



**EXECUTIVE SUMMARY OF THE REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS ON AUDITED REPORTS ON 12 DISTRICT LOCAL GOVERNMENTS AND 2 MUNICIPAL COUNCILS FOR THE FINANCIAL YEAR 2020/21**

**RT. Hon. Speaker and Hon. Members**

**In accordance with Article 163(5)(a) of the Constitution and Rule 182(5) of the Rules of Procedure, the Committee on Public Accounts [Local Government] considered the Report of the Auditor General for the FY 2020/21 and wishes to report its findings to this House.**

The Committee's report covers 12 District Local Governments and 2 Municipal councils which include; Kaabong Dlg, Arua Dlg, Pader Dlg, Luweero Dlg, Butaleja Dlg, Karenga Dlg, Kapchorwa, Kabale Dlg, Isingiro Dlg, Sheema Dlg, Ntungamo Dlg, Bushenyi Ishaka Mc, and Kabale M.c.

This report has been compiled based on the findings of the Auditor General and observations of the Committee mainly to show the current state of the Local Governments and to aid policy makers in improving the performance of the local governments as highlighted below.

**1.0 Budget Performance for the FY 2020/21**

Out of the total budget of **UGX 571,286,951,418** that was appropriated for the 14 Local Governments reported on for the FY 2020/21, **UGX 468,329,217,286** was released representing 82%. By close of the FY a total sum of **UGX 423,200,140,736** was spent representing 74% of the appropriated budget translating into unspent balance of **UGX 38,394,131,559** that was returned to the Consolidated Fund account.

The Committee observed that Local Governments failed to absorb the money released due to failure to recruit, delayed deployment of teachers by Ministry of Education, failure to procure contractors under USMID among others.

*The Committee recommends that;*

- (i) The Accounting Officer should institute measures that will ensure timely declaration of vacant positions to the DSC, appointment and access to the payroll to avoid return of unspent balances to the Consolidated Fund.***
- (ii) The ESC should ensure strict and timely adherence to their recruitment plans to avoid delays in staff recruitment***

#### **1.1 Local Revenue Performance.**

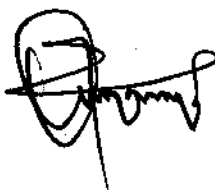
The 14 Local Governments in the FY 2020/21 budgeted to collect a sum of UGX 13,727,831,626 local revenue by close of the FY a total sum of UGX 8,482,326,450 was collected representing a performance of 62%.

The Committee observed that;

- (i) The Local Governments local revenue mobilization were greatly affected by COVID-19 pandemic thus the low local revenue performance.***
- (ii) There were leakages and spending at source by lower local governments.***

**The Committee recommends that;**

- i. The Accounting Officers should ensure that the local revenue enhancement Committee is strengthened.***
- ii. The Local Governments devise effective measures to address the leakages, and hold accountable revenue officers who abuse their powers.***
- iii. The Accounting officers should ensure that an updated revenue register is in place to track and enhance the revenue performance.***



- iv. The Accounting Officers should ensure that an effective revenue mobilization and tax education plan is in place.***

**2.0 PAYROLL MANAGEMENT: Budgeting for Salary, Pension and Gratuity.  
Submission of Budget Estimates**

The Audit reports for the FY 2020/21 revealed that Local Governments and Municipal Councils failed to adhere to Paragraph 2.2 of Establishment Notice No.2 of 2019 which requires Accounting Officers of Local Governments to submit salary, pension and gratuity estimates for the subsequent year to Ministry of Public Service [MoPS] by the 30<sup>th</sup> day of September of the previous year.

The delays were majorly attributed to COVID-19 lockdown restrictions on movement of persons and low staffing numbers.

***The Committee recommends that the Accounting Officers should, for the subsequent financial years, ensure to adhere to the timelines prescribed under Paragraph 2.2 of the Establishment Notice No.2 of 2019 on submission of wage estimates by 30<sup>th</sup> September, of the previous year.***

**3.0 Payment of Salaries, Pension and Gratuity**

**3.1 Absorption of Funds**

It was reported that local governments failed to absorb the money for salaries, pension and gratuity.

