines on performance security.

Recommendation

The Accounting Officer should adhere to performance security requirements to hedge against loss of government funds.

Action Status

The Accounting officer, ensured that all projects had project management team for proper supervision to ensure quality and timely completion.

The Accountant General guided on the issue of performance security. In line with this the entity requested for bid performance securities /g from bidders for current projects. (2024-2025).

To ensure further perforce by contractors the Accounting officer has appointed contract managers for each project to ensure that the supervision and monitoring of projects is done. Site meetings are conducting by the project management team as a risk management tool.

Query	**Budgeted Activities for which no Funds were Released**

Audit Findings

The entity had an approved budget of UGX 30.780Bn out of which UGX 28.276Bn was warranted resulting in a shortfall of UGX 0.717Bn representing an 92% performance.

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

The Accounting Officer attributed this to insufficient funding from Locally Generated revenue, Other Government Transfers and External financing (Donor Funds). The Accounting Officer further explained that the District applied to Integrated Revenue Administration System (IRAS) from the Local Government Finance Commission (LGFC) to help in streamlining, collection and close of any leakages which was granted and rolled out in FY 2024/25, hence there is anticipation to improve on the local revenue performance. The Accounting Officer further stated that for the shortfalls under URF and Donors, the District will follow up with them.

Recommendation

The Accounting Officer should liaise with MoFPED to ensure that all budgeted funds are released and fully utilized for the planned activities.

Action Status

The district did not realize funding from the following sources; COVID19 vaccination, ACHEST, Polio immunization, RBF, Uganda AIDS Commission, although they had all indicated willingness to fund the budget, thus it was difficult to implement activities when funds were not realized. However the Accounting Officer will continue engaging the Donors, Development partners and MoFPED on non-realization of the budgeted funds.

However for the case of Local revenue, the district has been rolled to Integrated Revenue Administration System to reduce on leakages in FY 2024/25 the local revenue budget stands at UGX 0.9Bn and by end of January 2025, the district had realized UGX 0.26Bn.

Query	**Utilisation of Warrants**

Audit Findings

The District had total warrants of UGX 28.276Bn out of which warrants worth UGX 27.025Bn had been utilised by the close of the financial year.

The balance of UGX 1.947Bn was meant for activities which were either partially or not implemented at all. The Accounting Officer explained in a line by line response.

Recommendation

The Accounting Officer was advised to ensure that funds warranted are fully utilized to implement planned activities.

Action Status

Funds are now being warranted and fully utilized to implement planned activities.

Query	Utilization of Supplementary Funds
Audit Findings	
Out of the supplementary funds of UGX 3.01Bn received, only UGX 2.71Bn was utilised leaving UGX 0.29Bn unspent as at the year-end. This implies that the entity requested for more funds than they needed. The Accounting Officer explained that the amounts of pension funds received in the FY 2023/24 were higher than the required, thus having paid all the pensioners on the pension payroll UGX 0.293Bn had to be returned.	
Recommendation	
The Accounting Officer should ensure that supplementary requests are based on need of additional funding.	
Action Status	
Supplementary requests are now based on need of additional funding.	
Query	**Functionality of Facilities/Structures/Machines**
Audit Findings	
The Audit undertook a physical inspection of completed projects worth UGX 2.588Bn to confirm their functionality. Failure to use the completed structures for the intended function negates the purpose for which they government invested money to construct/rehabilitate/renovate/procure the facilities/equipment.	
Recommendation	
The Accounting Officer should ensure that the affected areas are addressed so as to improve service delivery.	
Action Status	
Noted going forward this will be implemented for improved service delivery.	
Vote 910: Ntoroko District Local Government	
Query	**Understaffing**
Audit Findings	
A review of the staffing status at the District revealed that out of approved staff structure of 137 positions, only 73 positions (53%) were filled and 69 (47%) remained vacant. The vacant position included key positions of Chief Finance Officer, Senior Procurement Officer, District Health Officer, District Internal Auditor and District Natural Resources Officer, among others which are critical to service delivery. Understaffing overstretches the available staff beyond their capacity, creates job-related stress and negatively affects the level of service delivery in the district.	

The Accounting Officer explained that the limited wage bill and the ban on recruitment has affected recruitment of staff.
Recommendation
The Accounting Officer should engage the (MoPs) and (MoFPED) to fast-track the recruitment of key district personnel to enable critical service delivery.
Action Status
The understaffing was due to failure to get clearance to recruit from Ministry of Public Service resulting from suspected irregular recruitment and inadequate funds. The appointments of irregularly recruited staff were regularised, and the district was since then cleared to recruit.
Query | **Budgeted activities for which no funds were released**
Audit Findings The entity had an approved budget of UGX 26.88Bn out of which UGX 26.15Bn was warranted resulting in a shortfall of UGX 0.727Bn representing 97.4% performance. The UGX 0.727Bn that was not warranted was meant for activities. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that the unfunded activities resulted from development partners' failure to meet their obligations and unrealised local revenue due to floods and the quarantine.
Recommendation
The Accounting Officer should always engage the Council to ensure that the budget is revised to fit within the available funds. In addition, the Accounting Officer should engage the Donor partners to ensure that future funds are released as budgeted.
Action Status
The shortfall was brought by unrealized local revenue and failure by development partners to meet their obligations.
Query | **Utilisation of Warrants**
Audit Findings The entity had total warrants of UGX 26.15Bn out of which warrants worth UGX 19.67Bn had been utilised by the close of the financial year leaving UGX 6.47Bn unutilised. The Accounting Officer attributed the above to unabsorbed wages totaling to UGX 0.512Bn resulting from a ban on recruitment. The Accounting Officer further explained that the excess budget allocation of UGX 0.33Bn related to unpaid gratuity due to delayed verification of the beneficiaries of the estates that resulted from delayed processing of letters of administration and a total of

UGX 5.629Bn was funds for the construction of Kibuku and Butungama Seed Secondary schools which remained unspent mainly because of Lack of financial capacity by the contractors under the hybrid procurement system leading to extensions of completion dates.

Recommendation

The Accounting Officer should was advised to;

i) Seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget.
ii) Intensify 21 Enhancing Public Accountability and Making a Difference contract management of the contracted works to ensure that funds for the construction of the seed school are re-voted and paid to the contractor.

Action Status

The UGX 6,470362492 was meant to pay salaries for staff for Kibuuku and Butungama Seed Schools, some critical staff positions that were not yet recruited and gratuity for the retired staff whose files were not yet fully processed.

Currently, Education Service Commission advertised to have the positions of the two seed schools filled, for the gratuity of pensioners they have all been accessed on pensioners payroll and for the pending cases in court, the solicitor general's guidance is being implemented depending on the availability of wage.

Query	**Implementation of Funded Activities**

Audit Findings

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. Eighteen (18) outputs with 19 activities worth UGX 4.585Bn were assessed and the following was observed;

i) Thirteen (13) outputs with Thirteen (13) activities and expenditure worth UGX 2.741Bn were fully implemented.
ii) Four (4) outputs with five (5) activities and expenditure worth UGX 1.843Bn were partially implemented. Out of the 5 activities, the entity fully implemented one (1) activity worth UGX 0.089Bn while four (4) activities worth UGX 1.754Bn were partially implemented.
iii) One (1) output with one (1) activity worth UGX 0.14Bn was not implemented at all.

Partial/non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained thereby affecting their standards of living.

The Accounting Officer explained that Construction of Kibuku and Butungama seed secondary schools were partially implemented because the contractor abandoned the sites after presenting to management a number of complaints including among others; management of VAT. The funds were swept back to the Treasury at the closure of the financial year. All the other obligations were partially implemented/not implemented due to inadequacy in funding.

Recommendation

The Accounting Officer should ensure that all funded activities are implemented as planned.

Action Status

The partially implemented activities like the construction of Kibuuku and Butungama Seed Schools was because the contractor abandoned the projects due to expiry of contract, causing delays that led to the funds being swept back to the consolidated fund. The contract was renewed and works are ongoing.

Query	**Supplementary Funding not Requested for by the Accounting Officer**

Audit Findings

Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing. The Audit noted that supplementary funding amounting to UGX 5.009Bn was not requested for by the Accounting Officer as required by the PFMR.

Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions.

Recommendation

The Accounting Officer should always submit supplementary requests upon approval by the Council to PSST.

Action Status

The Supplementary budget requests have always been made, received in Ministry of Finance, Planning and Economic Development and the supplementary funds were even released by ministry of finance ready to be utilized once the contractor generates a certificate for payment.

Query	**Utilization of Supplementary Funds**

Audit Findings

Out of the supplementary funds received of UGX 5.15Bn only UGX 2.616Bn was utilised leaving UGX 2.54Bn unspent as at the year-end. This implies that the entity requested for more funds than they needed thus denying other government entities the opportunity to utilize the funds.

The Accounting Officer explained that the unspent supplementary funds were mainly resulting from;

i) Unspent wage; this was due to failure to recruit because of the ban on recruitment until Auditor Generals payroll verification report was released. Some staff that were alleged to have been irregularly recruited had taken the district to court, some staff had pending verification status.
ii) Unspent development fund; this was due to delayed execution of Kibuku and Butungama Seed Schools' works by the contractor.

Recommendation

The Accounting Officer was advised to;

i) Request for supplementary based on the needs.
ii) Ensure that the necessary clearances for recruitment of staff are sought in time and ensure timely implementation of the multi-year development projects.

Action Status

The under absorption of wage was due to failure to recruit because of a ban on recruitment until Auditor General's payroll verification report was released, some staff that were alleged to have been irregularly recruited had taken the district to court, some staff had pending verification status, Kibuuku and Butungama Seed Schools delayed to recruit and the development fund that wasn't absorbed was due to delayed execution of Kibuuku and Butungama Seed Schools' construction works by the contractor

Query	**Delay in Implementation of Activities**

Audit Findings

Out of the 4 sampled projects, one (1) projects worth UGX 0.147Bn had delays averaging six (6) months from the expected completion date.

Delayed completion of works implies that the beneficiaries will not receive the intended services in time. The Accounting Officer did not respond to the issue.

Recommendation

The Accounting Officer should follow-up with the contractor to get the works completed.

Action Status

The delay was entirely caused by floods that largely affected the areas where the sites for construction of the micro scale irrigation schemes were located. The contractor has however worked and executed the works.

Query	**Initiation of a Procurement**

Audit Findings

Regulation 3 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, of 2023 requires the District to initiate a procurement using part 1 of Form 5 in Schedule 1.

Review of the procurement files revealed that procurement worth UGX 0.157Bn either lacked procurement requisition or had incomplete forms.

This may lead to over commitment of the District by signing contracts that cannot be funded.

The Accounting Officer attributed the anomaly to laxity of the officer in charge.

Recommendation

The Accounting Officer should ensure that procurement requisitions are on file and complete.

Action Status

The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements.

Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.

Query	**Evaluation Committees**

Audit Findings

Regulation 37(1) of the PPDA Act 2023 provides that all evaluations shall be conducted by an Evaluation Committee whose membership shall be approved by the Contracts Committee depending on the level of seniority and experience and value and complexity. Regulation 27 (1) of The Local Governments (Public Procurement and Disposal of Public Assets) regulations, 2006 provides for the appointment of an evaluation committee for each bid.

The Audit noted that 3 sampled procurement worth UGX 0.065Bn, had no evidence of appointment, acceptance and compliance to code of ethics record of the evaluation committee members. Without proper appointment of the evaluation committee members, they cannot be held accountable in the event the evaluation process is not transparent.

The Accounting Officer attributed the anomaly to laxity of the officer in charge.

Recommendation

The Accounting Officer should improve the review of the procurement process to ensure that the anomalies are addressed.

Action Status

The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements.

Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.
Query | **Abandoned Project for Micro-Scale Irrigation**
Audit Findings On 17/05/2024, Ntoroko DLG entered into a contract via contract number NTOR910/WRKS/2023-24/00159 with an International Company for the design, supply and installation of micro-scale irrigation system- Lot II at a contract price of UGX 0.147Bn. The contract was to start on 20/05/2024 and end on 30/06/2024. The contractor was paid a sum of UGX 0.071Bn on 11/07/2024. Review of the payment documents and physical inspection revealed the following; i) The District paid advance of UGX 0.071Bn to the contractor without advance payment guarantee. ii) The contractor was to install sites for four beneficiaries However, by the time of inspection in November 2024, the Contractor had only installed solar panels, laid pipes and installed 6 horse outlets at one of the beneficiaries' site without a tank and tank stand. In addition, the other three sites were abandoned. iii) The Audit also noted that the amount paid to the contractor was not reported as a prepayment in the financial statements iv) The above anomaly was attributed to inadequate capacity of the contractor to execute the contract. Although the Accounting Officer explained that the contractor delivered the materials and completed one of the projects, which the Engineer valued as being equivalent to the payment of UGX 0.071Bn, this was not the case during inspections as none of the sites was complete.
Recommendation
The Accounting Officer should recover the funds from the contractor and re-advertise the project.
Action Status
Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.

Query	Supplying Irrigation Equipment without MOUs and Full Co-Funding by Farmers

Audit Findings

Guideline 11 of the UGIFT Micro-scale irrigation program 2023 clearly sets down the steps for purchasing the irrigation scheme for the farmer. Step 7 requires that the DLG will sign the contract with the equipment supplier for the farmers for whom Memoranda of Understanding have been signed with the DLG upon full payment of the co-funding to the District bank account. Guideline 9 also emphasises that the farmer should make the co-payment in full and the District should not allow instalments.

Contrary to the above guidelines, review of the contract and payment documents revealed that the District contracted two companies to design, supply and install irrigation equipment for 11 farmers before completing the co-funding. The farmers in question made partial 57 Enhancing Public Accountability and Making a Difference deposits to the District accounts as seen below. In addition, there was no evidence that the MOUs were signed between the farmers and the District as required by the guidelines.

The above anomalies were attributed to management failure to comply with the selection criteria in the guidelines and this denied farmers with capacity to co-fund an opportunity to be supported.

Recommendation

The Accounting Officer should engage the affected beneficiaries to sign the MOUs.

Action Status

Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.

Query	Failure to Dispose of Obsolete Assets

Audit Findings

Regulation 2 (1&2) of the PPDA (Disposal) 2023 states that for the purposes of disposal planning, an Accounting Officer shall, in each financial year, cause the public assets of a procuring and disposing entity to be reviewed, to identify the public assets to be disposed of in the following financial year.

A procuring and disposing entity may use the board of survey or a user department to identify the public assets to be disposed of.

The Audit noted that the District did not dispose of the following obsolete assets despite recommendations from the board of survey reports for previous financial years. Failure to dispose of assets inhibits the achievement of value

for money as funds are held up in assets and lost through deterioration due to vandalism and /or theft. The Accounting Officer explained that some of the obsolete vehicles were given to the entity by line ministries of central government and a communication is being made to allow the local government to dispose of these assets.
Recommendation
The Accounting Officer should contact the line ministries that donated the vehicles to expedite the disposal of all obsolete items identified by the Board of survey.
Action Status
Management has initiated the disposal process for obsolete assets by engaging the relevant authorities, including the Ministry of Works and Transport, for valuation and approval. A disposal plan has been prepared and submitted for approval. Follow-up is ongoing to ensure the disposal process is completed in the subsequent financial year to recover the residual value of the assets.
Query | **Understaffing**
Audit Findings Section 13 (13) and (15) (a) of the Public Finance Management Act 2015 requires the Minister responsible for a vote, by the 15th of March, to submit to Parliament, the policy statements for the proceeding financial year, for the Ministries or the other votes, as the case may be, and the policy statement should contain the annual recruitment plan of the vote. A review of the staffing status at the District revealed that it has an approved staff structure of 137 positions. Out of the approved staff structure, only 73 (53%) is filled leaving a staffing deficit of 69 (47%) positions. The Audit noted that the vacant position includes key positions of Chief Finance Officer, Senior Procurement Officer, District Health Officer, District Internal Auditor and District Natural Resources Officer among others. Understaffing overstretches the available staff beyond their capacity, creates job-related stress to the fewer staff and negatively affects the level of public service delivery to the community. The Accounting Officer explained that understaffing was due to staff ceiling because of limited wage and the ban on recruitment by MoPS.
Recommendation
The Accounting Officer was advised to;

i) Engage the Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) to fast-track the recruitment of staff to fill critical vacant positions.
ii) Develop and submit a comprehensive recruitment plan to MoPS to enable clearance for filling of vacant positions.

Action Status

The Accounting Officer has engaged the Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) to secure clearance for recruitment of staff to fill the critical vacant positions.

Recruitment processes for key vacant positions are ongoing, subject to the availability of wage provision and clearance from the relevant authorities.

Vote 911: Ntungamo District Local Government

Query	**Disposal of Vehicles**

Audit Findings

Regulation 23 (8) of the PPDA (Disposal of public assets) regulations, 2014 states that for the purposes of determining the reserve price, the Contracts Committee shall decide whether a reserve price should be set and shall, on the recommendation of the user department approve the reserve price. (9) The reserve price shall be the minimum sale price of a public asset.

However, upon review of the Board of survey reports, it was noted that although a number of old vehicles had been recommended for disposal, no valuations had been undertaken to prepare for their disposal. Non disposal of old vehicles in a timely manner could lead to deterioration in their scrap value.

The Accounting Officer explained that the old vehicles were captured in the board of survey report of last financial year and management was in the process of disposing them off

Recommendation

The Accounting Officer should ensure that old vehicles are disposed of in a timely manner by initiating the valuation process.

Action Status

Valuation of assets for purposes of disposal was completed in May 2025. The Business Committee of Ntungamo District approved the disposal plan in the District council meeting of 27th May 2025. The disposal process is now under Procurement Committee.

Query	Misclassification of Expenditure

Audit Findings

Instruction 10.10.16 of the Treasury Instructions, 2017 provide that all payments be fully coded according to the chart of accounts codes to enhance expenditure classification and reporting.

The Audit noted that expenditure of UGX 0.25Bn was misclassified on expenditure on which they were budgeted and spent on other activities without seeking and obtaining the necessary approvals.

Misclassification of expenditure affects implementation of planned activities and negatively affects decision making by users of the financial statements.

The Accounting Officer explained that the issue of misclassification had been harmonised, the CFO and Planner would ensure that budgeting is done on appropriate account item codes and subsequent expenditure done based on the right codes charged.

Recommendation

The Accounting Officer should ensure the District planner and Chief Finance Officer work together during planning to ensure that budgeting is done on appropriate account item codes and subsequent expenditure done based on the right codes charged.

Action Status

The issue was noted and going forward, the district has ensured that the subsequent budget and expenditure during the FY 2024/25 were done based on the right codes charged.

Query	Irregular Payment of Value Added Tax (VAT)

Audit Findings

Section 29(1) of the VAT Act 2014 states that a taxable person making a taxable supply to any person shall provide that other person at the time of supply, with an original tax invoice for the supply. However, the Audit noted that VAT worth UGX 0.122Bn was paid to suppliers awarded contracts worth UGX 0.713Bn (VAT inclusive) yet they were not registered for VAT, a further analysis of their files revealed that there were no original tax invoices availed by the respective suppliers and they had no VAT registration.

Payment of VAT inclusive amounts to non VAT registered contractors is contrary to the law and could imply loss of government funds.

The Accounting Officer explained that the VAT registration certificates were not a requirement at the evaluation stage.

Recommendation
The Accounting Officer should ensure that VAT is paid to VAT registered contractors who have presented evidence of registration and issue VAT/TAX invoices. In addition, the contractors in question should be followed up with a view of recovery of the amounts in question.
Action Status
The companies Gases Uganda Ltd, Gremu Trading Co, Epic Services and contractors limited and Bandi technical service Limited are VAT registered companies.
Query | **Weaknesses in Procurement Evaluation**
Audit Findings Regulation 41 (1) of PPDA regulations, 2014 provides that where the evaluation is based on price and other factors, the eligibility requirements and compliance with the other factors, shall be evaluated on a pass or fail basis and subsection (4)(a) and (b) provides that the evaluation committee shall use a preliminary examination to assess the eligibility of a bidder on a pass or fail basis and shall reject a bidder who fails to meet the eligibility criteria or evaluate other factors in the manner stated in the bidding document. However, the Audit observed that procurements worth UGX 0.106Bn, were irregularly awarded to contractors who had invalid Tax Clearance Certificates, TINs and therefore did not follow the evaluation criteria. Unfair award of contracts may attract litigation costs and awarding not realizing value for money. The Accounting Officer did not provide a response.
Recommendation
The Accounting Officer should always ensure that the evaluation committee strictly follows the evaluation methodology, as specified in the bidding documents.
Action Status
Evidence of Income tax Clearance certificates are available for verification.
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The entity had an approved budget of UGX 87.73Bn out of which UGX 83.73Bn was warranted resulting in a shortfall of UGX 3.99Bn representing an 4.5% performance. The UGX 3.99Bn that was not warranted was meant for the activities. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that the underfunding was mainly due to failure by other Government Ministries and Agencies like Ministry of Health and UBOS where certain activities initially planned to be implemented at the District were eventually implemented directly from the Centre by those Ministries.
Recommendation
The Accounting Officer should liaise with MoFPED to ensure that all the budgeted funds are realized
Action Status
We will always liaise with MoFPED, UBOS, MoH , MAAF and other relevant government agencies who most times fail to release funds in time and also cut budgets.
Query | **Utilisation of Warrants**
Audit Findings The entity had total warrants of UGX 83.73Bn out of which warrants worth UGX 77.47Bn had been utilised by the close of the financial year. The balance of UGX 6.247Bn was meant for the following activities which were either partially or not implemented at all. The Audit did not get a response from the Accounting Officer.
Recommendation
The Accounting Officer should ensure that all released funds are fully utilized for the implementation of planned activities.
Action Status
The funds for Agro-industrialization were re-voted in FY 2024/25. Wage funds could not be utilized mainly because of the ban on recruitment while for pension and gratuity, there was delayed submission of the mandatory documents to be used for processing their payments on IPPS by the potential beneficiaries.
Query | **Implementation of Funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 6 outputs with 31 activities worth UGX 8.636Bn were assessed and the following was observed; i) Four (4) outputs with 27 activities and expenditure worth UGX 2.992Bn were fully implemented. ii) Two (2) outputs with 4 activities worth UGX 5.644Bn were partially implemented.

iii) Out of the 31 activities, the entity fully implemented twenty-seven (27) activities worth UGX 2.992Bn, four (4) activities worth UGX 5.644Bn were partially implemented.

The Accounting Officer explained that apart from Construction of Kihanga Seed School which was delayed by the Contractor, the rest of the above projects were in completion phases. Efforts to terminate the contract and award a fresh contract were underway for completion of the Seed School.

Recommendation

The Accounting Officer should ensure that all planned activities in the FY are fully implemented and those partially implemented should be rolled over to the subsequent FY 2024/25 to avoid delaying service delivery.

Action Status

Construction of Nyabihogo seed school and Ruhaama SS were rolled over and have since been completed. For Construction of Kihanga seed school, the previous contractor failed and the contract was terminated, A new contract has been entered into with NUATU CONSULT LTD and is proceeding well with the works.

Query	**Criteria for Supplementary Expenditure**

Audit Findings

Section 25 (6) of the PFMA, Cap 171, requires that the supplementary expenditure should be an expenditure that cannot be funded through virements, cannot be postponed to the next financial year, or was unforeseeable.

The Audit noted that supplementary expenditure amounting to UGX 4.803Bn did not meet the supplementary expenditure criteria.

Supplementary expenditure that is avoidable, foreseeable and absorbable is contrary to Section 25 (6) of the PFMA, Cap 171.

The Accounting Officer explained that the supplementary requests related to funds that had not been provided as per the IPF

Recommendation

The Accounting Officer should engage the MoFPED to ensure release of funds to the District as per the IPFs.

Action Status

The supplementary related to Central Government funding, crucial to service delivery but whose timing as in availability for budgeting, the district had no control. If MoFPED has not provided them in initial IPFS but provide them later, we accept the funding through a supplementary. We will however

continue engaging them to always have the funds provided during budgeting time to avoid such cases.

Query	Delay in Implementation of Activities

Audit Findings

Out of the 3 sampled projects, two (2) projects worth UGX 2.946Bn had delays averaging Eighteen (18) months from the expected completion date.

Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time

Recommendation

The Accounting Officer should ensure that projects are completed on time to ensure effectiveness in service delivery.

Action Status

The Accounting Officer held site meetings chaired by the RDC and attended by the District Executive Committee, the Chairperson Health and Education Committee, the DISO, the Regional Clerk of works for Ministry of Health, the Sub county leadership, Members of the Health Unit Management committee, the Project Implementation team, and the community the with the contractor. The project is at 80% completion.

Query	Functionality of Facilities

Audit Findings

The Audit undertook a physical inspection to confirm the functionality of the completed structures/works. The Audit however noted that one (1) out of the 1 sampled project worth UGX 0.88Bn was not functional despite completion due to a number of reasons.

Failure to use the completed structures for the intended function negates the purpose for which they government invested money to construct the facilities.

Accounting Officer explained that whereas civil works on the maternity ward were completed and commissioned, the ward could not be functionalized due to the following gaps:

i) Lack of a placenta pit.
ii) Non-recruitment of health workers despite available wage, attached is circular on supplementary budget for wage for FY 2023/2023.
iii) No credit-line budget at National Medical Stores for Essential Medicines.
iv) Work in progress – construction of OPD, staff houses, pit latrines.

Recommendation

The Accounting Officer should follow up on the recruitment of the required staff and ensure the facility is put to use.

Action Status

Facility was put to use with effect from 1st July 2024. Construction of the placenta pit was done and is in use.

Follow up on recruitment was done and submissions were made to. DSC. MoFPED has allocated a credit line to National Medical Stores for Essential Medicines and Health Supplies. Rukoni West HCIII has already submitted a procurement plan for FY 2025/2026 to the National Medical Stores. The First cycle of supply/deliveries are expected to begin in July/August

Vote 912: Nwoya District Local Government

Query | **Over and Under Payment of Pension and Gratuity**

Audit Findings

The Special Audit on Pension and Gratuity identified over and under payments of pension and gratuity as shown in the table below;

Table: Showing Identified Over/Under Payment of Payment of Pension and Gratuity

Details	Over-payment (UGX)	Under-payment (UGX)
Pension	60,591,238	107,676,657
Gratuity	58,704,657	441,721

Source: Auditor General Pension report 2024

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

For overpayments, the Accounting Officer attributed the over payments to adjustment of salary incremental steps effected at retirement and payment of pension and pension arrears on the gratuity code. However, the Accounting Officer did not avail the last base pay used in the computation of the pension benefits.

And for underpayments, the Accounting Officer acknowledged the audit observation and attributed the underpayment to insufficient funds to pay pension and gratuity.

Recommendation

The Accounting Officer should make the necessary adjustments after immediate confirmation of the amounts by the MoPS.

Action Status

The adjustments have been made, awaiting confirmation from the MoPS.

Query	Encroachment of Koch Goma Primary School Land
Audit Findings Instruction 16.3.1 of the Treasury Instruction, 2017 requires the Accounting Officer of an institution to take full responsibility and ensure that proper control system exist for the proper management of non-current assets and that preventive mechanism are in place to eliminate theft, losses, waste and misuse. The Audit noted that Koch Goma Town Council irregularly leased out the school land to business community (lessee) for a period of 5 years without the consultations with the area lands committee and the District Land Board. Upon inspection, it was observed that lockups had been built on the land by the lessee. Koch Goma Primary School The Town Council leased out the contested land to the business community. The community constructed Lock Ups on the land. There is a risk of misappropriation of the school land. The Accounting Officer explained that the engagements between the foundation body, the Town Council and the District had been initiated to have the matter resolved.	
Recommendation	
The Accounting Officer should follow up the matter and ensure that the school land is safeguarded from encroachment.	
Action Status	
The Accounting Officer has initiated the process of acquiring land titles for untitled District land in a phased manner, subject to availability of funds. Engagement with the relevant land authorities and the Solicitor General is ongoing to resolve pending land disputes and encroachments.	
Query	**Status of Medical Equipment at Nwoya General Hospital**
Audit Findings The Audit carried out an inspection of the Hospital facilities on 25th October 2024 and noted the Ultra Machine and the X-ray machine were not being used due to lack of voltgurds and general maintenance service respectively. Faulty machines affect health service delivery to the public. Although the Accounting Officers noted that observation and explained that the district was in the process of procurement of voltgurds, the Audit was not availed evidence to this effect.	

