

# PARLIAMENT OF UGANDA

## REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS [LOCAL GOVERNMENT] ON THE REPORT OF THE AUDITOR GENERAL FOR FINANCIAL YEAR 2020/21 ON 4 DISTRICT LOCAL GOVERNMENTS AND 2 MUNICIPAL COUNCILS.

Office of the Clerk to Parliament  
Parliamentary Buildings  
KAMPALA

SEPTEMBER 2022

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AG	-	Auditor General
AO	-	Accounting Officer
DSC	-	District Service Commission
ESC	-	Education Service Commission
FY	-	Financial Year
IFMS	-	Integrated Financial Management System
LG	-	Local Government
MOFPED	-	Ministry of Finance, Planning, and Economic Development
MoGLSD	-	Ministry of Gender Labour and Social Development
MoPS	-	Minsitry of Public Service
MoU	-	Memoranda of Understanding
NDP	-	National Development Plan
NIN	-	National Identification Number
NIRA	-	National Identification Registration Authority
NPA	-	National Planning Authority
OAG	-	Office of the Auditor General
PFMA	-	Public Finance Management Act, 2015
TIN	-	Tax Identification Number
UGX	-	Uganda Shillings
URA	-	Uganda Revenue Authority
USMID	-	Uganda Support for Municipal Infrastructure Development
YIGs	-	Youth Interest Groups
YLP	-	Youth Livelihood Programme

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## 1.0 Introduction

Rt. Hon. Speaker and Hon. Members.

On Thursday 3<sup>rd</sup> February 2022, the Report of the Auditor General for the Financial Year 2020/21, was tabled in accordance with Rule 182(4) of the Rules of Procedure, and referred to the Committee on Public Accounts [Local Government] for consideration.

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

Article 163(3)(a) of the Constitution of the Republic of Uganda states that the Auditor General shall audit and report on the public accounts of Uganda and of all public offices, including Courts, the Central and Local Government administrations, Universities and Public institutions of like nature, and any public corporation or other bodies or organisations established by an Act of Parliament.

Article 163(5) of the Constitution further states that Parliament shall, within six months after submission of the report referred to in clause (4) of this Article, debate and consider the report and take appropriate action.

Specifically, Section 13(1)(a) of the National Audit Act, 2008 states that the Auditor General shall audit and report on the public accounts of Uganda and of all public offices including the courts, the central and local government administrations, universities and public institutions of a similar nature, and any public corporation or other bodies or organizations established by an Act of Parliament.

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Section 16(1) of the National Audit Act, 2008 states that the accounts of every local government council and every administrative unit shall be audited annually by the Auditor General or by an auditor appointed by the Auditor General.

It is against the aforementioned principal legal regimes that the Committee on Public Accounts [Local Government] presents its Report on the Auditor General's Report for FY 2020/21 to this August House for consideration.

This Report is divided into Two (2) sections, namely: General and Crosscutting Issues in Local Governments and Specific Issues in Local Governments.

## **2.0. Scope**

The Report covers audit queries contained in the Report of the Auditor General for the year ended 30th June, 2021 for the following Local Governments and Municipal Councils: Apac Dlg, Nansana M.C, Makindye Ssabagabo M.c, Kira M.C, Mityana Dlg and Butambala Dlg.

## **3.0 Methodology**

In considering the Report of the Auditor General for FY 2020/21 on Local Governments, the Committee on Public Accounts [Local Government]:

- (a) was guided by the following legal regimes:
  - (i) Constitution of the Republic of Uganda [as amended], specifically Articles 163 and 164;
  - (ii) The Public Finance Management Act 2015;
  - (iii) The National Audit Act, 2008, specifically Sections 13(1)(a) and 16.
  - (iv) The Parliamentary Rules of Procedure, specifically Rule 182 of the Rules of Procedure.
  - (v) The Local Government Act, 1997 as amended.

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- (vi) The Local Government Financial and Accountability Regulations, 2007
  - (vii) The Public Procurement and Disposal of Public Assets, Act and Regulations;
  - (viii) The Income Tax, 1997 as amended
  - (ix) The Public Service Standing Orders, 2010
  - (x) Establishment Notices No.1 and 2 of 2019
  - (xi) The Appropriation Act 2020
  - (xii) Budget Execution Circulars issued for the FY 2020/21
  - (xiii) The Physical Planning Act, 2010
  - (xiv) The National Medical Stores Act, 1993, specifically Section 4.
  - (xv) Memoranda of Understanding and Project Financing Agreements on Youth Livelihood Program [YLP] and Uganda Women Entrepreneurship Program [UWEP]
- (b) held meetings with Accounting Officers of Local Governments: Districts, Cities and Municipal Councils during which Audit Reports specific to their respective accounting entities were considered; and
- (c) conducted site visits to selected projects under implementation.

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## **4.0 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS ON THE AUDITOR GENERAL'S REPORT FOR THE FINANCIAL YEAR 2020/21.**

### **4.1 PART 1. GENERAL AND CROSS-CUTTING AUDIT QUERIES:**

#### **4.1.1. PAYROLL MANAGEMENT: (Budgeting for Salary, Pension and Gratuity):**

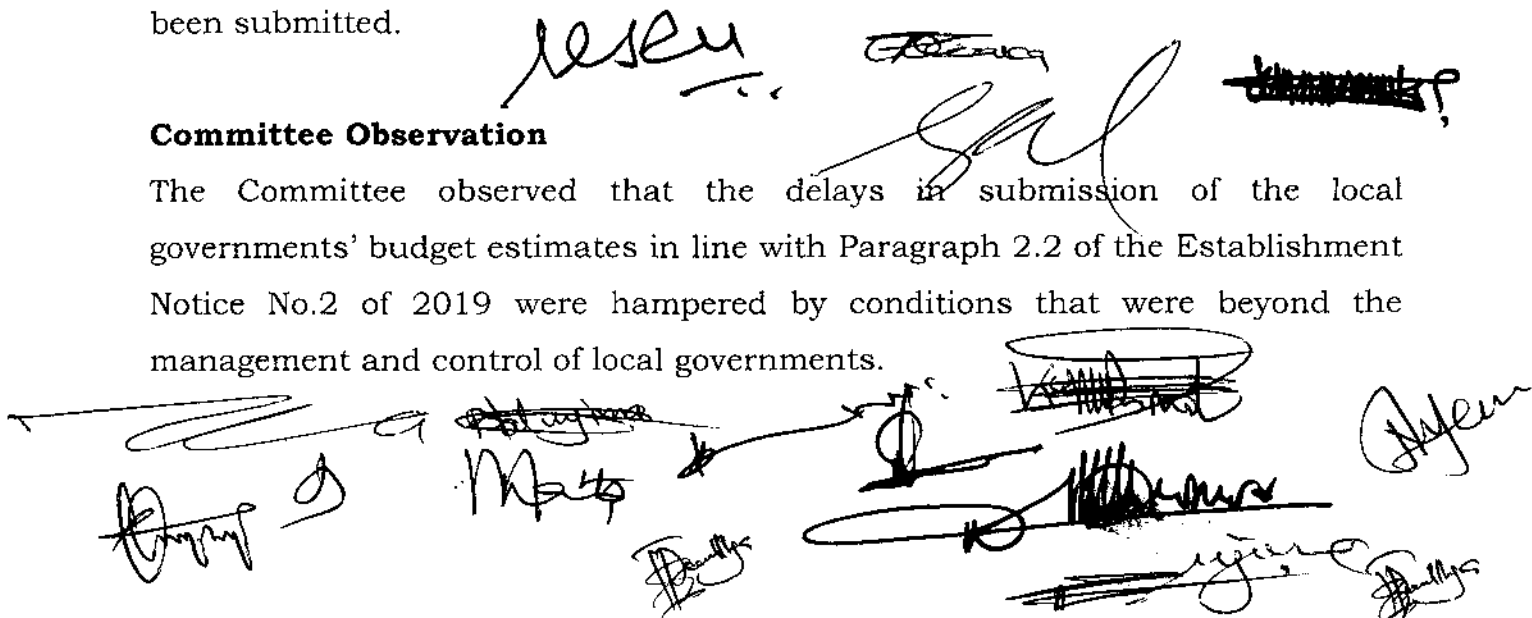
##### **(i) Submission of Budget Estimates**

The Audit report for the FY 2020/21 revealed that many 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.

During meetings with the Accounting Officers of District Local Governments and Municipal Councils to consider the FY 2020/21 report of the Auditor General's on Local Governments, delays in submission of wage estimates were majorly attributed to COVID-19 lockdown restrictions on movement of persons and low staffing numbers which were otherwise key in timely preparation of local governments' budget estimates. The Committee noted that some of these Accounting Officers delayed to submit estimates across all the four quarters. Butambala District for instance submitted performance reports for Q1, Q2, Q3 after the deadline given for submission of the reports and Q4 reports had not been submitted.

##### **Committee Observation**

The Committee observed that the delays in submission of the local governments' budget estimates in line with Paragraph 2.2 of the Establishment Notice No.2 of 2019 were hampered by conditions that were beyond the management and control of local governments.

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### **Committee Recommendation**

***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.***

#### **4.1.2 Payment of Salaries, Pension and Gratuity**

##### **4.1.2.1 Absorption of Funds**

The Audit Report noted that local governments failed to absorb the money for salaries, pension and gratuity.

The Accounting Officers explained that the under absorption of funds were due to factors including but not limited to;

- (i) Failure to recruit staff as a result of the Covid-19 national lockdown
- (ii) Delays by Education Service Commission to recruit teachers and access them on the payroll by MoPS;
- (iii) 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 ESC delays to recruit tertiary and secondary school teachers, despite releases made and formal requests to the line Ministry.

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- (iii) Some of the affected Accounting Officers adhered to the provisions under section 17(3) of the PFMA Act 2015, thus monies were revoted to cater for the initially planned for activities;
- (iv) 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.

### **Committee Recommendation**

*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 MoES should ensure strict and timely adherence to their recruitment plans to avoid delays in staff recruitment.***
- (iii) ***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.***
- (iv) ***The provisions of the (Negotiating, Consultative and Dispute Settlement Machinery Act 2008) should be adhered to;***
- (v) ***The Ministry of Finance Planning and Economic Development should adhere to the entities quarterly work plans with timely release of funds.***
- (vi) ***Local Governments should commence on the execution of their work plans upon approval by the councils as they await actual budget releases.***

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#### **4.1.2.2 Overpayment of Salary**

The Committee noted that majority of the Accounting Officers admitted to authorizing salary overpayment to some employees under the service of their respective local governments. A case in point is **UGX. 8,992,140** was overpaid to nine (9) staff in Makindye Ssabagabo.

#### **Committee Observation**

The Committee observed authorizing of payment for staff salaries over and above their actual salary entitlements was a direct contravention of Section B-a (7) of the Uganda Public Service Standing Orders, 2010.

#### **Committee Recommendations**

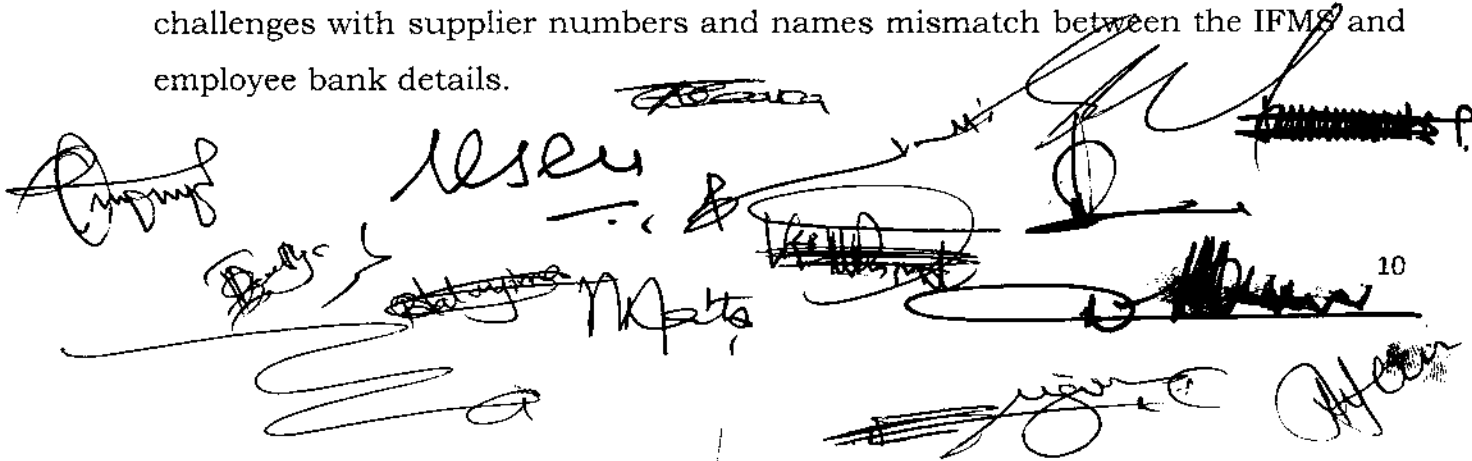
*The Committee recommends that;*

- (i) That the Accounting Officers of the above mentioned local governments should in future, ensure to adhere to Section B-a (7) of the Uganda Public Service Standing Orders, 2010;*
- (ii) The Accounting Officers should ensure recovery of overpaid salary amounts from the affected employees.*

#### **4.1.2.3 Non- payment of Salary**

The Committee noted cases of non-payment of salaries contrary to Section B-a (7) of the Uganda Public Standing Orders, 2010, which states that Salaries shall be paid correctly and promptly in accordance with the approved salary structure for the Public Service. Nonpayment of salaries leads to accumulation of arrears.

The Accounting Officers attributed this to bounced salary payments due to challenges with supplier numbers and names mismatch between the IFMS and employee bank details.



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**The Committee recommends that;**

- (i) The Ministry of Public Service should carry out capacity assessment of HR officers of all local governments and comes out with a training plan.**
- (ii) The Human Resource Department should offer support to the affected staff in identifying the underlying challenges and also ensure that the arrears are fully paid.**

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

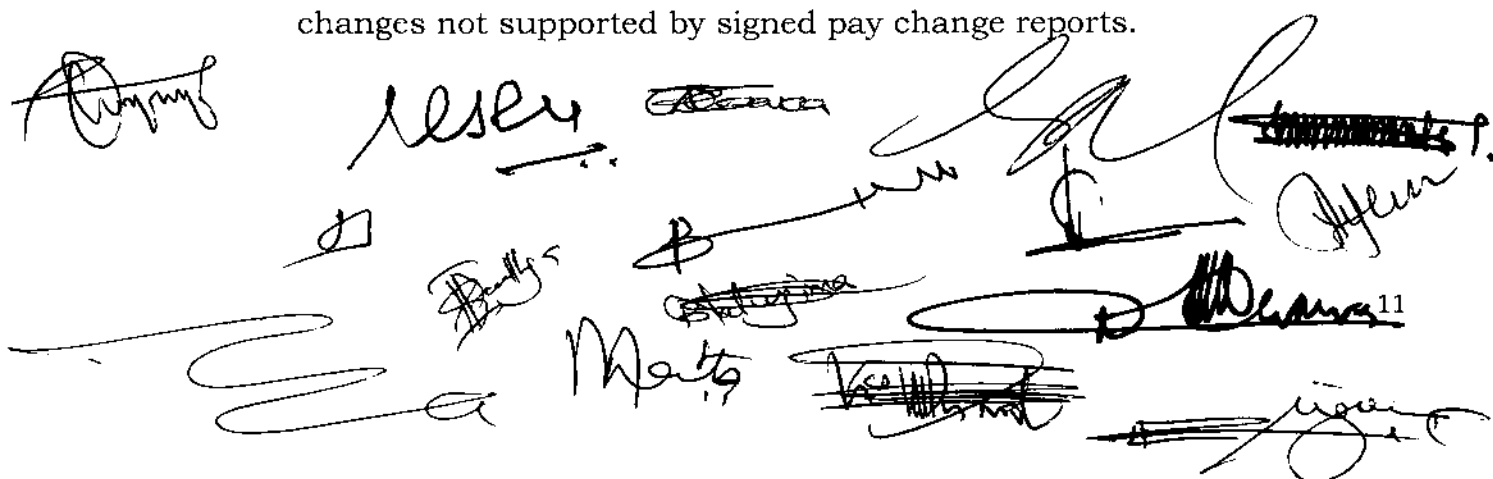
The Audit report noted wrong application of salary scales, Accounting Officers in most of the local governments erroneously authorized for payment of staff salaries a contravention of Section B-a (6) and (7) of the Uganda Public Service Standing Orders.

The Committee noted that some Accounting Officers of the local governments admitted to the audit findings while others contested the audit finding stating that staff appointment letters clearly stipulated specific staff titles/designations, salary scales and attendant remuneration and other relevant information. In addition, what seemed like an over payment resulted from increase of salaries of the teaching staff.