The under absorption of funds was due to factors including but not limited to;

- (i) Failure to recruit staff as a result of the Covid-19 national lockdown;
- (ii) Absence of and non-functional District Service Commissions;
- (iii) Delayed approval of Members of District Service Commissions;
- (iv) Delays by Education Service Commission to recruit teachers and access them on the payroll by MoPS;



- (v) Failure to attract staff in key positions for instance District Health Officer, District Engineer, and Medical Officers.

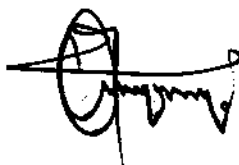
### **Committee Observations**

#### **The Committee made the following observations;**

- (i) Many Local Governments conceal or ring-fence positions that have fallen vacant by deploying junior staff in acting capacity/ assignment basis beyond the mandatory period of six months as a ploy to give time to their favorites so as to gain the perquisite qualifications during which period they deny deserving persons' employment at the expense of service delivery.
- (ii) The MoFPED made releases to some LGs over and above the requested funds.
- (iii) The Absence and failure to implement the provisions of the (Negotiating, Consultative and Dispute Settlement Machinery Act 2008) resulting into failure to settle labour disputes, leading to under absorption, loss of funds and high cost of dispute resolution.

#### **The Committee recommends that;**

- (iii) ***The Accounting Officer should institute measures that will ensure timely declaration of vacant positions to the DSC.***
- (iv) ***The ESC should ensure strict and timely adherence to their recruitment plans to avoid delays in staff recruitment.***
- (v) ***Local Governments should ensure that there are fully constituted DSC's to enable timely recruitment of staff.***
- (vi) ***The Ministry of Public Service/Public Service Commission develops guidelines for timelines on the tenure and approval of the members of the DSC***
- (vii) ***The Ministry of Local Government should intensify its inspection and monitoring on matters of staff including; staff establishment, service functionality and cases of staff discipline.***



***(viii) The provisions of the (Negotiating, Consultative and Dispute Settlement Machinery Act 2008) should be adhered to;***

#### **4.0 Under/ Overpayment and Non Payments of Salary**

The Committee noted that majority of the Accounting Officers admitted to authorizing salary under/ overpayment to some employees under the service of their respective local governments. A case in point is Luweero DLG that made an over payment of UGX 150,000,000.

The Committee also noted cases of non-payment of salary which was mainly attributed to mismatch in information between the IFMS and employee bank details.

***The Committee recommends the following:***

- (i) The Accounting Officers of the affected local governments should in future, ensure to adhere to Section B-a (7) of the Uganda Public Service Standing Orders, 2010 with a view of authorizing employees' right payments of salary amounts;***
- (ii) Accounting Officers should ensure recovery of overpaid salary amounts from the affected employees.***
- (iii) Accounting Officers should ensure processing of payment of top up salary amounts in respect of employees who were underpaid of their salaries;***
- (iv) The Accounting Officers should liaise with Ministry of Public Service to reconcile the different salary amounts paid to their respective entity employees.***

#### **4.0 Payment of Salary using wrong Scales**

Accounting Officers in most of the local governments erroneously authorized for payment of staff salaries which was attributed to payroll changes not supported by signed pay change reports.



## **5.0 Delayed deletion of Staff from Payroll**

Some Accounting Officers authorized for payment of salaries to staff who had retired, transferred, absconded or died. However, recoveries of monies erroneously paid out to affected staff was ongoing.

***The Committee recommends that the Office of the Auditor General should carry out annual audit of the staff and pension pay roll to clean up the system.***

## **6.0 Unauthorized Loan Deductions**

The Audit report revealed deductions from employees' salaries without letters of undertaking.

***The Committee recommends the following;***


- (i) That the Accounting Officer should not sign off staff loan applications through issuance of letters of undertaking where staff have running contracts with credit lending institutions;***
- (ii) Government should institute more protective measures to cap multiple and over borrowing by employees.***

## **7.0 Non-Deduction of PAYE from Political Leaders**

The Audit report highlighted failed deduction of PAYE from political leaders leading to revenue losses to Government.

The Committee was informed that the anomaly was occasioned by lack of a dedicated budget line or window on the IFMIS platform to effect the deduction electronically.