Recommendation
The Accounting Officer should engage MoH and MoFPED for funding to ensure that the faulty machines are repaired and Voltgurd procured.
Action Status
Management has engaged the Ministry of Health (MoH) and MoFPED to secure adequate staffing, funding, and medical equipment for health facilities. Measures are being taken to address identified gaps in health service delivery, including maintenance of equipment, completion of infrastructure, and recruitment of health workers.
Query | **Mismatch in the Revenue Assessment and Actual Collection**
Audit Findings In the year under review the Audit obtained the IRAS report and noted that there was a discrepancy/mismatch between the assessed and the actual revenue. The District assessed UGX 0.884Bn, collected UGX 0.433Bn representing 49% collection. There is a risk of revenue leakage. The Accounting Officer stated that the mismatch between revenue assessment and revenue collection was due to multiple issuance of Payment Registration Numbers (PRN) to the same taxpayer after failing to pay within the stipulated time frame of 21 days. These inflates the registration and assessment.
Recommendation
The Accounting Officer should engage Local Government Finance Commission (LGFC), MOLG, and MoFPED regarding the matter to avoid the multiple issuance of PRN.
Action Status
The District has put in place measures to enhance local revenue collection, including enrolment on the Integrated Revenue Administration System (IRAS) to improve monitoring and reduce leakages. The Accounting Officer is engaging relevant stakeholders to improve compliance and collection, and the budget has been revised to align with achievable revenue targets.
Query | **Budgeted Activities for which No Funds were Released**
Audit Findings The entity had an approved budget of UGX 32.47Bn out of which UGX 30.59Bn was warranted resulting in a shortfall of UGX 1.883Bn representing an 94% performance.

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

The Accounting Officer attributed the shortcoming to low realisation of local revenue due to inadequate revenue collection equipments, IRAS network challenges and staffing gap.

Furthermore, the District did not realise all the planned revenue from other Government entities like Uganda Wildlife Authority, Uganda Road Fund among others.

Recommendation

The Accounting Officer was advised to;

i) Liaise with the relevant authorities to ensure that the revenue staff receive training.
ii) Devise means of procuring more revenue collection equipments.
iii) Roll over the unimplemented activities to the subsequent period.

Action Status

The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted.

The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.

Query	**Irregularities in Supplementary Funding**

Audit Findings

The entity received total supplementary funding of UGX 3.755Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed some supplementary funding not requested for by the Accounting Officer.

Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

The Audit noted that supplementary funding amounting to UGX 2.152Bn was not requested for by the Accounting Officer as required by the PFMR.

Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions.

The Accounting Officer stated the supplementary was released by MoFPED without request by the District.

Recommendation
The Accounting Officer was informed that the matter would be brought to the attention of the PS/ST. In addition, MoFPED should always release funds in line with requests made by the Accounting Officer.
Action Status
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	Delivery of Services from Sampled Implemented Activities in the Budget
Audit Findings The Audit undertook a physical inspection to confirm the functionality of the completed structures/works. The Audit however noted that one (01) project worth UGX 0.15Bn was not functional despite completion. The construction of staff house at Coorom HC II may cost the Government of Uganda a financial loss of UGX 0.15Bn since its illegal and risky to construct a permanent structure within the right of way. The Accounting Officer stated that the staff House was constructed before the transmission line and that there was no prior communication from UETCL about the transmission line erection. However, no evidence was availed for verification.	
Recommendation	
The Accounting Officer should engage with UETCL to relocate the structure through compensation.	
Action Status	
The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. Unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.	

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

Audit Findings

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

i) The District had 133 Pensioners on the June 2024 payroll, of which 115 (86.5%) were fully verified and 18 (13.5%) did not show up for the validation exercise. In addition, 02 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records and included in my determination of the DLG's pension and gratuity estimates.

ii) The DLG had an initial approved pension, gratuity and arrears budget of UGX 4.634Bn for the period under review, and obtained supplementary funds of UGX 2.545Bn leading to a revised budget of UGX 7.179Bn out of which UGX 6.435Bn (90%) was released.

iii) The DLG requested for supplementary funding of UGX 1.346Bn during the period of which UGX 2.545Bn (189%) was released leading to excess of UGX 1.199Bn. Of the released funds only UGX 1.222Bn (48%) was spent and the balance of UGX 1.323Bn (52%) remained unspent

iv) Comparison of the estimated pension and gratuity budget of UGX 1.962Bn and the approved budget of UGX 1.744Bn revealed a variance of UGX 0.218Bn leading to an under budgeting.

v) Two (02) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 67 to 117 months. In addition, forty-seven (47) pensioners delayed to receive pension payment, with delays ranging from 1 to 46 months.

vi) Seventeen (17) pensioners/beneficiaries had inconsistencies in their dates of birth and inconsistencies in NINs captured in the pension payroll which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

In a bid to improve the DLG's pension and gratuity management processes, the Accounting Officer was advised to;

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

ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.

iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period.

iv) Sensitize pensioners six (06) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

Engagement with the Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) to validate pension records and review wage estimates has been initiated.

The verified payroll is being used as the basis for monthly pension payments. Recovery of overpayments and settlement of underpayments are being processed. Pre-retirement sensitisation programs are in place to ensure smooth transition to the pension payroll.

Vote 913: Obongi District Local Government

Query	**Special Audit of the Gratuity Payments and Pension Payroll**

Audit Findings

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

i) The District had 27 Pensioners on the June 2024 payroll and all were fully verified; In addition, 2 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. All these New Records were verified and included in my determination of the DLG pension and gratuity estimates.

ii) The District had an initial approved pension, gratuity and arrears budget of UGX.1.07Bn for the period under review, and also obtained supplementary budget of UGX.0.27Bn resulting in a revised budget of UGX.1.34Bn, which was all released.

iii) The District received supplementary funding of UGX.0.269Bn during the period of 2023/24 of which only UGX.0.081Bn (30%) was spent and the balance of UGX.0.187Bn (70 %) remained unspent.

iv) A re-computation of pensioners benefits revealed under payments of pension and gratuity

v) Two (2) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 43 to 44 months. In addition, 9 pensioners delayed to receive pension payment, with delays ranging from 4 to 29 months.

vi) The DLG had accumulated pension and gratuity arrears totaling UGX.0.247Bn arising from the under and delayed payments of 18 pensioners/beneficiaries.

vii) The expected DLG pension and gratuity estimates for 2024/2025 is UGX.0.22Bn for 29 confirmed pensioners excluding pension and gratuity arrears of UGX.0.243Bn.

viii) A comparison of the re-computed pension, gratuity budget and arrears of UGX.0.46Bn and the district approved pension, gratuity and arrears estimate of UGX.0.28Bn for the FY 2024/2025 revealed an under budget of UGX.0.18Bn.

Recommendation

The Accounting Officer should address the identified issues and take corrective measures to ensure compliance with applicable regulations.

Action Status

The MoPS and MoFPED were engaged and in the subsequent periods appropriation were provided to take care of the shortfalls. All pensioners have been paid.

Vote 914: Omoro District Local Government

Query	**Over and Under Payment of Pension and Gratuity**

Audit Findings

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

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

Recommendation

The Accounting Officer should make the necessary adjustments upon confirmation of the amounts by the MoPS.

Action Status

Management has initiated the process of validating the identified over and under payments with the Ministry of Public Service (MoPS). Adjustments will be effected in the financial statements upon confirmation of the amounts by MoPS.

Recovery of overpaid amounts and settlement of underpayments are being processed in line with guidelines from the Ministry of Finance, Planning and Economic Development.

Query	Budgeted Activities for which No Funds were Released

Audit Findings

The entity had an approved budget of UGX 34,309,638,370 out of which UGX 32.53Bn was warranted resulting in a shortfall of UGX 1.78Bn representing an 94.8% performance.

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

The Accounting Officer attributed the anomaly to local revenue shortfalls and failure to receive funds from Unicef, Gavi, World Health Organisation (WHO) and United Nation Population Fund (UNPF).

Recommendation

The Accounting Officer was advised to;

i) Ensure realistic budgeting for local revenue and also come up with strategies to enhance local revenue collection.
ii) Always revise the budget in circumstances where the budget cannot be realized.
iii) Roll over the unimplemented activities for implementation in the subsequent period.

Action Status

The un implemented activities were rolled over and implementation completed.

Query	Utilisation of Warrants

Audit Findings

The entity had total warrants of UGX 32.53Bn out of which warrants worth UGX 30.84Bn had been utilised by the close of the financial year. The balance of UGX 1.692Bn was meant for activities which were partially implemented.

The Accounting Officer attributed the anomaly to the ban on recruitment by MoPs, local revenue shortfalls and failure by farmers to fulfil co-funding requirements under micro scale irrigation.

Recommendation

The Accounting Officer was advised to;

i) Continue to engage and sensitize farmers on the benefits of irrigations systems on farming.
ii) Ensure the affected activities are rolled over to the subsequent period.
iii) Engage MoPS on the that the matter concerning the ban on recruitment.

Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.
Query **Implementation of Funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 06 outputs with 28 activities worth UGX 3.412Bn were assessed and the following was observed; i) Four (04) outputs with two (18) activities and expenditure worth UGX 2.562Bn were fully implemented. ii) One (01) output with 10 activities worth UGX 0.85Bn was partially implemented. Out of ten (10) activities, the entity fully implemented nine (09) activities worth UGX 0.768Bn and partially implemented one (01) activity worth UGX 0.082Bn. iii) Partially implemented activities The Accounting Officer explained that partial completion of rehabilitation of Awere-Awali-Ayer Road was due to constant road equipment break down since they are too old and heavy rain that made road work difficult.
Recommendation
The Accounting Officer should engage the relevant authorities to procure the essential road equipment. The Accounting Officer should expedite completion of the unimplemented road works.
Action Status
Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion. The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.
Query **Irregularities in supplementary funding**
Audit Findings The entity received total supplementary funding of UGX 5.257Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed the following;

Non Utilisation of Supplementary Funds
Out of the supplementary funds of UGX 5.257Bn received, only UGX 3.745Bn was utilised leaving UGX 1.511Bn unspent as at the year end.

This implies that the entity requested for more funds than they needed.
The Accounting Officer attributed the anomaly to the delays encountered in processing pension files, failure by farmers to honour their co-payment and late release of wage to allow the district to proceed with the recruitment process.

Recommendation

The Accounting Officer should encourage timely submission of pension files by the probable retirees/beneficiaries to allow timely processing of pension benefits

The Accounting Officer should continue to engage and sensitize farmers on the benefits of irrigations systems on farming.

The Accounting Officer should also liaise with MoFPED to ensure timely release of wage to allow the district to carry out the recruitment process

Action Status

The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures.
Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	**Management of Government Pension and Gratuity Payroll**

Audit Findings

The District had 185 Pensioners on the June 2024 payroll, of which 159 (86%) were fully verified while 26 (14%) did not show up for the validation exercise. In addition, 03 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. All these were verified and included in my determination of the DLG pension and gratuity estimates.

The DLG had an initial approved pension, gratuity and arrears budget of UGX 5.212Bn for the period under review, and obtained supplementary funds of UGX 2.926Bn leading to a revised budget of UGX 8.137Bn out of which UGX 8.137Bn (100%) was released.

The DLG's requested for supplementary funding of UGX 0.391Bn during the period of which UGX 2.926Bn was released leading to excess of UGX 2.535Bn.

Of the released funds, only UGX 2.385Bn (94%) was spent and the balance of UGX 0.541Bn (6%) remained unspent.

Comparison of the estimated pension and gratuity budget of UGX 1.986Bn, and the approved budget of UGX 2.366Bn revealed a variance of UGX 0.380Bn, leading to an over budgeting.

Sixty five (65) pensioners/beneficiaries had inconsistencies in their dates of birth, national ID, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

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

i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer, the matter should be investigated.
ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.
iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period.
iv) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

Engagement with the Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) to clean up and update the pension payroll has been initiated.

The verified payroll is being used as the basis for monthly pension and gratuity payments.

Measures to recover overpayments, process underpayments, and update inconsistent records have commenced.

Pre-retirement sensitisation programs have been introduced to facilitate smooth transition of retiring staff onto the pension payroll.
Vote 915: Otuke District Local Government
Query | **Over and Underpayment of pension and Gratuity**
Audit Findings The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity. The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS. The Accounting Officer explained that most of pension benefits noted as Over/under-payments were actually paid as arrears to the pensioners/beneficiaries at the time of access on the payroll however, arrears were already catered for.
Recommendation
The Accounting Officer should make the necessary adjustments after immediate confirmation of the amounts by the MoPS.
Action Status
The amount overpaid as pension and gratuity will be recovered. The beneficiaries will be notified and a recovery schedule will be issued. While the amount underpaid as pension and gratuity to pensioners and beneficiaries will be verified and submitted to Ministry of Finance for funding consideration in the coming budget 2025/26.
Query | **Budgeted Activities for which no Funds were Released**
Audit Findings The District had an approved budget of UGX 27,829,027,251 out of which UGX 26,795,065,632 was warranted resulting in a shortfall of UGX 1,033,961,619 representing an 96% performance. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that the District did not receive funding for recruitment of health workers and other critical staff.
Recommendation
The Accounting Officer should liaise with MoFPED and HSC to expedite the process of recruitment of staff to provide service delivery.
Action Status
It is true the District require more fund for recruitment of health workers and other critical staff. But in the F/Y under review, the fund for recruitment of

health workers and other critical staff were not released by MoFPED. Follow up is being done to ensure the funds are released.s	
Query	**Utilisation of Warrants**
Audit Findings The District had total warrants of UGX 26.80Bn out of which warrants worth UGX 26.80Bn had been utilised by the close of the financial year. The balance of UGX 1.469Bn was meant for the following activities which were either partially or not implemented at all. The Accounting Officer explained that this was occasioned by the following factors; i) The beneficiaries of Micro-Irrigation had no capacity to Co-fund as required. ii) Pension where the documentation was lacking or had mismatch such as lack of letters of Administration. iii) Late release of funds towards end of the FY 2023/2024. iv) Slow execution of works under UGIFT. But, the funds have been re-voted for utilisation in this FY 2024/2025	
Recommendation	
The Accounting Officer should expedite the constructions of affected projects and ensure full absorption of funds.	
Action Status	
This was occasioned by the following factors: The beneficiaries Micro-Irrigation had no capacity to co-fund as required and being the first year of implementation, less farmers were attracted. Pension where the documentation was lacking or had mismatch such as lack of letters of Administration. Late release of funds towards end of the FY 2023/2024. Slow execution of works under UGIFT. But, the funds have been re-voted for utilization in this FY 2024/2025	
Query	**Implementation of Funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 9 outputs with 24 activities worth UGX 5.745Bn were assessed and the following was observed; i) A total of 21 activities and expenditure worth UGX 0.169Bn were fully implemented.	

ii) Three (3) activities worth UGX 4.575Bn were partially/Fully implemented.

The Accounting Officer explained that the funds for partially implemented projects were swept back to the Consolidated Fund as at end of June 2024 on account of the following:

i) Micro Irrigation beneficiaries had no capacity to co-fund
ii) Bad weather, there was too much rain up to early December 2024 that hampered implementation of planned road works under UGX 1billion.
iii) The Contractors of Alango H/C II Upgrade and Okum Seed under UGiFT and lotting arrangement failed to complete the project in time despite the fact that the funds were available.
iv) Management has so far done the following;
v) Funds were followed and re-voted for utilisation in this FY 2024/2025.
vi) Terminated the services of the Company that was constructing Okum Seed and another Contractor who has the capacity to complete the works has been identified.
vii) Farmers with the capacity to co-fund are being encouraged to express interest to benefit from Micro-Irrigation funding.

Recommendation

The Accounting Officer should;

i) Implore extension workers to Sensitise co funders about micro irrigation programme.
ii) Expedite the Procurement process for construction of Okum Seed School following termination of first contractor.
iii) Ensure UGIFT funds revoted do the intended purpose

Action Status

Unspent balance for Okum Seed School has been re-voted for utilization in this FY 2024/25 and the contract of former contractor M/S MESCO (U) Ltd was terminated due to none performance and another Contractor Wangi General Enterprises (U) Ltd has been procured to complete the works.

Farmers with the capacity to co-fund are being encouraged to express interest to benefit from Micro-Irrigation funding and 22 farmers have paid their co-funding and installation of their irrigation system is currently ongoing.

The implementation of 4 roads delayed due to heavy rainfall and frequent breakdown of roads equipment, but works are currently ongoing.

Query	**Irregularities in Supplementary Funding**

Audit Findings

The District received total supplementary funding of UGX 5.203Bn during the year. The Audit reviewed the process of requesting and utilisation of the

supplementary funding and noted gaps in the criteria for supplementary expenditure

Section 25 (6) of the PFMA, Cap 171, requires that the supplementary expenditure should be an expenditure that cannot be funded through virements, cannot be postponed to the next financial year, or was unforeseeable.

The Audit noted that supplementary expenditure amounting to UGX 1.15Bn did not meet the supplementary expenditure criteria. The Audit also noted that the District only utilised UGX 2.769Bn leaving UGX 2.434Bn unspent as at the Financial year end. Supplementary expenditure that is avoidable and foreseeable is contrary to Section 25 (6) of the PFMA, Cap 171.

The Accounting Officer explained that full absorption of the funds was not possible due to a number of factors as indicated below;

i) Delay in release of funds and communication of cash limits by MoFPED.
ii) Failure of the Contractors awarded the upgrade of Alango H/C II to III and construction of Okum Seed Secondary.
iii) Beneficiaries of Micro-Irrigation having no capacity to co-fund
iv) Ban on recruitment
v) Lack of letters of administration and inconsistencies in pension beneficiaries' records.

Recommendation

The Accounting Officer was advised to;

i) Always endeavour to absorb all the supplementary funds.
ii) Do proper assessment and sensitisation of the communities about micro scale programme such that they pick interest.

Action Status

Receipt of all the funds was as a result of provision of correct justification through documentation and follow up with MoFPED.

All the funds could not be absorbed for the following reasons:

i) Late release of funds
ii) Beneficiaries of Micro-Irrigation having no capacity to co-fund
iii) Band on recruitment
iv) Lack of letters of administration and inconsistencies in pension beneficiaries records.

In the FY 2024/25 recruitment of teachers and Health workers following the lifting of the ban and provision of wage have been done.

Unspent balance for Okum Seed School has been re-voted for utilization in this FY 2024/25 and the contract of former contractor M/S MESCO (U) Ltd was terminated due to none performance and another Contractor Wangi General Enterprises(U) Ltd has been procured to complete the works.

Query	**Delay in Implementation of Activities**

Audit Findings

Out of the sampled projects, two projects worth UGX 3.538Bn had run out of time with expired contracts. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

Recommendation

The Accounting Officer is advised to expedite the process of getting new contractors.

Action Status

The contract for construction of Okum Seed SS with MESCO (U) has been terminated due to non-performance and a new contractor has been procured to complete the works Ltd

On the contract for upgrade of Alango HCII to HCIII with WML Consultant(UG) Ltd several meetings have been held and the recent meeting was held on 21st February 2025 and it was agreed that the Contractor resumes and completes the works left.

Query	**Management of PHC**

Audit Findings

During the FY2023/24, the DLG received UGX 4,67,376,490 Primary Health Care (PHC) Non-Wage Conditional Grant in form of six (6) sub grants which include; PHC-Hospital NWR Private Not For Profit (PNFP), PHC Hospital Non-Wage Recurrent (NWR) (Government), PHC- DHO/CHO/MHO NWR, PHC-Health Centers (PNFP), PHC-Health Centers NWR (Government) and RBF NWR sub grant.

The Audit designed procedures to evaluate the utilization of the PHC grant at the District and to assess whether Orum health centre IV was adequately equipped and managed to provide Primary Health Care.

Guideline 1.3.2 of the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 provides that the total funding for PHC Non-Wage Recurrent (NWR) constitutes 100% of which 85% is allocated to the lower-level health facilities (LLHFs) whereas 15% is allocated to the LG (District/City/Municipal) Health Office.

The Audit observed that UGX 54,252,994 (12%) of the PHC NWR sub grant was allocated to the health office instead of a maximum of UGX 70,104,474 (15%) as stipulated in the guideline.

The Audit further noted that the LLHFs was allocated UGX 413,123,496 (88%) in the District budget (PBS figure) as PHC NWR sub grant instead of UGX 397,270,016 (85%) which was allocated in the Health Sub Programme Grant, Budget and Implementation Guidelines for Local Governments FY2023/24 leading to over funding by UGX 15,853,480.

The over allocation to the health office deprived the health centers funds meant for the implementation of primary health care activities.

The Accounting Officer explained that PHC NWR figures per health facilities are always loaded in the PBS by MoFPED basing on allocation by MoH. Although, management noted the gap and pledged to engage MoH.

Recommendation

The Accounting Officer should always follow guidelines during allocation.

Action Status

PHC NWR figures per health facilities are always loaded in the PBS by MoFPED basing on allocation by MoH.

Management noted the gap and pledged to engage MoH.

Query	**Splitting of Procurements**

Audit Findings

Regulation 10 of the PPDA (Rules and Methods for procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires that; a PDE shall not split a procurement requirement where the supplies, works or non-consultancy services may be procured under a single contract.

Since work was given to the same contractor, he may face capacity constraints in managing multiple portions of work.

The Accounting Officer explained that Construction of Incinerator at Alango H/C II was not part of the procurement for the upgrade of the Health facility. However, the need for incinerator came from the In-charge of the health facility and Project Manager (DHO) during site meetings and it was constructed using the contingency fund provided in the same contract for upgrade.

Recommendation

The Accounting Officer should avoid the practice going forward.

Action Status	
Construction of Incinerator at Alango H/C II was not part of the procurement for the upgrade of the Health facility. However, the need for incinerator came from the In-charge of the health facility and Project Manager (DHO) during site meetings and it was constructed using the contingency fund provided in the same contract for upgrade.	
Query	**Failure to Follow the Evaluation Criteria Prescribed in the Bidding Document**

Audit Findings

Regulation 7(1) of the PPDA (Evaluations) Regulations, 2014 requires the evaluation of a bid to be conducted in accordance with the evaluation criteria stated in the bidding document and the Evaluation Committee not to make an amendment or addition to the evaluation criteria stated in the bidding document, and not use any other criteria other than the criteria stated in the bidding document during bid evaluation.

The Audit observed that procurement worth UGX 0.114Bn was not conducted in accordance with the evaluation criteria stipulated in the issued bidding documents.

The best evaluated bidder, Real Irrigation Engineering Co. Ltd was evaluated as compliant yet the bidder did not meet the following evaluation criteria on experience as stated in the bidding document; ITB 15. No.9: required evidence of past performance i.e. completion certificate or payment certificates;

Section 3, Item 6.2.7: General Experience required bidders to submit "Experience under contracts in the role of contractor or, subcontractor, or management contractor for at least the last 5 years prior to the bid submission deadline. and with activity in at least 6 months in each year".

Section 3, Item 6.2.8 (a): Specific Experience required: "Participation as a contractor, management contractor. or subcontractor, in at least 2 contracts within the last 5 years, each with a value of at least 100.000.000, that have been successfully and substantially completed (at least 70 percent complete) and that are similar to the proposed works. The similarity shall be based on the physical size. complexity, methods/technology or other characteristics as described in Section 6, Statement of Requirements ".

The best evaluated bidder, Real Irrigation Engineering Co. Ltd did not meet the general and specific experience requirements as the bidder only submitted.

A lump sum contract agreement dated l4th November 2022 with Otuke DLG worth UGX 182.206,774 for the construction of Achorichor solar powered piped water supply system (AMUD806/WRKS 12022-2023/ 00001).

PR 19026 Contract dated 8th August 2022 with ZOA for pump testing and water quality test worth UGX 0.016Bn

Failure to follow the requirements of the evaluation criteria stipulated in the bidding document is an indicator of favoritism to particular bidders and may lead to awarding of contracts to incompetent suppliers.

The Accounting Officer noted the gap however, the financial year was coming to an end and there was a fear of returning the fund to the treasury. The project was implemented to satisfaction.

Recommendation

The Accounting Officer should always commence procurement process early and evaluation committees to desist from waiving requirements that constitute a material deviation

Action Status

Management noted the gap. However, Management stepped up the monitoring in the subsequent financial year and the project was satisfactorily fully implemented.

Vote 916: Oyam District Local Government

Query	**Over and Underpayment of Pension and Gratuity**

Audit Findings

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

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

The Accounting Officer explained that he was awaiting the verification from MoPS, so as to make the necessary adjustments.

Recommendation

The Accounting Officer should make the necessary adjustments upon confirmation of the amounts by the MoPS.

Action Status

To date the final verification report from Ministry of Public Service is not yet available to guide us in the next cause of action. However, our own analysis shows that there is no over and under payment. The differences were as a result of indexation increment given to pensioners.

Query	Budgeted Activities for which no Funds were Released

Audit Findings

The entity had an approved budget of UGX 62.77Bn out of which UGX 60.34Bn was warranted resulting in a shortfall of UGX 2.43Bn representing 96% performance.

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

The Accounting Officer acknowledged the shortcoming and explained that shortage in funds release was caused by under collection of Local Revenue, NMS funds captured under health department for supply of drugs which funds are not released to the entity directly UNICEF and GAVI funds for Immunization activities, which were not realized.

Recommendation

The Accounting Officer should always ensure realistic budgeting for local revenue. Additionally, the Accounting Officer should always revise the budget in circumstances where the budget cannot be realized. Meanwhile, the unimplemented Activities should be rolled over for implementation in the subsequent period.

Action Status

The unimplemented activities were rolled over and implemented in the subsequent period.

Query	Utilisation of Warrants

Audit Findings

The entity had total warrants of UGX 60.34Bn, out of which warrants worth UGX 55.34Bn had been utilised by the close of the financial year. The balance of UGX 5.002Bn was meant for the following activities, which were either partially or not implemented at all.

The Accounting Officer acknowledged the anomaly and explained that the underutilisation of funds was mainly due to slow performance of works by the contractors of UGIFT projects and ban on the recruitment of staff.

Recommendation

The Accounting Officer was advised to;

i) Engage MoPS for clearance to allow recruitment of staff since there is availability of wage.
ii) Engage the contractors to fast track the completion of works and ensure that funds are utilised.
iii) Roll forward the affected activities for implementation in the subsequent period.

Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.
Query | **Implementation of Funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of Twelve (12) outputs with Forty-one (41) activities worth UGX 15.36Bn were assessed, and the following was observed; i) Five (05) outputs with 25 activities and expenditure worth UGX 7.603Bn were fully implemented. ii) Seven (07) outputs with 16 activities worth UGX 7.759Bn were partially implemented. Out of 16 Activities, the entity fully implemented 3 activities worth UGX 0.262Bn and partially implemented 13 activities worth UGX 7.497Bn. The Accounting Officer acknowledged the anomaly and explained that the partial implementation of activities was caused by the slow performance of works by the contractors of UGIFT projects.
Recommendation
The Accounting Officer should engage the contractors to fast-track the construction works and enhance the monitoring and supervision of projects.
Action Status
The partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion. The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.
Query | **Irregularities in Supplementary Funding**
Audit Findings The entity received total supplementary funding of UGX 13.30Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed some supplementary Funding not Requested for by the Accounting Officer.

Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

The Audit noted that supplementary funding amounting to UGX 13.30Bn was not requested for by the Accounting Officer as required by the PFMR. Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions.

The Accounting Officer explained that approval of supplementary funding was accompanied by the council minutes for it to be approved by the Ministry of Finance.

The supplementary requests were not availed by the Accounting Officer.

Recommendation

The Accounting Officer should ensure that all supplementary budgets are always requested.