#### **Committee Observation**

The Committee observed that;

- (i) Payment of staff salaries based on wrong salary scales was indicative of fraudulent actions and a breach of Section B-a (6) and (7) of the Uganda Public Service Standing Orders, 2010.
- (i) In some cases, the wrong scales attributed to were a result of payroll changes not supported by signed pay change reports.



**Committee Recommendations:**

**The Committee recommends that the Accounting Officer should ensure correct payments are made in compliance with Section B-a (6) and (7) of the Uganda Public Service Standing Orders, 2010;**

**4.1.4 Delayed deletion of Staff from Payroll**

The Audit report revealed that on account of delayed deletion of staff from the payroll, some Accounting Officers authorized for payment of salaries to staff who had retired, transferred, absconded or died.

The Accounting Officers admitted to the audit findings, but indicated recoveries of monies erroneously paid out to affected staff was ongoing.

**Committee Observation**

The Committee observed that the delayed deletion of staff from the entities' active salary payroll was a violation of Section B-a (12) of the Uganda Public Service Standing Orders, 2010, which states payment of salary to public officers be stopped immediately they cease rendering services to Government under whatever circumstances, including death.

**Committee Recommendation**

**The Committee recommends the following:**

**(a) That the Accounting Officers should in future ensure to manage an accurate staff salary payroll to be in line with Section B-a (12) of the Uganda Public Service Standing Orders, 2010;**

**(b) That the IGG should investigate the actions of the Accounting Officers and their line officers: Human Resource Officers on account of failure to effect deletion of staff from the entities' salary payrolls.**

**(c) The Accounting Officers should recover the said money from the beneficiaries.**

**(d) The Office of the Auditor General should carry out annual audit of the staff and pension pay roll to clean up the system.**

#### **4.1.5 Management of Payroll Deductions**

##### **4.1.5.1 Over and Under-remittance of Deductions**

The Audit report revealed that Accounting Officers effected payroll deductions from employees' salaries and remitted it to different beneficiaries in line with Section B-a (178) of the Uganda Public Service Standing Orders, 2010. However, the audit revealed that there were over and under remittances and non-remittance in some cases

The Committee was informed that over and under remittance of deductions was occasioned by mix up of staff lists in some local governments and staff capacity gaps to process the right deduction amounts.

##### **Committee Observation**

The Committee observed that Accounting Officers do not conduct verification of staff lists to ascertain the right amounts of money to be deducted in favor of various beneficiaries. Mityana District over remitted **UGX. 9,347,419** and under remitted **UGX. 52,480,527** to UCLA, URA and UNATU.

##### **Committee Recommendation**

**The Committee recommends that Accounting Officers should conduct verification of their respective staff lists and attendant contract agreements entered into with various associations, schemes and bodies; with a view of ensuring adherence with Section B-a (17) of Uganda Public Service Standing Orders, 2010.**

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#### **4.1.5.2 Delayed remittance of Deductions to UCLA/UBA/URA**

The Audit report found that Accounting Officers delayed and/or failed to remit deductions to Uganda Revenue Authority, Uganda Consumers Lenders' Association [UCLA] and Uganda Bankers' Association [UBA] in contravention of Paragraph 4.6.1 of Establishment Notice No.2 of 2019 which requires payroll deductions to be remitted concurrently with salary payments. In the case of Buikwe District Local Government, deductions to UCLA/UBA were not remitted concurrently with salary payments for 5 months with delays ranging from 5 to 41 days.

#### **Committee Observations**

The Committee observed the following:

- (a) Delayed and non-remittance of deductions to UCLA/UBA was a breach of Paragraph 4.6.1 of Establishment Notice No.2 of 2019;
- (b) Local Government staff risk being subjected to penalties associated with failure to settle and/or meet their contract agreements/obligations to the credit lending institutions.

#### **Committee Recommendation**

***The Committee recommends that the Accounting Officer ensures that payments and deductions are done promptly.***

#### **4.1.5.3 Unauthorized Loan Deductions**

The Audit report revealed deductions from employees' salaries without adherence to Section 2.1.2 and 2.1.4 of the Service Agreement between the Government [Ministry of Public Service] and Uganda Consumer Lenders' Association/Uganda Bankers' Association which requires a letter of undertaking for each Government employee before making an employee reservation on the Pay Load Database Management System (PDMS).

The Accounting Officers indicated that the local governments did not retain copies of letters of undertaking issued to their respective employees.

The Committee was informed that some of the credit lending institutions/organisations extended loans to teachers' SACCOs whereupon subsequent repayments were effected to all teachers whether or not they applied for loan facilities.

### **Committee Observations**

The Committee observed that;

- (a) Whereas the Accounting Officers were not in firm control of management of payroll deductions from staff salaries in favor of UCLA and UBA, they are supposed with support of the Human Resource, to protect the staff from the banks, this is not reflective of them;
- (b) Letters of undertaking should be initiated by the office of the Accounting Officer as a way of protecting employees not the bank as noted, considering that banks can easily manipulate the staff.
- (c) That there was gross financial indiscipline among local governments' staff who opt for loan facilities up and beyond their capacity to repay.

### **Committee Recommendations**

*The Committee recommends the following:*

- a) 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;**
- b) That the Accounting Officer should ensure strict adherence to Section 2.1.2 and 2.1.4 of the Service Agreement between the Government [Ministry of Public Service] and Uganda Consumer Lenders'**

***Association/Uganda Bankers' Association which requires a letter of undertaking for each Government employee before making an employee reservation on the Payroll Deduction Management System.***

- c) The responsibility of loan recovery ceases to be a duty of local governments and that Ministry of Public Service terminates the requirement for the undertakings with lending institutions as a policy measure.***
- d) Government should institute more protective measures to cap multiple and over borrowing by employees***

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

The Audit report highlighted failed deduction of PAYE from political leaders leading to revenue losses to Government on account of failure by Accounting Officers to subject political leaders' gratuity to PAYE deduction.

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.

#### **Committee Observations**

The Committee observed the following:

- (a) That all income earned by private persons and organisations should, in accordance with Section 19(1)(a) of the Income Tax, be subjected to Pay As You Earn [PAYE] tax therefore guidance should have been sought from the line Ministry;**
- (b) The non-computation of PAYE on political leaders' gratuity payments was reflective of failure by the Accounting Officers to follow and adhere to Section 19(1)(a) of the Income Tax, 1997 as amended;**
- (c) Some Accounting Officers in a bid to adhere to the Income Tax Act opted to manually deduct the PAYE;**



- (d) Some Accounting Officers had already initiated recoveries at the time of interaction with the Committee.
- (e) By the time of interaction with the Committee, the system had been updated therefore, subsequent year deductions effected promptly.

### **Committee Recommendations**

*The Committee recommends that;*

- (i) ***The Accounting Officers should in future, ensure to subject Political leaders' gratuity to computation of PAYE as prescribed under Section 19(1)(a) of the Income Tax, 1997 as amended.***
- (ii) ***All Accounting Officers who did not deduct PAYE should ensure that this money is deducted from the affected political leaders whether in office or out of office.***

### **4.1.5.5 Delayed Access to Salary Payroll**

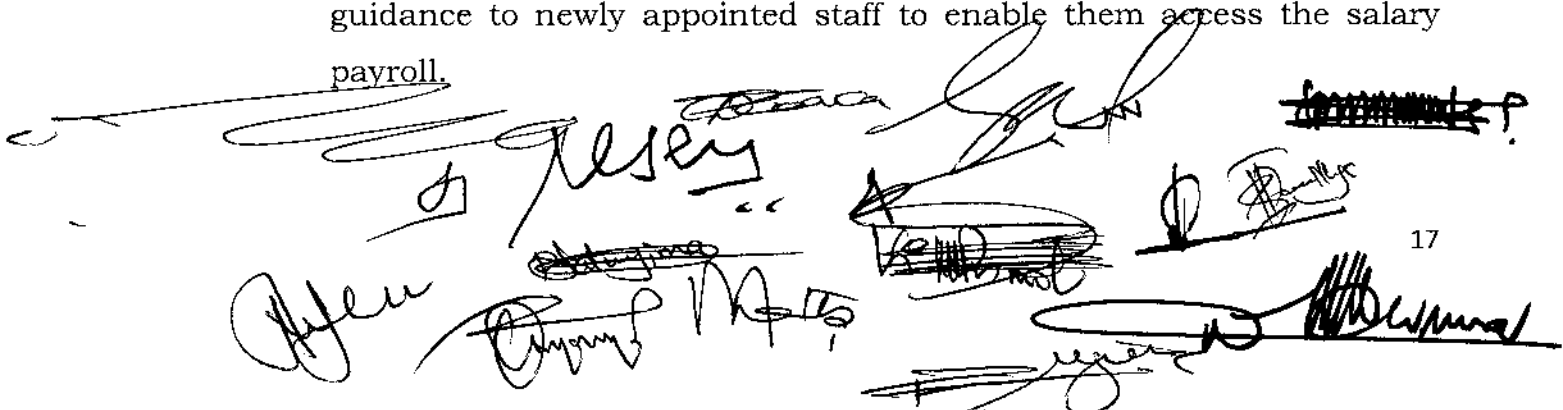
The Audit report revealed that Accounting Officers failed to expedite quick access of newly appointed staff to the salary payroll.

The Accounting Officers however indicated that newly appointed staff did not submit requisite information such as Tax Identification Numbers [TIN], National Identification Cards, Bank Account Numbers that were key requirements to enable access to the salary payroll.

### **Observation**

*The Committee observed that;*

- (i) The Accounting Officers did not provide adequate support and guidance to newly appointed staff to enable them access the salary payroll.

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- (ii) There was laxity on the side of the Human Resource in supporting the staff.

### **Committee Recommendations**

*The Committee recommends that:*

- (i) The Accounting Officers should in future, ensure to adhere to Section B-a (11) of the Uganda Public Service Standing Orders which require Accounting Officers to ensure that public officers access the payroll within four (4) weeks from the date of assumption of duty;
- (ii) Accounting Officers should ensure payment of salary arrears to newly appointed staff that accrued from delayed access to payroll.
- (iii) NIRA should expedite the process of issuance of National IDs.
- (iv) Thee Accounting Should ensure that all new staff promptly submit their documents in order to access the payroll.

#### **4.1.5.6 Delayed Access to Pension Payroll**

The Audit report revealed that Accounting Officers did not facilitate retired staff timely transition access to the Pension Payroll after attainment of mandatory retirement age of 60 years.

The Accounting Officers attributed the delayed access to the pension payroll to retired staffs' delays to submit required documents such as National Identification Cards, appointment Letters that were necessary to conduct verification prior to accession to the pension payroll.

### **Committee Observation**

The Committee observed that;

- (i) In many aspects there was laxity of the HRM in preparing the staff for retirement.

- (ii) Many retirees had difficulty in obtaining a national ID.
- (iii) Expeditious access to the pension payroll required collaborative efforts between the entity management and retired staff.

#### **Committee Recommendations**

***The Committee recommends that;***

- (a) The Accounting Officers should adhere to Section B-a (11) of the Uganda Public Service Standing Orders, 2010 which bestows on the responsible officers the responsibility of initiating and completing the processing of retirement benefits within six months to the mandatory retirement date; and***
- (b) The Accounting Officers should ensure to expedite processing of pension arrears that accrued on account of delayed access to the Pension Payroll.***
- (c) The System should be developed in a way that there is automatic transition of the staff from the salary pay roll to pension pay roll.***
- (d) Ministry of Public Service should initiate a system that automatically transitions employees from the salary pay roll to the pension pay roll once they knock the retirement age.***
- (e) Pensioners need to be prepared for access to retirement benefit prior to obtaining the mandatory retirement age to avoid time lags.***

#### **4.1.5.7 Payment of Salaries and Gratuity off IPPS**

Audit report noted authorized payments of salaries, pension and gratuity off the IPPS; thereby contravening Paragraph 4.5 of Establishment Notice No.2 of 2019 which requires the responsible officer to pay for only salaries, pension and gratuity processed through IPPS.

The Accounting Officers attributed the audit finding to mix up of staff lists of different local governments and inconsistencies in the Ministry of Public Service payrolls and the Entities' Payroll Registers.

### **Committee Observation**

The Committee observed that payments of salaries, pension and gratuity off the IPPS contravened Paragraph 4.5 of Establishment Notice No.2 of 2019; and could lead to abuses and manipulation for private gains.

### **Committee Recommendation**

***The Committee recommends that;***

- (i) The Accounting Officers should ensure to reconcile their respective entity staff lists together with the Ministry of Public Service IPPS in order to avoid payments of salaries, pension and gratuity off the IPPS.***
- (ii) The Accounting Officer should desist from the practice and can only take such actions with the approval of the line Ministry.***

#### **4.1.6 System Related Challenges:**

##### **4.1.6.1 Inconsistencies between Ministry of Public Service and Entity Payroll Registers.**

The Audit report noted variances between figures in the Ministry of Public Service IPPS and on the entities' Payroll Registers.

The Accounting Officers informed the Committee that inconsistencies between MoPS IPPS and entities was due to changes in names or dropping off the list while the Entities maintained the same on their Payroll Registers. The Committee received undertakings from the Accounting Officers to harmonise the differences between the MoPS IPPS and the Entities' Payroll Registers.

### **Committee Observation**

The Committee observed that inaccuracies and inconsistencies between the Ministry of Public Service IPPS and the Entities' Payroll Registers was a recipe

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for manipulation and abuse to defraud Government employees of their hard earned salaries.

#### **Committee Recommendation**

**The Committee recommends that;**

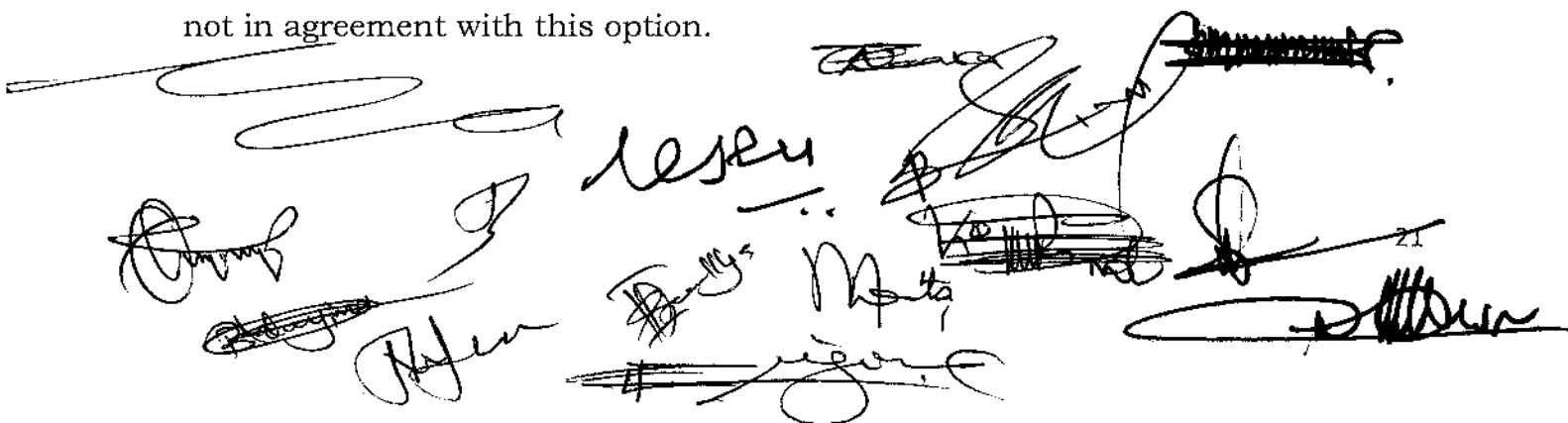
- (i) The Accounting Officers should conduct regular checks on the two systems/databases to ensure accuracy and consistence.**
- (ii) Government should develop an integrated system to cover all functions of HR, finance and other related functions to curb disjointed management systems.**
- (iii) The Accounting Officer should do due diligence.**
- (iv) Training and/or capacity development should be done regularly for Local Governments to remain informed and up to date with new system developments.**

#### **4.1.7 Internal Control Weaknesses**

##### **4.1.7.1 Monthly wage, pension and gratuity performance analysis and remittance of quarterly returns to Ministry of Public Service.**

The Audit report revealed that various local governments failed to prepare monthly wage, pension and gratuity performance analysis and thus did not submit quarterly returns on their respective payrolls to Ministry of Public Service as guided by Paragraph 2.1 of Establishment Notice No.1 of 2020.

Most Accounting Officers indicated that the COVID-19 pandemic lockdown restrictions on movement of persons inhibited their timely submission of returns on the payroll to Ministry of Public Service. Some contended that while they requested for online submission of returns, Ministry of Public Service was not in agreement with this option.