***The Committee recommends that all Accounting Officers who did not deduct PAYE should ensure that this money is deducted from the political leaders whether still in office or out of office.***



### **8.0 Delayed Access to Salary/Pension Payroll**

The Audit report revealed that Accounting Officers failed to expedite quick access of newly appointed staff to the salary payroll. This was attributed to delays to submit required documents such as National Identification Cards.

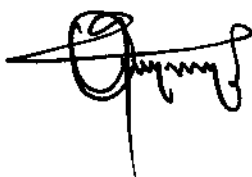
### **9.0 Performance of the Youth Livelihood Program [YLP] and Uganda Women Entrepreneurship Program [UWEP]**

The Audit report revealed decimal performance of the programmes as low recoveries were realized during the period under review.

The Committee Observed that Most of the district local governments did not have proper recovery plans and data on the beneficiary groups and some funds disbursed to the local governments were in respect of Financial Years 2014/15 to 2018/19. The Committee also observed that UWEP was performing better than YLP but the levels of recoveries were still low.

***The Committee recommends that;***

- (i) The Ministry of Gender, Labor and Social Development comes up with regulatory frameworks to empower the District Commercial Officers to ease recoveries of YLP and UWEP and any other future grants to mitigate mismanagement.***



## **CRITICAL SPECIFIC ISSUES.**

(Covering the districts of Kaabong, Butaleja and Arua)

### **1.0 VOTE 59: KAABONG DLG (Unqualified Opinion)**

#### **Query 1. Construction of Council Chambers at the District Headquarters Phase 1**

The Audit report revealed that Kaabong District Local Government procured a contractor to Construct the Council Chambers at the District Council Headquarters under Phase one at a Contract price of UGX. 365,153,874 under Procurement Reference No. Kaab 559/Wrks/20-21/00001. The Contract was awarded to M/s. JACQSEN UGANDA LIMITED and signed on 28<sup>th</sup> February 2021 as the start date of executing the contract with a completion date of 23<sup>rd</sup> May 2021.

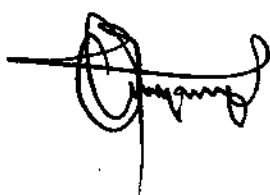
Audit reported that the Contractor had been paid UGX. 328,637,887, as shown below;

<b>Invoice Date</b>	<b>Payment Date</b>	<b>Payee</b>	<b>Amount (UGX)</b>
16/06/2021	22/06/2021	M/s.JACQSEN (U) LTD	73,030,775
26/06/2021	29/06/2021	M/s.JACQSEN (U) LTD	255,607,112
		<b>TOTAL</b>	<b>328,637,887</b>

With the second payment of UGX. 255,607,112 being made after six (6) days from the first installment UGX. 73,030,775. Additionally, the second payment of UGX. 255,607,112 lacked supporting documents.

**The Accounting Officer** explained that;

- (i) The contract of **UGX. 365,153,874** was awarded to M/s. JACQSEN UGANDA LIMITED with a completion date of 23<sup>rd</sup> May 2021, but two extensions were made with the last one ending on 30<sup>th</sup> June 2022;
- (ii) The works are still at foundation level, the materials are on site, though the 94% payment was made to the contractor;

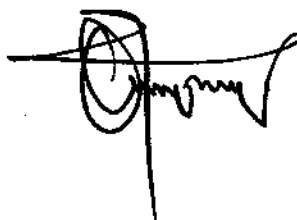




- (iii) The first payment was a **(20%)** advance payment, and regret making the second payment and therefore requests the Committee to allow him correct the error by allowing the Contractor finish the work in three (3) months.
- (iv) The Project was stalled by the land in question, which is owned by the Ministry of Internal Affairs and the District was waiting for a swap of land titles. However, the soil analysis was done and the report recommended what was needed for the works to reinforce the structure and the design was also reviewed.
- (v) The Contractor has been elusive with no efforts to complete the Project.