Action Status

The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures.

Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	**Utilization of Supplementary Funds**

Audit Findings

Out of the supplementary funds of UGX 13.30Bn received, only UGX 9.516Bn was utilised leaving UGX 3.784Bn unspent as of the year-end. This implies that the District received more funds than it needed.

The Accounting Officer acknowledged the anomaly and explained that the underutilisation of funds was mainly due to slow performance of works by the contractors of UGIFT projects and ban on the recruitment of staff.

Recommendation

The Accounting Officer was advised to;

i) Engage MoPS on lifting the ban on recruitment to allow recruitment of staff in order to consume the wage bill.
ii) Engage the contractors to fast track the construction works and ensure that funds are utilised.

iii)	Roll forward the affected projects for implementation in the subsequent period.
Action Status	
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.	
Query	**Special Audits on Management of Government Pension and Gratuity Payroll**
The Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings; i) The District had 657 Pensioners on the June 2024 payroll, of which 543 (83%) were fully verified; 114(17%) did not show up for the validation exercise. In addition, 37 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. Of these new records, 32 were verified and included in my determination of the DLG's pension and gratuity estimates ii) The DLG had an initial approved pension, gratuity and arrears budget of UGX 20.044Bn and a supplementary budget of UGX 7,628Bn leading to a revised budget of UGX 27.672Bn, out of which UGX 27.589Bn (99.7%) was released. iii) The DLG requested for supplementary funding of UGX 4.612Bn during the period of which UGX 7.628Bn (165%) was released leading to excess amount of UGX 3.016Bn. Of the released funds, only UGX 6.968Bn (91%) was spent and the balance of UGX 0.660Bn (8%) remained unspent iv) Comparison of the estimated pension and gratuity budget of UGX 7.922Bn and the approved budget of UGX 5.520Bn revealed a variance of UGX 2.402Bn leading to an under-budgeting. v) A re-computation of pensioners benefits revealed over and/or under payments of pension and gratuity as indicated in the table below; vi) One hundred twenty four (124) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 1 to 391 months. In addition, one hundred eighty-six (186) pensioners were delayed receiving pension payments, with delays ranging from 1 to 355 months. vii) Forty-seven (47) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and	

NINs between their data captured on the IPPS and the NIRA data, which undermined the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

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

i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll.
ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.
iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period.
iv) Sensitize staff who are due to retire, six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

We took note of these recommendations and undertook the following measures;

i) The payroll cleaning process is on-going and the Ministry of Public Service is doing a commendable job in this area.
ii) Fully engaged the Ministry of Public Service on wage related issues and so far, the Indicative Planning Figure has been increased from UGX 29.5Bn in FY 2024/25 to UGX 30.13Bn in FY 2025/26.
iii) The Ministry of Public Service provided a calculation formula for the pensioners entitlement that has enabled comparison with the calculation report from MoPS for every beneficiary.
iv) Training of retirees shall be part of the yearly budget in order to guide our retirees on the necessary requirement for peaceful exit from service.
v) The process of updating pensioners' records are nearing completion now. We have been helped with the recent pensioners validation exercise. We took advantage of the exercise to also update Pensioners files.

Vote 917: Pader District Local Government	
Query	**Over and under payments of Pension and Gratuity**
Audit Findings The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity. The Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.	
Recommendation	
The Accounting Officer should make the necessary adjustments upon confirmation of the amounts by the MoPS.	
Action Status	
Management has initiated the process of validating the identified over and under payments with the Ministry of Public Service (MoPS). Adjustments will be effected in the financial statements upon confirmation of the amounts by MoPS. Recovery of overpaid amounts and settlement of underpayments are being processed in line with guidelines from the Ministry of Finance, Planning and Economic Development.	
Query	**Budgeted Activities for which no Funds were Released**
Audit Findings The entity had an approved budget of UGX 42.1Bn out of which UGX 38.19Bn was warranted resulting in a shortfall of UGX 3.9Bn representing an 91% performance. The UGX 3.91Bn that was not warranted was meant for the following activities. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer acknowledged the observation and explained that the activities had been rolled over to be implemented in the current financial year.	
Recommendation	
The Accounting Officer should; i) Engage MoFPED to always ensure that funds are warranted as budgeted ii) Roll over and budget for the unimplemented activities for implementation in the subsequent periods.	

Action Status
The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. The unimplemented activities were rolled over to the subsequent financial year and incorporated into the work plans for implementation
Query | **Utilisation of Warrants**
Audit Findings Te entity had total warrants of UGX 38.20Bn out of which warrants worth UGX 37.77Bn had been utilised by the close of the financial year. The balance of UGX 0.43Bn was meant for the following activities which were either partially or not implemented at all. The Accounting Officer explained that payments were not cleared due to IFMS challenges towards the close of the financial year.
Recommendation
The Accounting Officer should roll over the un-implemented activities to be implemented in the subsequent financial year. In addition, for any system related challenges the Accounting Officer should engage the relevant stakeholders.
Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.
Query | **Irregularities in Supplementary Funding**
Audit Findings The entity received total supplementary funding of UGX 4.677Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed that out of the supplementary funds of UGX 4.677Bn. received, only UGX 1.929Bn was utilised leaving UGX 2.748Bn unspent at the year end. This implies that the entity was given more funds than it needed.

The Accounting Officer explained the anomaly was caused by delayed procurement for Micro scale irrigation equipment and IFMS systems challenges faced at the close of the financial year.
Recommendation
The Accounting Officer was advised to; i) Sensitise farmers on the need for the micro scale irrigation equipment. ii) Ensure that the funds for the unimplemented activities are rolled over for implementation in the subsequent periods. iii) Immediately bring any system related challenges to the attention of the relevant stakeholders.
Action Status
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.
Query | **Other Budgetary Performance Matters**
Audit Findings Implementation of Budget outputs/items.The Audit noted that Six (06) outputs with eighteen (18) activities and expenditure worth UGX 1.271Bn were not quantified. Failure to quantified output affects assessment of planned deliverables and non-aligned outputs with the chart of accounts may lead to wrong classification of expenditure. The Accounting Officer acknowledged the observation and explained that going forward, all outputs would be quantified in the subsequent periods.
Recommendation
The Accounting Officer should ensure that planned activities are quantified for effective assessment of performance.
Action Status
The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. The unimplemented activities were rolled over to the subsequent financial year and incorporated into the current work plans for implementation.

Query	Management of Government Pension and Gratuity Payroll

Audit Findings

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

i) Pader District had 218 Pensioners on the June 2024 payroll, of which 188 (86 %) were fully verified, 09 (4%) were not verified, and 21 (10%) did not show up for the validation exercise. In addition, 69 individuals had not accessed the pension payroll by the end of June 2024, and these were captured as new records. All the new records were verified and included in my determination of the district pension and gratuity estimates.

ii) Pader DLG had an initial approved pension, gratuity and arrears budget of UGX 8.367Bn for the period under review, and obtained supplementary funds of UGX 1.607Bn leading to a revised budget of UGX 9.973Bn, out of which UGX 9.969Bn (99.96%) was released.

iii) The DLG had no evidence of requesting supplementary funding during the period; however, UGX 1.607Bn was released, leading to an excess of UGX 1.607Bn.

iv) Comparison of the estimated pension and gratuity budget of UGX 2.291Bn and the approved budget of UGX 2.965Bn, revealed a variance of UGX 0.67Bn, leading to an over budgeting.

v) Twenty three (23) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 1 to 41 months. In addition, twenty three (23) pensioners delayed to receive pension payment, with delays ranging from 1 to 42 months.

vi) One hundred five (105) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

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

i) Liaise with the Ministry of Public Service to ensure immediate clean-up and update of the pension payroll. For the individuals who did not show up for the validation exercise and were not accounted for by the Accounting Officer, the matter should be investigated.

ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.

iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period.

iv) Sensitize pensioners six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

Engagement with the Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) to validate pension records and review wage estimates for FY 2024/25 has been initiated.

The verified payroll is being used as the basis for monthly pension payments.

Overpayments are being recovered, underpayments recognised and budgeted for, and pensioner records are being updated and submitted to MoPS for appropriate action.

Vote 918: Pakwach District Local Government

Query	**Special Audit of Gratuity Payments and the Pension Payroll**

Audit Findings

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

i) The DLG had 88 Pensioners on the June 2024 payroll, of which 87 (99%) were fully verified while 1 (1%) did not show up. In addition, 7 individuals who had not yet accessed the pension payroll by the end of June 2024 appeared for the Head-count and were captured as new records.

ii) The District had an initial approved pension and gratuity budget of UGX.2.92Bn for the period under review, and also obtained supplementary budget of UGX.1.99Bn resulting into a revised budget of UGX.4.92Bn out of which UGX.4.79Bn (97%) was released resulting into a funding shortfall of UGX.0.12Bn. Parliament approved UGX.1.998bn supplementary funds for the entity which had not been requested for by the Accounting Officer.

iii) Funds amounting to UGX.0.908Bn were charged on wrong account codes.

iv) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity.

v) Seven (7) Pensioners/beneficiaries had not yet accessed the pension payroll (By June 2024), with delays ranging from 14 to 62 months.
vi) Audit further noted that, 46 pensioners/beneficiaries
vii) delayed receiving pension payment, with delays ranging from 1 to 42 months while, 41 pensioners/beneficiaries delayed receiving gratuity payment, with delays ranging from 1 to 39 months.

viii) The DLG had accumulated pension and gratuity arrears totalling UGX0.356Bn arising from the under/non-payment of 41 pensioners/beneficiaries.
ix) vii) The expected pension and gratuity estimate for the year 2024/25 is UGX.1.24Bn to cater for 111 confirmed pensioners/beneficiaries excluding pension and gratuity arrears of UGX.0.21Bn.
x) A comparison of the re-computed pension, gratuity and arrears budget of UGX.1.45Bn and the district approved estimate of UGX.1.35Bn for the FY 2024/2025 revealed an under budget of UGX.0.010Bn.

Recommendation

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

i) Liaise with the MoPS to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer, the matter should be investigated.
ii) Engage MoFPED to ensure that all budgeted for funds are released.
iii) Engage MoFPED to release only funds requested by the DLG.
iv) Ensure that wage, pension and gratuity expenditure is charged on the appropriate codes.
v) 5)Ensure that proper computation of pensioners' entitlements before payments are made.
vi) In addition, follow-up the amounts over paid with a view of recovery. For the under payments, DLG should consider clearing the arrears.
vii) Sensitize pensioners 6 months before retirement to ensure smooth transition from the active payroll to the pension payroll.

Action Status

Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data.
The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts.

Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing. Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period. Pre-retirement sensitization programs have been introduced to ensure that staff retiring is guided on the documentation required for timely access to the pension payroll. All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes. The reconciliation process with district records and the Ministry of Public Service (MoPS) is ongoing to confirm the accuracy of the identified overpayments and underpayments of pension and gratuity. Adjustments to the financial statements will be affected in the subsequent reporting period upon receipt of validation and confirmation from the Ministry of Public Service
Vote 919: Pallisa District Local Government
Query | **Special Audit on the Gratuity Payments and Pension Payroll**
Audit Findings The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity; The issue identified was disclosed in the Commentary to the financial statements by the Accounting Officer on page 12 of the Accounts and commentary by the head of accounts on page 13 of the Accounts. However, The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS. The Accounting Officer explained that management is taking steps to do recoveries for over payments while under payments were part payments as a result of insufficient funds.
Recommendation
The Accounting Officer should make the necessary adjustments after immediate confirmation of the amounts by the MoPS.
Action Status
Management has started recovering from the affected pensioners. Payment to the pensioners has actually been suspended to ensure full and prompt recovery.

For underpayment the required forms have been completed to ensure that pension arrears are released.

Query	Budgeted Activities for which no Funds were Released

Audit Findings

The District had an approved budget of UGX 48.6Bn out of which UGX 47.6Bn was warranted resulting in a shortfall of UGX 1Bn representing 98% performance. The UGX 1Bn that was not warranted was meant for the partially or non-implemented activities.

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

The Accounting Officer attributed this to the failure to realise all the planned local revenue and failure to release budgted funds by the external funders.

Recommendation

The Accounting Officer was advised to;

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

Action Status

Most of the rolled over activities have been implemented and completed.
MoFPED has always been releasing all the funds for activities that are rolled over.
However, most of the Donors have not been sending money for rolled over activities.

Query	Utilisation of Warrants

Audit Findings

The District had total warrants of UGX 47.6Bn out of which warrants worth UGX 46.5Bn had been utilised by the close of the financial year. The balance of UGX 1.1Bn was meant for activities that were either partially or not implemented at all.

Recommendation

The Accounting Officer was advised to;

i) Ensure that funds are always absorbed as planned.
ii) Ensure that the funds for Micro Scale Irrigation equipment are revoted and farmers sensitized for effective service delivery.

Action Status

Management closely monitors implementation of the budget to ensure full absorption.

Micro-scale Irrigation funds were sent and re-voted.	
Query	**Implementation of Funded Activities**

Audit Findings

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 25 outputs with 42 activities worth UGX 14.16Bn were assessed and the following was observed;

i) A total of 17 Outputs with 31 activities and expenditure worth UGX 10.18Bn were fully implemented.
ii) A total of Seven (7) outputs with 10 activities worth UGX 3.96Bn were partially implemented. Out of the 10 activities, the entity fully implemented two (2) activities worth UGX 0.770Bn while eight (8) activities worth UGX 3.2Bn were partially implemented.
iii) One (1) output with one (1) activity worth UGX 0.20Bn was not implemented at all.

The Accounting Officer attributed this to the contractors' delays in construction of the two seed schools affected the timely implementation of the activities.

Recommendation

The Accounting Officer should ensure timely supervision of construction projects and completion of works as planned to enhance better service delivery at the District.

Action Status

Management enhanced work supervision which has seen most of the work being completed within the time flame except for some service providers who fail to complete works as per the signed contracts.

Query	**Management of Government Pension and Gratuity Payroll**

Audit Findings

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

i) The district had 959 Pensioners on the June, 2024 payroll, of which 637 (66%) were fully verified; 5 (1%) who were paid UGX 0.13Bn over the period of 5 years were not verified and 317 (33%) did not show up for the validation exercise. In addition, 129 individuals who had not yet accessed the pension payroll by the end of June, 2024 were verified and captured as new records.
ii) The District had an initial approved pension, gratuity and arrears budget of UGX 22.74Bn for the period under review, and obtained supplementary budget of UGX 6.29Bn leading to a revised budget of UGX 29.03Bn out of which UGX 28.88Bn (99%) was released.

iii) Out of the total funds released of UGX 28.88Bn, a sum of UGX 28.44Bn (98.5%) was utilised resulting in un-utilised funds of UGX 0.44Bn.

iv) The District received supplementary funding of UGX 6.29Bn during the period. However, it did not utilize UGX 0.22Bn (3%) of the total supplementary funding.

v) The Audit noted that pension and gratuity funds amounting to UGX 1.935Bn were wrongly charged on account codes of salary, pension, gratuity and salary/pension/gratuity arrears.

vi) The entity had accumulated pension and gratuity arrears totaling UGX 0.295Bn arising from the under/non-payment of 62 pensioners/beneficiaries.

vii) The entity had accumulated pension and gratuity arrears totaling UGX 0.30Bn arising from the under/non-payment of 62 pensioners/beneficiaries.

viii) The Audit noted that 253 pensioners/beneficiaries were paid UGX 2.361Bn off the IPPS/HCM.

ix) A total of 194 Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 5 to 28 months. In addition, 148 pensioners delayed to receive pension payment, with delays ranging from 6 to 30 months. Furthermore, 91 Pensioners/beneficiaries delayed to receive gratuity payment, with some delays ranging from 8 to 30 months.

x) A total of 38 pensioners/beneficiaries had inconsistencies in their dates of birth, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

xi) The Audit noted that payments worth UGX 1.63Bn were made to 65 pensioners/beneficiaries using different accounts from the one indicated in the Pension form PSF 18/Pension form NS 7 (Revised 2009).

xii) The expected District pension and gratuity estimates for 2024/2025 is UGX 6.39Bn for 837 confirmed pensioners, excluding pension and gratuity arrears of UGX 0.30Bn.

xiii) A comparison of the estimated pension, gratuity and arrears budget of UGX 6.69Bn and the approved budget of UGX 7.65Bn revealed a variance of UGX 0.96Bn leading to over budgeting.

Recommendation

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

i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.

ii) Always liaise with the MoFPED to ensure that approved funds are released timely.

iii) Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements.
iv) Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements.
v) Ensure that pension and gratuity entitlements are paid correctly and promptly. In addition, follow-up the amounts over paid and budget for payment in regard to under paid pensioners/beneficiaries.
vi) Always sensitize pensioners before retirement and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll.
vii) Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.

Action Status

Progress has been made as follows;

i) Use of verified payroll as guided by the Auditor General.
ii) All funds budgeted for are released.
iii) Arising out of the verification by the Auditor General, allocation was done. However, it fell short of the estimates. A supplementary allocation was requested.
iv) Arising out of the verification by the Auditor General, allocation was done. However, it fell short of the estimates. A supplementary allocation was requested.
v) Over payments have been recovered from the affected beneficiaries and also the under payment accordingly budgeted for.
vi) Processing of retirement benefits is initiated within six months to retirement.
vii) The pre-retirement sensitisations are conducted to ensure that Pensioners are guided on preparation for retirement and also life after retirement. This one was done in FY: 2024/2025.

Vote 920: Rakai District Local Government

Query	**Special Audit of Gratuity Payments and the Pension Payroll**

Audit Findings

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

i) The DLG had 88 Pensioners on the June 2024 payroll, of which 87 (99%) were fully verified while 1 (1%) did not show up. In addition, 7 individuals who had not yet accessed the pension payroll by the end of

June 2024 appeared for the Head-count and were captured as new records.

ii) The District had an initial approved pension and gratuity budget of UGX.2.92Bn for the period under review, and also obtained supplementary budget of UGX.1.99Bn resulting into a revised budget of UGX.4.92Bn out of which UGX.4.79Bn (97%) was released resulting into a funding shortfall of UGX.0.12Bn. Parliament approved UGX.1.998bn supplementary funds for the entity which had not been requested for by the Accounting Officer.

iii) Funds amounting to UGX.0.908Bn were charged on wrong account codes.

iv) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity

v) Seven (7) Pensioners/beneficiaries had not yet accessed the pension payroll (By June 2024), with delays ranging from 14 to 62 months.

vi) Audit further noted that, 46 pensioners/beneficiaries delayed receiving pension payment, with delays ranging from 1 to 42 months while, 41 pensioners/beneficiaries delayed receiving gratuity payment, with delays ranging from 1 to 39 months.

vii) The DLG had accumulated pension and gratuity arrears totalling UGX0.356Bn arising from the under/non-payment of 41 pensioners/beneficiaries.

viii) The expected pension and gratuity estimate for the year 2024/25 is UGX.1.24Bn to cater for 111 confirmed pensioners/beneficiaries excluding pension and gratuity arrears of UGX.0.21Bn.

ix) A comparison of the re-computed pension, gratuity and arrears budget of UGX.1.45Bn and the district approved estimate of UGX.1.35Bn for the FY 2024/2025 revealed an under budget of UGX.0.010Bn.

Recomendation

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

i) Liaise with the MoPS to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer, the matter should be investigated.

ii) Engage MoFPED to ensure that all budgeted for funds are released.

iii) Engage MoFPED to release only funds requested by the DLG.

iv) Ensure that wage, pension and gratuity expenditure is charged on the appropriate codes.

v) Ensure that proper computation of pensioners' entitlements before payments are made.

vi) In addition, follow-up the amounts over paid with a view of recovery. For the under payments, DLG should consider clearing the arrears.
vii) Sensitize pensioners 6 months before retirement to ensure smooth transition from the active payroll to the pension payroll.

Action Status

i) The District submitted the pension validation report to the Ministry of Public Service (MoPS), updated the records of verified pensioners, initiated follow-up on the pensioner who did not appear for validation, and processed the seven newly verified pensioners for enrolment onto the pension payroll.
ii) The District continues to engage the Ministry of Finance, Planning and Economic Development (MoFPED) through the budget execution process to ensure the release of all approved pension and gratuity funds.
iii) The Accounting Officer strengthened communication with MoFPED to ensure that supplementary budget provisions are verified before implementation and that only funds requested by the District are processed.
iv) The Finance Department reinforced compliance with the Government Chart of Accounts by reviewing expenditure coding before processing payments and ensuring pension and gratuity expenditures are charged to the appropriate account codes.
v) The District strengthened internal controls by requiring pension and gratuity computations to be reviewed and verified by both the Human Resource and Finance Departments before payments are processed.
vi) The District is processing outstanding pension files, pursuing recovery of identified overpayments, and clearing underpayments and pension arrears as funds become available.
vii) Pension and gratuity arrears have been prioritized in subsequent budget estimates, and payments are being made progressively based on the availability of Government releases.
viii) Pension and gratuity estimates are now prepared using updated and verified pension records to improve the accuracy of annual budget submissions.
ix) The Human Resource Office has institutionalized pre-retirement sensitization and guidance for officers at least six months before retirement to facilitate timely processing and transition from the active payroll to the pension payroll.

Vote 921: Rubanda District Local Government

Query	**Over and Under Payment of Pension and Gratuity**

Audit Findings

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

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

As regards the over payments, the Accounting Officer pledged to have recoveries made by 30/12/2024. On the under payments, he committed to budget for the funds and have them paid upon funds release.

Recommendation

The Accounting Officer should make the necessary adjustments upon confirmation of the amounts by the MoPS.

Action Status

Pension and gratuity arrears have already been budgeted and submitted to the Ministry of Finance for consideration in the budget of FY 2025/2026.

Waiting for response from Ministries of Finance and Public Service respectively.

All recoveries of UGX 728,786 have already been made as observed and advised by the auditor payroll registers showing recoveries.

Query	**Review of the Implementation of the Approved Budget**

Audit Findings

Paragraph 2(a) of schedule 5 of the PFMA ACT, Cap 171, requires Accounting Officers to prepare an appropriation account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament.

Out of the approved budget of UGX 41.7Bn, the total warrants for the year amounted to UGX 38.54Bn. Budgeted activities for which no funds were released.

The entity had an approved budget of UGX 41.7Bn out of which UGX 38.54Bn was warranted resulting in a shortfall of UGX 3.16Bn representing an 92% performance. The UGX 3.16Bn that was not warranted was meant for the following activities;

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

The Accounting Officer explained that all necessary measures to boost local revenue were in place such as implementation of IRAS and that property valuation had been done as a way of boosting local revenue.

Recommendation
The Accounting Officer should liaise with the relevant stakeholders to ensure that budgeted for activities are funded and also ensure that the efforts taken to boost local revenue collections are enhanced.
Action Status
The entity continues to engage MoFPED for the availability of appropriated resources. Management has put in place strategies to improve local revenue collection such as the introduction of the IRAS system and regular meetings on revenue mobilization.
Query | **Utilisation of Warrants**
Audit Findings The DLG had total warrants of UGX 38.54Bn out of which UGX 38.21Bn was utilised leaving UGX 0.335Bn un-utilised. As a result, the following key activities were either partially or not implemented at all. The Accounting Officer explained that the un utilised warrants were due to delayed procurement under the micro scale irrigation project which resulted into funds being returned to the Treasury but that the entity had done all necessary arrangements such as supplementary requests and that all returned funds have been received and re-voted.
Recommendation
The Accounting Officer should endeavor to sensitise farmers on the benefits of the irrigation program.
Action Status
The farmers have been sensitized and the said funds taken back to the consolidated fund had been returned and fully utilized by farmers.
Query | **Implementation of funded activities**
Audit Findings During a review of the entity Budget information which includes the Budget, annual work plan and PBS reports, The Audit noted that there was no budget output which was fully quantified; that is, a budget output where all the activities in that output are fully quantified. This hindered assessment of implementation of funded activities. The Accounting Officer explained that during that time, PBS was being developed and they would compile results under the guidance of the PBS system whose indicators were not yet properly quantified.

Recommendation
The Accounting Officer should ensure that capacity is built in the planning unit and in the various District departments so that all budget out puts are fully quantified to the extent possible in order to facilitate performance measurement.
Action Status
Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion. The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.
Query | **Irregularities in Supplementary Funding**
Audit Findings The entity received total supplementary funding of UGX 4.81Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary and observed that out of UGX 4.81Bn received, only UGX 4.45Bn, was utilised leaving UGX 0.322Bn unspent as at the year end. This implies that the entity requested for more funds than they needed. The Accounting Officer explained that the un utilised warrants were due to delayed procurement under micro scale irrigation which resulted into funds being returned to the treasury but that the entity had done all necessary arrangements such as supplementary requests and all returned funds had been received and revoted.
Recommendation
The Accounting Officer should sensitive farmers on the benefits of the irrigation Programme.
Action Status
The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures. Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.
Query | **Delivery of Services from Sampled Implemented Activities in the Budget**
Audit Findings The Audit undertook procedures on a sample of 10 activities/projects worth UGX 20.82Bn (Contract sum) to confirm whether these activities; were

implemented in a timely manner; were of acceptable quality, quantity and functionality.

During inspections carried out on 13th November 2024, a number of short comings were noted on two of these projects. There were delays in implementation. Out of the 10 sampled projects, 2 projects with a contract sum of UGX 19.87Bn and for which UGX 6.18Bn had been paid, had delays averaging 4 months from the expected completion date.

The Accounting Officer did not respond to the matter.

Recommendation

The Accounting Officer should ensure that the contractors expedite the construction works to ensure completion is achieved for the intended services.

Action Status

The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted.

The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.

Query	**Implementation of Budget Outputs/Items**

Audit Findings

The Audit assessed 44 Budget Outputs with 123 activities and noted that 44 outputs with 123 activities and expenditure worth UGX 22.51Bn could not be quantified.

Failure to quantified output affects assessment of planned deliverables

The Accounting Officer explained that during that time, PBS was being developed and they would compile results under the guidance of the PBS system whose indicators were not yet properly quantified.

Recommendation

The Accounting Officer should ensure quantification of budget outputs to facilitate assessment of planned deliverables.

Action Status

Management sought support from Ministry of Finance, Planning and Economic Development provided especially in administering the PBS.

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

Audit Findings

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

i) The District had 227 Pensioners on the June 2024 payroll, of which 224 (99%) were fully verified and 3(1%) did not show up for the validation exercise. In addition, 07 individuals had not accessed the pension payroll by the end of June 2024 and these were captured as new records who were all were verified and included in my determination of the entity's pension and gratuity estimates.

ii) The District had an initial approved pension, gratuity and arrears budget of UGX 8.064Bn, for the period under review, and obtained supplementary funds of UGX 1.995Bn leading to a revised budget of UGX 10.059Bn out of which UGX 10.059Bn (99.99%) was released.

iii) The District's requested for supplementary funding of UGX 2.401Bn during the period, of which UGX 1.995Bn (83%) was released leading to shortfall of UGX 0.406Bn. Of the released funds, only UGX 1.969Bn (99%) was spent and the balance of UGX 0.026Bn (1%) remained unspent.

iv) Comparison of the estimated pension and gratuity budget of UGX 3.670Bn and the approved budget of UGX 1.978Bn, revealed a variance of UGX 1.692Bn, implying an under budgeting by the District.

v) One (1) Beneficiary had not yet accessed the pension payroll by 30th June 2024, with delays of 10 months. In addition, three (3) pensioners delayed to receive pension payment, with delays ranging from 10 to 21 months.

vi) Two (2) pensioners had inconsistencies in their dates of first appointment captured in the pension payroll and documents.