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## **Committee Observations**

The Committee observed that the failure to ensure timely submission of returns on the Payroll to Ministry of Public Service was at the time beyond the control and management of the local governments.

## **Committee Recommendations**

***The Committee recommends that for subsequent financial years, Accounting Officers should adhere to Paragraph 2.1 of Establishment Notice No.1 of 2020 so as to avoid cases of accumulated arrears and under absorption of wage, pension and gratuity budgets.***

### **4.1.7.2 Existence of Strategic plans that are aligned to NDP-III**

The Audit report noted that over the years the alignment of Government Budgets with the NDP has been poor and needed to be improved thus urging all Accounting Officers to ensure that all activities for the Financial Year 2020/2021 are aligned with NDP III and implemented accordingly. In this regard local Governments were expected to prepare and approve a strategic plan that was aligned to NDP III.

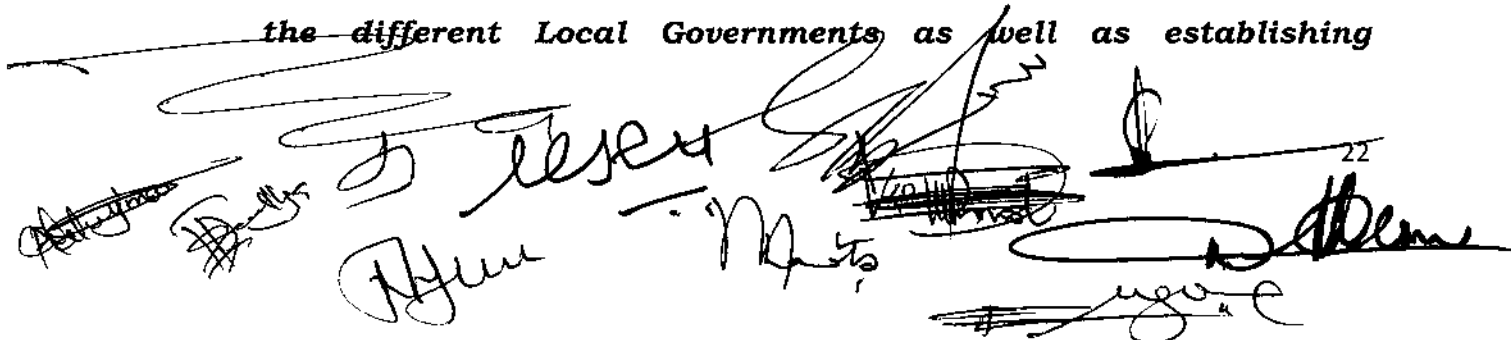
## **Committee Observation**

The Committee observed at the time of the interaction with the local governments, many strategic plans were still pending approval by National Planning Authority.

## **Committee Recommendations**

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

- i) NPA expedites the process of scrutinizing the strategic plans for the different Local Governments as well as establishing***



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***clear/coordination of activities to avoid unnecessary delays that impedes the execution of the plans.***

- ii) The Ministry of Finance/NPA extends capacity building support on strategic and operation planning to the planning units at Local Government levels.***
- iii) There should be establishment of a standard planning unit structure across all Local Governments to address the question of capacity and man-power.***

#### **4.1.8 Off-budget Receipt**

The Audit report noted that some local governments received off-budget financing which was not declared to the PS/ST and accordingly was not appropriated by Parliament as required under Section 43 (1) of the PFMA 2015. There was no evidence that the local; governments obtained guidance from the Accountant General as required under Section 43 (5) of the PFMA, 2015.

#### **Committee Observation**

The Committee observed that these funds are channeled directly to health facility accounts without going through the district collection accounts rendering it difficult to capture in the district budget.

#### **Committee recommendation**

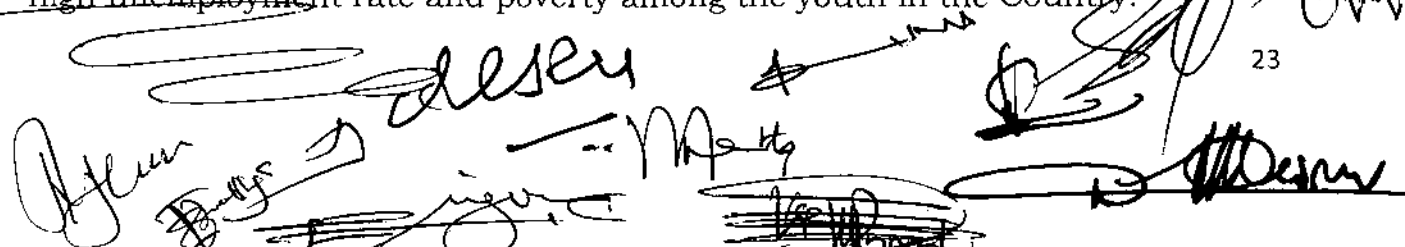
***The Committee recommends that the MoFPED should mainstream the disbursement of funds through the normal planning and budgeting cycles to avoid off budget receipts.***





#### **4.1.9 PERFORMANCE OF THE YOUTH LIVELIHOOD PROGRAM [YLP]**

The Youth Livelihood Programme (YLP) is Government of Uganda financed program designed as one of the interventions of Government in response to the high unemployment rate and poverty among the youth in the Country.



The primary objective of the YLP is to empower the target youth to harness their socio-economic potential and increase self-employment opportunities and income levels, the specific objective of which include:

- (i) To provide youth with marketable vocational skills and tool kits for self-employment and job creation.
- (ii) To provide financial support to enable the youth establish Income Generating Activities (IGAs)
- (iii) To provide the youth with entrepreneurship and life skills as an integral part of their livelihoods.
- (iv) To provide youth with relevant knowledge and information for attitudinal change (positive mind set change).

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

The low recovery of YLP funds was attributed to project managers neglect, group disbandment, extreme weather conditions [for agricultural enterprises] and misconception of the intentions of the Programme.

### **Committee Observations**

The Committee observed that:

- (a) Most of the district local governments did not have proper recovery plans and data on the beneficiary groups.
- (b) That some funds disbursed to the local governments were in respect of Financial Years 2014/15 to 2018/19; and
- (c) Causal factors for low recovery of funds under the Program were far beyond the management and control of the local governments. The aspect of misconception of the Program among the Youths and project neglect were key determinants for low recovery rates.

- (d) The Committee noted there was no budget line for supervision and follow up of the groups.



- (e) Much as the groups received the funds, there was no sign that the groups had the capacity to repay.

### **Committee Recommendations**

**The Committee reiterates the following recommendations;**

- (i) **Revolving funds for the future programs be covered or guided by a legal framework to provide for sanctions, detailed program management structures.**
- (ii) **Accounting Officers should institute all measures/mechanisms possible to recover outstanding balances including developing clear recovery plans and accountability mechanisms.**
- (iii) **Government adheres to timelines in provision of grants to the different programs to realign it with the reporting framework so as not to cause distortions in financial reporting.**
- (iv) **For future interventions/programs the aspect of community ownership, participation and involvement be enhanced through co-funding mechanisms/initiatives.**
- (v) **For similar/future interventions, Accounting Officers should institute clear achievable performance indicators for officers involved in the project/program implementation.**
- (vi) **There should be budgetary provisions to support supervision/follow-up of the beneficiary groups.**
- (vii) **Government through the Ministry of Gender, Labor and Social development together with the Local Governments evaluate the performance of the YLP given that recovery of the funds has remained low.**
- (viii) **Parliament should take keen interest in the implementation of YLP and YWEP with a view of advising government on appropriate measures going forward.**

#### **4.1.10 PERFORMANCE OF UGANDA WOMEN ENTREPRENEURSHIP PROGRAM [UWEP]**

Government of Uganda introduced the Uganda Women Entrepreneurship Programme (UWEP) as an initiative aimed at improving access to financial services for women and equipping them with skills for enterprise growth, value addition and marketing of their products and services.

Implemented as a Rolling Program under the auspices of Ministry of Gender, Labour and Social Development (MGLSD), the primary objective of UWEP being empowering Ugandan women for economic development. The Programme is designed to address the challenges women face in undertaking economically viable enterprises including the limited access to affordable credit, limited technical knowledge and skills for business development, limited access to markets as well as information regarding business opportunities. The Program envisages to increase participation of women in business development, increase their incomes, livelihood security and overall quality of life.

The overall goal of the Programme is to empower Ugandan women to improve their income levels and their contribution to economic development.

The Program's specific objectives include:

- (i) To strengthen the capacity of women for entrepreneurship development;
- (ii) To provide affordable credit and support access to other financial services to enable women establish and grow their business enterprises;
- (iii) To facilitate women's access to markets for their products and services;
- (iv) To promote access to appropriate technologies for production and value addition; and
- (v) To strengthen Programme management and coordination

The Audit report noted that the funds disbursed as a Revolving Fund to UWEP beneficiary groups underperformed. This was attributed to low recovery responses, poor choice of enterprise selection, project neglect, inadequate support, guidance on project execution and misconception of the intentions of the Program.

On mechanisms to counter the poor recovery of funds, Accounting Officers indicated that they would resort to involving security personnel for the purpose.


**Committee Observations:**

**The Committee observed that;**

- (i) UWEP was performing better than YLP but the levels of recoveries were still low. This was occasioned by poor recovery measures instituted by Accounting Officers.**
- (ii) There are cases where the monies were remitted direct to the beneficiary groups therefore, the Local Governments were not in the know.**

**Committee Recommendations:**

**The Committee recommends that 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.**



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#### **4.0 PART 2. SPECIFIC AUDIT QUERIES ACROSS LOCAL GOVERNMENTS**

##### **VOTE 582 BUIKWE DISTRICT LOCAL GOVERNMENT (Unqualified Opinion)**

##### **Query 1.0 Payment of Salaries, Pension and Gratuity**

##### **Query 1.1 Absorption of Funds**

The Audit Report revealed that **UGX.15, 040,000,000** representing **93.1%** was spent out of the total receipts of **UGX. 16,150,000,000** resulting in an unabsorbed balance of **UGX. 1,110,000,000**.

The Accounting Officer explained that;

- i. Part of the unabsorbed balance related to wage was for tertiary and Secondary school teachers who fall under the docket of MoES;
- ii. Part of the wage was also for positions that did not attract candidates like Principal Internal Auditor and Principal Human Resource Officer and
- iii. Wages for staff who were under disciplinary action;
- iv. Nonetheless recruitment had been done and some 32 staff had been posted to the District by the Ministry of Education and Sports.

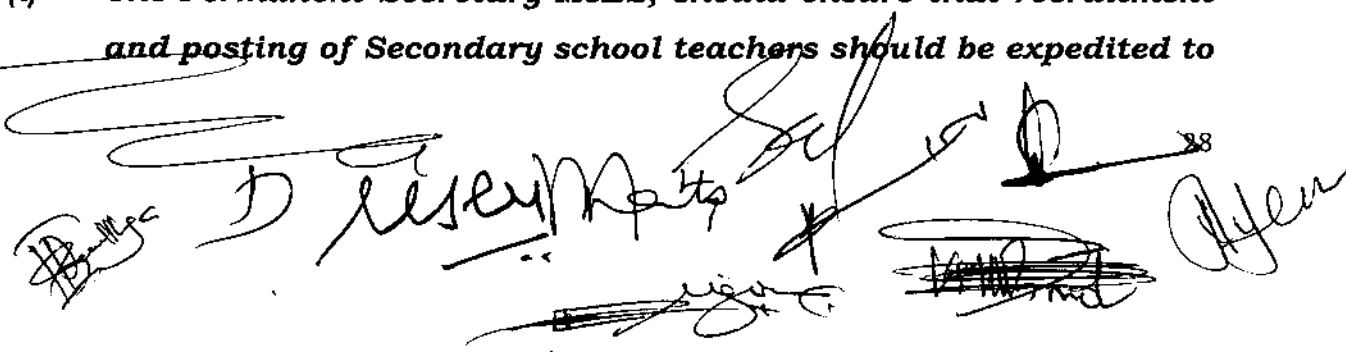
##### **Committee Observation**

The Committee observed that efforts were made by the district in filling the vacant positions and observed that the staffing level at the district was at 72%. However, the Committee also noted the failure by the District to attract candidates for certain key positions that have remained vacant.

##### **Committee recommendation**

**The Committee recommends that;**

- (i) **The Permanent Secretary MoES, should ensure that recruitment and posting of Secondary school teachers should be expedited to**

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***save the Local governments from returning funds meant for salaries to treasury.***

- (ii) The Accounting Officer, should ensure that the recruitment for the vacant critical positions are conducted to enhance service delivery and avoid return of funds to the Consolidated Fund.***

### **Query 1.2 Payment of salary using wrong scales**

The Audit Report revealed that there were cases of salary payments made using wrong scales. This resulted into overpayment of salary to seven (07) staff totaling to **UGX. 6,542,796** and underpayment of salary to twenty-four (24) staff totaling to **UGX. 20,560,692**

The Accounting Officer explained that;

- i. The staff were rightfully paid and attributed the omission to a change of policy in 2014 for Head Teachers and their Deputies that maintained some teachers to be paid on person to holder basis.
- ii. The underpayment was a result of not updating annual increments on the salaries of staff.

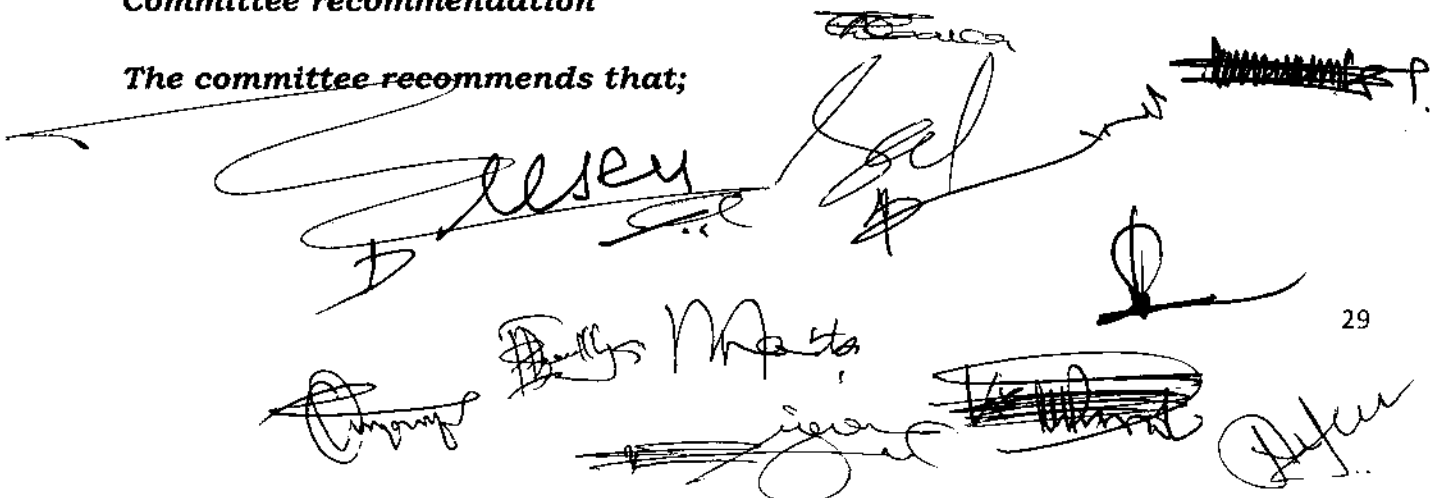
### **Committee Observation**

The Committee observed that;

- i) Payment of staff salaries based on wrong salary scales was indicative of fraudulent actions and a breach of Section B-a (6) and (7) of the Uganda Public Service Standing Orders, 2010.
- ii) *Reluctance by the Accounting Officer and Human Resource Officers in updating annual increments on the salaries of staff.*

### **Committee recommendation**

***The committee recommends that;***

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- i) ***The Accounting Officer and the Human Resource Officers be held personally liable and reprimanded for failing to update increments on the salaries of staff leading to under payment.***
- ii) ***The Accounting Officer should ensure that the staff underpaid receive their salary arrears immediately.***

### **Query 1.3 Delayed deletion of staff from payroll**

The Audit Report noted that **UGX. 4,697,808** was wrongly paid to 02 staff who had retired.

The Accounting Officer explained that this arose from failure by the system to detect the termination instruction at the time. However, full recovery of the funds would be done by June 2023;

### **Committee Observation**

The Committee observed that;

- (i) The delayed deletion of staff from the entities' active salary payroll was a violation of Section B-a (12) of the Uganda Public Service Standing Orders, 2010, which states payment of salary to public officers be stopped immediately they cease rendering services to Government under whatever circumstances, including death;
- (ii) The district had made efforts to ensure recovery.