**The Committee observed that**

- (i) There was no structure on the ground as the works ended at foundation excavation level despite full payment.
- (ii) The district did not have full ownership of the land where the project was sited.
- (iii) The district did not do due diligence in planning and siting for the project thus putting the project in an area not suitable.
- (iv) The contract was awarded to the contractor who quoted the lowest amounts than what the project would require to complete therefore, the execution of the project as planned was not possible right from the start;
- (v) The first advance payment was justified but the second payment of **UGX. 255,607,112** was paid in total disregard of the law, with possibilities of connivance and a few days before the end of the contract;
- (vi) The Engineer recommended for payments to be made despite withdrawing from the project due to the irregularities;
- (vii) There was no justification for extension of the contract which also expired in June 2022.
- (viii) There was fraud, as per paragraph 5 (c) of the contract (non-compliance to the completion date that attracts 20% of the outstanding



balance of the contract sum to completion), there was no effort by the Officers to enforce the latter.

(ix) Making good the contract is not realistic, considering that there is no valid contract;

### **Committee Recommendations**

*The Committee recommends as follows;*

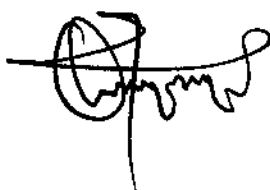
- i. The Accounting Officer who approved the transaction and all the officers involved be held personally liable;*
- ii. The Accounting Officer for the year under review makes good the loss and ensures that UGX 328,637,887 is deposited on the government account by 12<sup>th</sup> October 2022;*
- iii. The Permanent Secretary Ministry of Local Government takes immediate disciplinary action on the Accounting Officer;*
- iv. Based on the conduct of the company, PPDA should carry out a thorough assessment on its conduct with a view of blacklisting the company*
- v. The Committee recommends that Mr. Joel Musisi the then Accounting officer be investigated with a view of prosecution.*

### **2. Vote 557. BUTALEJA DISTRICT LOCAL GOVERNMENT (Qualified opinion)**

#### **Query 1. Unsupported Adjustments**

The Audit report noted that the opening balance in the statement of equity (Net Worth) was adjusted by UGX. 631,011,062. However, the documents and schedules supporting the adjustment were not availed for verification.

The Committee Observed that there was no supporting document to justify the adjustment thus the Accounting Officer failed to perform his duty as required by law.



## **Committee Recommendations**

*The Committee recommends that;*

- (i) The Accounting Officer should be held liable for failure to perform his duty.*
- (ii) The Accounting officer desist from such practices that contravenes provisions of the law*

## **Query 2. Unaccounted for expenditure**

The Audit report noted that a total of UGX. 107,524,840 was advanced to officials to carry out various activities but remained unaccounted for.

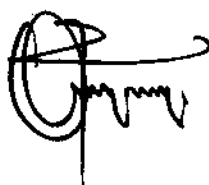
The Accounting Officer took responsibility for the weakness in advancing money to staff beyond financial year and explained that the money was advanced for administrative activities like trainings and submission of the accountability was delayed.

## **Committee Observation**

- i. The Accounting Officer breached Regulation 43(2) of the Local Government Finance and Accountability Regulations, 2007 which requires accountabilities to be retired within one month.
- ii. The list of the recipients of these advances was not provided to the Committee for scrutiny;
- iii. Payments to Jenena General Enterprises Ltd for construction of a house in Butaleja is doubtful as several payments were made on the same day;

**The Committee recommends that;**

- i. The sum of UGX. 107,524,840 advanced to the officers be recovered from the respective officers by 30<sup>th</sup> September, 2022.*
- ii. The Police should carry out investigations into the conduct of Jenena general enterprises and the district officials involved with a view of prosecution.*



- iii. ***The Committee recommends that PPDA investigates Jenena General Enterprises with a view of blacklisting.***

#### **Query 2. Implementation of Capital Works**

##### **Failure to deliver the desired quantities and specifications of ICT equipment to Nakwasi Seed Secondary School under Education Department**

The district contracted M/s Masaka Agricultural Dealers Enterprises (U) Ltd to supply ICT equipment, Science kits, and Chemical reagents to Nakwasi Seed Secondary School at a contract sum of **UGX. 207,490, 000** out of which **UGX. 193,636,000** had been paid to the contractor. Audit found out the following;

- 28 sets of desktop computers were supplied but did not meet the agreed specifications;
- 5 Power Surge Protectors out of 10 were delivered
- The supplier did not deliver a complete CCTV camera system as per the contract;
- Only 1 piece of the Patch panel 48 Port was delivered out of 2.