Recommendation

In a bid to improve the District's pension and gratuity management processes, the Accounting Officer is advised to;

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

ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.

iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period.

iv) Sensitise staff who are due to retire, atleast six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

v)	Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.
Action Status	
i)	Pension and gratuity arrears have already been budgeted for and submitted to the MoFPED for inclusion in the budget of FY 2025/2026.
ii)	All recoveries of UGX 728,786 have already been made as observed and advised by the Auditor.
iii)	Sensitization 6 months before retirement is always done and pension files are always prepared early enough for smooth transition from active payroll to pension's payroll except for the cases of death gratuity and cases of inconsistences in date of birth. However, with the introduction of HCM cases of inconsistences in date of birth has been eased and are always quickly addressed before retirement
iv)	With the introduction of HCM all staff were migrated with correct data and where wrong data was migrated HCM has enabled quick correction of data before a pension file is processed
v)	The remaining pensioner's not on payroll is as a result of inconsistencies in his date of birth and the ministry of public service is still hesitant to correct the date on assumption that the difference on national ID and IPPS is too long. However, we are engaging the concerned from time to time to have this problem solved
Vote 922: Rubirizi District Local Government	
Query	**Budgeted Activities for which no Funds were Released**
Audit Findings	
The DLG did not receive UGX 0.57Bn of its approved Budget for implementation of the certain key activities. Failure to provide funds for these key activities budgeted negatively affected delivery of intended services. Management noted that The variance was as a result of local revenue that was not collected.	
Recommendation	
The Accounting Officer should always follow up with affected funds and try to cover the gap through revenue enhancement	
Action Status	
UGX 400 million was transferred direct to Military brigade for the extension of maternity ward and have completed with painting the structure The balance of 169,964654= is the shortfall in local revenue collections. This has improved with the automation using IRAS in revenue collection.	

Query	Utilization of Warrants and Implementation of Activities

Audit Findings

a) Utilisation of warrants

The DLG had total warrants of UGX 29.62Bn out of which UGX 28.17Bn was utilised leaving UGX 1.448Bn un-utilised.

As a result, key activities were either partially or not implemented at all. Management response was that procurement of contractors for the construction of St. Kizito Seed School and Butoha HC delayed and the contractor delayed completion. As a result UGX 1.361Bn and 85,968,581 (1,446,734,651) respectively that was swept back. The balance of UGX 0.069Bn was for the unpaid salaries of the unfinished projects whose staff were not recruited and posted.

b) Implementation of funded activities

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 3 outputs with 16 activities worth UGX 3.967Bn were assessed and the following was observed, 2 outputs with 12 activities and expenditure worth UGX 1.483Bn were fully implemented,1 output with 4 activities worth UGX 2.484Bn was partially implemented. Out of 16 Activities, the entity fully implemented 14 activities, partially implemented 2 activities.

Management said that there was delayed procurement contractors leading to the partial implementation of the above projects.

Recommendation

The Accounting Officer should ensure that the attached projects are implemented.

Action Status

Funds were re allocated and a supplementary budget passed by council. Work resumed and projects are in their completion stages.

Upgrade of Butoha is at completion stage (98%). All finishes and fittings are complete waiting testing and snagging. Status report is attached. St Kizito seed school is at 60% completion. Roofing was completed, Finishes and fixing windows and doors is ongoing.

The remaining works to be completed in the remaining three months as per the updated work program. Status report is attached

Query	Supplementary Funding

Audit Findings

The DLG received total supplementary funding of UGX 5.41Bn during the year.

The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed the following;

a) Supplementary funding approval by Council/Board
Regulation 3.12(3) of the Local Government Finance and Accounting Regulations, 2007 require Supplementary estimates to be approved by the Council.
The Audit noted that all supplementary funds of UGX 5.409Bn were approved by Council
.

b) Request of Supplementary funding by the Accounting Officer
Regulation 18 (2) of the Public Finance Management Regulations (PFMR) 2016, requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.
The Audit noted that supplementary funding of UGX 5.409Bn was requested by the Accounting Officer as required by the PFMR.

c) Utilisation of Supplementary Fund. Out of the supplementary funds of UGX 5.409Bn received, only UGX 5.323Bn was utilised leaving UGX 0.086Bn unspent as at the year end.
This implies that the entity requested for more funds than they needed.
There was a delay in the procurement process therefore delaying the implementation.

d) Diversion of supplementary funding
The Audit reviewed the utilisation of the supplementary funding and noted that UGX 5.409Bn was spent on purpose for which the supplementary was granted.

Recommendation

The Accounting Officer should ensure full utilisation of all supplementary received to ensure proper service delivery.

Action Status

The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures.

Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	Delivery of Services from Implemented Activities
Audit Findings The Audit undertook procedures on a sample of 16 activities worth UGX 3.967Bn to confirm whether these activities were implemented in a timely manner, were of acceptable quality, quantity and functionality. The Audit undertook physical inspections on 1 structure worth UGX 3.532Bn and observed that this was for Construction of a seed secondary school at St. Kizito seed school. The Contractor was Khalsa Development (U) LTD Contract and the project amount was UGX 3.532Bn. The Actual Payment was UGX 1.414Bn. Construction undertaken include classroom blocks, Laboratories, school pitch. No school pitch has yet been constructed all other planned work are on partial completion As a result of not executing works/services as per the bills of quantities, the intended objectives were not achieved.	
Recommendation	
The Accounting Officer should ensure that all the Works on the BOQs are implemented.	
Action Status	
Management has engaged the relevant contractors and stakeholders to address defects and ensure that completed projects are put to use as intended. Monitoring and supervision of implemented activities have been strengthened to ensure timely delivery and quality of services to the communities.	
Query	**Funding for the Upgraded Facility**
Audit Findings The Audit undertook a physical inspection to confirm the functionality of the completed projects. The Audit observed that projects worth UGX 0.823Bn were not functional. Management noted that there is no funding for this upgraded facility and even no medicine allocation. However, the project has been commissioned and some staff assigned for operationalization of the project.	
Recommendation	
The Accounting Officer was advised to get funding for this facility and ensure that it is operating.	
Action Status	
There was no funding for the upgraded facility and even no medicine allocation, but the project had been commissioned and some staff assigned for its operationalization.	

Query	Management of the Government Pension Payroll

Audit Findings

In a letter dated 29th November 2022 and referenced HRM 155/222/02, the Hon. Minister of Finance, Planning and Economic Development, requested the Auditor General to conduct a special audit on gratuity and pension payroll management processes and provia recommendations for improvements.

Pursuant to Article 163 of the Constitution of the Republic of Uganda, 1995 (as amended) and Sections 13 and 22 of the National Audit Act (NAA), Cap 170. The Audit commissioned a special audit on the pension and gratuity payroll under the Pensions Act, Cap 89, as amended.

The overall objective of the special audit was to establish the effectiveness of pension and gratuity management processes and recommend remedial measures.

This executive summary contains the key findings arising from the special audit on the pension payroll and gratuity for Rubirizi DLG. There are details of findings reflected in the body of this report that may not be evident in this executive summary.

The following were the key findings;

i) The District had 146 Pensioners on the June 2024 payroll, all of whom (100%) showed up for the validation exercise and were fully verified.
ii) The DLG had an initial approved pension, gratuity and arrears budget of UGX 4.266Bn for the period under review, and obtained supplementary funds of UGX 2.079Bn, leading to a revised budget of UGX 6.345Bn, out of which UGX 6.345Bn (100%) was released resulting into no shortfall.
iii) The DLG requested for supplementary funding of UGX 0.969Bn during the period of which UGX 2.079Bn (214%) was released leading to excess of UGX 1.111Bn. Of the released funds, only UGX 0.902Bn (43.3%) was spent and the balance of UGX 1.178Bn (56.7%) remained unspent.
iv) Comparison of the estimated pension and gratuity budget of UGX 1.388Bn and the approved budget of UGX 1.330Bn revealed a variance of UGX 0.058Bn leading to an under budgeting.
v) Forty-four (44) pensioners/beneficiaries delayed to receive pension payments, with delays ranging from 1 to 39 months.
vi) Six (06) pensioners had inconsistencies in their dates of birth, between their data captured on the IPPS and the NIRA data, and 05 pensioners/beneficiaries had inconsistencies in their dates of first appointment, as captured on the IPPS and the appointment letters which

undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

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

i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll.
ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.
iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period.
iv) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

i) The auditor affirms that these are the correct employees of the vote to be included on the validated payroll for the district. The accounting officer also affirms it as the validated employees.
ii) This has been achieved as recommended.
iii) This has been done and a supplementary budget allocated to the vote.
iv) The Audit function has been brought on board. Pension and gratuity files are audited and verified for their correctness before payment.
v) The advice was taken in good faith. All mentioned pension files were verified by audit and correct figures established

Vote 923: Rukiga District Local Government

Query	**Special Pension Audit Observations.**

Audit Findings

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

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

Management notified the beneficiary about the overpayment and plans were underway to recover the funds.
Recommendation
The Accounting Officer should make the necessary adjustments after immediate confirmation of the amounts by the MoPS.
Action Status
Management noted this with concern and notified the beneficiary about the overpayment. The beneficiary was coded on the Pension payroll in the Financial Year 2024-25 to ensure that the funds are recovered however the overpayment will be recognized as a receivable in the Financial Statements for end of the Financial Year 2024-25 since they have now been confirmed.

Query	**Under Realization of Budgeted Revenue**

Audit Findings

Regulation 32 of LGFAR, 2007 states that the Head of Finance is responsible for ensuring that revenue collectors, defined under these regulations, carry out their duties properly to ensure that all revenue due to the council is promptly collected in the approved manner and banked intact.

A review of the entity's approved budget revealed that the District realised UGX 342,177,432 out of UGX 559,760,000 that was budgeted representing (61%) performance.

Revenue shortfalls negatively affect the implementation of the following planned activities.

Management acknowledges the anomaly. However, it explained that the District budgeted for Micro- Scale Irrigation projects where Government was to top-up 75% for interested parties and they contribute the remaining 25%. However, some failed to raise the money for co-funding due to limited capacity resulting into under realization of budgeted revenue.

Management further explained that the District had planned to carry out recruitment and fill vacant positions however, MoPS and MoFPED suspended recruitment thus the district losing expected Local Service tax. In addition, many businesses closed after the assessment due to poor economic conditions.

Recommendation
The Accounting Officer should ensure that all budgeted revenue is realized.
Action Status
The District realized a short fall in local revenue collection and this was attributed to the following: i) The District expressed interest of 91 farmers to benefit from Micro- scale Irrigation projects however during budgeting for the Financial Year 2023-

2024, the entity received only Ugx 195,253,998 from the Ministry which could only cater for 10 farmers therefore management could not solicit for co-funding from the farmers because of lack of capacity to deliver to more farmers leading to under realization of budgeted revenue.

ii) The District had planned to carry out recruitment and fill vacant positions. However MoFPED and MoPS suspended recruitment thus the District losing expected Local Service tax.

iii) Failure to collect revenue from the TIN mines because of lack of a mining license from Ministry of Energy.

iv) Due to the outbreak of Foot and mouth and swine flu with in the District, the markets did not operate in some of the months of the Financial Year.

With the entity being enrolled on the Integrated Revenue Administration System (IRAS) there has been an improvement in the collection of revenue and fast tracking of the revenues remitted.

Management also expects to enhance the revenue collections from property tax after approval of the Property tax valuation lists.

Query	**Procurement: Lack of Performance Securities**

Audit Findings

Regulation 12 (1) (contracts), 2014, requires a contract to have a performance security to protect the PDE against non-performance.

Regulation, 11 (1) of the PPDA (Contracts) Regulations, 2023 stipulates that the bidding document shall state the requirement for a performance security or a performance securing declaration. Regulation 11(2) states that, “The value of performance security shall be specified in the guidelines issued by the authority.”

Regulation 11(5) states that, “the performance security shall not be released by a PDE until all obligations of the provider in the contract are fulfilled.”

On the contrary, it was observed the District entered/signed contracts worth UGX 3.69Bn with bidders without requiring them to avail performance security. Without availability of performance security, there is a possibility of abandoning works.

The Accounting Officer explained that the district required performance securing declarations for the projects as mandated by Section 11 of the PPDA Act (Contract Regulations) 2023.

The Audit was not availed with sufficient audit evidence to confirm the Accounting Officer's response.
Recommendation
The Accounting Officer should engage the procurement officer to ensure that bidders avail performance securities.
Action Status
The Public Procurement & Disposal of Public Assets (Contracts) Regulations 2023, Section 11 (i) requires that the bidding documents shall state the requirement for a performance security or a performance securing declaration. Management was however provided with the performance securing declarations in the bidding documents which was the basis for signing and entering into the contract.

Query	**Implementation of the Approved Budget**

Audit Findings

Paragraph 2(a) of schedule 5 of the PFMA ACT, Cap 171, requires Accounting Officers to prepare an appropriation account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament.

Out of the approved budget of UGX 30.44Bn, the total warrants for the year amounted to UGX 29.75Bn. Based on the procedures undertaken, below are my findings.

Rukiga District did not receive UGX 0.67Bn of its approved budget for the implementation of the certain key activities.

Failure to provide funds for these key activities budgeted for negatively affected delivery of intended services.

Management explained that it is true the entity did not receive Ugx 670,241,336 however, the entity had no control over the release of funds from the Ministries especially for donor funded projects.

Management further noted that the District still has a low revenue base therefore cannot fully fund its projects using local revenue for instance the planned mentorship sessions in LLGs and DDPIII Mid Term Reviews could not take place due to limited funding as a result of under collection of local revenue.

For Micro Scale Irrigation projects, Government top-ups 75% for interested parties and they contribute 25% however some failed to raise the monies for co-funding due to limited capacity therefore the irrigation schemes could not be extended to those persons.
Recommendation
The Accounting Officer should liaise with MoFPED and ensure that all budgeted funds budgeted are released.
Action Status
It is true the entity did not receive Ugx 670,241,336 however, the entity had no control over the release of funds from the Ministries especially for donor funded projects The District still has a low revenue base therefore cannot fully fund its projects using local revenue for instance the planned mentorship sessions in LLGs and DDPIII Mid Term Reviews could not take place due to limited funding as a result of under collection of local revenue. The District expressed interest of 91 farmers to benefit from Micro- scale Irrigation projects however during budgeting for the Financial Year 2023-2024, the entity received only Ugx 195,253,998 from the Ministry which could only cater for 10 farmers therefore management could not solicit for co-funding from the farmers because of lack of capacity to deliver to more farmers. Management will always do follow-up on unreleased funds to ensure projects are complete and will also roll over the activities that were affected by the budget shortfalls for implementation to the subsequent Financial Year.
Query **Utilisation of Warrants**
Audit Findings The DLG had total warrants of UGX 29.75Bn out of which UGX 27.12Bn was utilised leaving UGX 2.63Bn un-utilised. As a result, some key activities were either partially or not implemented at all. The unutilized warrants resulted from the un spent wage during the FY that resulted from the ban on the recruitment of new staff by the Government. Death gratuity for one of the staff was not paid yet the file was processed because the administrator for estate of the late was still a serving civil servant. One of the councilors was also appointed assistant RDC therefore her ex-gratia was not consumed since she was not replaced.
Recommendation
The Accounting Officer should seek for recruitment clearance from the MoPS to ensure adequate utilization of the wage budget.

Action Status
The unutilized warrants resulted from the un spent wage during the FY that resulted from the ban on the recruitment of new staff by the Government. The entity has now been cleared to recruit on replacement basis and an advert has been run. Death gratuity for one of the staff was not paid yet the file was processed because the administrator for estate of the late was still a serving civil servant.
Query **Implementation of Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of four (04) outputs with 21 activities worth UGX 2.435Bn were assessed and the following was observed. i) Three (03) outputs with 20 activities and expenditure worth UGX 1.875Bn were fully implemented. ii) One (01) output with one (01) activity worth UGX 0.56Bn was partially implemented. iii) One(01) Construction of Bukinda Seed School Partially implemented iv) Implication v) Partial implementation of planned activities implies that the expected services to the beneficiary communities were not attained. Management notes this with concern however the contractor for construction of Bukinda Seed Secondary School requested for extension of the contract period to complete the works on site and the works are ongoing close to completion. Attached is the letter of extension of the Contract Period.
Recommendation
The Accounting Officer should ensure full implementation of all funded activities.
Action Status
Management notes this with concern however the contractor for construction of Bukinda Seed Secondary School requested for extension of the contract period to complete the works on site and the works are ongoing close to completion.
Query **Supplementary Funding**
Audit Findings The DLG received total supplementary funding of UGX 3,791,467,402 during the year. The Audit reviewed the process of requesting and utilization of the supplementary funding.

Regulation 18 (2) of the Public Finance Management Regulations (PFMR) 2016, requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing. The Audit noted that supplementary funding of UGX 0.19Bn was requested for by the Accounting Officer as required by the PFMR out of the total received supplementary of UGX 3.79Bn. The inconsistencies in requests for supplementary funding indicate non-compliance to the budget controls. The supplementary funds for Pension and Gratuity were not requested for since they were appropriated for by the Ministry basing on the needs of the entity as per the submissions of the Pension estimates to the Ministry.
Recommendation
The Accounting Officer should request for the Minister's approval in writing regarding supplementary funding.
Action Status
The supplementary funds for Pension and Gratuity are not requested for since they are appropriated for by the Ministry basing on the needs of the entity as per the submissions of the Pension estimates to the Ministry.

Query	**Delivery of Services from Implemented Activities**
Audit Findings The Audit undertook procedures on a sample of nine (09) activities worth UGX 1.036Bn to confirm whether these activities were implemented in a timely manner, were of acceptable quality, quantity and functionality. A number of short comings were noted including delay in implementation of activities. One (01) project worth UGX 0.034Bn had delays averaging two (02) months from the expected completion date. Management notes the anomaly with concern however the contractor encountered two dry wells on both drilling attempts and requested for an extension of time to enable him carry out another site surveying and drilling on a new site.	
Recommendation	
The Accounting Officer should ensure that projects implemented are completed on time as agreed in the contract.	
Action Status	
Management noted the findings with concern however the contractor encountered two dry wells on both drilling attempts and requested for an extension of time to enable him carry out another site surveying and drilling on a new site.	

Query	Delayed release of Funds
Audit Findings	
Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2). The Audit noted that the entity received Government grants amounting to UGX 27.89Bn seven (07) days on average, after commencement of each quarter. The entity has no control over the releases from Central Government since they first release expenditure limits and cash limits are loaded days after for warranting to be done.	
Recommendation	
The Accounting officer should engage MoFPED to ensure timely release of funds.	
Action Status	
The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines. Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.	
Query	**Implementation of Budget Outputs/Items**
Audit Findings	
The Audit assessed the six (06) outputs in the work plan and noted that six (06) outputs with a budgeted amount of UGX 1.159Bn could not be quantified. Failure to quantify outputs affects assessment of planned deliverables and non-aligned of outputs with the chart of accounts may lead to wrong classification of expenditure. Management notes the audit findings with concern however will always ensure budget outputs are quantified to avoid misclassification of expenditure.	
Recommendation	
The Accounting officer should ensure that all outputs are properly quantified in the work plan.	
Action Status	
The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. Unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.	

Query	Management of Government Pension and Gratuity Payroll

Audit Findings

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

i) The District had 155 Pensioners on the June 2024 payroll, of which 155 (100%) were fully verified. In addition, 30 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. All these new records were verified and included in my determination of the District's pension and gratuity estimates.

ii) The District had an initial approved pension, gratuity and arrears budget of UGX 6.621Bn for the period under review, and obtained supplementary funds of UGX 3.057Bn leading to a revised budget of UGX 9.677Bn out of which UGX 9.677Bn (100%) was released.

iii) The District received UGX 0.692Bn in excess of the amount requested by the Accounting Officer in Financial Year 2023/24.

iv) Comparison of the estimated pension and gratuity budget of UGX 2.603Bn and the approved budget of UGX 2.023Bn revealed a variance of UGX 0.580Bn leading to an under budgeting.

v) A re-computation of pensioners benefits revealed over payments of gratuity amounting to UGX 62.77Mn.

vi) Twenty-four (24) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 1 to 78 months. In addition, 45 pensioners delayed to receive pension payment, with delays ranging from 1 to 12 months.

Recommendation

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

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

ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.

iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery.

iv) Sensitize staff who are due to retire, at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.
Action Status
Management acknowledges the audit findings however will always ensure that it engages the affected pensioners for their records to be duly updated and brought to the attention of the MoPS within a specified timeline for appropriate action. The beneficiary who was over paid has been coded on Pension payroll to recover the funds from them.
Vote 924: Rukungiri District Local Government
Query | **Over Payment of Gratuity**
Audit Findings The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over payments of gratuity amounting to UGX 0.017Bn Mn. The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS. The Accounting Officer explained that IPPS erroneously calculated gratuity twice in April 2022 and May 2022, but paid once.
Recommendation
The Accounting Officer should make the necessary adjustments upon confirmation of the amounts by the MoPS.
Action Status
Management has initiated the process of validating the identified over and under payments with the Ministry of Public Service (MoPS). Adjustments will be effected in the financial statements upon confirmation of the amounts by MoPS. Recovery of overpaid amounts and settlement of underpayments are being processed in line with guidelines from the Ministry of Finance, Planning and Economic Development.
Budgeted activities for which no funds were released
Audit Findings The entity had an approved budget of UGX 59,254,012,355 out of which UGX 58,026,234,546 was warranted resulting in a shortfall of UGX 1,227,777,809 representing an 98% performance. This lead to non/partial implementation of certain key activities. Failure to provide funds for these key activities budgeted negatively affected delivery of intended services.

The Accounting Officer did not respond on this matter.
Recommendation
The Accounting Officer should roll over the affected activities and liaise with MoFPED to ensure that these unfunded activities are subsequently funded.
Action Status
Management continued engaging the Ministry of Finance, Planning and Economic Development for funding. The unimplemented activities were rolled over in the subsequent years workplans for implementation
Utilization of warrants
Audit Findings The DLG had total warrants of UGX 58.03Bn out of which UGX 54.76Bn was utilised leaving UGX 3.271Bn un-utilised. The unspent balances were meant for payment of general staff salaries, pension and gratuity payments. The Accounting Officer explained that the un-utilised funds at the end of the Financial year were swept back to the consolidated fund.
Recommendation
The Accounting Officer should ensure that the affected activities are rolled over for implementation in the subsequent year.
Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.
Query | **Management of Government Pension and Gratuity Payroll**
Audit Findings The Audit undertook a special audit of the gratuity payments and pension payroll for financial years 2019/20 to 2023/24 and below is a summary of the major findings; i) The District had 1,047 Pensioners on the June 2024 payroll, of which 799 (76%) were fully verified, 44 (4%) who were paid UGX 0.685Bn over the period of 5 years were not verified and 204(20%) did not show up for the validation exercise. In addition, 10 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. Out of the new records, only 7 were verified and included in my determination of the DLG's pension and gratuity estimates.

ii) The DLG had an initial approved pension, gratuity and arrears budget of UGX 24.897Bn for the period under review, and obtained supplementary funds of UGX 8.464Bn, leading to a revised budget of UGX 33.361Bn, out of which UGX 33.358Bn (100%) was released.

iii) In the financial year 2022/23, MoFPED released UGX 0.012Bn in excess of the amount requested by the Accounting Officer.

iv) Comparison of the estimated pension and gratuity budget of UGX 10.194Bn, and the approved budget of UGX 9.638Bn, revealed a variance of UGX 0.556Bn leading to an under budgeting.

v) Two (02) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 32 to 33 months. In addition, 128 pensioners delayed to receive pension payment, with delays ranging from 1 to 31 months.

vi) A total of 147 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment and dates of retirement, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

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

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

ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25, in line with the results of the validation exercise.

iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery.

iv) Sensitise staff who are due to retire, at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.

v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the

Action Status

Engagement with the Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) to clean up and update the pension payroll has been initiated.

The verified payroll is being used as the basis for monthly pension and gratuity payments. Measures to recover overpayments, process underpayments, and update inconsistent records have been commenced.

Pre-retirement sensitisation programs have been introduced to facilitate smooth transition of retiring staff onto the pension payroll.
Vote 925: Rwampara District Local Government
Query | **Under payment of Gratuity**
Audit Findings The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified under payments of gratuity amounting to UGX 0.012Bn. The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.
Recommendation
The Accounting Officer should make the necessary adjustments upon confirmation of the amounts by the MoPS.
Action Status
The affected pensioner(Kyarisiima Jane) was advised to fill the residue arrears form which has been submitted to Ministry of Finance Planning and Economic Development.
Query | **Assets Management - Lack of land titles**
Section 45 (1) of the Uganda Land Act, 1998 as Amended states that a government or local government shall hold in trust for the people and protect natural lakes, rivers, ground water, natural ponds, natural streams, wetlands, forest reserves, national parks and any other land reserved for ecological and touristic purposes for the common good of the citizens of Uganda. The Audit reviewed the land details of the District and noted that of its 82 pieces of land, only 31 (38%) are titled, 20 (24%) are under titling process while 31 (38%) are neither titled nor in process for titling. Failure to have full ownership of land exposed the District land to encroachers and fraudulent transactions. The Accounting Officer explained that titling of some of the District Land has been done but in a phased manner due to inadequate funds. It has been a continuous process as the number of untitled District land keep reducing. Recommendation noted for implementation.
Recommendation
The Accounting Officer should make adequate budgetary provisions for titling of all the District land.

Action Status	
Management is committed to securing government land. Out of 83 land parcels, 39 (47%) are titled, 33 (40%) parcels are currently in process and 11 (13%) parcels of land await titling. This is done amidst scarce resources and so the process of titling land is done in a phased manner.	
Query	**Land encroachment by private individuals**

Audit Findings

Regulation 94 (1) of the Local Governments Finance and Accounting Regulations, 2007 requires every officer who is in possession of any public moneys, stores, other assets, land and buildings, to be responsible for their safe custody and protection from any loss.

The Audit inspected a sample of eight (8) pieces of land on 15th November 2024 and observed that three pieces of land had been encroached on.
There is a risk that the District will incur unnecessary costs in getting rid of encroachers on the land.

The Accounting Officer explained that Lower local governments had been advised to priotise land parcels under their jurisdiction, but it was a continuous process that every financial year the untitled parcels had been reducing.

Recommendation
The Accounting Officer should expedite the process of acquiring land titles for all District land and securing it from encroachment.
Action Status
Bukuna II –Nyakabare Rugando playground whose title is still in the names of Mbarara has a caveat and so could not be transferred to Rwampara District. Issues of encroachment are pending before Court.

Query	Review of the Implementation of the Approved Budget

Audit Findings

Paragraph 2(a) of schedule 5 of the PFMA ACT, Cap 171, requires Accounting Officers to prepare an appropriation account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament.

Out of the approved budget of UGX 29.89Bn, the total warrants for the year amounted to UGX 28.05Bn. The Audit reviewed UGX 26.09Bn (94.87%) of the total warrants. Based on the procedures undertaken, below are my findings;

i) Budgeted activities for which no funds were released

ii) The District did not receive UGX 1.844Bn of its approved Budget for implementation of the certain key activities.
iii) Failure to provide funds for these key activities negatively affected delivery of intended services.

The Accounting Officer explained that there was an outbreak of foot and mouth disease which led to closure of livestock markets. He added that that Ntungamo District set up a market adjacent to theirs which led to reduction in the agricultural products to our market hence a reduction in revenue.

Recommendation

The Accounting Officer should devise strategies of increasing local revenue to ensure that budgeted funds are realised.

Action Status

The entity has put in efforts to enhance Local Revenue Collection and has realized a slight increment of 4% in Local Revenue, there has been persistent challenges that affect local revenue performance among which include disease outbreak i.e food and mouth disease that affect revenue from animal related dues and low local revenue base. Management has closed all the General Fund Accounts in the District to eliminate leakages in the revenue collection system.

Query	**Utilization of Warrants**

Audit Findings

The DLG had total warrants of UGX 28.05Bn out of which UGX 25.30Bn was utilised leaving UGX 2.746Bn un-utilised.

As a result, the following key activities were either partially or not implemented at all.

The District requested for clearance to recruit but permission was not granted except on replacement basis.

The unimplemented activities were rolled over and are being implemented in the current Financial Year 2024/25.

Recommendation

The Accounting Officer should provide an explanation for underutilization of warrants.

Action Status

Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year.

The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.