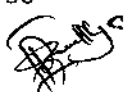
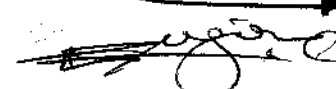
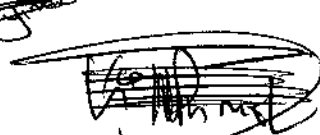
### **Committee Recommendation**

***The Committee recommends that;***

- i) ***The Accounting Officer should ensure full recovery of the funds as scheduled.***
- ii) ***The PS/ST should reprimand the Accounting Officer and hold him personally liable for causing financial loss to Government.***



from: M46  
Resey



## **Query 2 Management of Payroll Deductions.**

### **Query 2.1 Over/Under remittance of deductions**

The Audit Report revealed that whereas **UGX. 2,990,737,881** was deducted from employees' salaries to be remitted to different beneficiaries, **UGX. 2,962,441,829** was remitted leading to an over and under remittance amounting to **UGX.73,052** and **UGX.28,369,104** respectively.

The Accounting Officer undertook to reconcile the deductions with the remittances.

#### **Committee Observation**

The Committee observed that there was an under remittance of **UGX.28,369,104** and over remittance of **UGX.73,052** to the different beneficiaries hence affecting the operations of those organizations.

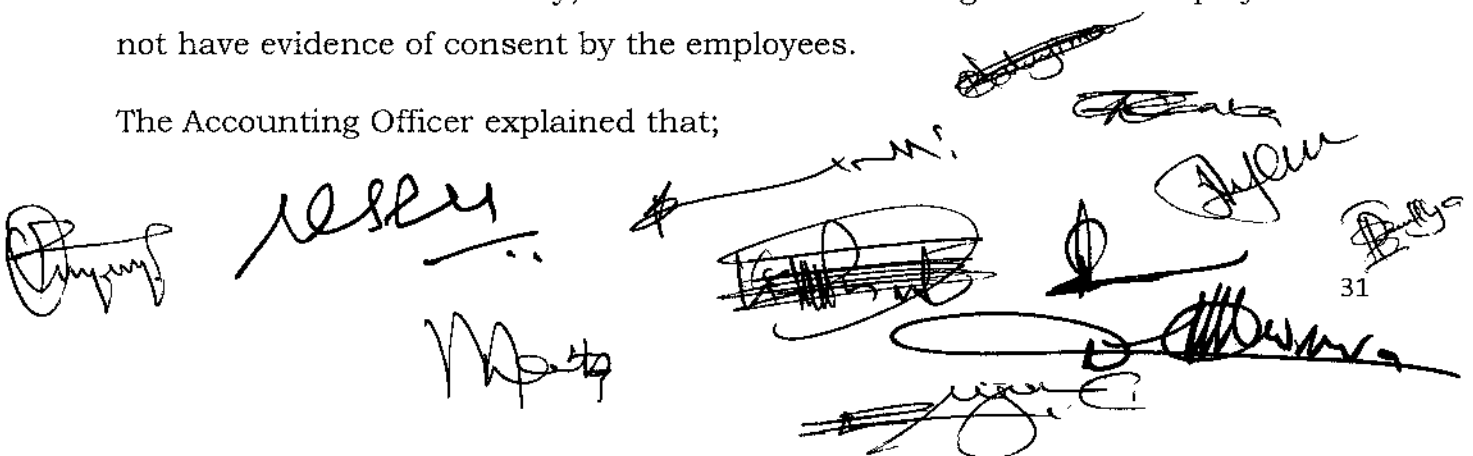
#### **Committee recommendation**

*The Committee recommends that the Accounting Officer carries out reconciliations before remitting the said money to beneficiaries to avoid underpayments and overpayments.*

### **Query 2.2 Un-authorized loan deductions.**

The Audit Report noted that the District made un-authorized loan deductions totaling **UGX. 56,120,313** from 23 employees that neither had letters of undertaking nor existed in the "active deduction" or the "my approval" reports on the PDMS-Payroll Deduction Management System, operated by PCA-Payroll Consults Africa. Additionally, loan deductions relating to the 23 employees did not have evidence of consent by the employees.

The Accounting Officer explained that;

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- i. Some loans were acquired on digital access and deductions uploaded from the MoFPED without evidence of letters of undertaking and written consent.
- ii. Management discovered 14 out of 23 employees had letters of undertaking endorsed by the district authority.
- iii. The scenario was beyond their control and an inquiry was made with PCA to address the anomaly although no response had come through.

### ***Committee Observation***

The Committee observed that;

- (i) All the loan guarantee letters originated from the banks hence putting the employees at the mercy of the banks.
- (ii) There were no copies of the loan guarantee letters

### ***Committee Recommendation***

***The Committee recommends that;***

- (i) ***The Accounting Officer/entity plays a central role in the initiation, processing and approval of all loan deductions.***
- (ii) ***The Accounting Officer should ensure that all loan deductions are backed by adequate documents.***

### **Query 2.3 Delayed/non-remittance of deductions to UCLA/UBA**

The Audit Report noted that deductions to UCLA/UBA were not remitted concurrently with salary payments for 5 months with delays ranging from 5 to 41 days.

The Accounting Officer acknowledged the anomaly and informed the Committee that management had organized training on handling invoice



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notifications with support from MoFPED, Accountant General's Office (System support team)

#### **Committee Observation**

The Committee observed that corrective measures were undertaken.

#### **Committee Recommendation**

***The Committee recommends that the Accounting Officer ensures that payments and deductions are done concurrently and promptly.***

#### **Query 2.4 Delayed remittance of PAYE deductions to URA**

The Audit Report noted a delay in the remittance of PAYE deductions to URA for 1 month.

The Accounting Officer attributed the delay in remitting deductions to the MoFPED which delayed to make payment.

#### **Committee Observation**

*The Committee observed that the district delayed to remit PAYE to URA by one month contrary to Section 123(1) of the Income Tax Act of 1997 (as amended).*

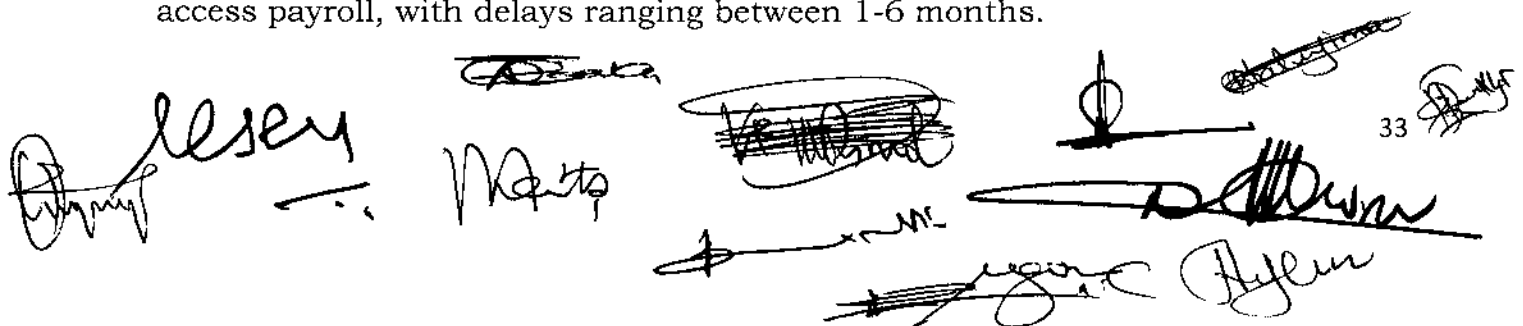
#### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure timely remittance of PAYE deductions to URA to avoid penalties.***

#### **Query 3.0 Access to Payrolls**

##### **Query 3.1 Delayed access to Salary Payroll**

The Audit Report noted that ten (10) newly recruited employees delayed to access payroll, with delays ranging between 1-6 months.



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The Accounting Officer explained that the delay to access the payroll was caused by factors such as delay by individuals in obtaining TINs, Mismatch of information by NIRA, among other factors.

### **Committee Observation**

The Committee observed that by keeping the newly recruited staff without accessing payroll for six months the Accounting Officer and Human Resources officer failed to perform their duties in guiding and supporting these staff.

The Committee noted that the newly recruited staff accessed the payroll after six months.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer and the Human Resource Officers be held personally liable for failure to have the newly recruited staff access payroll for more than six months contrary to the provision of Section B-a(11) of the Uganda Public Service Standing Order.***

### **Query 3.2 Delayed access to Pension payroll**

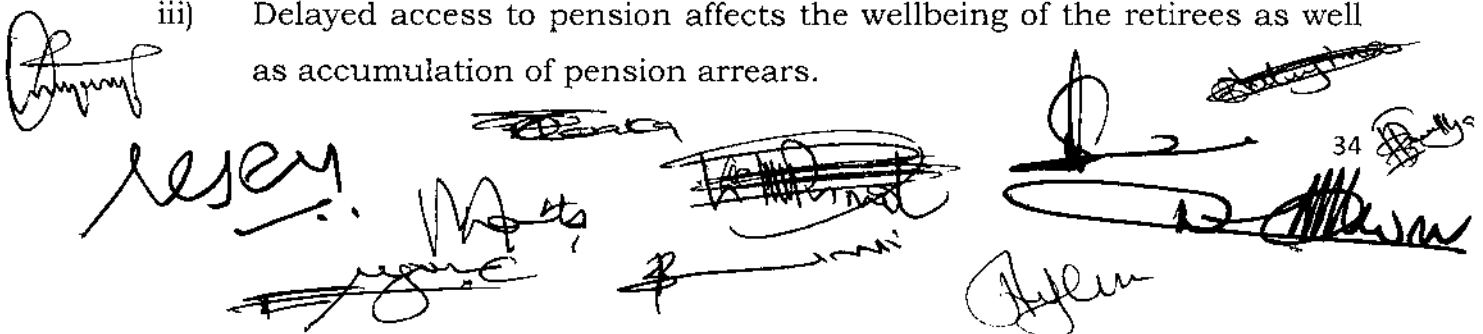
The Audit Report noted that 22 pensioners delayed to access the pension payroll with delays ranging from 7-24months.

The Accounting Officer attributed the delay to pensioners who did not submit complete set of the required documents in time for processing.

### **Committee Observation**

The Committee observed that;

- i) Although the said pensioners had challenges and delays, in accessing the pension payroll, corrective action had been under taken.
- ii) The pensioners stayed without accessing pension payroll for about 24 months contrary to paragraph 5.1 of Establishment Notice 1 of 2020.
- iii) Delayed access to pension affects the wellbeing of the retirees as well as accumulation of pension arrears.



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### **Committee recommendation**

**The Committee recommends that;**

- i) The Accounting Officer and the Human Resource Officers be held personally liable for failure to have the pensioners' access pension payroll for 2 years contrary to paragraph 5.1 of Establishment Notice 1 of 2020.**
- ii) The Accounting Officer should ensure that all pensioners promptly submit their documents in order to ensure expeditious access to the pension payroll.**

### **Query 4.0 Misclassification of salary, pension and gratuity expenditure.**

The Audit Report noted that payments amounting **UGX.55,352,971** were charged on account salary codes of 211101 instead of prescribed pension code of 212102.

The Accounting Officer explained that, the misclassification of pension expenditure was due to insufficient pension allocation to the district by the MoFPED.

### **Committee Observation**

The Committee observed that misclassification of funds contravenes Section 7.10.3 of the Treasury Instructions, 2017 which provides for a uniform budget classification and execution using the Chart of Accounts.

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### **Committee Recommendation**

**The Committee recommends that;**

- i) The PS/ST should reprimand the Accounting Officer for contravening the provisions of Section 7.10.3 of the Treasury Instructions, 2017.**
- ii) The Accounting Officer should desist from misclassifying expenditures.**

### **Query 5.0 Internal Control Weaknesses**

#### **Query 5.1 Monthly wage, pension and gratuity performance analysis and remittance of quarterly returns to MoPS**

The Audit Report noted that the District did not prepare monthly wage, pension and gratuity performance analysis and thus did not submit quarterly returns on payroll to MoPS.

The Accounting Officer acknowledged the anomaly and informed the Committee that management had now submitted the report for FY 2021/22.

### **Committee Observation**

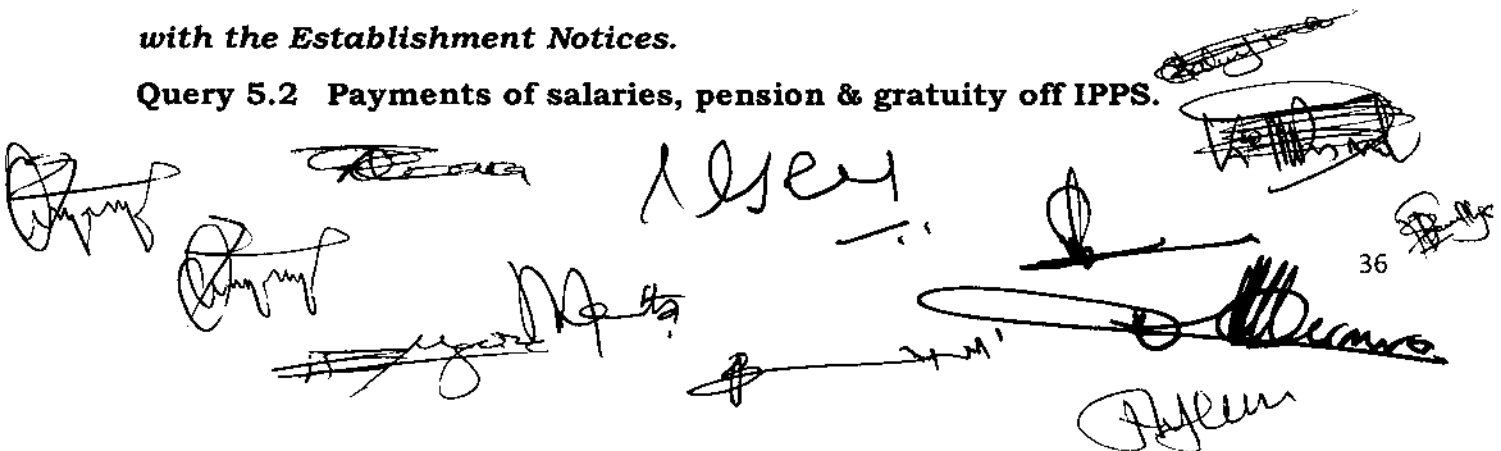
The Committee observed that;

- i) Failure to submit returns leads to accumulation of arrears and under absorption of wage, pension and gratuity.**
- ii) The district did not submit the report for FY 2020/21 contrary to paragraph 2.1 of Establish Notice 1 of 2020.**

### **Committee Recommendations**

**The Committee recommends that the Accounting Officer strengthens internal control measures by submitting quarterly returns in compliance with the Establishment Notices.**

#### **Query 5.2 Payments of salaries, pension & gratuity off IPPS.**

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The Audit Report noted that 180 pension and gratuity payments totaling to **UGX.95,481,460** were not paid through IPPS.

The Accounting Officer informed the Committee that it was only **UGX.95,481,460** that was paid off the IPPS as death gratuity to the Estate of Abdul Rashid Yahaya Dada.

### **Committee Observation**

The Committee observed that payment off IPPS was irregular and contrary to paragraph 4.5 of Establishment Notice No. 2 of 2019.

The Committee also observed that payment off IPPS can be used as a conduit to pay non-existent pensioners and staff and loss of funds.

### **Committee Recommendation**

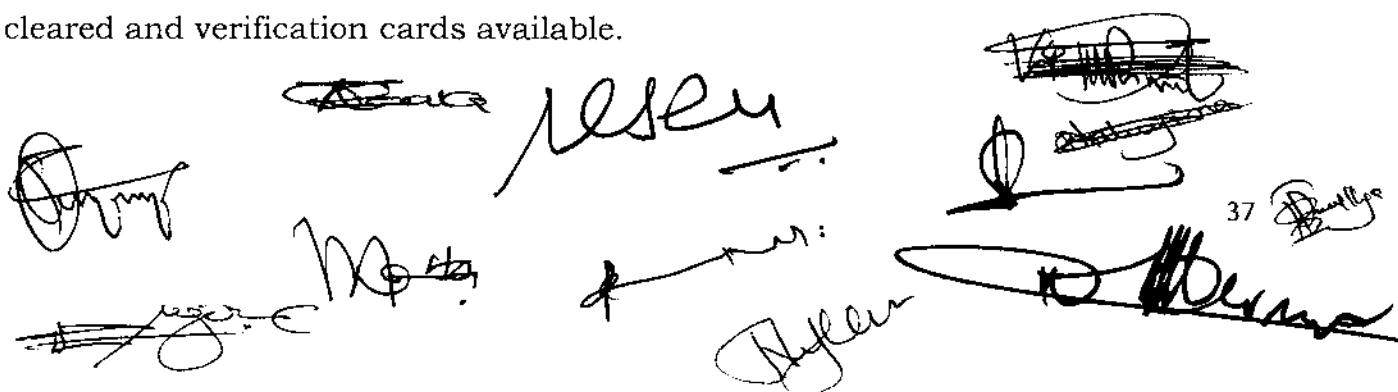
***The Committee recommends that;***

- i) The Accounting Officer and the Human Resource Officers be held personally liable for breach of the guideline as stipulated in paragraph 4.5 of the Establishment Notice No.2 of 2019.***
- ii) The PS/ST should reprimand the Accounting Officer for making payments off the IPPS.***

### **Query 5.3 Validation of employees, pensioners/beneficiaries on the IPPS against the NIRA interface.**

The Audit Report noted that verification forms and copies of the verification cards for 9 employees were not on the respective personal files.