The Audit report also noted that the ICT equipment were neither installed, verified nor tested by technical personnel upon delivery thus supplies fell short of the agreed quantities and specifications.

The Accounting Officer explained that;

- i. The Service provider delivered the equipment after working hours (6:00pm) and there were no technical staff to inspect the delivery, and efforts to invite the service provider to install the equipment were futile.
- ii. Both the supplier and the contractor, were procured by the Ministry of Education and Sports.

#### **Committee observation**

The Committee observed that;



- i. The Contractor was paid more money than what they delivered and the equipment were less than what was ordered
- ii. It was irregular for a contractor to deliver items after working hours
- iii. The district paid the contractor almost 100% despite the shortfall in the items delivered.

***The Committee recommends that;***

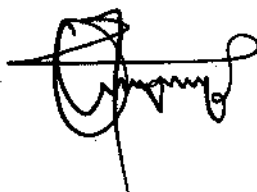
- (i) The Committee recommends that the police investigates the Accounting Officer involved in the transaction, the DEO, and the responsible staff at the Ministry of Education and Sports for these gross irregularities.***
- (ii) The Contractor be held liable for contravening contractual obligations and defrauding government.***
- (iii) The Accounting Officer should ensure that all items ordered are delivered in line with the specifications of the contract.***

**Query 2.2 Construction of OPD at Bingo Health Centre II under DDEG**

**2.2.1 Delayed completion of civil works**

The Audit report noted that, after a physical inspection of the civil works carried out on 13<sup>th</sup> September, 2021, it was revealed that;

- Fixing of doors, furniture & fittings, painting, water systems & appliances, drainage works, electrical installations, solar power supply and lighting, and fire-fighting equipment had not been done
- The site had been abandoned by the contractor.
- There were no measures in place to protect the site from being accessed by unauthorized persons.
- There was no project sign post describing the nature of works, source of funding, employer, contractor, project manager, and other details.



The Accounting Officer explained that the concerned contractors were called to put right all defects and those who did not comply were arrested. However, the 95% payment was made depending on the certificates issued from the user department. Inspection was done and the contractor asked to complete all the works. The Accounting Officer further explained that the money was paid to the bank and instructed not to release money until the works were done. The contractors were advised to get bank security on condition that they were to be paid upon completion of the work.

### **Committee Observation**

The Committee observed that;


- (i) The Contractor was paid 95% of the contractor sum before completion of the works leaving only 5% as retention to be paid after the defects liability period.
- (ii) This payment was irregular and contrary to procurement laws.

### **The Committee Recommends that;**

- (i) ***The Police investigates the officers who were responsible for this project (Accounting Officer, Engineer, internal Auditor, CFO and DHO) with a view of possible prosecution.***
- (ii) ***The Accounting Officer should ensure that the contractor meets his contractual obligations.***
- (iii) ***The Accounting Officer should desist from transactions that cause financial loss to government.***

### **Query 3. Payment for unexecuted works**

The Contractor had been paid a total of **UGX. 131,969,535** out of the contract price of **UGX. 138,915,299**, contrary to the conditions of the contract since the



works were incomplete. Apparently the amount paid was equivalent to the full contract price excluding 5% retention.

The Accounting officer explained that the works were implemented towards the end of the Financial Year, thus the fear of money being swept back to the consolidated fund. The advice was that a bank guarantee is got on condition that the bank releases the money after completion of funds. However, there were no certificates against the payment.

### **Committee Observation**

The Committee observed that;

- i. The contractor had been paid 95% of the contract sum before completion of the works contrary to the requirements of the procurement laws.
- ii. Payments were made without certificates.