Query	Implementation of Funded Activities

Audit Findings

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 13 outputs with 213 activities worth UGX 4.191Bn were assessed and the following was observed.

i) 08 outputs with one hundred ninety-two (192) activities and expenditure worth UGX 2.347Bn were fully implemented.
ii) 05 output with twenty-one (21) activities worth UGX 1.844Bn were not implemented at all.

Recommendation

The Accounting Officer was advised to;

i) Ensure that all funded activities are implemented as planned and partially implemented activities are rolled over and completed in the subsequent financial year.
ii) Strengthen supervision and monitoring of project implementation to ensure timely completion and delivery of services.

Action Status

Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion.

The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.

Query	Utilization of Supplementary Funds

Audit Findings

Out of the supplementary funds of UGX 3.47Bn received, only UGX 3.35Bn was utilized leaving UGX 120,289,463 unspent as at the year end.
This implies that the entity requested for more funds than they needed.

For gratuity balance amounting to UGX 73,434,897 was meant for two pensioners whose date of Birth was wrongly captured on the system and didn't retire in FY 2023/2024 thus money returning back as per the attached.

The UGX 34,114,037 was meant for pension was not utilised and was swept back because the release for pension exceeded what was required for the eligible pensioners for the Financial under review.
UGX 12,740,530 for health UGIFT funding was requested and was re-voted to the district as per supplementary budget attached.

Recommendation

The Accounting Officer should always request for the funds that match with their needs.

Action Status
Engagements have been held with the Ministry of Finance, Planning and Economic Development during the planning stage and requests are made for the required funds.
Functionality of the Inspected Structures
Audit Findings The Audit undertook a physical inspection to confirm the functionality of the completed projects. The Audit observed that all ten (10) projects worth UGX 1.826Bn were completed, four (04) projects worth UGX 0.867Bn were not in use. The ministry had written to us that they would commission UGIFT projects at once country wide, so we are awaiting the Program.
Recommendation
The Accounting Officer was advised to follow up on the commissioning the completed projects to enable usage by the communities.
Action Status
Management has taken steps to commission completed projects and put them to use for the intended purposes. Engagement with the relevant sector ministries and stakeholders to operationalise the facilities is ongoing. Follow-up with the relevant authorities to secure staffing, equipment, and supplies necessary for the operationalisation of completed facilities is being undertaken.

Query	Other Budgetary Performance Matters
Audit Findings Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2). The Audit noted that the entity received Government grant amounting to UGX 27.22Bn, 14 days on average, after commencement of each quarter. Delayed release of funding affects implementation of the planned outputs. Management explained that there has been an improvement in release of funds compared to previous years. The release of funds is however not within our control but the accounting officer promises to continue engaging the responsible ministry on timely release of funds.	

Recommendation
The Accounting officer should liaise with MFPED to ensure timely release of funds.
Action Status
The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. There has been an improvement in release of funds compared to previous years. Unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.
Query | **Management Of the Gratuity Payments and Pension Payroll**
Audit Findings In a letter dated 29th November 2022 and referenced HRM 155/222/02, the Hon. Minister of Finance, Planning and Economic Development, requested me to conduct a special audit on gratuity payments and pension payroll management processes, and provide recommendations for improvements. Pursuant to Article 163 of the Constitution of the Republic of Uganda, 1995 (as amended) and Sections 13 and 22 of the National Audit Act (NAA) Cap 170, The Audit commissioned a special audit on the gratuity payments and the pension and payroll under the Pensions Act, Cap 89, as amended. The overall objective of the special audit was to establish the effectiveness of pension and gratuity management processes and recommend remedial measures. The special audit covered a period from FY 2019/20 to FY 2023/24. This executive summary contains the key findings arising from the special audit on the pension payroll and gratuity payments for Rwampara DLG. There are details of findings reflected in the body of this report that may not be evident in this executive summary. i) Rwampara District had 147 Pensioners on the June 2024 payroll, who were all fully verified. Eight (8) individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. The 8 were verified and included in my determination of the DLG's pension and gratuity estimates. ii) The District had an initial approved pension, gratuity and arrears budget of UGX 4.187Bn for the period under review, and obtained supplementary funds of UGX 4.687Bn leading to a revised budget of UGX 8.874Bn out of which UGX 8.671Bn (98%) was released. iii) The District requested for supplementary funding of UGX 1.44Bn during the period but UGX 4.687Bn (325%) was released leading to excess of UGX

3.247Bn. Of the released funds only UGX 3.235Bn (69%) was spent and the balance of UGX 1.451Bn (31%) remained unspent.

iv) Comparison of the estimated pension and gratuity budget of UGX 2.378Bn and the approved budget of UGX 1.506Bn revealed a variance of UGX 0.871Bn leading to an under budgeting.

v) A re-computation of pensioners benefits revealed under payment of gratuity of UGX 0.012Bn to one pensioner.

vi) Eight (8) Pensioners had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 2 to 3 months. In addition, thirty-nine (39) pensioners delayed to receive pension payment, with delays ranging from 3 to 5 months.

vii) Six (6) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

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

i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer, the matter should be investigated further.

ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the FY 2024/25 in line with the results of the validation exercise.

iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the amounts over paid with a view of recovery. For the under payments the liability should be recognized and budget for payment in the subsequent period.

iv) Sensitize staff who are due to retire six months before retirement to ensure smooth transition from the active payroll to the pension payroll.

v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

i) All our pensioners turned up for validation exercise

ii) The two ministries invited us for a meeting in September 2025 and harmonized the pension and gratuity budgets for FY 2024/2025 thereby requesting Votes to request a supplementary budget.

iii) There were no overpayments and for underpayment of one pensioner, residue arrears form was submitted to Ministry of Finance Planning and Economic Development.
iv) The sensitization of staff who are due to retirement has been done as per attached evidence.
v) The affected pensioners were notified and guided on how to rectify the inconsistencies with NIRA.

Vote 926: Sembabule District Local Government

Query	**Budgeted Activities for which no Funds were Released**

Audit Findings

The entity had an approved budget of UGX 46.26Bn out of which UGX 42.75Bn was warranted resulting in a shortfall of UGX 3.518Bn representing an 84% performance. The UGX 3.518Bn that was not warranted was meant for the partially or non-implemented activities;

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

The Accounting Officer explained that this was largely due low collection of locally raised revenue whose short fall was due to persistent foot and mouth pandemic that affected revenue collection from animal husbandry related levies and low uptake of technologies for small scale irrigation by farmers where the expected co-funding of UGX 0.444Bn was never released.

Recommendation

The Accounting Officer should ensure enhance revenue collection and disease control mechanisms in order to fasten revenue collection.

Action Status

The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted.

With the entity being enrolled on the Integrated Revenue Administration System (IRAS) there has been an improvement in the collection of revenue and fast tracking of the revenues remitted

Query	**Utilisation of Warrants**

Audit Findings

The entity had total warrants of UGX 42.75Bn out of which warrants worth UGX 41.12Bn had been utilised by the close of the financial year. The balance of UGX 1.38Bn was meant for activities which were either partially or not implemented at all.

The Audit did not get a response from the Accounting Officer.

Recommendation
The Accounting Officer to should ensure that supplementary funding is obtained for confirmed unforeseen activities.
Action Status
The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation
Query | **Implementation of Funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 8 outputs with 292.5 activities worth UGX 4.775Bn were assessed and the following was observed; i) Six (6) outputs with 278.5 activities and expenditure of UGX 3.575Bn were fully implemented. ii) Two (2) outputs with 14 activities with UGX 1.20Bn were partially implemented. Out of the 14 activities, the District fully implemented twelve (12) activities at UGX 0.57Bn, while two (2) activities estimated at UGX 0.06Bn remained unimplemented. The Accounting Officer explained that a no objection to divert the UGX 0.06Bn from OPD upgrade to chain link construction was obtained since the targeted OPD was detached from the new facilities. Currently the works are ongoing.
Recommendation
The Accounting Officer to should fast track the completion of the works at the new health Centre premises.
Action Status
Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion. The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.
Query | **Irregularities in Supplementary Funding**
Audit Findings The entity received total supplementary funding of UGX 6.413Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed the following; The Audit reviewed the process of requesting and utilisation of the supplementary funding. Section 25 (6) of the PFMA, Cap 171, requires that the supplementary expenditure should be an expenditure that cannot be funded

through virements, cannot be postponed to the next financial year, or was unforeseeable.

The Audit noted that supplementary expenditure amounting to UGX 1.87Bn did not meet the supplementary expenditure criteria. Supplementary expenditure that is avoidable, foreseeable and absorbable is contrary to Section 25 (6) of the PFMA, Cap 171.

The Accounting Officer explained that the supplementary funding was for co-funding of farmers under micro-scale irrigation.

Recommendation

The Accounting Officer should obtain supplementary funding for expenditures that cannot be postponed to the next financial year and for activities that are approved by council.

Action Status

The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures.

Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	**Delivery of Services from Sampled Implemented Activities in the Budget**

Audit Findings

The Audit undertook procedures on a sample of 5 activities worth UGX 1.566Bn to confirm if these activities were implemented by the entity in a timely manner, were of acceptable quality, quantity and functionality. A number of short comings were noted as discussed below;

i) Delay in implementation of activities out of the five (05) sampled projects, three 0(3) projects worth UGX 0.293Bn had delays averaging one (01) month from the expected completion date.
ii) Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

Recommendation

The Accounting Officer should ensure accuracy in costing of the projects to ensure cost effective delivery of services.

Action Status

The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds budgeted.

Query	Functionality of Facilities
Audit Findings	
The Audit undertook a physical inspection to confirm the functionality of the completed structures/works and noted that one(01) out of the five (05) sampled projects worth UGX 1.03Bn were not functional despite completion. Delay to complete and avail facilities for use denies the citizens access to services intended by government investing into the construction of the facility. The Accounting Officer explained that the facility would be utilised when the ongoing phase is completed.	
Recommendation	
The Accounting Officer should fast track the completion of the remaining works and the ongoing phase for effective facility utilisation.	
Action Status	
Management has taken steps to commission completed projects and put them to use for the intended purposes. Engagement with the relevant sector ministries and stakeholders to operationalise the facilities is ongoing. Follow-up with the relevant authorities to secure staffing, equipment, and supplies necessary for the operationalisation of completed facilities is being undertaken.	
Vote 927: Serere District Local Government	
Query	**Over and Underpayment of Pension and Gratuity**
Audit Findings	
The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity. The Audit noted that the Accounting Officer had made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.	
Recommendation	
The Accounting Officer should make the necessary adjustments in the subsequent period upon confirmation of the amounts by the MoPS.	
Action Status	
The financial statements for the reporting period 30th June 2025 were adjusted to recognize the over and under payments of pensions and gratuity.	
Query	**Loss of ICT Equipment at Kagwara Seed Secondary School**
Audit Findings	
According to part VIII 94 (1) of the Local Government Financial and Accounting Regulations 2007, every officer who is in possession of any public monies,	

stores, other assets, land and buildings, is responsible for their safe custody and protection and for any loss.

However, the Audit noted that 18 Desktop Computers worth UGX 49,140,000 were stolen from Kagwara Seed Secondary School. This leads to loss of government funds as well as negatively affecting the would be users of the ICT equipment.

The Accounting Officer explained that the matter was reported to police and investigation are still ongoing.

Recommendation

The Accounting Officer should ensure that the investigation is expedited such that those accountable are brought to book and recovery of the computers made.

Action Status

The matter was reported to police and investigation are still ongoing.

Query	**Budgeted Activities for which no Funds were Released**

Audit Findings

The District did not receive UGX 0.66Bn of its approved Budget for implementation of the certain key activities. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that the district experienced budget cuts from the other government transfers.

Recommendation

The Accounting Officer should lobby for more funding from MoFPED.

Action Status

Some of the projects identified above, were funded under local revenue. The local revenue outturn was at UGX 0.85Bn(81%) of the approved local revenue budget of UGX 1,161,600,000 during FY 2023/24. This implies that the uncollected funds have a bearing on programme implementation.

Furthermore, the district experienced budget cuts from other government transfers. For instance we did not receive all expected funds from MoGLSD for revolving funding for UWEP and YLP, UNICEF, URF, WHO and GAVI to the tune of UGX 1.24Bn and realized UGX 1.08Bn.

Management realized over 99% of the expected funding from Central Government – transfers from treasury.

However, the district continues lobbying from MoFPED and other stakeholders.

Query	Utilisation of warrants
Audit Findings	
The District had total warrants of UGX 42.369Bn out of which warrants worth UGX 41.397Bn had been utilised by the close of the financial year. The balance of UGX 0.972Bn was meant for the following activities which were either partially or not implemented at all. The Accounting Officer explained that the underperformance was occasioned by delayed completion of co-funding obligation by the beneficiary farmers yet it was a pre-requisite under the implementation guidelines.	
Recommendation	
The Accounting Officer to should ensure that farmers are sensitized on the benefits of this program such that they can co-fund in time.	
Action Status	
During the audit period, UGX 0.48Bn was unspent due to shortfall in co-funding to match the monies released. With effect from FY 2024/25, farmers have been sensitized on the importance of participating in livelihood projects as well as co-funding and this explains why all the funds were absorbed in FY 2024/25.	
Query	**Implementation of Funded Activities**
Audit Findings	
The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 27 outputs with 16 activities worth UGX 4.582Bn were assessed and the following was observed; i) Twenty-two (22) outputs with Eleven (11) activities and expenditure of UGX 0.924Bn were fully implemented. ii) Five (5) outputs with Five (5) activities worth UGX 3.658Bn were partially implemented.	
Recommendation	
The Accounting Officer was advised to; i) Ensure that all funded activities are implemented as planned and partially implemented activities are rolled over and completed in the subsequent financial year. ii) Strengthen supervision and monitoring of project implementation to ensure timely completion and delivery of services.	
Action Status	
i) Phase II construction of a mini solar water supply and sanitation scheme at Pingire RGC costed at UGX 161,792,000 was completed. ii) Phase i construction of CAO's residence building costed at UGX 98,242,848 was duly met as per the scope of works for FY 2023/24.	

iii) Construction of a two stance drainable pit latrine at Mulondo landing site costed at UGX 11,746,000; the hand washing tank was installed and latrine labelled and the facility is under use.

iv) Design, supply, delivery and installation of Micro scale Irrigation equipment costed at UGX 404,012,371. During the year of audit, the monies were not spent but in FY 2024/25, the funds were revoted and the equipment were installed.

v) Construction of Olio Seed Secondary School costed at UGX 2,950,302,304; the goal posts were not planted. The goal post are now in place at the school, pending planting by the Contractor on the right coordinates.

Query	**Irregularities in Supplementary Funding**

Audit Findings

The District received total supplementary funding of UGX 5.483Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed that out of the supplementary funds of UGX 5.483Bn received, only UGX 4.996Bn was utilised leaving UGX 0.486Bn unspent as at the year end, these funds were meant for microscale irrigation equipment. This implies that the entity requested for more funds than needed.

The Accounting Officer explained that the farmers had not yet cofounded, so the equipment could not be installed.

Recommendation

The Accounting Officer should ensure that all supplementary funds are always spent on the budgeted activities.

Action Status

Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	**Delivery of Services from Sampled Implemented Activities**

Audit Findings

The Audit undertook procedures on a sample of 14 activities worth UGX 4,606,067,243 to confirm whether these activities were implemented in a timely manner, were of acceptable quality, quantity and functionality. A number of short comings were noted as discussed below;

Delay in implementation of activities out of the 14 sampled projects, 2 projects worth UGX 2,962,048,304 had delays averaging 2 months from the expected completion date and delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

Recommendation
The Accounting Officer should ensure that going forward, the works are completed within the contract period.
Action Status
WIP is complete except for Olio Seed SS, which has financial challenges (works executed over and above the funds released for its completion).
Query | **Quantity Verification**
Audit Findings The Audit undertook physical inspections on 4 structures worth UGX 3.254Bn. Due to failure to execute the works/services as per the bills of quantities, the intended objectives were not achieved. The Accounting Officer explained that the above projects are multi-year/phased capital development activities. However, the works were particularly for 2023/2024 phase but were not done.
Recommendation
The Accounting Officer should ensure that going forward, all phased activities are implemented within the period.
Action Status
Corrective measures have been put in place to prevent recurrence, and the monitoring of implementation activities has been enhanced.
Query | **Delayed Release of Funds**
Audit Findings Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) requires that the release shall be by the 10th day of the first month of the period in sub regulation (2). The Audit noted that the District received Government grant amounting to UGX 42.37Bn, on average 48 days, after commencement of each quarter. The Accounting Officer explained that follow-up and advocacy on timely release of funds shall be done with Ministry of Finance, Planning and Economic Development.
Recommendation
The Accounting officer should liaise with the ministry to ensure that funds are released on time.
Action Status
Management continues to follow-up on timely release of funds with Ministry of Finance, Planning and Economic Development. There has been improvements

which together with enhanced supervision has enabled implementation of activities on time.

Query	Procurement Planning

Audit Findings

Regulation 2 of the PPDA (Procurement Planning) Regulations, 2023 requires the District to have an annual procurement plan for each financial year.

Regulation 4 of PPDA (PDE) Regulations, 2014 requires a PDE to prepare a procurement plan in line with the budget.

The Audit noted that 2 of the planned procurements worth UGX 0.098Bn could not be traced to the budget and thus had no funding. Additionally, no procurements had been implemented without a supplementary budget or approved reallocation.

The Audit also noted that the District did not upload the procurement plan on the electronic platform as required. Unplanned procurements lead to diversion of funds and domestic arrears.

The Accounting Officer explained that funds for these projects were in the budget, and with guidance from MoES the funds were directed for the maintenance of Seed schools of which the activity of fencing was eligible.

Recommendation

The Accounting Officer should always adhere to the guidelines and regulations.

Action Status

The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements. Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.

Query	Failure to Carry out Market Assessments

Audit Findings

Regulation 5 of the PPDA (Rules and Method for Procurement of Supplies, Works and non-Consultancy Services) Regulations, 2023 states that in order to determine the market price of a procurement requirement, the Accounting Officer shall use the prices of supplies, works or non-consultancy services that conform to the guidelines on prices issued by the authority.

The Audit noted that the District procured goods and services at prices which were not surveyed and compared with those in the market.

Failure to consider the prices in the market assessment reports leads to entity procuring goods and services that fall below the mark hence leading to wastage of resources. The Accounting Officer explained that market surveys will be expedited before contracts are executed/implemented.
Recommendation
The Accounting Officer going forward, should ensure that market survey is done before contracting.
Action Status
Management has enhanced close monitoring to ensure that market surveys are undertaken before contracts are executed/implemented.

Query	**Contract Management and Supervision**

Audit Findings

Regulation, 11 (1) of the PPDA (Contracts) Regulations, 2023 stipulates that the bidding document shall state the requirement for a performance security or a performance securing declaration. Regulation 11(2) states that, "The value of performance security shall be specified in the guidelines issued by the authority."

Regulation 11(5) states that, "the performance security shall not be released by a PDE until all obligations of the provider in the contract are fulfilled."

On the contrary, the Audit observed that the District entered/signed contracts worth UGX 0.577Bn with bidders without requiring them to avail performance security. Without availability of performance security, there is a possibility of abandoning works.

The Accounting Officer explained that going forward, he will enforce the performance security clause by causing the contractor to submit an acceptable performance security as required in the contract.

Recommendation
The Accounting Officer should ensure that the district adheres to the PPDA guidelines.
Action Status
The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements. Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.

Query	Award of Contracts Beyond the Budgeted Amounts

Audit Findings

Regulation 62 (1) of the Local Governments (PPDA) Regulations, 2006 states that a user department shall prepare an annual work plan for procurement based on the approved budget, which shall be submitted to the procurement and disposal unit to facilitate orderly execution of annual procurement activities.

The Audit noted that the district budgeted for these activities at UGX 0.473Bn. However, the contracts awarded were at total contract Price of UGX 0.487Bn which is beyond the budgeted amount by UGX 0.013Bn.

There is a risk the extra amounts paid were mischarged from other codes hence affecting budget implementation.

The Accounting Officer explained that bidders in most cases consider the estimates as low compared to the project work and the prevailing market price in the region.

Recommendation

The Accounting Officer should conduct market survey such that the correct estimates are considered.

Action Status

Management has enhanced close monitoring to ensure that market surveys are undertaken so that the appropriate prices are used during the planning period. However, delays in project implementation/ funding come with changes in prices not anticipated.

Query	Low Bidder Participation

Audit Findings

Section 63 of the PPDA Act requires all methods for the selection of bidders to be invited to bid to allow fair and equitable selection and ensure maximum competition. Section 46 of the PPDA Act requires the entity to conduct all procurement in a manner that maximize competition and achieve value for money.

However, the Audit observed that the entity failed to attract adequate competition in two (2) procurements worth UGX 0.147Bn where only one supplier participated.

This may lead to selection of incompetent or ineligible contractors.

The Accounting Officer explained that Serere DLG runs adverts in newspapers of wide circulation to have a bigger catchment area of possible bidders.

Recommendation
The Accounting Officer should institute mechanisms to attract more suppliers to participate in the process so as to obtain a bigger pool of suppliers to make the procurement process competitive.
Action Status
Management has put in place measures to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.
Query | **Rural Transport Infrastructure DANIDA**
Audit Findings Paragraph 9(b) of the local governments (financial and accounting) regulations, 2007 requires the Chief Executive Officer to ensure that the public moneys, property and resources for which he or she is responsible as accounting officer are properly managed and safeguarded. The District planned and received UGX 0.404Bn from DANIDA under RTI for road rehabilitation. A contract was then entered into with Mubuna investments Ltd with contract number Sere927/Wrks/23-24/00007 for the low cost sealing of Serere upper shops at UGX 0.064Bn. However, the Audit noted a total of UGX 0.033Bn was paid to the contractor, leaving an unpaid balance of UGX 0.013Bn and a retention of UGX 0.018Bn. Inspection of the road works revealed that although the contractor seemed to have finished the works. The Audit noted dusty substances on the tarmac. Road shoulders not well done. Culverts laying by the drainage passage 0.6Km of the road done. Failure to remove dust, unused culverts and working on shoulder finishes may block drainage, development of potholes especially when pressure is exerted on the road. The Accounting Officer explained that the dusty substance seen is quarry dust, used as a sand cap, purposed for absorption of the excess bleeding by bitumen on heating and further compaction.
Recommendation
The Accounting Officer should ensure that all the identified road defects are rectified in due course before retention is paid.
Action Status
Management has engaged the relevant contractors to address the identified construction defects and complete outstanding works as per the contract specifications. Defective works are being remedied at the contractors' cost.

Supervision and quality control mechanisms have been strengthened to ensure all future projects meet the required standards.

Query	Collection of Local Revenue Below the Reserve Price

Audit Findings

The Local Government Act; 1972 section 151 states that every local authority shall make arrangements for proper administration of their financial affairs. Local government act 2000 requires full council to approve a council's budget and council tax demands.

However, the tenderers in the different sub counties and Town councils paid revenue below the reserve price stipulated in the advert and agreement.

Failure to abide by the set reserve price leads to loss of government funds which in turn affects service delivery.

The Accounting Officer explained that during the period July – October 2023, the management and administration of markets was under the full authority of the lower local governments. This was occasioned by the delayed procurement process.

Recommendation

The Accounting Officer going forward should ensure that the procurement process starts by July and the agreement signed with the tenderers are adhered to.

Action Status

Management has put in place measures to strengthen procurement oversight, including adherence to evaluation criteria, price reviews and proper documentation of all procurement files.

Query	Failure to Carryout Revenue Assessment

Audit Findings

Section 4.3 of the LGFAM, 2007 states that the Chief Executive should carry out proper assessment of the district's revenue regularly. Section 4.3.1 of the LGFAM, 2007 states that Tax assessment is supposed to be carried out by a Tax Assessment Committee which every district council is required to establish.

The Audit noted that the District did not carry out assessment of local revenue sources for the financial year under review.

Failure to enumerate and assess local revenue sources, may result in under collection of revenues which in turn negatively affects service delivery.

The Accounting Officer explained that they projected local revenue indicative planning figures for FY 2024/25 based on the last enumeration and assessment exercise expedited in FY 2021/22.
Recommendation
The Accounting Officer going forward should ensure that revenue assessment is always conducted in time.
Action Status
The District has put in place measures to better manage local revenue, including enrolment on the Integrated Revenue Administration System (IRAS). This is a complete system that ensures automated assessment of revenue, improved monitoring and reduction in leakages.

Query	**Court Cases Against the District**

Audit Findings

According to part VIII 94 (1) of the Local Government Financial and Accounting Regulations 2007, Every officer who is in possession of any public monies, stores, other assets, land and buildings, is responsible for their safe custody and protection and for any loss.

However, the district has 6 court cases still not concluded, 4 were all passed in favour of the plaintiffs.

There is a risk that more government funds will be lost in a bid to settle these cases.

The Accounting Officer explained that this matter would be brought to the attention of the District Council for appropriate decision.

Recommendation
The Accounting Officer should consider settling the matters out of court or ensure that going forward, the district does not lose.
Action Status
The matter of settling the case out of the court was brought to the attention of the District Council for appropriate decision.

Query	**Management of Government Pension and Gratuity Payroll**

Audit Findings

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

i) The District had 314 Pensioners on the June 2024 payroll, of which 262 (83%) were fully verified; and 52(17%) did not show up for the validation exercise. In addition, 04 individuals who were fully verified had not yet

accessed the pension payroll by the end of June 2024 and captured as new records.

ii) The District had an initial approved pension, gratuity and arrears budget of UGX 10.742Bn for the period under review, and obtained supplementary budget of UGX 3.537Bn leading to a revised budget of UGX 14.279Bn out of which UGX 11.961Bn (84%) was released.

iii) Out of the total funds released of UGX 14.099Bn, a sum of UGX 11.425Bn (81%) was utilised resulting into un-utilised funds of UGX 2.674Bn.

iv) A re-computation of pensioners benefits revealed over and under payments of pension and gratuity.

v) The District paid UGX 1.436Bn to 85 pensioners who did not have some of the key documents in their pension files to support their inclusion on the pension payroll.

vi) A comparison of the payroll register and IFMS payment file for the period under review indicated that 23 pensioners were paid UGX 0.851Bn off the IPPS/HCMS.

vii) Nine (9) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with average delays ranging from 31 to 34 months. In addition, 18 pensioners delayed to receive gratuity payments, with average delays of 56months.

viii) The Audit noted that the District had accumulated pension and gratuity arrears totaling UGX 0.771Bn arising from the under/non-payment of 40 pensioners/beneficiaries.

ix) A total of 100 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

x) The expected District pension and gratuity estimates for 2024/2025 is UGX 1.767Bn for 291 confirmed pensioners, excluding pension and gratuity arrears of UGX 0.996Bn

xi) A comparison of the estimated pension, gratuity and arrears budget of UGX 2.764Bn and the approved budget of UGX 2.993Bn revealed a variance of UGX 0.229Bn leading to an over budgeting.

Recommendation

In a bid to improve the District's pension and gratuity management processes, the Accounting Officer was advised to;

i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.

ii) Always liaise with the MoFPED to ensure that approved funds are released timely.

iii) Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements.
iv) Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements.
v) Ensure that all district expenditure is charged on the appropriate budget codes.
vi) Ensure that pension and gratuity entitlements are paid correctly and promptly. In addition, follow-up the amounts over paid with a view of recovery and a liability should be recognized and budgeted for payment in regard to under paid pensioners/beneficiaries;
vii) The Accounting Officer should ensure all pensioners access the payroll with complete records.
viii) Ensure that pension and gratuity payments are always processed through IPPS/HCMS.
ix) Always sensitize pensioners before retirement and initiate processing of retirement benefits within six months to the mandatory retirement date to facilitate timely access on the pension payroll.
x) Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.

Action Status

Engagement with the Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) to clean up and update the pension payroll has been initiated.
The verified payroll is being used as the basis for monthly pension and gratuity payments. Measures to recover overpayments, process underpayments, and update inconsistent records have been commenced.
Pre-retirement sensitisation programs have been introduced to facilitate smooth transition of retiring staff onto the pension payroll.