The Accounting Officer explained that the remaining number of staff (09) had updated their information with NIRA but Successful verification would not be done before NIRA updated the same information on IPPS. However, all was cleared and verification cards available.



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### **Committee Observation**

The Committee observed that the verification forms and copies of the verification cards of 9 staff were not on file.

The Committee observed that much as the verification forms and copies of the verification cards were not on the files, corrective measures had been taken by the Accounting Officer.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure that the verification forms are filed in the respective officers' personal files.***

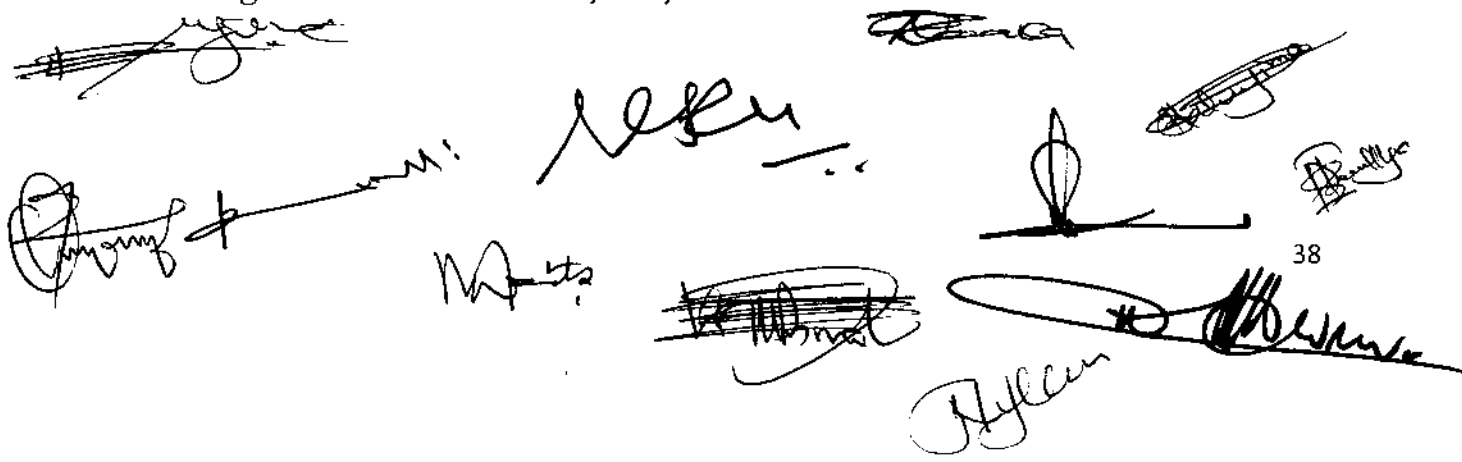
### **Query 6.0 Receivables**

The Audit Report noted unrecovered advances from the Youth and women groups amounting to **UGX.597,864,391**.

The Accounting Officer explained to the Committee that;

The low recovery of funds was largely attributed to factors at individual youth and women groups or project level such as: project failures, low rate of return on investment and disintegration of groups which eventually slows the rate of recovery and that recovery enforcement mechanisms had been put in place with support from the LC I youth councilors, LC I Chairpersons, Parish Chiefs, Parish, Internal Security Officers, Gombolola Internal Security Officer and the Police.

The Committee was informed the district had so far recovered **UGX. 10,440,430** from UWEP and **UGX.3,405,000** from YLP leaving and outstanding balance of **UGX.587,349,491**



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### **Committee Observation**

The Committee observed that;

- i) The district had developed a recovery plan and rescheduled the recovery period due to challenges faced during covid-19 lockdown.
- ii) Much as the groups receive the funds there was no sign that the groups had the capacity to repay.

### **Committee Recommendation**

**The Committee recommends that;**

- i) ***The Accounting Officer should ensure the development of a more effective recovery mechanism of YLP and UWEP funds.***
- ii) ***The Ministry of Gender Labor and Social Development should re-examine the implementation of YLP and UWEP in order to save future interventions.***

### **Query 7.0 Implementation of the approved budget.**

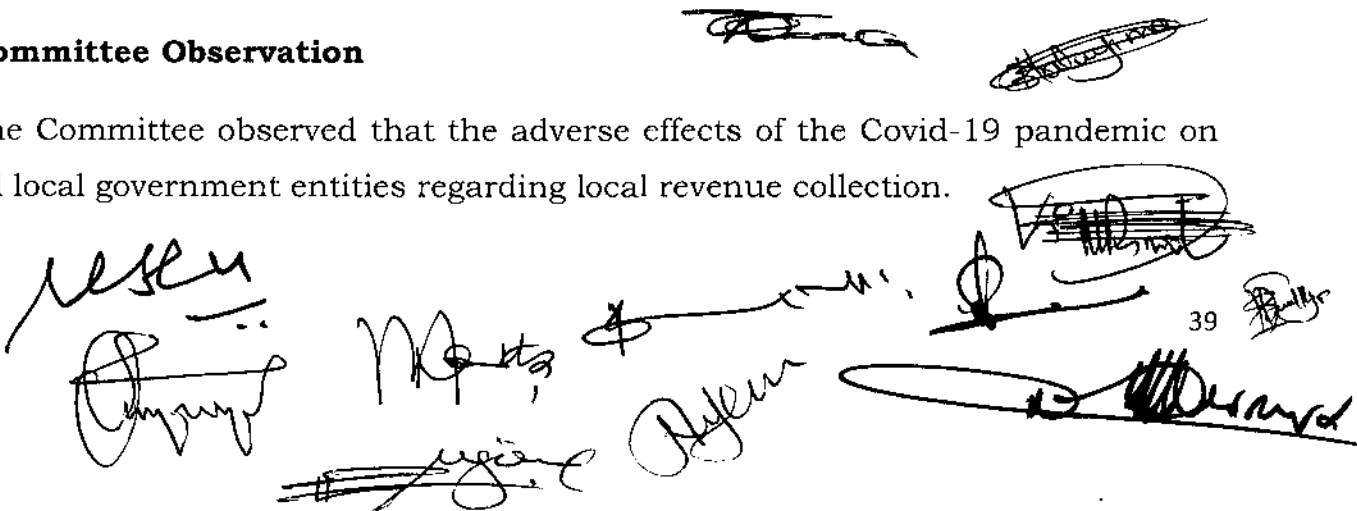
#### **Query 7.1 Revenue Performance, Local Revenue (LR) Performance**

The Audit Report noted that the district Council budgeted to collect **UGX.1,335,227,000** during the year under review. The district collected **UGX. 501,088,508** representing a 40% performance.

The Accounting Officer attributed the underperformance to the lockdown caused by COVID-19 pandemic which resulted into closure of most Business premises and public markets.

### **Committee Observation**

The Committee observed that the adverse effects of the Covid-19 pandemic on all local government entities regarding local revenue collection.



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### **Committee recommendation**

**The Committee recommends that;**

- (i) The Accounting Officer should ensure the effectiveness and operationalization of the revenue enhancement committees.**
- (ii) The Accounting Officer should develop effective mechanism to deal with revenue leakages and spending at source.**

### **Query 7.2 Transfers from other Government Units**

The Audit Report revealed that the district budgeted to receive **UGX. 3,722,714,774** as transfers from other Government Units. However, only received **UGX. 1,966,083,581 (53%)**.

The Accounting Officer explained that;

- The unrealized funds were from UWEP- **UGX. 8,383,000**, Uganda AIDS Commission-**UGX.20,000,000**, OPM Luwero Rwenzori-**UGX.11,424,000**, Makerere University Walter-Reed Project(MUWRP)-**UGX.1,272,188,000**, Neglected Tropical Diseases(NTD)-**UGX.50,000,000**, Result Based Financing(RBF)-**UGX.456,487,000**
- However, some of the funds reflected as unrealized were received as off-budget receipts but not captured in the PBS reporting since they were transferred to the units directly.

### **Committee Observation**

The Committee observed that the shortfall in funds received affected the implementation of some planned activities.

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### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should develop mechanisms to widen their local revenue generation base to avoid over dependence on external financing.***

### **Query 7.3 Off-budget receipts**

The Audit Report noted that the district received funds amounting to **UGX.1,460,725,115** for Result Based Financing (RBF) from the Ministry of Health and Makerere University Walter Reed project. It was noted that these funds were not provided for in the budget approved by the district.

The Accounting Officer acknowledged this. However, he indicated that the RBF and MUWRP funds had been catered for in the estimates of revenue and expenditure for FY2020/2021.

### **Committee Observation**

The Committee observed that these funds are channeled directly to health facility accounts without going through the district collection accounts rendering it difficult to capture in the district budget.

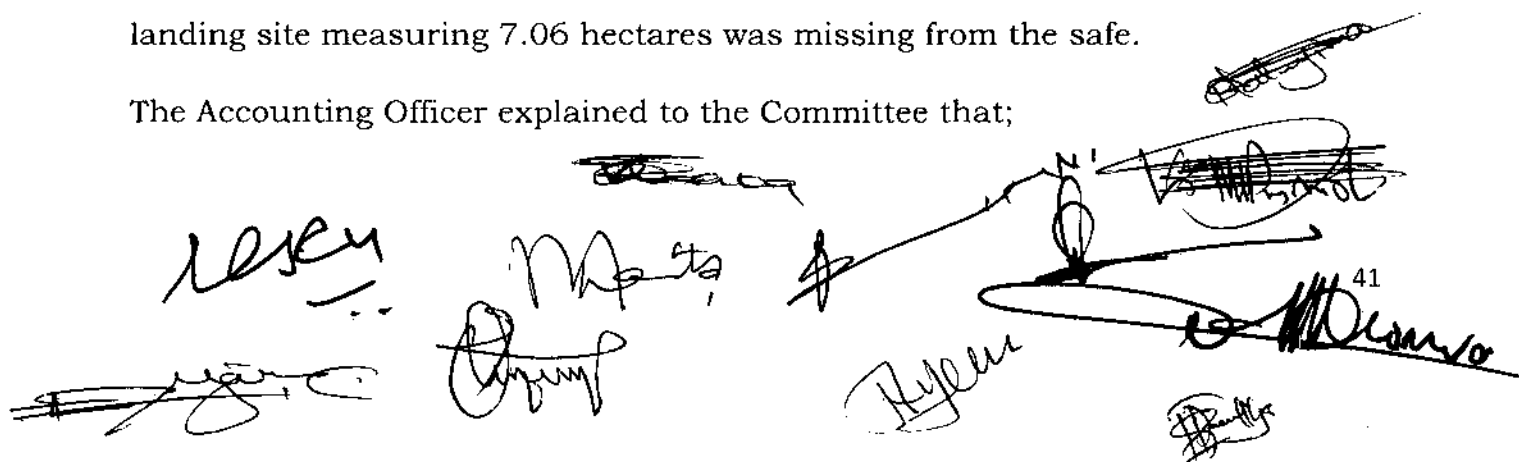
### **Committee Recommendation**

***The Committee recommends that the MoFPED should mainstream the disbursement of result based financing through the normal planning and budgeting cycles to avoid off budget receipts.***

### **Query 8.0 Missing Land Title.**

The Audit Report revealed that verification of the district assets revealed that the original copy of the title for Plot 18 Kyaggwe block 564 land at Nansagazi landing site measuring 7.06 hectares was missing from the safe.

The Accounting Officer explained to the Committee that;

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- i) In 2018, the district signed an agreement with M/s Bless to Bless to avail 7.06 hectares of land and in return the district was to put a satellite town;
- ii) At the time of audit, the title was with M/s Bless to Bless who later availed it to the district.
- iii) The company was given the land for 49 years effective 15<sup>th</sup> October 2018 and is expected to complete the said development by 15<sup>th</sup> October 2023; however, since then there is no much development on the land as squatters pose the challenge to the development who are to be compensated by M/s Bless to Bless the leasee.
- iv) Currently the lease hold title is with M/s Bless to Bless and the free hold title with Buikwe district

### **Committee Observation**

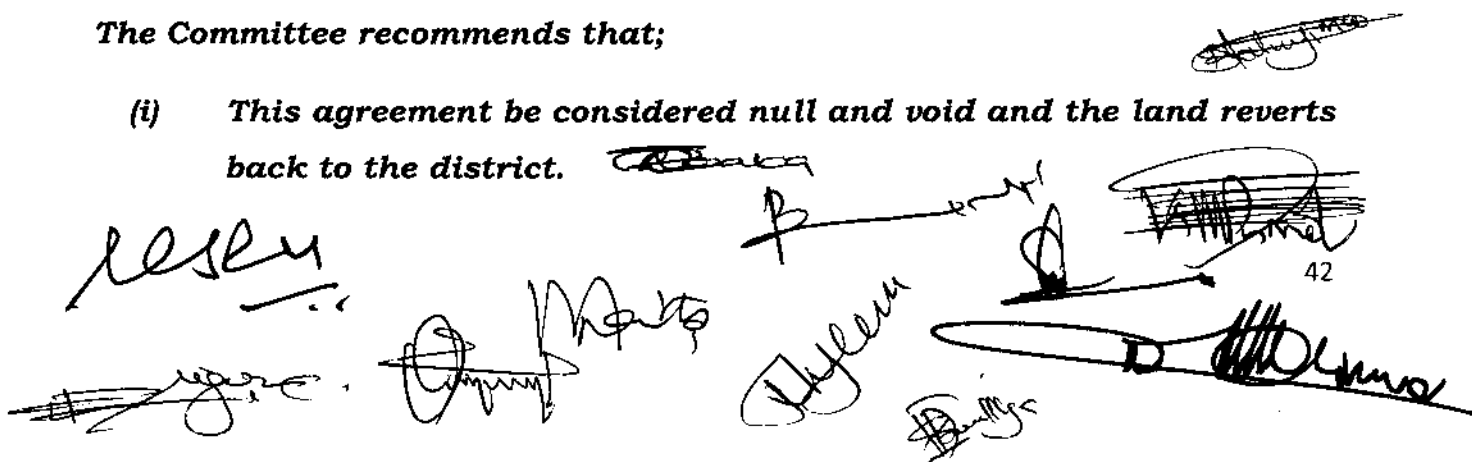
The Committee observed that;

- (i) There were two signatories to the agreement, that is the Accounting Officer and the District Chairperson who illegally signed as he is not the custodian of the district property.
- (ii) The district was not availed with a copy of the proposed plan for the satellite town.
- (iii) The district signed the agreement without ascertaining the capability/capacity of M/s Bless to Bless in executing the developments.\
- (iv) The agreement between Buikwe district and M/s Bless to Bless contravenes Section 34(1) of the Public Finance Management Act.

### **Committee Recommendation**

**The Committee recommends that;**

- (i) ***This agreement be considered null and void and the land reverts back to the district.***



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- (ii) **Political leaders should refrain from committing government property as any binding document is the responsibility of the Accounting Officer as custodian of Government property.**
- (iii) **The district leadership should take all the necessary measures to repossess the land and ensure that the land is free from any encumbrances.**

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**VOTE 779 NANSANA MUNICIPAL COUNCIL (unqualified opinion)**

**Query 1.0 Payroll Management at the Municipal Council**

**Query 1.1 Payment of Salaries, Pension and Gratuity**

**i) Absorption of Funds**

The Audit Report noted that **UGX. 9.3 billion (97%)** was spent out of the total receipts of **UGX. 9.6 billion**, resulting in an unabsorbed balance of **UGX.0.278 billion**.

The Accounting Officer acknowledged the findings.

**Committee Observation**

*The Committee observed that there was laxity on the account of the Accounting Officer in ensuring that no funds were swept back to the Consolidated Fund.*

**Committee recommendation**

**The Committee recommends that;**

- i. **The PS/ST should reprimand the Accounting Officer and be hold him personally liable for failure to implement the recruitment plan as required leading to return of unspent monies to the consolidated fund.**
- ii. **The Accounting Officer should ensure that all approved plans be implemented within the approved period to avoid returning funds to treasury.**

**Query 1.2 Over payment of salary**

The Audit report noted an overpayment of **UGX. 2,494,859**.