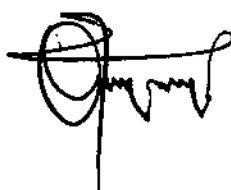
***The Committee recommends that;***

- (i) The Accounting Officer and all the officers involved in this project be held personally liable and the police should carryout investigations with a view of possible prosecution.***
- (ii) The Accounting Officer should ensure the completion of this project as planned and in-line with the contractual specifications***

### **Query 3.1 Construction of a General Ward at Budumba Health Centre III under PHC**

M/s Petex (U) Ltd was contracted to construct a General Ward at Budumba HC III at a contract price of **UGX.99,566,040**. A total of **UGX.94, 587,738** had been paid to the contractor with expected completion date of 30th June, 2021. By the close of the financial year, it was found that;

- Brick laying was at wall plate level, and installation of ventilation;



- Unexecuted works included roofing, fixing of windows and doors, plastering, floor finishing, ceiling works, furniture & fittings, mechanical installations, electrical installations, and general finishing and painting works, among others.
- The site had long been abandoned by the contractor.
- There was no project sign-post describing the nature of works, source of funding, employer, contractor, project manager, and other required details.

### **Committee Observation**

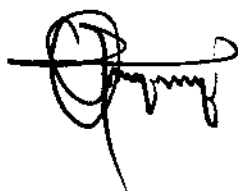
The Committee observed that the situation was related to **query on unexecuted works above** and the works were still not yet complete.

### **Query 3.2 Construction of a two-Classroom Block with an Office and Store at Busolwe Township P/S under SCD**

M/s Dalach Investments Ltd was contracted to carry out the construction of a 2-Classroom Block with an Office and Store at Busolwe Township Primary School at a contract price of **UGX. 61,891,755**. By close of the FY **UGX. 59,227,390 had been paid** with a planned completion date of 30<sup>th</sup> April, 2021. Inspections revealed;

- Poor quality of windows installed on the building. At least 13 windows could not open/close properly.
- Poorly constructed floor and veranda with glaring cracks.
- Concrete slabs at the front door were poorly fixed.
- 

The Accounting Officer acknowledged the observation made from the inspection and explained that the circumstances related to those as **payment of query on unexecuted works above**





### **Committee Observation**

The matter related to query on **payment of query on unexecuted works above.**

#### **Query 3.3 Construction of a 2-Classroom Block with an Office and Store at Busaba Project P/S under SCD**

M/s Enve Engineering Consults Ltd was contracted to carry out the construction of a 2-Classroom Block with an Office and Store at Busaba Project Primary School at a contract price of **UGX. 61,919,390**. By year end **UGX. 59,200,570** had been paid to the contractor with an extended completion date of 30<sup>th</sup> June 2021. By the close of the FY. Inspections found that;

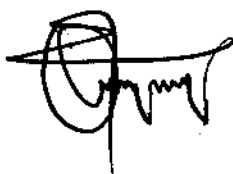
- The contractor used iron sheets of gauge-30 instead of Gauge-28 as specified under Section 3(g) of the Bills of Quantities.
- Poorly constructed floor: Glaring cracks were observed in some sections of the floor.
- The veranda was poorly constructed and had started collapsing.
- The Auditor General advised the Accounting Officer to ensure that the identified defects are rectified.

### **Committee Observation**

***Refer to Observations and recommendations on query on payments for unexecuted works above.***

#### **Query 4. Routine Mechanized Maintenance of Butaleja-Suni-Lwamboga Road (5.6 km)**

The district undertook routine mechanized maintenance of Butaleja-Suni-Lwamboga Road (5.6 km) at a cost of **UGX. 15,275,190** during the fourth quarter of the financial year 2020/21. Physical inspections revealed the following:



- Lack of mitre drains on the road, which left the side drains flooded on rainy days.
- The floods weakened the road surface and inconvenienced road users.
- The culverts were not installed as planned, and this left the road susceptible to flooding and erosion.

**The Committee observed that;**

- (i) The road works were incomplete;
- (ii) There was generally poor workmanship.

***The Committee recommends that the Accounting Officer and officers responsible be held liable for shoddy works.***

**4. 1 Routine Mechanized Maintenance of Nabinghande-Leresi TC Road (5.5 km)**

The District undertook routine mechanized maintenance of 5.5 km along Nabinghande-Leresi TC Road at a cost of **UGX. 16,156,450** during the fourth quarter of the period under review. It was found that:

- Gravel was heaped up in some sections of the road.
- Culverts had not been installed on the road as planned. This left the road susceptible to flooding and erosion.