Vote 928: Sheema District Local Government

Query	**Long Outstanding Payables**

Audit Findings

Included in the statement of financial position on page 9 and Note 28 is an outstanding balance of UGX 0.690Bn in respect of domestic arrears not paid as of 30th June 2024. These payables relate to goods and services consumed. The Audit noted that out of previous year's balance of UGX 0.839Bn, only UGX 0.028Bn (3%) was paid. In addition, a sum of UGX 0.139Bn accrued during the year.

Further, an adjustment on compensation to employees of UGX 0.261Bn was made. This relates to arrears that had been recognised before clearance by the

Ministry of Public service, these were reduced from the opening balance to the actual amount for arrears in respect of employee compensations. These long outstanding payables may lead to litigation costs due to non or delayed settlement. The Accounting Officer did not respond on this matter.
Recommendation
The Accounting Officer should liaise with MoFPED to ensure that these domestic arrears are prioritized and paid in the subsequent financial year.
Action Status
Management has engaged MoFPED to secure funding for the settlement of outstanding domestic arrears. A payment plan has been developed to clear the arrears in a phased manner. Furthermore, the commitment control system has been reinforced to prevent further accumulation of domestic arrears, and the Accounting Officer is monitoring all outstanding obligations closely.

Query	**Long Outstanding Pension Balance**
Audit Findings Included in the statement of financial position on page 9 and Note 31, is an outstanding pension balance of UGX 0.280Bn not paid as at 30th June 2024. The Audit noted that the entity did not pay any pension arrears in the financial year under review as evidenced by non-movement on the pension arrears schedule and note 31 The continued non-payment of pension arrears denies the intended beneficiaries timely access to their pension benefits ultimately affecting their livelihoods. The Accounting Officer did not respond on this matter.	
Recommendation	
The Accounting Officer should prioritize payments of these pension arrears in the subsequent financial year.	
Action Status	
Management engaged MoFPED which has provided funds for the settlement of pension arrears.	

Query	Budgeted Activities for which no Funds were Released
Audit Findings The entity had an approved budget of UGX 21.74Bn out of which UGX 21.25Bn was warranted resulting in a shortfall of UGX 0.495Bn representing an 98% performance. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that the amount that was not received was in respect of local revenue which was not collected due to foot and mouth disease which affected revenue from markets.	
Recommendation	
The Accounting Officer should seek for authority from council to revise the revenue budget in light of the un foreseen circumstances .	
Action Status	
The unrealized funds of UGX 1.215 Bn was budgeted under External funding by GAVI, Global Fund, UNICEF and WHO. This was expected from external funding. The Accounting Officer requests external funding sources to confirm their support before approval of the Final Budget	
Query	**Irregularities in Supplementary Funding**
Audit Findings The entity received total supplementary funding of UGX 1.938Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed some supplementary funding not requested for by the Accounting Officer. Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing. The Audit noted that supplementary funding of UGX 1.888Bn was not requested for by the Accounting Officer as required by the PFMR. Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions. The Accounting Officer explained that the funds that were meant for budget outputs which had not been allocated funds at the time of preparing the initial budget, since MoFPED was still harmonizing some issues regarding the same.	

These outputs include, ex-gratia for political leaders, conditional grants for production and wage, Pension and Gratuity. After harmonization by MOFPED, funds were released to respective LGs and since the initial budget was already approved, these funds had to be recognised as supplementary.
Recommendation
The Accounting Officer should always seek for supplementary funding through the normal procedures.
Action Status
All supplementary funding requests are approved by council and submitted to the MoFPED
Query | **Delayed Release of Funds**
Audit Findings Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2). The Audit noted that the entity received government grants amounting to UGX 20.81Bn with delay of 5 days on average, after commencement of each quarter. The Accounting Officer explained that this was due to delayed release of funds by MoFPED.
Recommendation
The Accounting Officer should liaise with MoFPED to ensure timely release of funds.
Action Status
The Ministry of Finance Planning and economic Development and Ministry of Education have been requested to expedite release of funds UGX. 560M for completion of Ryakasinga CHE Seed School. The completion of phase II Four - in - one staff house at Shuuku HCIV commenced in second quarter and is ongoing.
Query | **Implementation of Budget Outputs/Items**
Audit Findings The Audit assessed five (05) outputs in the work plan and noted that five (05) outputs with a budgeted amount of UGX 0.324Bn could not be quantified. Failure to quantify output affects the assessment of planned deliverables.

The Accounting Officer explained that the format provided by the programme budgeting system does not give a provision for quantifying budget outputs, rendering it impossible to prepare it outside the system.
Recommendation
The Accounting officer should liaise with MoFPED to ensure that the programme based budgeting system is improved to allow for quantification of outputs and activities.
Action Status
Budget out puts are fully quantified and aligned with the Chart of Accounts

Query	**Management of Government Pension Payroll and Gratuity Payments**

Audit Findings

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

i) Sheema MC had 162 pensioners on the June 2024 payroll, who all showed up for the validation exercise and were fully verified.
ii) The MC had an initial approved pension, gratuity and arrears budget of UGX 4.283Bn, for the period under review, and obtained supplementary budget of UGX 1.827Bn, leading to a revised budget of UGX 6.111Bn, out of which UGX 6.109Bn (99.9%) was released.
iii) Out of the total funds released of UGX 6.109Bn, UGX 5.973Bn was utilized resulting into un-utilized funds of UGX 0.136Bn.
iv) The MC received a total supplementary funding of UGX 1.827Bn comprising pension of UGX 0.739Bn (40%) and gratuity of UGX 1.087Bn (60%). However, the MC received a total supplementary releases of UGX 1.518Bn without requests from the Accounting Officer.
v) Comparison of the estimated pension and gratuity budget of UGX 1.673Bn and the approved budget of UGX 1.623Bn revealed a variance of UGX 0.050Bn, leading to an under budgeting.
vi) A re-computation of pensioners benefits revealed under payments of gratuity of UGX 0.005Bn.
vii) Five (05) pensioners/beneficiaries had inconsistencies in their dates of retirement and NINs between their data captured on the IPPS and the NIRA data, which undermines the integrity of the entity's pension records and the accuracy of the Municipal Council pension and gratuity payroll.

Recommendation

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

i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll.
ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the MC for the FY 2024/25, in line with the results of the validation exercise.
iii) Ensure proper computation of pensioners' entitlements before payments are made. For the under payments, the liability should be recognized and budgeted for payment in the subsequent period.
iv) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

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

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

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

Underpayments have been recognised and budgeted for settlement in the subsequent financial period.

Vote 929: Sironko District Local Government

Query	**Over and Underpayment of Pension and Gratuity**

Audit Findings

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

The Audit noted that the Accounting Officer had made disclosures in the financial statements awaiting validation and confirmation of the amounts by the Ministry of Public Service (MoPS) for recognition.

Recommendation

The Accounting Officer should make appropriate adjustments in the financial statements in the subsequent period upon confirmation of the amounts by MoPS.

Action Status
Adjustments to the financial statements were effected in the subsequent reporting period upon receipt of validation and confirmation from the Ministry of Public Service.
Query | **Outstanding Domestic Arrears**
Audit Findings According to Section 24 of the Budget Execution circular (Policy issue to guide on the implementation of the Budget for FY 2020/2021), the PS/ST observed a serious concern that Accounting Officers have continued to accumulate arrears even after the recently concluded domestic arrears verification exercise across all votes by the MoFPED in contravention of Section 79 (m) of the PFMA, Cap 171. A review of the statement of financial position revealed that Sironko District had total outstanding domestic arrears of UGX 0.59Bn that remained unpaid by the year end. Failure to comply with the government commitment control system poses a risk of poor control and management of entity obligations. In addition, accumulation of un-sustainable arrears and delays in their settlement may lead to a bad organisational image. The Accounting Officer committed to clear the outstanding payables and to comply with the commitment control system to avoid accumulation of unnecessary domestic arrears.
Recommendation
The Accounting was advised to; i) Comply with the government commitment control system to avoid accumulation of domestic arrears. ii) Plan and budget to settle the obligations.
Action Status
Management has engaged Ministry of Finance, Planning and Economic Development for provision of funds to ensure that the obligations are fully settled.
Query | **Receivables /Debts**
Audit Findings Paragraph 15.12.5 of the Treasury Instructions 2017, requires that, the Accounting Officer of a vote is responsible for management of debtors and other amounts accruing to an entity, including maintaining proper records follow up and recovery of outstanding amounts, accounting and reporting.

The Audit noted that the District had receivables of UGX 0.25Bn as presented in the Statement of Financial Position and disclosed under Note 23 to the financial statements. The amount relates to accrued revenue which increased by UGX 0.063Bn (34%) from the prior year closing balance of UGX 0.186Bn. Receivables represent idle assets that would otherwise be used for service delivery.
Recommendation
The Accounting Officer should strengthen local revenue mobilization and recover the outstanding amount.
Action Status
The amount of UGX 0.063 Billion (34%) was the accrued revenue arising from IRAS system where tax payers were given assessment PRN numbers to pay money using mobile money but they did not pay by end of 30th June.
Procurement Management - Low Bidder Participation
Audit Findings Section 79 (1) of the fourth schedule and sec 5(c) (1) requires that a procuring and disposing entity shall obtain at least three bids. Section 46 of the PPDA Act, Cap 205requires the entity to conduct procurement in a manner that maximizes competition and achieves value for money. Contrary to the above, the Audit observed that the district failed to obtain adequate competition in six (06) procurements totaling to UGX 0.354Bn, whereby either one or two firms responded. Low bidder participation undermines competition in the procurement process and may lead to costly procurement. The Accounting Officer explained that the District invited bidders through open invitation to widen the publicity the adverts to attract more bidders but few bidders turned for advert.
Recommendation
The Accounting Officer should take steps to establish the causes of low bidder participation and address them urgently and should conduct all procurements in a fair, transparent and competitive manner in accordance with the PPDA regulations.
Action Status
Management has put in place efforts including sensitization/publicity to attract more bidders as per the attached evidence.
Query | **Failure to Remit Shared Local Revenue**
Audit Findings Section 85 (1) of the Local Government Act Cap 243requires LG's to share 65% of local revenue collections with lower councils.

A review of the local revenue records revealed that the District was supposed to transfer UGX 0.389Bn (65%), out of the local revenue realised of UGX 0.598Bn. However, the District only remitted UGX 0.108Bn (27%) to lower councils. Thus, a sum of UGX 0.281Bn (73%) was not transferred as required and this deprived the lower councils of the anticipated revenue to implement their planned activities.

The Accounting Officer explained that the district transferred UGX 0.108Bn to sub counties and town councils during the year.

Recommendation

The Accounting Officer should ensure the share of LLGs is remitted in accordance with the law, to enable implementation of planned activities at grassroot administrative levels.

Action Status

The actual share of UGX 266,875,371 has been paid/transferred to the LLGs. This relates to revenues which are shareable other than Administrative fees, land fees and fines collected for services offered by the district.

Query	**Weak Internal Controls Over the use of Passwords**

Audit Findings

A password is designed to be known only to the user (one designated person) and allows that user to privately gain access to a device, application or a website. The use of online systems should be restricted and accessed by authorised persons using passwords.

The Audit however noted that, since most accountants were deployed to serve in more than one department, they are able to access the passwords and systems using other user's credentials, especially the heads of departments because most of the passwords are auto saved and accessible.

Accessibility to another person's username and passwords is a risk and can be abused to make fraudulent transactions, thus causing a financial loss.

The Accounting Officer pledged to caution District Officers found sharing passwords.

Recommendation

The Accounting Officer should strengthen internal controls by ensuring that user names and passwords are on a person to holder basis. Each staff should be responsible for his or her own login credentials.

Action Status

Management condemns in the highest order this practice. Warning letters have been issued to stop sharing of passwords.

Query	Review of the Implementation of the Entity's Mandate
Audit Findings The District is mandated to ensure realization of its decentralised functions as per section 36-38 of Local Governments Act CAP 243. A comparison of the entity's strategic and annual work plans for the last three (3) years with the mandate as stipulated in relevant laws revealed that the District had not adequately executed. Failure to ensure that all mandate activities are provided for in the strategic plans and annual work plans implies that no resources will be earmarked for the activities and the associated service delivery benefits will not be achieved. The Accounting Officer explained that the District is faced with inadequate resources to enable execution of the its entire mandate. Management is continuously engaging various stakeholders like MoLG and MoFPED so as to realize enough resources to enable us implement all planned activities.	
Recommendation	
The Accounting Officer should engage relevant stakeholders to ensure that enough local revenue is generated and other resources from treasury and development partners earmarked for all activities provided for in the strategic and annual work plans for subsequent implementation.	
Action Status	
Management continues to engage various stakeholders including MoLG and MoFPED and the development partners so as to realize enough resources to enable us implement all planned activities. Management has also put in place measures to enhance local revenue collection, including enrolment on the Integrated Revenue Administration System (IRAS) to improve monitoring and reduce leakages.	
Query	**Review of the Implementation of the Approved Budget**
Audit Findings Paragraph 2 of Schedule 5 of the PFMA Cap 171, requires Accounting Officers to prepare an Appropriation Account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament. Out of the revised approved budget of UGX 47.74Bn, the total warrants for the year amounted to UGX 46.57Bn resulting in a shortfall of UGX 1.17Bn representing an 97% performance. The UGX 1.17Bn that was not warranted was meant for activities partially or not implemented.	

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

The Accounting Officer acknowledged the finding and explained that there were un funded priorities due to inadequate inflow of funds. However, is yet to liaise with MoFPED as advised.

Recommendation

The Accounting Officer was advised to;

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

Action Status

Some activities were not implemented due to non-realization of budgeted funds. This was partly due to the merger of UNRA into Ministry of Works that affected release of Uganda Road funds and failure by our donors to meet their obligation as budgeted and also non-realization of budgeted local revenue which was expected in form of land compensations due to ongoing constructions of Nalugugu – Budadiri-Namagumba road among others.

Going forward, we shall be making follow ups and reviews within the financial year.

Query	**Utilization of Warrants**

Audit Findings

The District had total warrants of UGX UGX 46.57Bn out of which warrants worth UGX 45.66Bn had been utilised by the close of the financial year. The un-utilised funds of UGX 0.902Bn were meant for the following activities which were either partially or not implemented at all.

As a result, fifty (50) key activities worth UGX 0.902Bn were partially implemented and this adversely affected service delivery .

The Accounting Officer acknowledged the finding and explained that there were unutilised warrants due to lack of co-funding by farmer under the UgiFT program of Micro-scale irrigation and unfavourable weather which affected road works towards the end of the financial year. However, management liaised with MoFPED and funds under the UgiFT Micro-scale irrigation program have been re-voted as supplementary.

Recommendation
The Accounting Officer should expedite the much needed completion of partially implemented activities/projects and other activities especially for the UGiFT program of micro scale irrigation since the funds were revoted.
Action Status
The funds were re-voted and some projects are completed.
Query | **Implementation of Funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 6 outputs with 6 activities worth UGX 4.237Bn were assessed and the following was observed; i) Three (3) outputs with 3 activities and expenditure worth UGX 2.644Bn were fully implemented. ii) Three (3) outputs with 3 activities worth UGX 1.443Bn were partially implemented. The Accounting Officer acknowledged the finding and explained that roads and construction works were not completed due to extreme weather conditions which affected the use of machinery and access to construction sites.
Recommendation
The Accounting Officer should expedite the implementation of all partially implemented activities in the subsequent financial year.
Action Status
The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation. Management also engaged MoFPED for provision of funds
Query | **Utilization of Supplementary Funds**
Audit Findings Out of the supplementary funds of UGX 7.78Bn received, only UGX 6.878Bn (88%) was utilised leaving UGX 0.902Bn (12%) unspent. The affected activities included among others; construction of UGiFT projects, maintenance of roads, etc. This adversely effective service delivery. The Accounting Officer acknowledged the finding and stated that the un-utilised funds consisted of UgIFT funds which were meant for micro- irrigation, road maintenance, and pension funds. These were not utilised because of lack of co-funding by farmers, extreme weather conditions and incomplete pension files.

Recommendation
The Accounting Officer should sensitise the farmers on timely co-funding and ensure that the re-voted supplementary funds are effectively used to expedite the pending activities amicably.
Action Status
The farmers were sensitized and later paid co funding.

Query	Delivery of Services from Sampled Implemented Activities in the Budget

Audit Findings

The Audit undertook procedures on a sample of 1 activity worth UGX 0.632Bn in the FY under audit to confirm if the activity was implemented by the District in a timely manner, was of acceptable quality, quantity and functionality. A number of short comings were noted as discussed below;

Delay in implementation of activities,the project worth UGX 0.632Bn in the FY had delays averaging five (5) months from the expected completion date.

Delayed completion of works implies that the beneficiaries will not receive the intended services in time.

The Accounting Officer acknowledged the finding and explained that the project is funded under UGIFT program, but all the total contract sum of UGX 3, 067,168,998 of the funds has not been released for completion of the project which is the cause of the delay.

Recommendation
The Accounting Officer should liaise with relevant stakeholders like MoES and MoFPED to ensure that all project funds are released as soon as possible. Meanwhile, the contractor should expedite the much needed completion of project.
Action Status
Correspondences to relevant stake holders like MoES and MoFPED to ensure that all project funds are released were made as per the letters attached.

Query	Quantification of Budget Outputs/Items

Audit Findings

The Audit assessed two (2) outputs in the budget and noted that a sample of two (2) outputs with four (4) activities and expenditure worth UGX 0.346Bn could not be quantified.

Failure to quantify output affects assessment of planned deliverables and adversely affects service delivery.

The Accounting Officer attributed failure to quantify the outputs lack of standard PIAPs in line with the mandate of the district local government in the program budgeting system (PBS) and no standard indicators to guide target setting which are quantifiable. However, the issue has been to put to the attention of the NPA for inclusion of PIAPS and their corresponding indicators, and the ministry of finance for inclusion in the program budgeting system (PBS).
Recommendation
The Accounting Officer should follow-up with MoFPED and NPA on this matter and ensures that all activities are properly quantified before budget approval going forward.
Action Status
The Ministry of Finance, Planning and Economic Development and National Planning Authority have aligned ADPIV program areas to their respective program implementation action plans (PIAPS) and their corresponding performance indicators which have been incorporated in the program budgeting system to enable appropriate quantification of outputs across all service areas in the departments FY 2025/2026
Vote 930: Soroti District Local Government
Query | **Over and Underpayment of pension and Gratuity**
Audit Findings The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity. The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS. The Accounting Officer explained that he had not yet received the final signed report on the audit for verification and confirmation of their effect on the financial statements.
Recommendation
The Accounting Officer should make the necessary adjustments in the subsequent period upon confirmation of the amounts by the MoPS.
Action Status
Management has initiated the process of validating the identified over and under payments with the Ministry of Public Service (MoPS). Adjustments will be effected in the financial statements upon confirmation of the amounts by MoPS.

Recovery of overpaid amounts and settlement of underpayments are being processed in line with guidelines from the Ministry of Finance, Planning and Economic Development.
Query | **Budgeted Activities for which no Funds were Released**
Recommendation
The Accounting Officer was advised to; i) Ensure that the implementation of rolled over activities is completed. ii) Engage the MoFPED and Donor partners to ensure that future funds are released as budgeted.
Action Status
Management continues to engage the MoFPED and Donor partners for the release of budgeted funds. There have been some improvements realised as a result.
Query | **Utilisation of Warrants**
Audit Findings The District had total warrants of UGX 35.211Bn out of which UGX 31.891Bn was utilised leaving UGX 3.319Bn un-utilised. Un-utilised funds were meant for the following activities which were either partially or not implemented at all. As a result, nine (9) key activities worth UGX 5.429Bn were partially implemented. The Accounting Officer explained that UGIFT micro scale irrigation activities worth UGX 0.122Bn got affected because the suppliers of the irrigation equipment did not deliver the equipment within the required time, citing delays in importation. He further explained that the civil works in Tubur low-cost seal worth UGX 0.873Bn was at a standstill due to ongoing investigations on the issues of BoQs, and that the project was being re-scoped. The Accounting Officer also explained that the construction of the district headquarters worth UGX 0.800Bn was in phases and it was done by the Ministry of Defense using the Army Brigade who were doing the third phase at the time of audit.
Recommendation
The Accounting Officer should ensure the funds for unimplemented projects and activities are re-voted for completion of outstanding works.
Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. Unimplemented activities have been rolled over to the subsequent financial year.

The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.

Query	Implementation of Funded Activities

Audit Findings

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of five (5) outputs with fourteen (14) activities worth UGX 5.215Bn were assessed and the following was observed;

i) Three (3) outputs with seven (7) activities with expenditure worth UGX 2.345Bn were fully implemented.
ii) Three (3) outputs with six (6) activities worth UGX 2.822Bn were partially implemented.
iii) One (1) output with one (1) activity and expenditure worth UGX 0.046Bn was not implemented.

Recommendation

The Accounting Officer was advised to;

i) Ensure that all funded activities are implemented as planned and partially implemented activities are rolled over and completed in the subsequent financial year.
ii) Strengthen supervision and monitoring of project implementation to ensure timely completion and delivery of services.

Action Status

Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion.
The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.

Query	Irregularities in Supplementary Funding

Audit Findings

The District received total supplementary funding of UGX 6.070Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed that out of the supplementary funds of UGX 6.070Bn received, only UGX 5.784Bn was utilised leaving UGX 0.285Bn unspent as at the year-end.

This implies that the entity requested for more funds than they needed, thus denying other government entities the opportunity to utilize the funds.

The Accounting Officer explained that a total of UGX 0.257Bn was for equipment of Micro-scale irrigation that were not supplied at the end of the

year while UGX 0.029Bn was for the sub counties that missed ex-gratia but were all paid to the respective beneficiaries.

Recommendation

The Accounting Officer was advised to;

i) Ensure that the retention funds for the construction of the seed school are revoted and paid to the contractor after expiry of the defects liability period.
ii) Liaise with the MoFPED to ensure that supplementary funds are always released in accordance with the district's additional financial requirements.

Action Status

The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures.
Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	**Delivery of Services from Sampled Implemented Activities in the Budget**

Audit Findings

The Audit undertook procedures on a sample of eleven (11) activities worth UGX 4.138Bn to confirm whether these activities were implemented in a timely manner, were of acceptable quality, quantity and were functional. A number of short comings were noted as discussed below;

i) Delay in implementation of activities, out of the 11 sampled projects, five (5) projects worth UGX 3.911Bn had a delay of three (3) months from the expected completion date.
ii) Delayed completion of works implies that the beneficiaries will not receive the intended services in time.

The Accounting Officer explained that the projects were phased and were implemented according to the availability of funds.

Recommendation

The Accounting Officer should ensure that the projects are budgeted for with appropriate funds to complete them.

Action Status

The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted.
The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.

Query	Delayed Release of Funds

Audit Findings

Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2).

The Audit noted that the entity received Government grant amounting to UGX 35.211Bn with delays of 52 days on average, after commencement of each quarter.

The Accounting Officer explained as follows;

i) The release circular usually comes on the 10th day of the first month of the quarter but it also takes time to be accessed by the district.
ii) When the circular is accessed the cash limits may not have been loaded for us to start the warranting.
iii) The warrants once made take also time to be approved by the Ministry of Finance because they have to be reviewed so as to be approved or rejected.
iv) The average of 52 days is really on the higher side which for Soroti district the warrants are usually approved within the first month of quarter.

Recommendation

The Accounting officer should liaise with the Treasury to ensure that funds are released in time for activity implementation.

Action Status

Management engaged the Ministry of Finance. Planning and Economic Development on timely release of funds. Improvements in the releases have been registered in the subsequent years.

Query	Inadequately Supported Expenditure

Audit Findings

Instruction 10.10.14 of the Treasury Instruction, 2017 requires all vouchers to contain full particulars of each service or goods and will be accompanied by such supporting documents as may be required so as to enable them to be checked without reference to any other documents.

Furthermore, Instruction 10.11.1 of the Treasury Instruction, 2017 states that Financial records include all source documents (budgets, invoices, vouchers, bank statements, credit advice, journals, Cheques, receipts and any other documents which serve as evidence of financial transactions.

A review of expenditure vouchers revealed that UGX 0.082Bn remained unaccounted for because they lacked adequate supporting documentation.

There is a risk that funds were misappropriated.

Recommendation

The Accounting Officer should ensure that all advances to staff are accounted for before further payments.

Action Status

Management has noted the audit observation and is taking steps to address the identified issues and ensure compliance with the applicable regulations. Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.

Query	**Assets Management**

Audit Findings

Paragraph 2.9.2 (a) of the Treasury Instructions, 2017, states that in accordance with Sections 45(1) and (2) of the PFMA, an Accounting Officer of a vote shall ensure that the public resources for which he or she is responsible as Accounting Officer are properly managed and safeguarded.

From the review of assets records and physical inspections, the Audit noted that;

a) The District land on Plot 24 D located along Central Avenue road in Soroti City did not have a land title. There was no record of it in the District Assets Register and the value of the land was not established.
b) The buildings thereon used to accommodate the Educational Assessment and Resource Services (EARS) Project before its closure. The former project coordinator for EARS Project did not honor an invitation for an interview about the said property.
c) The ageing buildings thereon were partly occupied by Soroti Head Teachers' Association and the other part was residence to private individuals, but tenancy agreements were not availed and rental income from the premises was not disclosed in financial statements.
d) Plot 24 D Central Avenue Road, Soroti City has no land title and the property is exposed to encroachers. Without adequate records and an assets monitoring mechanism, the property was exposed to risk of encroachment and misappropriation.

The Accounting Officer stated that the land title was available. However, it was not availed for audit verification.

Recommendation
The Accounting Officer should secure ownership and control of government property to avoid misappropriation.
Action Status
Management has initiated the disposal process for obsolete assets by engaging the relevant authorities, including the Ministry of Works and Transport, for valuation and approval. A disposal plan has been prepared and submitted for approval. Follow-up is ongoing to ensure the disposal process is completed in the subsequent financial year to recover the residual value of the assets.

Query	District Land Due for Auction by Court Bailiffs

Audit Findings

The Audit noted that the District lost a High Court case over its land styled as PRV HQT783 Folio 8 in Soroti City. The District had been sued by M/s Time Trader Transporters Ltd over unpaid debt of UGX 0.261Bn. Subsequently, Mr. Emadu Thomas trading as Soroti Associates Court Bailliffs and General Auctioneers was granted a court order to sell the said land to the highest bidder to recover the funds on behalf of the judgement creditor.

Documents of title and the valuation of the land were not availed for review. Details of the court case and other documents pertaining to the said land and debt were not availed for audit review.

Loss of government property which would have been avoided becomes nugatory when it occurs.

The Accounting Officer explained that the District was still in possession of the land tittle and had also requested for court protection.

Recommendation
The Accounting Officer should make efforts to have alternative means of settling the debt and secure the government land.
Action Status
The Accounting Officer has initiated the process of acquiring land titles for untitled District land in a phased manner, subject to availability of funds. Engagement with the relevant land authorities and the Solicitor General is ongoing to resolve pending land disputes and encroachments.

Query	Procurement Management - Splitting of requirements

Audit Findings

Regulation 10 of the PPDA (Rules and Methods for procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires that; a PDE shall not split a procurement requirement where the supplies, works or non-consultancy services may be procured under a single contract.

The Audit noted that procurements worth UGX 1.05Bn were split by the District without adhering to the criteria of splitting of requirements. Although the practice of splitting (lotting) of procurements reduces the dependency on a single provider and allows various expertise to be utilised, there is possibility of collusion by suppliers thus undermining fair competition and ultimately reducing transparency.

The Accounting Officer explained that procurements were consolidated and advertised under single framework contract. He further explained that the two service providers were identified to provide stationery and it was deemed to reduce over dependency on one service provider in order to handle routine activity needs from within the twelve departments as one service provider would be overwhelmed.

Recommendation

The Accounting Officer should follow regulations in procurements to enhance value addition.

Action Status

The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements. Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.