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The Accounting Officers attributed this to system failure.

**Committee observation**

The Committee observed laxity on the side of the Accounting Officer hence causing financial loss to Government through overpayment.

**Committee recommendation.**

**The Committee recommends that;**

- i) **The PS/ST should reprimand the Accounting Officer and hold him personally liable for causing financial loss to government.**
- ii) **The Accounting Officer should recover the overpaid money amounting to UGX. 2,494,859 or make good the loss within three months from the time of adoption of this report.**

**Query 1.3 Over/Under payment of pension/ gratuity**

The Audit Report noted an over payments of **UGX.12,696,166.**

The Accounting officer informed the Committee that he had no proof of overpayment of gratuity and pension.

**Committee Observation**

The committee observed that;

- i) *Over payment contravenes Section B-a(7) of the Uganda Public Service Standing Orders, 2010 hence causing financial loss to government.*
- ii) *The Accounting Officer had taken no effort to reconcile this anomaly.*

**Committee recommendation.**

**The Committee recommends that;**



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- i) *The Accounting Officer should ensure reconciliation of the said figures and make recoveries of any monies over paid or make good the loss within three months of the adoption of this report.*
- ii) *The Accounting Officer should comply with the provision of section B-a(7) of the Uganda Public Service Standing Orders 2010.*

#### **Query 1.4 Wrong computation of Gratuity**

The Audit Report noted over payment of **UGX.11,791,871** and under payment of **UGX.6,206,585** to pensioners/beneficiaries.

The Accounting Officer attributed the matters to capturing wrong annual salary and length of service that led to over or underpayment's to the pensioners.

#### **Committee Observations**

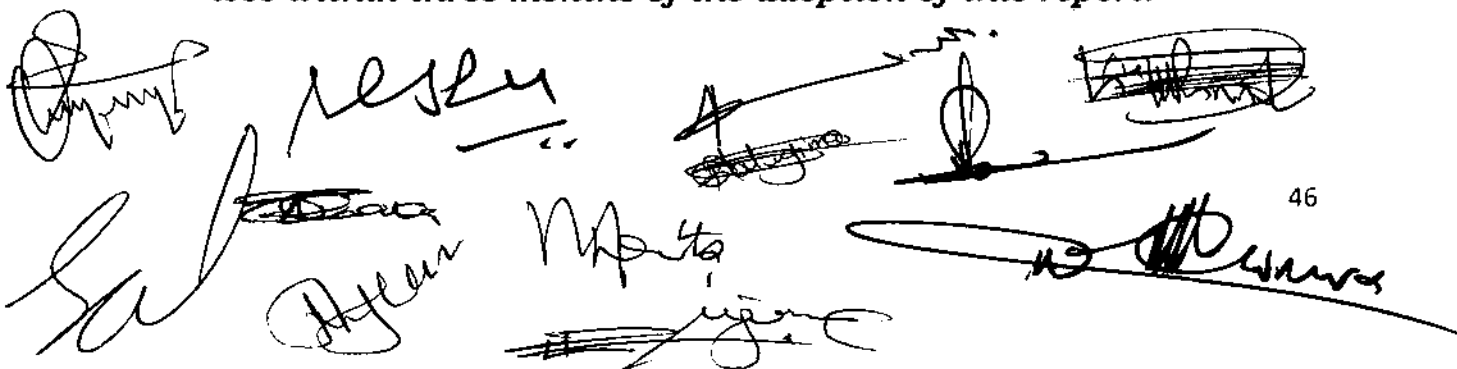
##### **The Committee Observed that;**

- i) The overpayment of **UGX.11,791,871** contravened Section B-a (7) of the Uganda Public Standing Orders, 2010.
- ii) There were no efforts made to recover funds that were over paid.
- iii) There was under payment amounting to **UGX.6,206,585**.

#### **Committee Recommendations**

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

- i) *The PS/ST should reprimand the Accounting Officer and hold him personally liable for overpayment hence causing financial loss to Government.*
- ii) *Full recovery be made or the Accounting Officer makes good the loss within three months of the adoption of this report.*



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## **Query 2 Management of Payroll Deductions.**

### **Query 2.1 Unauthorized loans deductions.**

The Audit Report noted that management made unauthorized loan deductions totaling **UGX.18,027,312**. The deductions were from 15 employees that lacked letters of undertaking although they existed in the “active deduction”

The Accounting Officer acknowledged that;

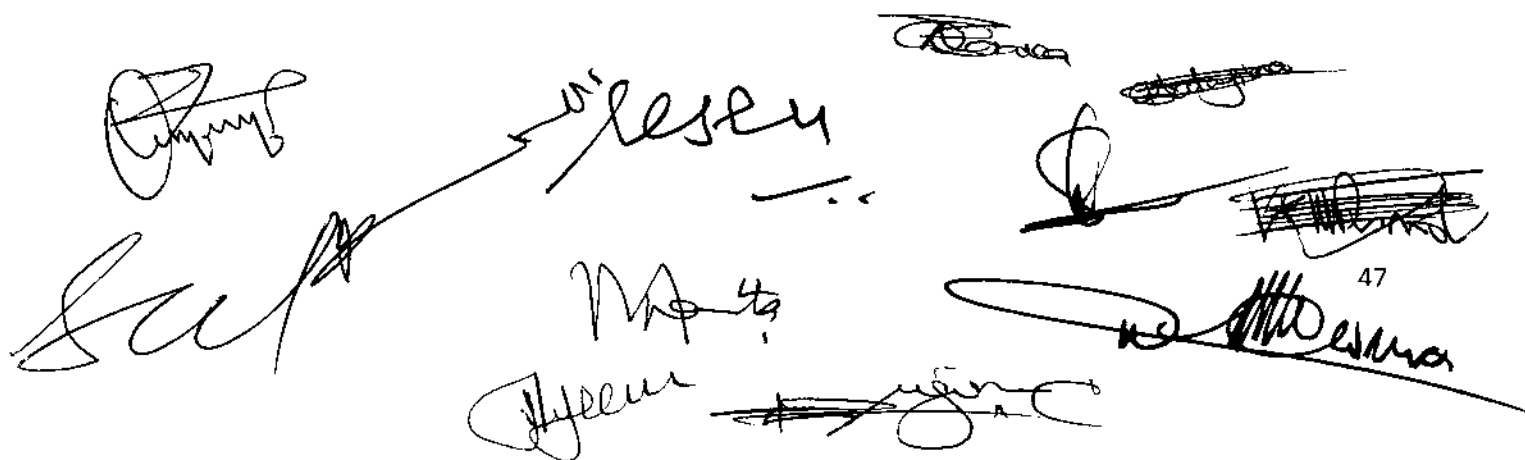
- i) The information on loan deductions was not authorized or even sent to the office of the Auditor General because the files are still with Wakiso District.
- ii) The deductions were permanently made because of the Agreement.

The Committee tasked the Accounting officer to explain to the committee why there were still continuous deductions on staffs, teacher's salaries and employees and the response by the Accounting officer was that the files were still with Wakiso District.

### **Committee observation**

The Committee observed that;

- i) Nansana Municipal Council became a Municipal Council in 2016 hence the Accounting Officer's justification for unauthorized deductions is untenable.
- ii) Un-authorized deductions by the district was contrary to section 2.1.2 & 2.1.4 of the Service agreement between the government (MOPS) and Uganda Consumers Lenders Association (UCLA)/Uganda Bankers Association (UBA).



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### ***Committee recommendation***

***The committee recommends that;***

- i) The Accounting Officer should be held personally liable for contravening the provisions of the guidelines and be reprimanded.***
- ii) The Accounting Officer should ensure that all deductions are backed by proper documentations as required by the set standards.***

### ***Query 2.2 Delayed remittances of deductions to UCLA/UBA***

The Audit Report noted that the Municipal Council made payroll deductions to UCLA/UBA but these were not remitted concurrently with salary payments. This was noted for the salary payments in 8 out of 12 months. On average, it delayed by 10 days.

The Accounting Officer regretted the anomaly.

### ***Committee Observation***

The Committee observed that;

- i) The delays in remitting deductions to UCLA/UBA could result to unnecessary default charges on employees.***
- ii) The entity failed to remit deductions concurrently contrary to paragraph 4.6.1 of the Establishment Notice No.2 of 2019.***

### ***Committee recommendation***

***The Committee recommends that the Accounting Officer ensures that payments and deductions are done concurrently and promptly.***

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### **Query 2.3 Non deduction of PAYE from political leaders**

The Audit report noted that the Municipal Council did not subject political leaders' gratuity totaling to **UGX.10,408,800** to the computation of PAYE in IPPS, leading to an under deduction of **UGX. 3,122,640**.

The Accounting Officer explained that PAYE is centrally computed by the Ministry of Public Service and guidance had been sought.

#### **Committee Observation**

The Committee observed that although deductions of PAYE for political leaders was mandatory, the Accounting Officer had not effected the deductions contrary to section 19(1)(a) of the Income Tax Act.

#### **Committee recommendation**

**The Committee recommends that;**

- i) The Accounting Officer recovers the amount in question from the affected political leaders or make good the loss within three months of the adoption of this report.**
- ii) The PS/ST should reprimand the Accounting Officer and hold him personally liable for failure to perform his duties in line with section 19(1)(a) of the Income Tax Act.**

### **Query 3 Access to Payrolls**

#### **Query 3.1 Delayed access to Salary Payroll**

The Audit Report noted that three (3) newly recruited/ transferred employees delayed to access payroll, with delays ranging between 1-2 months.

The Accounting Officer informed the Committee that the affected staff had challenges with the verification of their credentials. However, all the affected staff had since accessed the payroll.

**Committee Observation**

*The Committee noted that although the said staff had challenges and delays, in accessing payroll, corrective action had been taken.*

**Committee recommendation**

***The Committee recommends that the Accounting Officer should ensure that all new staff promptly submit their documents in order to access payroll.***

**Query 3.2 Delayed access to Pension payroll**

The Audit Report noted that 19 pensioners delayed to access the pension payroll, with delays ranging between 31 days and 24 months.

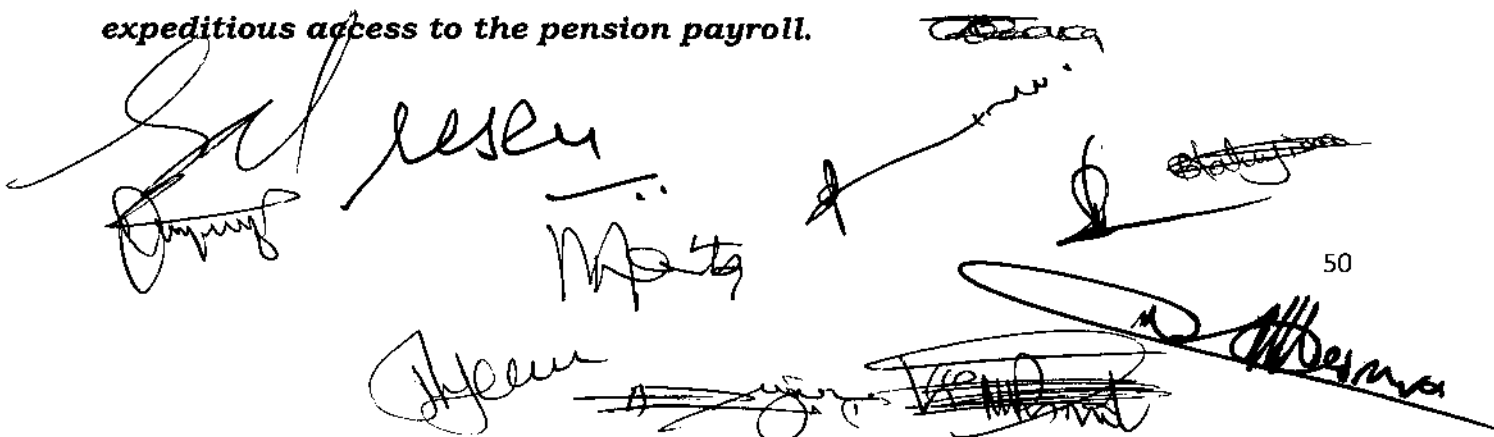
The Accounting Officer informed the committee that out of the 19 beneficiaries, 16 were dead and efforts had been made to reach out to families of those who are due to access death gratuity, however, 3 had accessed the payroll.

**Committee Observation**

The Committee noted that although the said pensioners had challenges and delays, in accessing the pension payroll, corrective action had been under taken.

**Committee recommendation**

***The Committee recommends that the Accounting Officer should ensure that all pensioners promptly submit their documents in order to ensure expeditious access to the pension payroll.***

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#### **Query 4 Internal Control Weaknesses.**

##### **Query 4.1 Monthly wage, pension and gratuity performance analysis and remittance of quarterly returns to MoPS**

The Audit Report noted that the Municipal Council did not prepare monthly wage, pension and gratuity performance analysis and submitted quarterly returns on payroll to MoPS.

The Accounting Officer regretted the anomaly and attributed the delay to limited staff at the Municipal due to covid-19 operational restrictions and changes in the Payroll Deduction Management System.

#### **Committee observation**

The Committee observed that;

- i) Failure to submit returns leads to accumulation of arrears and under absorption of wage, pension and gratuity.
- ii) The municipal did not submit the report for FY 2020/2021 contrary to paragraph 2.1 of Establish Notice 1 of 2020.

#### **Committee Recommendations**

**The Committee recommends that;**

- i) **PS/ST reprimands the Accounting Officer and hold him personally liable for failure to perform his duties in line with paragraph 2.1 of Establish Notice No.1 of 2020.**
- ii) **The Accounting Officer strengthens internal control measures by submitting quarterly returns in compliance with the Establishment Notices.**

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#### **Query 4.2 Effectiveness and reliability of the IPPS/NID interface**

The Audit Report noted the following;

- The Human resource officer had adequate sensitization and training in the use and navigation of the system
- System was reliable and effective.
- Operational challenges were encountered, including;
- Updates made by the affected staff with data mismatch on their National IDs take long to appear on NIDs which leads to piling of salary arrears.

The Accounting Officer attributed the delays to the online operational system that was faulty and hindered their work.

#### **Committee Observation**

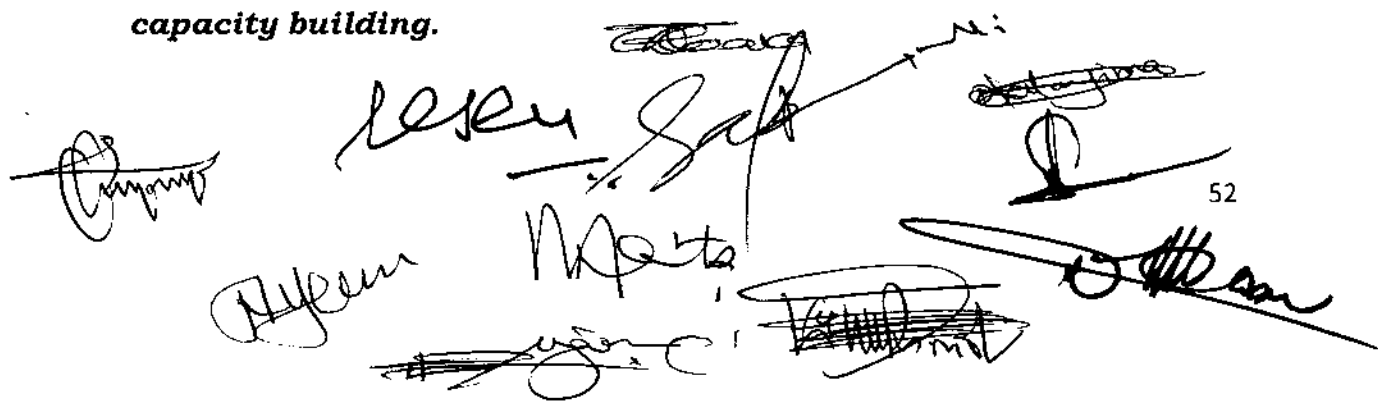
The Committee observed that;

- (i) The interface was weak, an issue that cuts across all local governments.
- (ii) The Ministry of Public Service was frequently introducing new payroll management systems without taking into consideration the capacity of the officers to use the systems.

#### **Committee recommendation**

**The Committee recommends that;**

- i) The Accounting Officer ensures adequate capacity building on payroll management.**
- ii) The Committee recommends that the Ministry of Public Service develops a user-friendly payroll system and adequate plan for capacity building.**



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### **Query 5 Receivables**

The Audit Report noted that the Municipal Council reported receivables balance of **UGX.1,780,766,221** in the financial statements.

The Accounting Officer explained that a total of **UGX. 682,248488** of these receivables comprised of deposits for YLP and UWEP groups while **UGX.1,098,517,733** was accrued local revenue. He further stated that measures had been put in place to collect the revenue arrears.