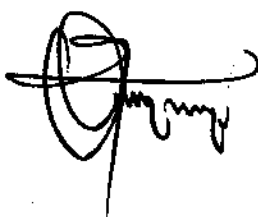
**Committee observation**

The Committee observed that;

- (i) The road works were incomplete;
- (ii) There was generally poor workmanship.

**Committee Recommendation**

***The Committee recommends that the Accounting Officer and the officers responsible be held liable for shoddy works.***



#### **4.2 Routine Mechanized Maintenance of Doho-Namulo Road (4 km)**

The district undertook routine mechanized maintenance of Doho-Namulo Road (4 km) at a cost of **UGX. 11,750,150** during the fourth quarter of the period under review. It was found that;

- Gravel was heaped up in some sections of the road rather than being applied to the road surface.
- Gravel in some sections of the road was loose due to poor application and compacting. The affected areas were left slippery and susceptible to erosion.
- Culverts had not been installed on the road as planned, while the old culvert lines had collapsed and were filled with silt. This left the road susceptible to erosion flooding.

#### **Committee observation**

Observations are the same as in query 4.1 above.

#### **Committee Recommendation**

*Refer to recommendations under query 4.1 above.*

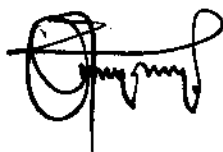
#### **4.3 Routine Manual Maintenance of Nalusaga TC-Kanyenya Road (5.3 km)**

The District undertook routine mechanized maintenance of Nalusaga TC Kanyenya Road (5.3 km) at a cost of **UGX. 446,000** during third and fourth quarters of the period under review. It was found that;

- Some culvert lines were filled with silt and could therefore not provide an easy passage for running water on rainy days, thus exposure of the road to flooding, erosion, and loss of shape.
- Some sections of the road sides were engulfed in overgrown bushes indicating that bush-clearing was not consistently done.

#### **Committee Observation**

The Committee observed that



- (i) There was clear sign of poor workmanship;
- (ii) There was negligence and lack of supervision in the execution of the project.

**Committee Recommendations**

***Refer to the recommendations under query 4.1 above.***

**5.0 Procurement (Lack of contract management plans and reports)**

A review of 10 procurement files for contracts worth **UGX. 658,614,057**, revealed that the files lacked Contract Management Plans and Contract Management Reports.

**Committee Observation**

The Committee noted that the district did not have evidence on their preparedness to comply with the law in the subsequent procurements.

**Committee Recommendation**

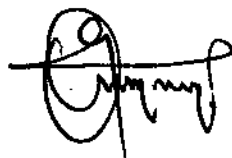
***The Committee recommends that the Accounting Officer should ensure that there is compliance with the PPDA requirements and guidelines.***

**3. VOTE 503: ARUA DISTRICT LOCAL GOVERNMENT (Unqualified Opinion)**

**Query 1. Over payment of gratuity**

The Audit report revealed variances between the amounts on the payroll and payments to individual pensioners, leading to over payments of **UGX. 17,088,304.**

The Accounting Officer regretted the anomaly and informed the Committee that the pensioner in question has since committed to refund the money as per the recovery schedule.



## **Committee Observations**

The Committee observed that;

- i) The PHRO was asked to institute recoveries but did not comply with the Accounting officer's directive.
- ii) A monthly deduction of UGX. 200,000 was unrealistic as the final payment would be made in 2030 after 8 years.
- iii) There was sheer negligence by the Principal Human Resource Officer (PHRO) thus causing financial loss to Government.

## **Committee Recommendation**

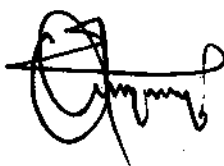
*The Committee recommends that;*

- (i) The PHRO, who initially refused to implement the Accounting Officers directive to initiate the recovery makes good the loss and ensures full recovery by 12<sup>th</sup> December 2022.*
- (ii) The PHRO should be held liable for insubordination.*
- (iii) The Accounting Officer should ensure full recovery of funds as recommended by the Committee.*

## **Query 2. Salary payment of non-existent employees**

The Audit report revealed that **UGX. 10,115,392** was paid to 15 staff that neither appeared on the IPPS payroll register nor had the necessary documentation in their personal files to support their existence.