Query	**Failure to Initiate Procurements on the Electronic Government Procurement (EGP) System**

Audit Findings

Regulation 3 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, of 2023 requires Soroti District to initiate a procurement using part 1 of Form 5 in Schedule 1.

The Audit noted that Soroti District did not initiate various procurements worth UGX 4.444Bn on the Electronic Government Procurement (EGP) system as required.

Failure to initiate procurements through the system indicated that the entity is not following the set government guidelines.

The Accounting Officer explained that the District was not yet on the e-GP and therefore initiated the various procurements using LG 1 form.

Recommendation

The Accounting Officer should ensure all procurements undertaken are in accordance with the PPDA regulations.

Action Status
The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements. Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.
Query | **Initiation of Procurement with Inadequate Funds**
Audit Findings Regulation 4(1) of the Public Procurement and Disposal of Public Assets (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 states that a procuring and disposing entity shall not initiate any procurement for which funds are not available or adequate in the budget of the procuring and disposing entity. The Audit noted that the District initiated a procurement of Phase IV Construction of Adamasiko Water Supply Scheme with only UGX 0.149Bn and went ahead to sign a contract with M/s Waterfix Engineering (U) Ltd for a contract sum of UGX 0.165Bn with no explanation for the source of the additional funds of UGX 0.016Bn. Review of procurement records revealed that the defects liability period was 180 days from the contract completion date of June 2024. However, review of payment records extracted from IFMS revealed that on June 23rd 2024, UGX 0.189Bn including the 5% retention fee was invoiced and paid to the contractor on 11th July 2024 before the lapse of the defects liability period. The amount paid to the contractor exceeded the contract sum by UGX 0.024Bn and no explanation was availed for the excess payment. Payment of more than the contract sum to the contractor before the defects liability period is a sign of contract mismanagement and may lead to misappropriation of funds. The Accounting Officer explained that the user department realised some savings worth UGX 0.016Bn and sought permission from the Accounting Officer to have the works executed to completion.
Recommendation
The Accounting Officer should desist from initiating procurements without funding as this results into delayed completion of projects and accumulation of arrears.

Action Status
Management has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements. Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.
Query | **Failure to Carry out Market Assessments**
Audit Findings Regulation 5 of the PPDA (rules and method for procurement of supplies, works and non-consultancy services) Regulations, 2023 states that in order to determine the market price of a procurement requirement, the Accounting Officer shall use the prices of supplies, works or non-consultancy services that conform to the guidelines on prices issued by the authority. The Audit noted that the Soroti District did not carry out market assessments for procurements worth UGX 1.518Bn. Failure to carry out market assessments leads to entity procuring goods and services that miss the mark hence leading to wastage of resources. The Accounting Officer explained that the entity was relying on the engineer's estimates and quotations from different service providers. He pledged to formally constitute a team to carry out market assessments.
Recommendation
The Accounting Officer should ensure market assessment is done at the beginning of the procurement process and before contract signing to avoid committing District funds at exorbitant market rates.
Action Status
Management has noted the audit observation and is taking steps to address the identified issues and ensure compliance with the applicable regulations. Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.
Query | **Delayed Evaluations**
Audit Findings Regulation 5 (Evaluations) of 2014, requires evaluation exercise for each type of procurement, to be concluded within the time period specified in this regulation i.e. twenty working days for the evaluation of bids for the procurement of supplies or non-consultancy services and forty working days for the evaluation of bids for the procurement of works, from the date of opening of the bids.

Regulation 56 (1) (rules and methods for procurement of supplies, works, and non-consultancy services) of 2023, states the minimum bidding period in respect of each procurement method;

- 15 working days for open domestic bidding
- 20 working days for open international bidding
- 10 working days for restricted domestic bidding
- 15 working days for restricted international bidding
- 5 working days for quotation method

Regulation 56 (2), states that the direct procurement method does not have minimum bidding period.

The Audit observed that procurement processes worth UGX 1Bn had their evaluation time frame extended beyond the specified time in the bidding document.

Delays in the evaluation can lead to loss of public image for the District and delays in service delivery.

The Accounting Officer explained that the delays were brought about by absence of user departments' representatives in the evaluation.

Recommendation

The Accounting Officer should initiate procurements in time and enhance supervision to ensure timely completion of bidding processes for effective service delivery.

Action Status

The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements. Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.

Query	**Contract Signing Without Approval of the Attorney General**

Audit Findings

Regulation 7 (1) (f) (Contracts), 2014, requires the PDE not to award contract until the Accounting Officer confirms approval by Attorney general.
Statutory instrument No. 97, 2014 issued by Attorney General stipulates that contracts above UGX 200 million or its equivalent will require approval and clearance of the AG or the Solicitor General.

The Audit observed that contracts worth UGX 1.155Bn were signed by Soroti DLG without prior approval by the attorney general.

This may lead the PDE to sign contracts with bidders which are not binding and may cause financial loss to government.

The Accounting Officer explained that these were framework contracts for items consumed in small quantities as and when required.

Recommendation

The Accounting Officer should ensure that contracts above thresholds are signed with approval of the Attorney General to avoid possible illegalities in the process.

Action Status

The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements. Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.

Query	**Contract Management And Supervision - Performance Security**

Audit Findings

Regulation 12 (1) (contracts), 2014, requires a contract to have a performance security to protect the PDE against non-performance.

Regulation, 11 (1) of the PPDA (Contracts) Regulations, 2023 stipulates that the bidding document shall state the requirement for a performance security or a performance securing declaration. Regulation 11(2) states that, "The value of performance security shall be specified in the guidelines issued by the authority."

Regulation 11(5) states that, "the performance security shall not be released by a PDE until all obligations of the provider in the contract are fulfilled."

On the contrary, the Audit observed that although Soroti District entered/signed contracts worth UGX 0.382Bn with bidders and required them to avail performance security, the contracts were performance without any performance security availed.

Without availability of performance security, there is a possibility of abandoning works.

The Accounting Officer explained that the performance security was expensive for the bidders and would raise the bid price and bring about delays in the implementation of projects as it takes time to acquire them from the bank. He

further explained that the Solicitor General guided that the bid securing declaration should be used as it was easy to get and less costly.
Recommendation
The Accounting Officer should ensure all contracts have performance securities to safeguard their performance and completion.
Action Status
The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements. Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.
Query | **Inadequacies in the Framework Contracts**
Audit Findings Regulation 18 (1) and (6) of the Public Procurement and Disposal of Public Assets (Contracts) Regulations, 2014 requires that under a framework contract, a bidder shall indicate the unit rate for each item and that a framework contract shall include fixed prices or price adjustment. Review of framework contracts records revealed omission of Fuel Prices in the Procurement of Fuel The Audit noted that the District entrered into a framework contract with M/s Total Energies Marketing Ltd for the supply of fuel, lublicants and related supplies to the District for the sum of UGX 0.303Bn. However, the rate at which the supplies would be provided was omitted in the contract. Omission of the rate, fixed or adjustable, puts the District at a disadvantage as the provider may change the prices at will. The Accounting Officer explained that the contract that was signed gave unit rates for lot 2 for supplies of fuel, lubricants and oils however it was also provided that fuel would be bought at the pump rate not exceeding the agreed rate the agreement was not filled under lot 1. He pledged that going forward, the fuel rates will be filled.
Recommendation
The Accounting Officer should revisit the framework contract with an objective of having the rates stated by the provider to guide the subsequent call-off orders.
Action Status
The Accounting Officer has issued directives to the procurement team to ensure strict compliance with the PPDA regulations in all future procurements.

Measures have been put in place to strengthen procurement oversight, including enforcement of performance security requirements, adherence to evaluation criteria, and proper documentation of all procurement files.

Vote 931: Terego District Local Government

Query	**Special Audit on Gratuity Payments and Pension**

Audit Findings

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

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

The Accounting Officer explained that they are still verifying all findings with both the affected beneficiaries and the relevant authorities such as MoPS. In addition, these were prior year transactions, which have been disclosed in the accounts and any adjustments, shall be with consultation and advice of the Accountant General.

Recommendation

The Accounting Officer should make the necessary adjustments in the subsequent period upon confirmation of the amounts by the Ministry of Public Service (MoPS) and the Accountant General.

Action Status

Management made reviews and found out that the over payment was a result of indexation (worth 1,054,735).

For the under payments, Communication was made to the beneficiaries and some have already filled the residual arrears claim forms which were submitted to MoFPED.

Query	**Budgeted Activities for which no Funds were Released**

Audit Findings

The entity had an approved budget of UGX 45.77Bn out of which UGX 43.46Bn was warranted resulting in a shortfall of UGX 2,31Bn representing an 95% performance. The UGX 2.31Bn that was not warranted was meant for partially or non-implemented activities;

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

The Accounting Officer attributed this to two factors; first, because of shortfall in the budget especially the releases from the central Government. Second, because releases from external sources ends in December 2024. Furthermore,

the district shall continue receiving funds for the remaining two quarters up to December 2024 following their financial year that begins in January and ends in December.
Recommendation
The Accounting Officer was advised to; i) Ensure that the implementation of rolled over activities is completed. ii) Engage the MoFPED and Donor partners to ensure that future funds are released as budgeted.
Action Status
These were External Finances and Other Government Transfers. All the funds from (UNHCR, WHO, UNICEF, WFP, for which the financial year ended in December 2024 were received, spent, and accounted for. The 'Other Government transfers' (USMID,DRDIP,UETCL, IDI,EUS GAVI) were released in the subsequent financial year , Spent and also accounted for.
Query | **Utilisation of Warrants**
Audit Findings The entity had total warrants of UGX 43.46Bn out of which warrants worth UGX 38.55Bn had been utilised by the close of the financial year. The balance of UGX 4.911Bn was meant for activities which were either partially or not implemented at all. The Accounting Officer explained that the unutilized warrants were excess salaries from the respective departments especially Education and Health UGX 4.423Bn, excess release of pension UGX 0.446Bn, money paid to the contractor under education department but bounced back due to wrong bank account details UGX 0.03Bn, Operations cost under Road fund that was not requested for by the department UGX 0.001Bn, and balance from external finances (UNHCR, GAVI and UNICEF) received and yet to be utilised during the budgeting period UGX 0.012Bn. Totaling UGX 4.911Bn.
Recommendation
The Accounting Officer should seek recruitment clearance from the MoPS to ensure adequate utilisation of the wage budget.
Action Status
The UGX 4.911 Bn that was utilized was meant for salaries. The district requested for this money during the financial 2024/2025 and recruitment was carried during the year with clearance form MoPS.
Query | **Implementation of Funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 31 outputs with 31 activities worth UGX 7.528Bn were assessed and the following was observed;

i) 15 outputs with 15 activities and expenditure worth UGX 1.519Bn were fully implemented.
ii) 15 outputs with 15 activities worth UGX 5.926Bn were partially implemented.1 activity worth UGX 0.083Bn was not implemented.

Recommendation

The Accounting Officer should follow up on the implementation of the partially and not implemented activities

Action Status

Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion.
The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.

Query	**Delivery of Services from Implemented Activities**

Audit Findings

The Audit undertook procedures on a sample of 5 activities worth UGX 4.90Bn to confirm if these activities were implemented by the entity in a timely manner, were of acceptable quality, quantity and functionality. Audit noted delay in implementation of activities out of the 5 sampled projects, one (1) projects worth UGX 0.118Bn had delays for more than three (3) months from the expected completion date.

Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

Recommendation

The Accounting Officer should ensure that cost estimates are made by the engineer so as to financially guide the bidding process so that funds are available for the entirety of the project.

Action Status

Management has strengthened monitoring of the procurement process including initiation, specification and costing of projects to be undertaken. The projects that were delayed have been fully completed.

Query	**Delayed Release of Funds**

Audit Findings

The Audit noted that the entity received Government grant amounting to UGX 36.34Bn 8 days on average, after commencement of each quarter.

Recommendation

The Accounting Officer should continue engaging MoFPED on prompt release of funds.

Action Status	
Management continues to engage MoFPED on prompt release of funds. Some improvements have been registered as a result.	
Query	**Assets Management**
Audit Findings Section 34 (1) of Uganda Public Finance Management Act, 2015 provides that an Accounting Officer shall be responsible for the management of the assets and the inventories of the vote. Section 34 (3) of the Uganda Public Finance Management Act ,2015 further provides that an Accounting Officer shall cause the assets and the inventories of a vote to be inspected regularly and for written reports on the general condition of the assets and inventories and the storage facilities for the inventories, to be made regularly. It was noted that a vehicle (Toyota Hilux double cabin) donated by Ministry of Health and GAVI for Immunization Support got an accident 2 years ago in the financial year 2021/2022. However, there was no inspection report about the vehicle. Furthermore, this vehicle was not recorded in the asset register for vehicles. The Accounting Officer explained that IOV issued the report and it's on Asset Register of the district.	
Recommendation	
The Accounting Officer should follow-up on the issues raised with a view of either repairing the vehicle or disposing it off.	
Action Status	
The vehicle is repairable and arrangements have been made to repair it this financial year 2025/2026 basing on availability of resources	
Query	**Special Audit on Gratuity Payments and Pension Payroll**
Audit Findings The Audit undertook a special audit of the gratuity payments and pension payroll for the financial years 2019/2020 to 2023/2024 and below is a summary of the major findings; i) The District had 51 Pensioners on the June 2024 payroll, of which 50 (98%) were fully verified and 1 (2%) did not show up for the validation exercise. In addition, 12 individuals who had not yet accessed the pension payroll by the end of June, 2024 appeared for the head-count and were captured as new records. ii) Terego District Local Government had a revised budget of UGX 3.20Bn out of which UGX 3.03Bn (95%) was released resulting into a funding shortfall of UGX 017Bn.	

iii) The District did not request for supplementary funding during the period yet UGX 1.513Bn was released. Of the released funds only UGX 0.883Bn (58%) was spent and the balance of UGX 0.629Bn (42%) remained unspent.

iv) A total of 57 Pensioners/beneficiaries delayed to access the pension payroll, with delays ranging from 4 to 47 months. In addition, 53 pensioners delayed to receive pension payment though they had accessed the payroll, with delays ranging from 2 to 29 months while 58 pensioners delayed to receive gratuity payment with delays ranging from 1 to 32 months. 11 pensioners failed to access the pension payroll by 30th June 2024.

v) A total 12 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment and dates of retirement between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

vi) The expected DLG's pension and gratuity estimates for 2024/2025 is UGX 0.988Bn for 74 confirmed pensioners excluding pension and gratuity arrears of UGX 0.800Bn.

vii) A comparison of the re-computed pension gratuity and arrears budget of UGX 1.79Bn and the district approved pension, gratuity and arrears estimate of UGX 1.69Bn for the FY 2024/2025 revealed an under budget of UGX 0.10Bn.

Recommendation

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

i) Liaise with the MoPS to ensure immediate clean up and update of the pension payroll.

ii) Engage the MoPS to review the approved wage estimates of the District for the FY 2024/25 in line with the results of the validation to ensure accurate pension and gratuity budget for the entity

iii) Engage MoFPED to release only funds requested by the DLG

iv) Ensure proper computation of pensioners' entitlements before payments are made. In addition, follow-up the amounts over paid with a view of recovery, budget and pay off the underpayments that have resulted into arrears.

v) Sensitize pensioners 6 months before retirement to ensure smooth transition from the active payroll to the pension payroll.

vi) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the MoPS within a specified timeline for appropriate action.

Action Status
Management has initiated engagement with the Ministry of Public Service (MoPS) to clean up and update the pension payroll, and has commenced reconciliation of inconsistencies with NIRA data. The verified payroll is being used as the basis for updating monthly pension and gratuity payments to ensure that only eligible pensioners and beneficiaries receive accurate amounts. Engagement with the Ministries of Public Service and Finance, Planning and Economic Development to review and align the approved pension and gratuity estimates for FY 2024/25 with the validation results is ongoing. Recovery of overpaid amounts has been initiated, and underpayments have been recognised and budgeted for settlement in the subsequent financial period. Pre-retirement sensitization programs have been introduced to ensure that staff retiring is guided on the documentation required for timely access to the pension payroll. All future pension and gratuity payments will be processed through the IPPS/HCM system and charged on the appropriate account codes. The reconciliation process with district records and the Ministry of Public Service (MoPS) is ongoing to confirm the accuracy of the identified overpayments and underpayments of pension and gratuity. Adjustments to the financial statements will be affected in the subsequent reporting period upon receipt of validation and confirmation from the Ministry of Public Service
Vote 932: Tororo District Local Government
Query | **Payables**
Audit Findings The District reported Payables of UGX 1.87Bn in the Statement of Financial Position on page 9 and the corresponding Note 28(a) of the financial Statements. These liabilities relate to Goods and services obtained from local supplies, unpaid salaries and wages, Pension and gratuity benefits. Furthermore, during the year under review, the District only paid UGX 0.735Bn (92%) out of the approved budget of UGX 0.802Bn to clear domestic and pension arrears as disclosed in the statement of appropriation on page 12 and 13 leaving a balance of UGX 0.067Bn not paid by the financial year end.

This indicates that the current annual budget provisions cannot adequately address the district debt. Unless the above payables/domestic arrears are cleared timely, the District faces litigation and reputational risks.

The Accounting Officer promised to manage the obligations accordingly.

Recommendation

The Accounting Officer should ensure that the payables are planned and budgeted for settlement in the subsequent financial year.

Action Status

Management has engaged MoFPED to secure funding for the settlement of outstanding domestic arrears. A payment plan has been developed to clear the arrears in a phased manner.
The commitment control system has been reinforced to prevent further accumulation of domestic arrears, and the Accounting Officer is monitoring all outstanding obligations closely.

Query	**Over and Underpayment of Pension and Gratuity**

Audit Findings

The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity as shown in the table below;

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

Recommendation

The Accounting Officer should make the necessary adjustments in the subsequent period upon confirmation of the amounts by the Ministry of Public Service (MoPS).

Action Status

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

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

Query	**Failure to Collect Rental Income from Exchange Transaction**

Audit Findings

Include in the statement of Financial performance is Non tax revenue from Exchange transactions of only UGX 0.115Bn out of which UGX 0.092Bn (81%)

is an amount of realised rent as disclosed in the statement of revenue collected during the year on page 36 of the Financial statements.

During the year, The Audit noted the district budgeted to receive a total of UGX 111Bn out of which only UGX 0.10Bn (8%) was realised, resulting to uncollected rental income of UGX 1.01Bn. Similarly, in the prior year, the district had budgeted to collect UGX 1.10Bn from the same source but realised only UGX 0.49Bn leaving UGX 0.61Bn (56%) un-collected.

There is a risk that such un-collected rent could be lost, yet the district is ever experiencing shortfalls in local revenues collections.

The Accounting Officer explained that Rental income is mainly composed of property rates from commercial/industrial properties in the District which has been affected by Town council areas not gazetted due to political interventions

Recommendation

The Accounting Officer should engage relevant stakeholders to ensure that collection of rental income from town councils is streamlined. Going forward amounts due should be recovered.

Action Status

Management has noted the audit observation and is taking steps to address the identified issues and ensure compliance with the applicable regulations.
Corrective measures have been put in place to prevent recurrence, and the Accounting Officer will ensure close monitoring of implementation going forward.

Query	**Un Resolved Court Case**

Audit Findings

A review of the statement of non-quantifiable contingent liabilities on page 40 of the financial statements showed un resolved court case due to litigation. The district had 24 court cases of which some were new summons and the majority was set for hearing and determination of the ruling.
Un-resolved court cases may lead to nugatory expenditure.
The Accounting Officer explained that the action taken is being documented for all court cases.

Recommendation

The Accounting Officer should make a follow up on the action being taken and devise strategies of resolving all the court cases.

Action Status

So far 4 court cases have been concluded and awarded in favor of the district. However, Court cases being continuous, the district committed itself to concluding them through full representation by Solicitor General.

Query	Discrepancy in Warranted Revenue
Audit Findings The Audit noted that the GoU approved warrants report as extracted by the district and reported in the financial statements (Statement of Appropriation) of UGX 84.54Bn compared to the total amount warranted of UGX 81.88Bn, as detailed in the IFMS Budget analysis report resulted into a variance of warranted revenue of UGX 2.66Bn. Failure to warrant all the revenue affected the implementation of planned service delivery activities.	
Recommendation	
The Accounting Officer should always engage Ministry of Finance, Planning and Economic development to reconcile the warranting.	
Action Status	
The District has put in place measures to enhance local revenue collection, including enrolment on the Integrated Revenue Administration System (IRAS) to improve monitoring and reduce leakages. The Accounting Officer is engaging relevant stakeholders to improve compliance and collection, and the budget has been revised to align with achievable revenue targets.	
Query	**Budgeted Activities for which no Funds were Released**
Audit Findings The entity had an approved budget of UGX 88.20Bn out of which UGX 84.54Bn was warranted resulting in a shortfall of UGX 3.667Bn representing an 96% performance. The UGX 3.667Bn that was not warranted was meant for activities that were either partially or not implemented. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that the shortfall was composed of Donor funding (Aids health care foundation (AHF) Alliance of biodiversity and CIAT, GAVI, Global Fund, Jhpiego Corporation, UNICEF, UNPF and WHO, UGX 2.127Bn all in the health sector mainly immunization, Other Government transfers mainly Ministry of Health infrastructure improvement UGX 0.40Bn, National Oil Seed Project UGX 0.014Bn, Road Fund UGX 0.528Bn and UWEP Operations UGX 0.024Bn	
Recommendation	
The Accounting Officer was advised to; i) Ensure that the implementation of rolled over activities is completed.	

ii) Engage the MoFPED and Donor partners to ensure that future funds are released as budgeted.
Action Status
The unimplemented activities were rolled over to the subsequent financial year and incorporated into the current work plans for implementation. The Accounting Officer has engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted.
Query **Utilisation of Warrants**
Audit Findings The district had total warrants of UGX 84.54Bn out of which warrants worth UGX 79.07Bn had been utilised by the close of the financial year. The balance of UGX 5.467Bn was meant for the following activities which were either partially or not implemented at all.
Recommendation
The Accounting Officer should ensure the contractors are engaged to complete works on time so as not to delay payments.
Action Status
Management has taken steps to ensure that all released funds are utilised for the planned activities. The unimplemented activities have been rolled over to the subsequent financial year. The Accounting Officer has engaged relevant stakeholders, including MoPS on recruitment and contractors on project completion, to improve absorption of funds going forward.
Query **Implementation of Funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 6 outputs with 34 activities worth UGX 10.04Bn were assessed and observed that six (6) outputs with 34 activities worth UGX 10.04Bn were partially implemented. Out of the 34 activities, the entity fully implemented nineteen (19) activities worth UGX 9.44Bn, fourteen (14) activities worth UGX 6.605Bn were partially implemented, while one (1) activities worth UGX 0.0098Bn remained unimplemented. The Accounting Officer did not provide responses for partially implemented activities.
Recommendation
The Accounting Officer was advised to;

i) Provide a detailed explanation on the challenges faced in implementation of the planned activities.
ii) Ensure that all non-implemented activities are prioritized this financial.

Action Status

Partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion.
The Accounting Officer has engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.

Query	**Irregularities in Supplementary Funding**

Audit Findings

The entity received total supplementary funding of UGX 13.95Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed there was some supplementary funding not requested for by the Accounting Officer.

Regulation 18 (2) of the Public Finance Management Regulations, 2016 (PFMR), requires that an Accounting Officer who intends to spend money as supplementary expenditure shall request the Minister's approval in writing.

The Audit noted that supplementary funding amounting to UGX 13.95Bn was not requested for by the Accounting Officer as required by the PFMR.

Failure by the Accounting Officer to requisition for the supplementary budgets is contrary to the PFMR and the Treasury Instructions.

The Accounting Officer explained that the supplementary budgets are initiated by the centre upon realization of funding and therefore send supplementary not requested for by the District.

Recommendation

Accounting Officer should always request for supplementary expenditure from Parliament.

Action Status

The Accounting Officer has taken note of the observation and has put in place measures to ensure that all future supplementary requests are formally submitted through the prescribed procedures.
Steps have been taken to ensure that supplementary funds are only requested based on assessed needs and that approved supplementary budgets are effectively utilised.

Query	Delivery of Services from Sampled Implemented Activities in the Budget

Audit Findings

The Audit undertook procedures on a sample of 10 activities worth UGX 60.7Bn to confirm if these activities were implemented by the entity in a timely manner, were of acceptable quality, quantity and functionality. A number of short comings were noted as discussed below;

Delay in implementation of activities out of the 16 sampled projects, Four (4) projects worth UGX 332,889,811 had delays averaging Seven (7) months from the expected completion date.

Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.

Recommendation

The Accounting Officer should undertake more supervision of the project to ensure timely completion.

Action Status

The Accounting Officer engaged the relevant contractors to expedite the completion of delayed projects. Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery

Query	Special Audit on Management of Government Pension and Gratuity Payroll

Audit Findings

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

i) The District had 1,200 Pensioners who, of which all 1,088(91%) were fully verified and 112 (9%) did not show up for the validation exercise. In addition, 143 individuals who had not yet accessed the pension payroll by the end of June, 2024, appeared for validation and these were captured as new records of which 70 were verified and included in my determination of the district pension and gratuity estimates.

ii) The District had an initial approved pension, gratuity and arrears budget of UGX 40.398Bn for the period under review, and obtained supplementary budget of UGX 10.328Bn, leading to a revised budget of UGX 50.726Bn out of which UGX 50.283Bn (99%) was released resulting into a funding shortfall of UGX 0.443Bn.

iii) Out of the funds released of UGX 50.283Bn, a sum of UGX 49.022Bn was utilised resulting in un-utilised funds of UGX 1.261Bn (03%) of the initial budget.
iv) Parliament appropriated supplementary funding to the District of UGX 10.328Bn However, the District did not utilize UGX 1.261Bn (12%) of the total supplementary received.
v) A re-computation of benefits revealed an over payment of gratuity of UGX 0.044Bn to 9 pensioners/beneficiaries and under payment of pension of UGX 0.194Bn to 42 pensioners/beneficiaries.
vi) The District paid UGX 1.016Bn to 55 pensioners who did not have some of the key documents in their pension files to support their inclusion on the pension payroll.
vii) The Audit noted that 36 pensioners/beneficiaries delayed to access the pension payroll with delays ranging from 9 to 35 months. In addition, 161 pensioners/beneficiaries delayed receiving pension payment, with delays ranging from 6 to 26 months.
viii) The entity had accumulated pension and gratuity arrears totalling UGX 0.505Bn arising from the under/non-payment of 85 pensioners/beneficiaries.
ix) A total of 454 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.
x) The expected District pension and gratuity estimates for 2024/2025 is UGX 13.753Bn for 1,431 confirmed pensioners, excluding pension and gratuity arrears of UGX 0.505Bn.
xi) A comparison of the estimated pension and gratuity budget of UGX 14.257Bn and the approved budget of UGX 14.392Bn revealed a variance of UGX 0.135Bn leading to over budgeting.

Recommendation

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

i) Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.
ii) Always liaise with the MoFPED to ensure that approved funds are released timely.
iii) Always ensure that the budget estimates reflect the expected levels of spending on the pension and gratuity entitlements.
iv) Liaise with MoFPED to ensure that funds released reflect approved budget estimates of the pension and gratuity entitlements.

v) Ensure that pension and gratuity entitlements are paid correctly and promptly. In addition, follow-up the amounts over paid and budget for payment in regard to under paid pensioners/beneficiaries.

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

vii) Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.

Action Status

Engagement with the Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) to clean up and update the pension payroll has been initiated.

The verified payroll is being used as the basis for monthly pension and gratuity payments. Measures to recover overpayments, process underpayments, and update inconsistent records have been commenced.

Pre-retirement sensitisation programs have been introduced to facilitate smooth transition of retiring staff onto the pension payroll.

Vote 933: Wakiso District Local Government

Query	**Performance of Local Revenue**

Audit Findings

Paragraph 3.3(1) of the Local Government Financial and Accounting Manual (LGFAM), 2007, guides that council revenue estimates must reflect the projected collections based on the anticipated conditions.