### **Committee Observation**

The Committee observed that;

- i) Much as the groups receive the funds there was no sign that the groups had the capacity to repay.
- ii) The Municipal Council did not have a clear recovery plan for UWEP and YLP hence the low recovery rate.

### **Committee recommendation**

**The Committee recommends that;**

- iii) **The Accounting Officer should ensure the development of a more effective recovery mechanism of YLP and UWEP funds.**
- iv) **The Committee recommends that the Ministry of Gender Labor and Social Development should re-examine the implementation of YLP and UWEP in order to save future interventions.**

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### **Query 6 Payables**

The Audit Report noted outstanding payables of **UGX. 87,603,199** by close of the financial year.

The Accounting officer informed the committee that they had partly paid some of the outstanding commitments budgeted for.

### **Committee Observation**

The Committee observed that efforts were made by the Accounting Officer to clear the outstanding debts.

### **Committee Recommendation**

***The Committee recommends that;***

- i) The Accounting Officer should desist from committing the Local Government to services they cannot pay for.***
- ii) The Accounting Officer should ensure that the outstanding balance is budgeted for and cleared to avoid litigation.***

### **Query 7 Implementation of the approved budget**

#### **Query 7.1 Existence of Strategic plans that are aligned to NDP-III**

The Audit Report noted that the entity's strategic plan had not been approved at the time of audit.

The Accounting Officer explained that the Municipal was in the process of addressing the issues raised by NPA.

### **Committee observation**

The Committee observed that there was laxity by the Accounting Officer in expediting the process of approval of the strategic plan.

### ***Committee Recommendation***

***The Committee recommends that the Accounting Officer should ensure that the entity complies with the requirement and have its plan in line with the NDP-III.***

### **Query 7.2 Revenue Performance**

#### **Query 7.2 (i) Local Revenue (LR) Performance**

The Audit Report noted that the Municipal Council budgeted to collect **UGX.6,165,559,000** during the year but collected **UGX.3,838,940,292** representing (62%) performance. The shortfalls in Local Revenue collections of **UGX.2,326,618,708 (38%)** were recorded.

The Accounting Officer attributed the failure to realize the financial year budget to Covid-19 pandemic which paralyzed the business community leading to semi-lockdown of the economy. However, the Municipal Council had embarked on revenue mobilization implementation and strategies that involve all stakeholders.

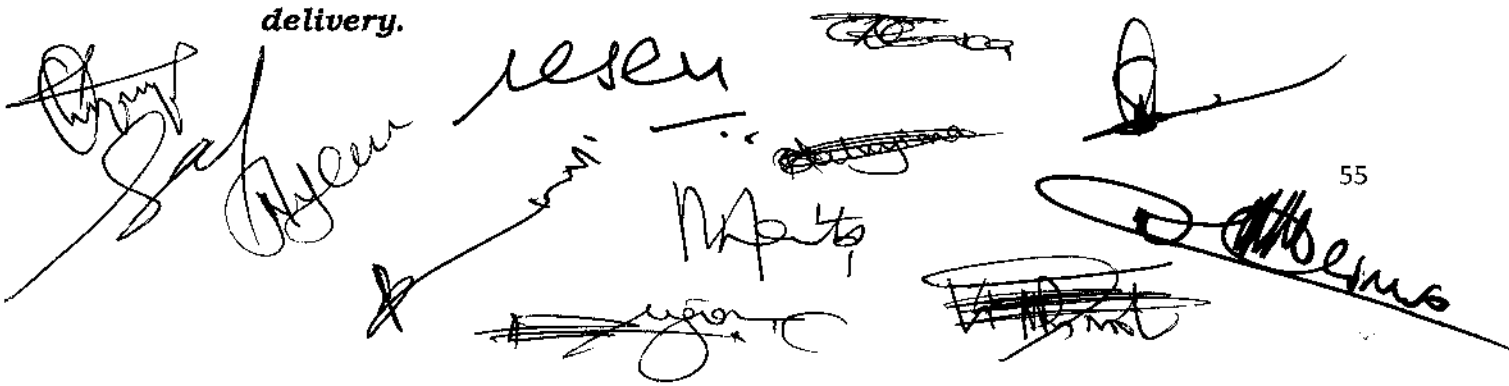
### ***Committee observation***

The Committee observed that the Local Governments' local revenue mobilization were greatly affected by COVID-19 pandemic thus the low local revenue performance.

### ***Committee recommendation***

***The Committee recommends that;***

- i) The Accounting Officer should ensure that the local revenue enhancement Committee is strengthened.***
- ii) The Accounting Officer should ensure that the entity develops mechanisms to broaden local revenue base to improve service delivery.***



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## **Query 8 Implementation of Uganda Road Fund**

### **Query 8.1 Performance of the Uganda Road fund:**

The Audit Report noted that the Municipal Council had an approved budget of **UGX. 3,315,118,656** and received **UGX. 3,013,133,767** resulting into a shortfall of **UGX.301,984,889(9.1%)**. The realized amount included emergency funding of **UGX.1.2bn** intervention for upgrade of Eastern ring road off Ashinaga link road.

The Accounting Officer explained that due to the shortfall some roads were not worked on. However, in the FY2021/22 the funds were re-voted and the works were completed.

#### ***Committee observation***

The Committee observed that the Municipal Council received insufficient funds although they were re-voted for the implementation of the undone works.

#### ***Committee recommendation***

***The Committee recommends that the Uganda Road Fund should ensure that funds are provided as planned to avoid interference with the approved work plans of the local governments.***

### **Query 8.2 Status of Implementation of planned road works:**

#### **Query 8.2 (i) Routine manual maintenance**

The Audit Report noted that a total of 16.3 km at an estimated cost of **UGX 183,079,470** was planned to be undertaken. However, audit revealed that 16.3 km (100%) were actually undertaken at a cost of **UGX. 109,780,700 (60%)** leading to a saving of **UGX.73,298,770**.

The Accounting Officer explained that, the money was voted for the road gang and the 16km were worked on throughout the year, the saving related to non-



recruitment of the road gang in the first Quarter. Part of the funds were utilized under periodic maintenance whose budget underperformed.

#### **Committee observation**

The Committee was availed the supporting documents relating to the saving and utilization of the funds.

#### **Committee recommendation**

***The Committee commends the Accounting Officer and recommends that more effort be put to ensure value for money and save government funds in the implementation of programs.***

#### **Query 8.2 (ii) Periodic maintenance.**

The Audit Report noted that a total of 2km at an estimated cost of **UGX.1,099,966,300** was planned to be undertaken. However, it was noted that **UGX.1,131,374,846** (103%) was spent on 2km reflecting over expenditure of **UGX.51,408,546**.

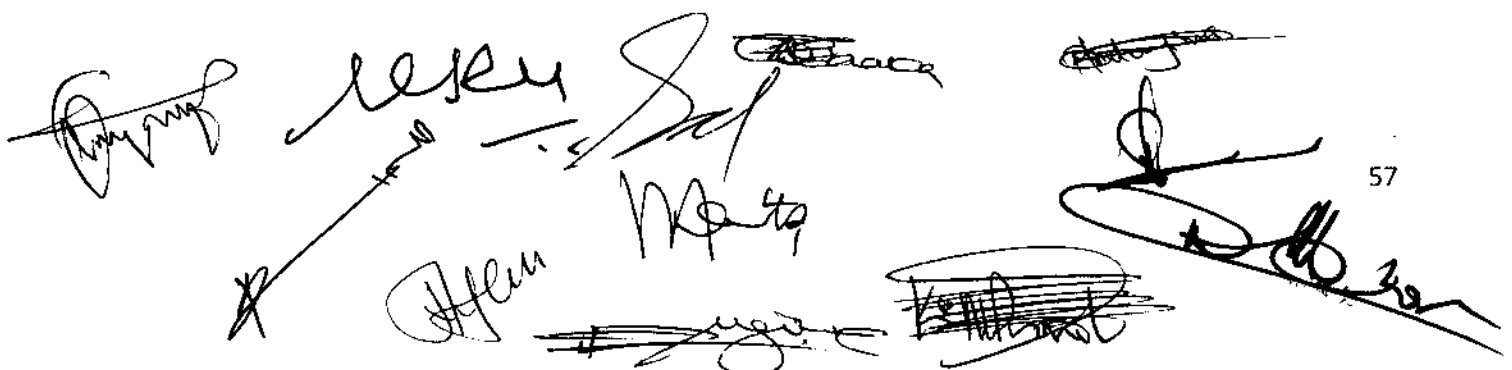
The Accounting Officer informed the Committee that the over expenditure related to the works of the road gang that were budgeted earlier under routine manual maintenance.

#### **Committee observation**

The Committee observed that the additional money above the approved budget was money saved from the previous expenditures under the road fund.

#### **Committee recommendation**

***The Committee recommends that the Accounting Officer should ensure that supervision is strengthened to ensure value for money.***

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### **Query 8.2 (iii) Under funding of Road works**

Review of the Municipal Council URF work plan indicated that out of the 147Kms of Municipal roads, only 137km were funded by the Road Fund leaving out 10Kms unfunded. The Audit Report noted that most of the affected roads that were not funded required routine mechanized maintenance.

The Accounting Officer explained that the affected roads were worked on in the FY2021/22.

### **Committee observation**

The Committee observed that the Municipal Council is challenged by inadequate funding to facilitate the long road network in the Municipality.

### **Committee recommendation**

***The Committee recommends that the Uganda Road Fund should ensure that funds are provided as planned to avoid interference with the approved work plans of the local governments.***

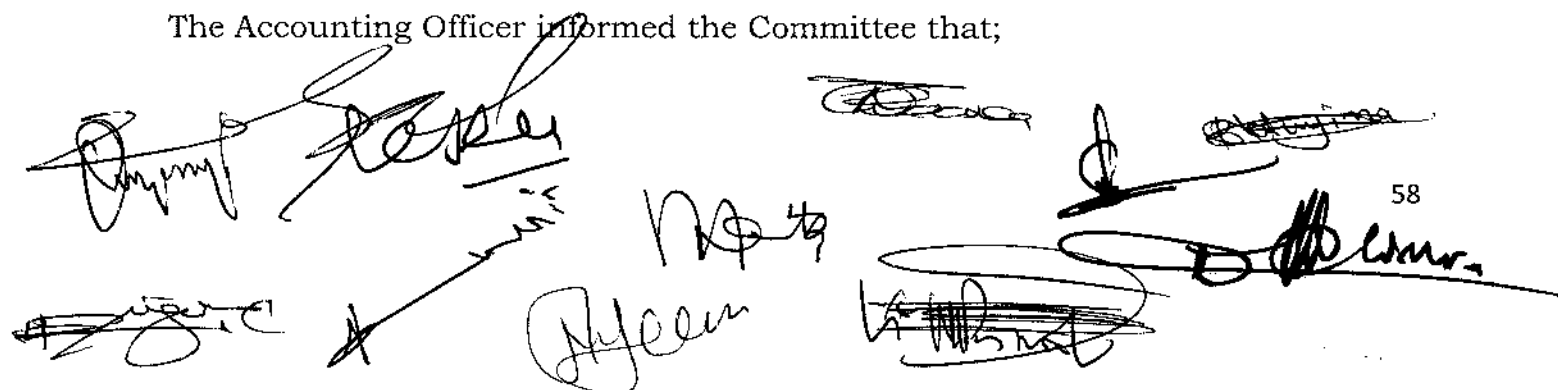
### **Query 8.3 Inspection of Implemented Road Maintenance Works**

#### **Query 8.3 (i) Upgrade of eastern ring road.**

The Municipal Council undertook phase 2 and 3 of the upgrade of the eastern ring road at a contract sum of **UGX. 1,181,000,000** under emergency intervention using the Force Account mechanism. The works executed involved upgrade of 1.015 km to bitumen standard, sectional stone pitching and installation of culverts.

The Audit Report noted that there are some sections of the road that required stone pitching which were not done. This may lead to deterioration of the affected road sections.

The Accounting Officer informed the Committee that;

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- i. The road was funded by the Uganda Road Fund (URF) for emergency repairs for a two year period.
- ii. In the Financial Year under review, the Municipal Council was unable to do stone pitching due to inadequate funding, however, funds were released and works were scheduled to resume

***Committee observation***

The Committee observed that the Municipal Council still has a challenge of inadequate releases to facilitate the Municipal approved work plans.

***Committee recommendation***

***The Committee recommends that the Accounting Officer should ensure the resumption of work with strict supervision to ensure value for money.***

**Query 8.3 (ii) Routine mechanized maintenance of Naluuma – Kageye road.**

The Audit Report noted that Routine mechanized maintenance of Naluuma – Kageye road (1.8km) involved grading at a cost of **UGX.60,826,500**. Inspection of the road works showed that the drainage systems at some sections of the road were poor and required urgent attention.

The Accounting Officer explained that the critical sectional improvement had been prioritized in the coming financial year.

***For observations and recommendation refer to the queries above on the Uganda Road Fund.***



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## **Query 9. YOUTH LIVELIHOOD PROGRAMME (YLP)**

### **Query 9.1 Status of recovery**

The Audit Report noted that during the financial years 2016/2017 to 2020/2021 a total of 74 groups were funded to the tune of **UGX.568,915,000**. However, by close of financial year only **UGX.95,978,735** had been recovered leaving a balance of **UGX.486,336,265** un-recovered.

The Accounting Officer informed the Committee that, management came up with strategies to recover the funds which included;

- Conducting recovery meetings for each group.
- Writing to all groups reminding them on the recovery sating the amounts due to them.
- Involve the enforcement agency, and the RDC had been already informed
- Conducting monthly meetings on recovery

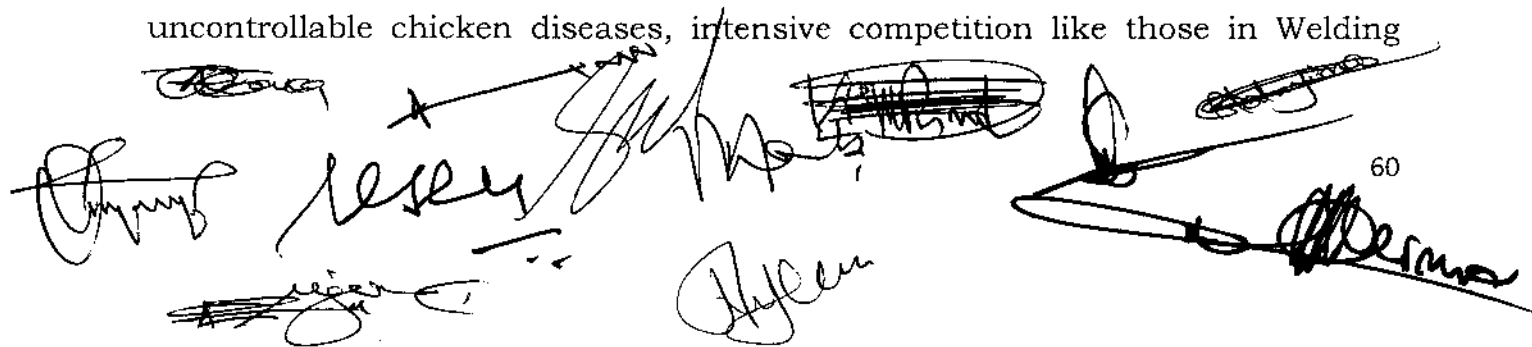
***For Committee observations and Recommendations Refer to the General issues.***

## **Query 10. UGANDA WOMEN ENTREPRENEURSHIP PROGRAMME (UWEP)**

### **Query 10.1 Status of recovery**

The Audit Report noted that during the financial years 2016/2017 to 2020/2021 a total of 115 groups were funded to the tune of **UGX.578,985,215**. However, by close of financial year only **UGX.166,113,000** had been recovered leaving a balance of unrecovered funds of **UGX.412,872,215**. The amount recovered accounts to only 29% of the total amount disbursed.

The Accounting Officer explained that the group had a number of challenges which included, unfavorable seasonal changes for those in agricultural sectors, uncontrollable chicken diseases, intensive competition like those in Welding



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and Events management and even agricultural products and also been affected by the COVID-19 pandemic and lock downs that are on and off.