The Accounting Officer explained that out of the 15 staff, 14 files were for employees who had transferred their services to Madi-Okollo district and the other one (1) staff is suspected to have transferred services to Terego district although the file had not yet been retrieved. The staff were wrongly coded under Arua district.



### **Committee Observation**

- i. Out of the 14 files presented only four (4) files were cleared as genuine payments.
- ii. The said staff were irregularly paid since they ceased to be employee of Arua district local government.
- iii. There was negligence as the HR department did not do due diligence in handling the payment process of these nonexistent employees.

### **The Committee recommends that;**

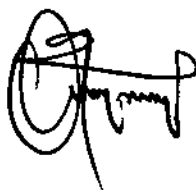
- (i) ***The Accounting Officer should liaise with the said districts where the officers are said to have transferred services with a view of recovering the said funds of the 11 employees.***
- (ii) ***The Accounting Officer and all officers involved in this irregular payment should be reprimanded.***

### **Query 3. Implementation of the approved budget**

#### **9.1 Failure to adjust the Arua DLG budget following creation of new local governments**

The Audit report noted the following;

- An initial budget of **UGX.98, 000,000,000** was approved for implementation by the District in the FY 2020/2021.
- Following creation of the Tergo DLG and Arua City, the duo received supplementary budgets totaling **UGX. 23,800,000,000** and **UGX. 26,300,000,000** respectively; part of the funds were from the initial approved budget of Arua DLG.
- The budget of Arua DLG was not adjusted/collapsed following the issuance of the supplementary budgets to the new local governments leading to some activities being undertaken by Arua DLG instead of the new local governments.



The Accounting Officer explained that;

- i. Following the adjustment of the boundaries of the District, guidance was sought from the Ministry of Finance, Planning and Economic Development and the Ministry of Local Government, but this did not enlist any response or any instructions guiding on how the budget could have been adjusted
- ii. The entity implemented the activities as per the original approved budget, work plan and the Performance Contract signed by the Accounting Officer.
- iii. However, the budgets were adjusted afterwards.

### **Committee Observations**

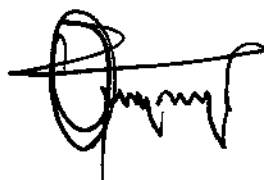
The Committee observed that;

- (i) The Accounting Officer did not take into consideration the instruction given by the Ministry of Finance, Planning and Economic Development on adjusting the budget.
- (ii) At the time of creation of the new administrative entities of Arua city and Terego DLG. Arua DLG had running contracts which needed to be completed before handover.

### **The Committee recommends that;**

- (i) ***The Accounting Officer works closely with the new administrative entities authorities for successful completion of the projects that were already under construction.***
- (ii) ***Arua DLG should seek guidance from PPDA on transfer of the projects that are still at design stage or planned projects that have not yet commenced.***
- (iii) ***The Accounting Officer should comply with the directive issued by the Ministry of Finance.***

**Rt. Hon. Speaker and Honorable Members I beg to move that this report be adopted.**



**SCHEDULE OF RECOVERIES BY RESPECTIVE LOCAL GOVERNMENTS**

<b>S/n</b>	<b>Entity</b>	<b>Query</b>	<b>Amount due for recovery (UGX.)</b>	<b>Amount recovered (UGX.)</b>	<b>Outstanding (UGX.)</b>
1.	ARUA DISTRICT LOCAL GOVERNMENT	Delayed deletion of staff from payroll	66,918,755	25,729,405	41,189,350
2.	LUWEERO DISTRICT LOCAL GOVERNMENT	Overpayment of salary	150,000,000	117,928,644	32,071,356
3.	KABALE DISTRICT LOCAL GOVERNMENT	Non deduction of PAYE	9,608,560	9,608,560	NIL
	<b>SUB TOTAL</b>		<b>226,527,315</b>	<b>153,266,609</b>	<b>73,260,706</b>