The Audit reviewed the financial statements for the FY 2023/24, and the Audit observed that out of the budgeted local revenue of UGX 17.654Bn, the District collected UGX 15.944Bn (90%), resulting in an under-collection of UGX 1.709Bn. The Audit noted that administrative fees, licenses, land fees, other tax revenues and rent were the most affected.

The Accounting Officer attributed the under-collection of rent to the higher anticipated rent collection from market stalls in Wakiso and Kajjansi markets. However, these stalls were not operationalised during the financial year.

Recommendation

The Accounting Officer should expedite the completion of the market renovations to enable the District to collect revenue and employ strategies to boost revenue performance.

Action Status

The district has generally put in efforts to increase Locally raised Revenue performance. The automation of revenue collection through the IRAS has

greatly enhanced collection. Holding of revenue evaluation meetings after every two months have also helped and; instituting timely strategies to help mitigate revenue collection gaps on a timely basis. As at 24th February 2025 the district had collected UGX 13Bn as compared to UGX 11.05Bn for the same period last year.

Some revenue sources as mentioned below performed poorly but the district is instituting measures to improve their performance:

Administrative fees and licenses. The underperformance is due to the failure for Town Councils to fully collect property tax due to lack of appropriate enforcement and sensitization among other reasons. This District has encouraged internal benchmarking amongst the town councils best performing local governments vs poorly performing.

The district is also undertaking revenue enumeration and assessment that has informed revenue planning and enforcement as well as strengthening the capacity of parish chiefs and town agents, this has resulted into better performance.

Land fees. There was no substantive District staff surveyor, since the district was assigned one who also served both Nakaseke and Wakiso Districts. We have since recruited a substantive District staff surveyor Kaggwa Denis See copy of appointment letter and posting instruction and the performance is now better.

Other tax revenue is mainly from local hotel tax, hoteliers claimed that business was low. We have intensified field visits and the returns are now better.

The market renovations for Kajjansi Daily Market have since been completed and the returns are now better.

Wakiso market the vendors were to pay for the construction of a new market but since this market is among those to be constructed under the GKMA Programme. The vendors stopped paying and will resume after the market construction is completed

The district will continue with benchmarking best performing local governments, undertaking regular enumeration and assessment exercises for revenue sources, building capacity of revenue collectors as well enforcement for non-compliant tax payers.

Query	Splitting of Procurements

Audit Findings

Regulation 10 of the PPDA (Rules and Methods for procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires that; a PDE shall not split a procurement requirement where the supplies, works or non-consultancy services may be procured under a single contract.

The Audit noted that the District carried out a procurement for Construction of a perimeter wall using the open bidding method at an estimated price of UGX 0.710Bn. The procurement was concluded and awarded to a contractor at UGX 0.694Bn.

The Audit noted, however, that the District made two different contracts to the same contractor, at different amounts for the same activity of construction of the perimeter wall. The first contract was based on the procurement process worth UGX 0.694Bn, while the second contract was signed on 22nd May 2024 with the same subject matter of constructing the same perimeter wall at UGX 0.192Bn.

The Accounting Officer explained that the procurement had been split into other procurements for the 2-classroom block (UGX 150M), drainage system (UGX 200M) and perimeter fence (UGX 150 M) due to the urgent need to complete the facilities at the same School.

However, the Audit did not find the above explanation satisfactory, to justify the action taken by the District.

Recommendation

The Accounting Officer should ensure that the PDU always fully complies with the procurement regulations, in order to attain full value for money from all procurements undertaken by the District.

Action Status

The school badly needed three facilities ie the perimeter fence (4.5 acres), a 2-classroom block and a drainage system. These were planned, approved and were in the procurement plan totalling an estimated cost of UGX 1.06Bn. However, the Ministry barely provided 450milion.

Because of the critical need of the three procurements, the District could only fund 2-classroom block at UGX 135Mn and phase the drainage and perimeter fence.

There was need for timely completion of the drainage system due to heavy flooding downstream of the teacher houses and classrooms due to the big

numbers of students enrolled. Whereas the school was planned for 500 students, currently has 1,160 students.

This necessitated awarding different contractors for a timely completion and the three were advertised separately.

Query	Budgeted Activities for which no Funds were Released

Audit Findings

The District had an approved budget of UGX 122.60Bn, out of which UGX 119.30Bn was warranted, resulting in a shortfall of UGX 3.327Bn representing a 98% performance. The UGX 3.327Bn that was not warranted was meant for the following activities.

Failure to fund budgeted activities negatively affected their implementation and achievement of the expected services.

The Accounting Officer explained that the unfunded priorities mostly affected activities planned for under local revenue and transfers to Lower Local Governments.

Recommendation

The Accounting Officer should come up with strategies to boost local revenue performance. In addition, the unimplemented activities should be rolled over to the next budget cycle and ensure that they are implemented on first call.

Action Status

The shortfall of approximately 2% of the budget is attributed to non realisation of some of the locally raised revenue, other Government transfers particularly (LRDP from OPM) as shown in the Auditors analysis above and Donor funding.

The district has put in place strategies as earlier mentioned in this report related to local revenue performance and management believes with the mentioned strategies going forward, the budget targets shall be met.

In the case of other Governments transfers and Donors, the entity has always proactively written to the concerned entities to fulfil their budget pledges but by the end of financial year they failed to fulfil.

Management will continue to proactively engage the concerned entities through this financial year's budgeting cycle to fulfil their obligations

Query	Utilisation of Warrants

Audit Findings

Out of the UGX 119.30Bn that was warranted, the District spent UGX 113.90Bn (95%), leaving a balance of UGX 5.444Bn (5%) unutilised. As a result, some key activities were either partially or not implemented at all.

Failure to utilise all the warranted funds affected the implementation of the planned activities, thereby denying the community the intended services.

Recommendation

The Accounting Officer was advised ;

i) To ensure that the recruitment process is initiated early enough to allow sufficient time for the funds to be absorbed.
ii) To put more effort into sensitizing farmers on the benefits of the Micro scale irrigation program to boost uptake
iii) That the matter of excess release of funds without supplementary request would be brought to the attention of MoFPED.

Action Status

The unspent balances are majorly attributed to funds for Micro Irrigation, pension and Wages.

The district has recorded an increased uptake of irrigation systems for instance 46 systems have been installed in the first two quarters of the year as compared to only 9 systems that had been installed in the first two quarters last FY year. Additionally, by 20/02/2025, a total of 152 famers had made the commitment fee of one million to receive the irrigation equipment as compared to a total of 93 installations that were achieved in the whole of last FY. The district is regularly advertising on local media (radio stations, community-based radios and TV) as well as sensitising the community through physical meetings about the project.

For the wages, the Ministry of Finance released a supplementary budget during the last quarter in the last month, which made consumption a challenge hence return to Treasury.

Query	**Implementation of Funded Activities**

Audit Findings

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 11 outputs with 11 activities worth UGX 14.09Bn were assessed and observed that 6 outputs with 6 activities and expenditures of UGX 5.034Bn were fully implemented.

Four (4) outputs with 4 activities worth UGX 9.058Bn were partially implemented while1 output with 1 activity worth UGX 0.05Bn was not implemented at all.

Partial or non-implementation of planned activities denied the expected services to the beneficiary communities.

Recommendation
The Accounting Officer should develop strategies to eliminate bottlenecks that affect the timely implementation of activities.
Action Status
All the co-funded projects of FY 2023/24 where fully installed so there was no partial performance of projects under Micro scale irrigation. However, management acknowledge that we had unspent balance under micro scale irrigation which has been re-voted. On a positive note, the uptake of the micro scale irrigation systems has greatly improved during the current financial year as earlier indicated in parag 3.1.2 The partial works for phases 2 of Buloba Kitawuluzi and Mutuba 1 Nangabo HCIII where completed. The health centres shall be completed after Phase 3 Contracts are fully executed. Strategies put in place to ensure smooth management of the contracts include; Regular progress reports and updates are required from the project Managers and the Supervisors and; Joint monitoring teams and site meetings on a monthly basis.
Query | **Management of Government Pension and Gratuity Payroll**
Audit Findings i) The District had 812 Pensioners on the June 2024 payroll, of which 689 (85%) were fully verified and 123 (15%) did not show up for the validation exercise. In addition, 20 individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records. Of these new records, 19 were verified and included in my determination of the DLG pension and gratuity estimates. ii) The DLG had an initial approved pension, gratuity and arrears budget of UGX 23.479Bn for the period under review, and obtained supplementary funds of UGX 9.660Bn leading to a revised budget of UGX 33.140Bn out of which UGX 32.946Bn (99%) was released. iii) The DLG requested and received supplementary funding of UGX 9.660Bn during the period of which only UGX 7.313Bn (76%) was spent and the balance of UGX 2.347Bn (24%) remained unspent. iv) Comparison of the estimated pension and gratuity budget of UGX 11.488Bn and the approved budget of UGX 7.156Bn revealed a variance of UGX 4.331Bn leading to an under budgeting. v) A re-computation of pensioners benefits revealed under payments of pension and gratuity. vi) Eleven (11) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 51 to 230 months. In

addition, one hundred twenty (120) pensioners delayed to receive pension payment, with delays ranging from 95 to 217 months.

vii) Two hundred eleven (211) pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

Recommendation

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

i) Liaise with the Ministry of Public Service to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer; the matter should be investigated.
ii) Engage the Ministries of Public Service and that of Finance Planning and Economic Development, to review the approved wage estimates of the District for the Financial Year 2024/25, in line with the results of the validation exercise.
iii) Ensure proper computation of pensioners' entitlements before payments are made. In addition, the Accounting Officer should follow-up the under payments and that the liability should be recognized and budgeted for payment in the subsequent period.
iv) Sensitise staff who are due to retire, at least six (6) months before retirement to ensure smooth transition from the active payroll to the pension payroll.
v) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action.

Action Status

For cases that were not accounted for, management had already suspended them from the payroll due to lack of life certificates to proof that they were still alive. Before special audit, internal verification had been carried out which informed suspension of the above record from the payroll. This was done as a payroll cleaning exercise before migration of data from integrated personnel payroll system to HCM

On the issue of gratuity and pension estimates, management earlier communicated the issue to Ministry of Finance, Planning and Economic Development in my letter dated 14th November 2024 and later after receipt of Audit report. management requested for the outstanding deficit of UGX 3.44Bn for gratuity only since the budget for pension is enough. The letter is attached.

Management always ensures proper computation of pensioners' benefits however where there is lack of proper documentations such as lack of first appointments in some cases it leads to under payment. Upon obtaining of necessary documents and verification some pensioners have filled claimant forms and submitted to Ministry of Finance for verification and clearance for payment.

On 03rd July 2024 last year management organised a pre- retirement for pensioners due to retire in the upcoming 3-5 years and in the current financial year in fourth quarter management has planned to undertake another pre-retirement training as well.

Management shall engage pensioners with inconsistent dates of first appointment as observed by office of Auditor General through interaction and further analysis of the records, however for those with dates of birth and names mismatch the existing policy do not allow us to use dates of birth from national identity cards. See a guidance on change of DoB from Permanent Secretary ministry of public service and invitation letter of the affected pensioners to submit documents.

For pensioners who had not accessed payroll a review was done and established that some were already on payroll, those who had issues of documents and resolved were accessed, others who do not belong to Wakiso are still pending further verification. The schedule is answered on case- by-case basis as attached.

Vote 934: Yumbe District Local Government	
Query	**Budgeted Activities for which no Funds were Released**

Audit Findings

The entity had an approved budget of UGX 90.75Bn out of which UGX 84.02Bn was warranted resulting in a shortfall of UGX 6.736Bn representing a 93% performance.

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

The Accounting Officer explained that OPM had given the IPF of UGX 6.736Bn although these funds were not released.

Recommendation

The Accounting Officer should engage the relevant authorities and ensure that the affected activities are rolled over to the subsequent Financial Year.

Action Status
The Accounting Officer engaged MoFPED and the relevant development partners to ensure timely release of funds as budgeted. The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.
Query | **Utilisation of Warrants**
Audit Findings The entity had total warrants of UGX 84.02Bn out of which warrants worth UGX 77.73Bn had been utilised by the close of the financial year. The balance of UGX 6.28Bn was meant for the following activities which were either partially or not implemented at all.
Recommendation
The Accounting Officer should roll over the affected activities in the subsequent financial year.
Action Status
The unimplemented activities have been rolled over to the subsequent financial year and incorporated into the current work plans for implementation.
Query | **Implementation of Funded Activities**
Audit Findings The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 4 outputs with 33 activities worth UGX 5.7Bn were assessed and the following was observed.Out of 33 activities, the entity fully implemented 21 activities and partially implemented 12 activities. The Accounting Officer attributed this to the delay of MoFPED to release fund and slow progress of the contractor contracted to construct the Seed school.
Recommendation
The Accounting Officer should engage contractor to expedite construction works and in addition liaise with MoFPED to release funds timely.
Action Status
The partially implemented activities have been rolled over to the subsequent financial year and are being prioritised for completion. Management engaged the relevant contractors and supervisors to expedite completion of outstanding works and strengthen project monitoring mechanisms.
Query | **Delay in Implementation of Activities**
Audit Findings All the two (2) projects worth UGX 5.996Bn had delays averaging eight (8) months from the expected completion date.

Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.
Recommendation
The Accounting Officer should liaise with the contractors to expedite completion of works on delayed projects.
Action Status
The Accounting Officer has engaged the relevant contractors to expedite the completion of delayed projects. Contract management and supervision have been strengthened to ensure projects are completed within the agreed timelines. Regular site inspections and progress review meetings are being conducted to monitor implementation and address any bottlenecks affecting timely delivery.

Query	**Special Audit on the Gratuity Payments and Pension Payroll**

Audit Findings

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

i) The District had 267 Pensioners on the June 2024 payroll, of which 250 (94%) were fully verified; 17 (6%) did not show up for the validation exercise. In addition, one (01) individuals had not accessed the pension payroll by the end of June, 2024 and these were captured as new records.

ii) The District had an initial approved pension, gratuity and arrears budget of UGX 7.30Bn for the period under review and also obtained supplementary budget of UGX 2.3Bn resulting in a revised budget of UGX 9.66Bn, which was all released.

iii) The District requested for supplementary funding of UGX 0.131Bn however, UGX 2.36B5 (179%) was released leading to excess of UGX 2.23Bn. Of the released funds only UGX 1.88Bn (85%) was spent and the balance of UGX 0.350Bn (15%) remained unspent.

iv) A total of 13 pensioners/beneficiaries had inconsistencies in their dates of first appointment between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

v) The expected DLG's pension and gratuity estimates for 2024/2025 is UGX 2.768Bn for 301 confirmed pensioners excluding pension and gratuity arrears of UGX 0.341Bn.

vi) A comparison of the re-computed pension gratuity and arrears budget of UGX 3.11Bn and the district's approved pension and gratuity estimate of UGX 2.14Bn for the FY 2024/2025 revealed an under budget of UGX 0.97Bn.

Recommendation
In a bid to improve the DLG's pension and gratuity management processes, it is recommended that the Accounting Officer should; i) Liaise with the MoPS to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer, the matter should be investigated. ii) Engage MoFPED to ensure that all budgeted for funds are released iii) Engage MoFPED to release only funds requested by the DLG iv) Liaise MoPS to review the approved wage estimates of the District for the FY 2024/25 in line with the results of the validation exercise to ensure to ensure accurate pension and gratuity budget for the entity. v) Ensure that proper computation of pensioners' entitlements before payments are made. In addition, follow-up the amounts over paid with a view of recovery. For the under payments, DLG should consider clearing the arrears. vi) Sensitize pensioners 6 months before retirement to ensure smooth transition from the active payroll to the pension payroll. vii) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action viii) Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.
Action Status
Engagement with the Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) to clean up and update the pension payroll has been initiated. The verified payroll is being used as the basis for monthly pension and gratuity payments. Measures to recover overpayments, process underpayments, and update inconsistent records have been commenced. Pre-retirement sensitisation programs have been introduced to facilitate smooth transition of retiring staff onto the pension payroll.

Vote 935: Zombo District Local Government	
Query	**Special Pension Audit Observations**
Audit Findings The Audit performed a special audit on the Gratuity Payments and Pension Payroll of the District and identified over and under payments of pension and gratuity. The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS. The Accounting Officer explained that these were prior year transactions, they have been disclosed in the accounts and any adjustments shall be with consultation and advice of the Accountant General. The Audit noted that the Accounting Officer had not made the necessary adjustment in the financial statements awaiting validation and confirmation by the MoPS.	
Recommendation	
The Accounting Officer should make the necessary adjustments upon confirmation of the amounts by the MoPS.	
Action Status	
These were prior year transactions, they have been disclosed in the accounts. Engagements for adjustments have been ongoing with the Accountant General. Further adjustments will be upon confirmation of the amounts by the MoFPED especially for the under payment UGX 115,000,000 as payables and over payments of UGX 14,000,000 as receivables which recovery has been instituted.	
Query	**Budgeted Activities for which no Funds were Released**
Audit Findings The District had an approved budget of UGX 37.9Bn out of which UGX 36.17Bn was warranted resulting in a shortfall of UGX 1.73Bn representing an 95% performance. Failure to provide funds for activities that were budgeted negatively affected their implementation and achievement of the expected services. The Accounting Officer explained that the unfunded activities were from the donor assistance The i.e. UNICEF, WHO and GAVI totaling to UGX 0.93Bn. The Accounting Officer further indicated that due to the poor response, the farmers did not remit the 25% co-funding for the implementation of the scheme.	

Recommendation
The Accounting Office should engage the MoFPED and Donor partners to ensure that future funds are released as budgeted.
Action Status
The unfunded activities were from the donor assistance UNICEF, WHO and GAVI totaling to UGX 0.93Bn. The farmers did not remit the 25% co-funding for the implementation of the scheme. The work plans were adjusted accordingly in the current financial year to consider the unimplemented activities.
Query | **Utilisation of Warrants**
Audit Findings The District had total warrants of UGX 36.17Bn out of which warrants worth UGX 32.08Bn had been utilised by the close of the financial year. The balance of UGX 4.526Bn was meant for the following activities which were either partially or not implemented at all. The Accounting Officer explained; i) There was a delay in release of funds especially the UgIFT which made it impossible to absorb them in time before the end of the Financial year ii) There was a ban on recruitment and therefore funds meant for wage could not be absorbed. iii) Funds meant for un installed micro-scale irrigation systems could not be absorbed due to farmers failing to meet their co-funding obligations
Recommendation
The Accounting Officer was advised to liaise with; the MoFPED to ensure timely release of funds and; the Ministry of Public service to secure a waiver to be able to recruit staff to absorb the wage.
Action Status
There was a delay in release of funds especially the UgIFT which made it impossible to absorb them in time before the end of the Financial year There was a ban on recruitment and therefore funds meant for wage could not be absorbed. However, recruitment of staff under secondary education is handled by Education Service Commission. The district wrote to MOES in December 2024 confirming availability of wage against the existing staffing gaps in secondary schools but only few deployments were made to the district resulting into unutilized warrants. Funds meant for un installed micro-scale irrigation systems could not be absorbed due to farmers failing to meet their co-funding obligations

However, MoPS has lifted the ban on recruitment and this has enabled the recruitment process to take off. Wage was availed as part of the clearance by MoPS

All pensioners and gratuity beneficiaries were duly paid. The unutilized warrant relates to an over allocation/release for gratuity in FY 2021/2022 which was swept back to treasury at the end of the financial year.

Query	**Implementation of Funded Activities**

Audit Findings

The Audit assessed the extent of implementation of activities for which funds were availed and utilised. A total of 11 outputs with 25 activities worth UGX 7.492Bn were assessed and observed that Nine (9) outputs with 21 activities and expenditure worth UGX 4.329Bn were fully implemented. Two (2) outputs with 4 activities worth UGX 3.163Bn were partially implemented.

The Accounting Officer explained that;

i) There was delay in release of funds. However, the two seed schools are on a two year contract and are still on schedule with roofing works ongoing, and completion is expected by June 2025 which will still be within the contract duration.
ii) The delay in completion of Amwonyo Health Center II was due to delay in obtaining tax clearance by the contractor since the contractor was VAT deemed and has been granted extension to December 2024. This was granted and there has been progress from.
iii) The heavy rains and flooding conditions kept interrupting the work execution however the construction of Namthin Bridge is near completion.

Recommendation

The Accounting Officer should closely monitor the projects to ensure quality work and timely completion.

Action Status

Management is closely monitoring implementation of the projects. The two seed schools are on a two year contract and are on schedule with roofing works on-going, and completion is expected by June 2025 which will still be within the contract duration.

While the delay in completion of Amwonyo Health Center II was due to delay in obtaining tax clearance by the contractor since the contractor was VAT deemed and has been granted extension to December 2024. This was granted and there has been progress from.

Query	Irregularities in Supplementary Funding
Audit Findings The District received total supplementary funding of UGX 6.218Bn during the year. The Audit reviewed the process of requesting and utilisation of the supplementary funding and observed that out of the supplementary funds of UGX 6.218Bn, only UGX 2.941Bn was utilised leaving UGX 3.278Bn unspent as at the end of the financial year. This implies that the District requested for more funds than they needed. The Accounting Officer explained that there were cases of over releases over and above the budget requirements, for example, the wage variance in Administration and Education Sectors arising from Q4 supplementary releases and couple with late releases.	
Recommendation	
The Accounting Officer should liaise with MoFPED to ensure that only budgeted and requested for funds, are availed to the District.	
Action Status	
There were cases of over releases over and above the budget requirements, for example, the wage variance in Administration and Education Sectors arising from Q4 supplementary releases and couple with late releases. The excess were promptly swept back consolidated fund. Wage to Administration Department of UGX 0.82Bn and UGX 1.72Bn under pension and gratuity were released in June 2024 and could not be utilized. This was swept back to the treasury.	
Query	**Delivery of Services from Sampled Implemented Activities**
Audit Findings The Audit undertook procedures on a sample of 25 activities worth UGX 7.15Bn to confirm if these activities were implemented by the District in a timely manner, were of acceptable quality, quantity and functionality. A number of short comings were noted. Out of the 25 sampled projects, one (01) projects worth UGX 0.367Bn had delays averaging five (05) months from the expected completion date. Delayed completion of works/services implies that the beneficiaries will not receive the intended services in time.	
Recommendation	
The Accounting Officer should ensure close monitoring and supervision of the works to minimize delays in project implementation.	

Action Status
The delays were due to the heavy rains and flooding conditions that kept interrupting the works and forcing them to halt work. However work on the bridge has been completed and commissioned.
Query | **Delayed Release of Funds**
Audit Findings Regulation 14(2) of the Public Financial Management Regulations, 2016 states that the Accountant General shall release funds to the votes every three months of a financial year and at any other time as the Secretary to the Treasury may determine. Regulation 14(3) the release shall be by the 10th day of the first month of the period in sub regulation (2). The Audit noted that the District received Government grants amounting to UGX 31.26Bn with delays ranging from 6 to 14 days after commencement of each quarter. The Accounting Officer explained that management has no control over the releases and they are at the discretion of MoFPED.
Recommendation
The Accounting officer should liaise with MoFPED to ensure timely release of funds.
Action Status
Management engaged MoFPED for the timely release of funds and during FY 2024/25 there has been an improvement in releases through timely issuance of cash limits.
Query | **Failure to Utilise Funds**
Audit Findings The Audit noted the District did not utilize funds worth UGX 0.438Bn meant for installation of 6 micro scale irrigation projects. Failure to implement micro-scale projects undermines achievement of government set of objectives of promoting modern agriculture. The Accounting Officer explained that failure to implement the projects was due to failure by beneficiary farmers to raise 25% for co-funding and late release of funds by MOFPED. He further indicated there was on going sensitization ongoing including linking the beneficiaries to financial institutions for agricultural loans as avenues to offset the co-funding obligation

Recommendation
The Accounting Officer should continue to sensitize farmers about micro scale projects as well as liaising with MoFPED for timely release of funds to ensure successful implementation of the projects
Action Status
Failure to implement the projects was due to failure by beneficiary farmers to raise 25% for co-funding and late release of funds by MoFPED. ;there is on-going sensitization including linking the beneficiaries to financial institutions for agricultural loans as avenues to offset the co-funding obligation

Query	Special Audit on Gratuity Payments and Pension Payroll

Audit Findings

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

i) The District had 220 Pensioners on the June 2024 payroll, of which 213 (96.8%) were fully verified; 1 (0.5%) was not verified and 6 (2.7%) did not show up for the validation exercise. In addition, 7 individuals who had not yet accessed the pension payroll by the end of June, 2024 appeared for validation and were captured as new records

ii) The District had an initial approved pension, gratuity and arrears budget of UGX 8.04Bn for the period under review, and also obtained supplementary budget of UGX 2.37Bn resulting in a revised budget of UGX 10.41Bn out of which UGX 9.96Bn (96%) was released resulting into a funding shortfall of UGX 0.45Bn.

iii) The District requested and received all the supplementary funding of UGX 2.369Bn during the period. Out of the 2.369Bn supplementary funds released, only UGX 0.209Bn (8.9%) was spent and the balance of UGX 2.159Bn (91.1%) remained unspent. A re-computation of pensioners benefits revealed over payment of Gratuity UGX 0.014Bn and underpayment of Pension of UGX 0.092Bn and underpayment of Gratuity of UGX 0.023Bn

iv) Six (6) Pensioners/beneficiaries had not yet accessed the pension payroll by 30th June 2024, with delays ranging from 10 to 56 months. In addition, 115 pensioners delayed to receive pension payment, with delays ranging from 10 to 50 months.

v) A total of 56 pensioners/beneficiaries had inconsistencies in their dates of birth, dates of first appointment, dates of retirement, names, and NINs, between their data captured on the IPPS and the NIRA data which undermines the integrity of the entity's pension records and the accuracy of the District pension and gratuity payroll.

vi) The expected DLG's pension and gratuity estimates for 2024/2025 is UGX 2.516Bn for 262 confirmed pensioners excluding pension and gratuity arrears of UGX 0.431Bn.

vii) A comparison of the re-computed pension, gratuity and arrears budget of UGX 2.947Bn and the district approved estimate of UGX 2.057Bn for the FY 2024/2025 revealed an under budget of UGX 0.89Bn

Recommendation

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

i) Liaise with the MoPS to ensure immediate clean up and update of the pension payroll. For the individuals that did not show up for the validation exercise and were not accounted for by the Accounting Officer, the matter should be investigated.

ii) Engage MoFPED to ensure that all budgeted for funds are released

iii) Engage MoFPED to release only funds requested by the DLG

iv) Liaise MoPS to review the approved wage estimates of the District for the FY 2024/25 in line with the results of the validation exercise to ensure to ensure accurate pension and gratuity budget for the entity.

v) Ensure that proper computation of pensioners' entitlements before payments are made. In addition, follow-up the amounts over paid with a view of recovery. For the underpayments, DLG should consider clearing the arrears. Sensitize pensioners 6 months before retirement to ensure smooth transition from the active payroll to the pension payroll.

vi) Engage the affected pensioners and ensure that their records are duly updated and brought to the attention of the Ministry of Public Service within a specified timeline for appropriate action

vii) Engage the Ministries of Public Service and that of Finance, Planning and Economic Development, to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.

Action Status

Engagement with the Ministry of Public Service (MoPS) and Ministry of Finance, Planning and Economic Development (MoFPED) to clean up and update the pension payroll has been initiated.

The verified payroll is being used as the basis for monthly pension and gratuity payments.

Measures to recover overpayments, process underpayments, and update inconsistent records have commenced.

Pre-retirement sensitisation programs have been introduced to facilitate smooth transition of retiring staff onto the pension payroll.

VISION

A Competitive Economy for National Development.

MISSION

To formulate sound economic policies, maximise revenue mobilisation, ensure efficient allocation and accountability for public resources so as to foster sustainable economic growth and development.

MANDATE

Formulate policies that enhance economic stability and development, Mobilise local and external financial resources for public expenditure, Regulate financial management and ensure efficiency in public expenditure, and Oversee national planning and strategic development initiatives for economic growth.

FOR MORE INFORMATION PLEASE CONTACT US

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