***For Committee observations and Recommendations Refer to the General issues.***

**VOTE 780 MAKINDYE SSABAGABO MUNICIPAL COUNCIL (*unqualified opinion*)**

**Query 1.0 Payment of Salaries, Pension and Gratuity**

**Query 1.1 Absorption of Funds**

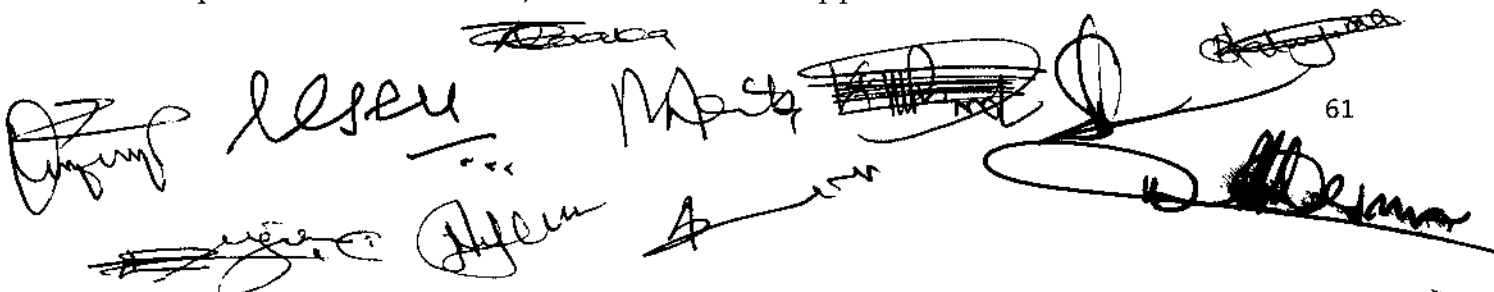
The Audit Report noted that **UGX. 4.0 billion (91%)** was spent out of the total receipts of **UGX. 4.44 billion**, resulting in an unabsorbed balance of **UGX. 0.421 billion**.

The Accounting Officer explained that the under absorption partly related to Pension and Gratuity and the affected individuals delayed to submit the relevant documentation for example, letters of administration and in some cases there were disagreements amongst the beneficiary's families. In addition, the under absorption also arose due to failure to recruit.

**Committee Observation**

The Committee observed that;

- i. There was late recruitment which was conducted in February yet the Municipal had budgeted for wages for the whole Financial Year and thus the staff were only paid from February to June 2021, leading to the money being swept back.
- ii. There was no proof that the Municipality had reached out to the affected pensioner's families, in a bid to support them and find means of



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addressing some of the challenges limiting them from accessing the pension pay roll and payment of gratuity.

### **Committee recommendation**

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

- iii. ***The PS/ST reprimands the Accounting Officer and hold him personally liable for failure to implement the recruitment plan as required leading to return of unspent monies to the consolidated fund.***
- iv. ***The Accounting Officer ensures that all approved plans including recruitment be implemented within the approved period to avoid returning funds to treasury.***
- v. ***The Accounting Officer develops a mechanism to reach out and support pensioners to access their benefits without causing unnecessary delays.***
- vi. ***Accounting Officers who fail to ensure timely access and payment of pensioners' benefits be held personally liable and subjected to disciplinary measures.***

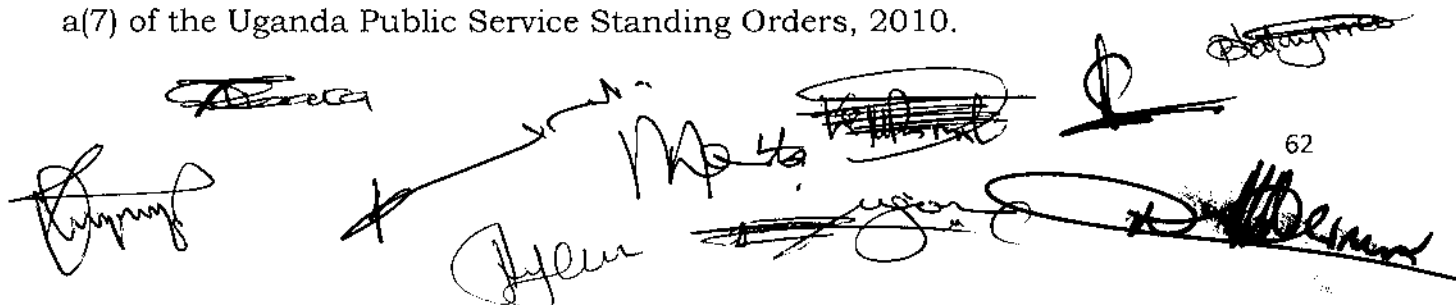
### **Query-1.2 Over payment of salary**

The Audit Report noted that **UGX. 8,992,140** was overpaid to nine (9) staff.

The Accounting Officer explained that an analysis was made and it was realized that only 3 staff were over paid and thus full recoveries had been made on the three. The remaining staff were new recruits thus no overpayment was made but salary arrears that were paid to them.

### **Committee Observation**

The Committee observed that much as the Municipality had fully recovered the overpaid amounts as indicated above, the overpayment contravened Section B-a(7) of the Uganda Public Service Standing Orders, 2010.



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### ***Committee recommendation***

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

- i) The PS/ST should reprimand the Accounting Officer and hold him personally liable for contravening Section B-a(7) of the Uganda Public Service Standing Orders, 2010.***
- ii) The Accounting Officer going forward, should carryout proper reconciliation before any payments are made to avoid such occurrences.***

### **Query 1.3 Computation of Gratuity**

The Audit Report noted that the Municipal Council had wrongly computed gratuity benefits of 04 pensioners thus **UGX.9,709,876** was under paid.

The Accounting Officer acknowledged errors in the computation and noted that a review has been carried out awaiting authorization from the Ministry of Public Service to upload the gratuity arrears.

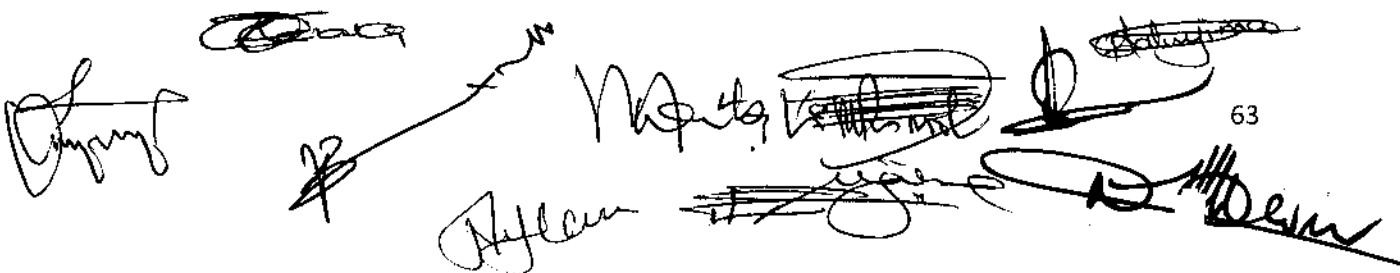
### **Committee Observation**

The Committee observed that the Accounting Officer had taken efforts to ensure payment of the arrears through communicating to the MoPS to re-address the matter and was awaiting response.

### ***Committee recommendation***

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

- (i) The PS/ST should reprimand the Accounting Officer and hold him personally liable for contravening paragraph (L-d) (1) & (2) of the Uganda Public Service Standing Orders 2010.***



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- (ii) ***The Accounting Officer, going forward, should carry out proper reconciliation before any payments are made to avoid such occurrences.***

#### **Query 1.4 Delayed deletion of staff from payroll**

The Audit Report noted that **UGX 20,892,893** was irregularly paid to 9 staff who had either retired, transferred, absconded or died.

The Accounting Officer explained that there were delays in accessing the posting instructions for the teachers thus the delayed deletion. Some of whom had either retired or transferred services. The money has since been recovered from this category of staff.

#### **Committee Observation**

The Committee observed that;

- (i) The continuous stay on the payroll leads to financial loss to government thus need to put safeguards in place.
- (ii) Management had taken corrective measures in recovering the irregular payments.

#### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure prompt deletion of staff who have retired, absconded, transferred services or died, from payroll to avoid similar occurrences.***

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## **Query 2.0 Management of Payroll Deductions**

### **Query 2.1 Un-authorized loan deductions**

The Audit Report revealed that unauthorized loan deductions worth **UGX. 29,407,510** from 27 employees were made.

The Accounting Officer explained that most of the loans were acquired by staff before the creation of the Municipal and loan requisition processes evolved from time to time thus the staff appearing in the deduction report and not in approval report.

In addition, PCA (Lenders Association) took over all the old deductions. An update from PCA of the recipients of all the deduction on payroll including those coded before creation of the VOTE. The Municipality currently has the rights to regulate and approve loans.

### **Committee Observation**

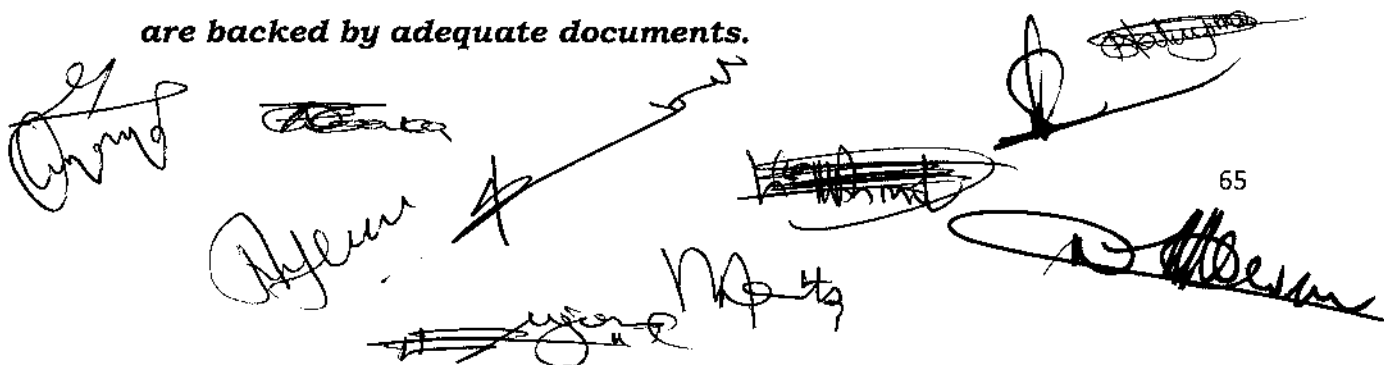
The Committee observed that;

- (iii) Corrective measures were being undertaken by the entity.
- (iv) That all the loan guarantee letters originated from the banks hence putting the employees at the mercy of the banks.
- (v) There were no copies of the loan guarantee letters

### **Committee Recommendation**

**The Committee recommends that;**

- (iii) The Accounting Officer/entity plays a central role in the initiation, processing and approval of all loan deductions.**
- (iv) The Accounting Officer should ensure that all loan deductions are backed by adequate documents.**



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### **Query 2.2 Delayed of deductions to UCLA/UBA**

The Audit Report noted that deductions to UCLA/UBA were not remitted concurrently with salary payments.

The Accounting Officer explained that the delays are caused by the slow process of verification of salary payments and deductions by departments. However corrective measures have been taken hence payments and deductions are done concurrently.

### **Committee Observation**

The Committee observed that corrective measures were undertaken.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer ensures that payments and deductions are done concurrently and promptly.***

### **Query 2.3 Non deduction of PAYE from political leaders**

The Audit Report noted that **UGX 3,439,340** gratuity for political leaders was not computed for PAYE, and **UGX. 3,015,540** was under deducted.

The Accounting Officer explained that PAYE is centrally computed by the Ministry of Public Service and guidance had been sought.

### **Committee Observation**

The Committee observed that although deductions of PAYE for political leaders was mandatory, the Accounting Officer had not effected the deductions.



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### ***Committee Recommendation***

***The Committee recommends that;***

- i) The PS/ST should reprimand the Accounting Officer for contravening Section 19(1)(a) of the Income Tax Act hence causing financial loss to government.***
- ii) The Accounting Officer recovers the amount in question from the affected political leaders or make good the loss within a period of three months from the time of adoption of this report.***

### **Query 3.0 Access to Payrolls**

#### **Query 3.1 Delayed access to Salary Payroll**

The Audit Report noted that four (4) newly recruited staff/transferred employees delayed to access payroll.

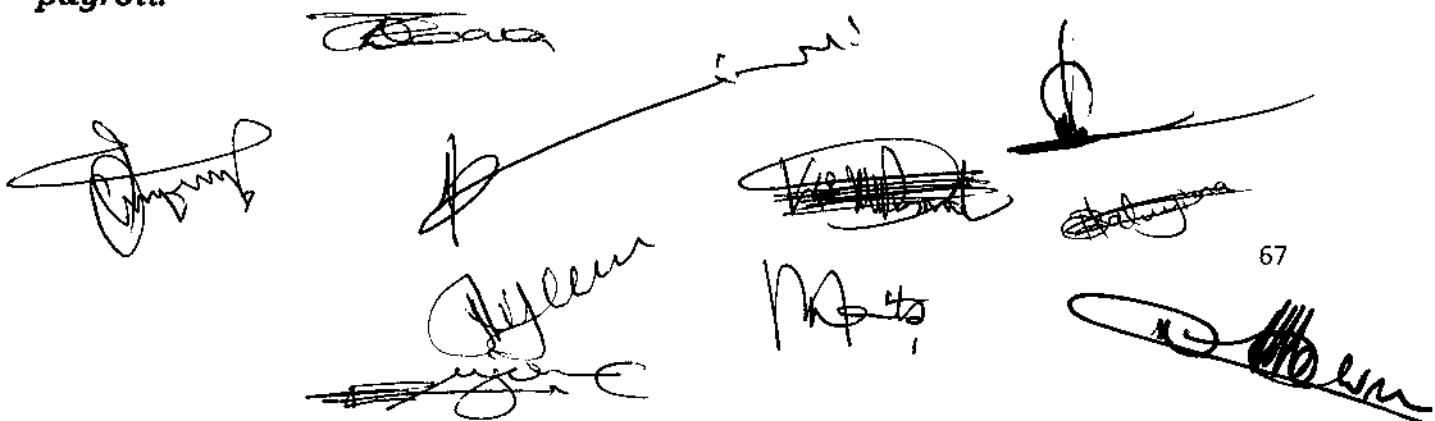
The Accounting Officer informed the Committee that the affected staff had challenges with the verification of their credentials, however, all the affected staff had since accessed the payroll.

### **Committee Observation**

The Committee noted that although the said staff had challenges and delays, in accessing payroll, corrective action had been taken.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure that all new staff promptly submit their documents in order to access payroll.***

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### **Query 3.2 Delayed access to Pension payroll**

The Audit Report noted that four (4) pensioners delayed to access the pension payroll.

The Accounting Officer informed the Committee that all the pensioners had since accessed the payroll.

#### **Committee Observation**

The Committee noted that although the said pensioners had challenges and delays, in accessing the pension payroll, corrective action had been under taken.

#### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure that all pensioners promptly submit their documents in order to ensure expeditious access to the pension payroll.***

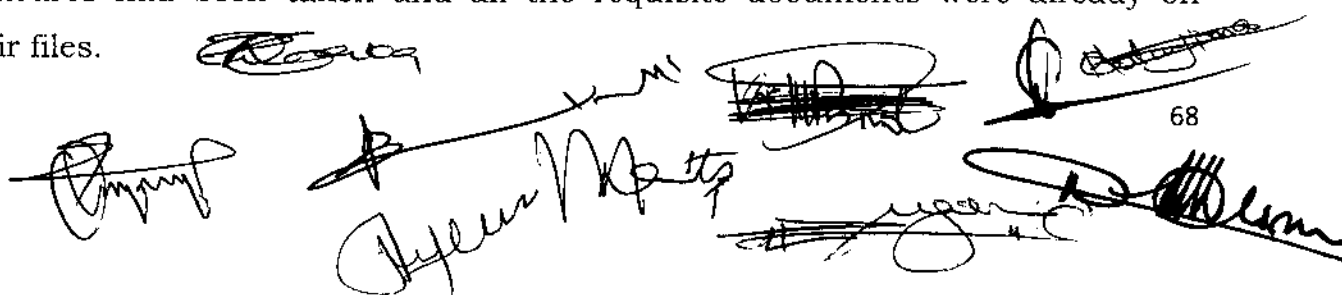
### **Query 3.3 Salary payment to teachers with inadequate records**

The Audit Report noted that **UGX.83,688,411** was paid to eight (8) teachers that did not have the necessary academic documents: appointment letters, registration numbers or Minute extracts on their personal files to support their existence.

The Accounting Officer explained that these were secondary school staff who were appointed and posted by Ministry of Education, and during Covid-19 restrictions the teachers could not submit their documents. However, a verification was done and the documents were on their files.

#### **Committee Observation**

The Committee observed that although anomalies were noted, corrective measures had been taken and all the requisite documents were already on their files.



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### ***Committee Recommendation***

***The Committee recommends that the Accounting Officer should ensure that all the requisite documents for appointment of employees are kept on their files.***

### **Query 4.0 Mischarges of gratuity expenditure**

The Audit Report noted that **UGX. 304,575,692** were charged on wrong codes.

The Accounting Officer acknowledged the anomalies and committed himself to taking corrective measures.

### **Committee Observation**

The Committee noted the explanation of the Accounting Officer.

### ***Committee Recommendation***

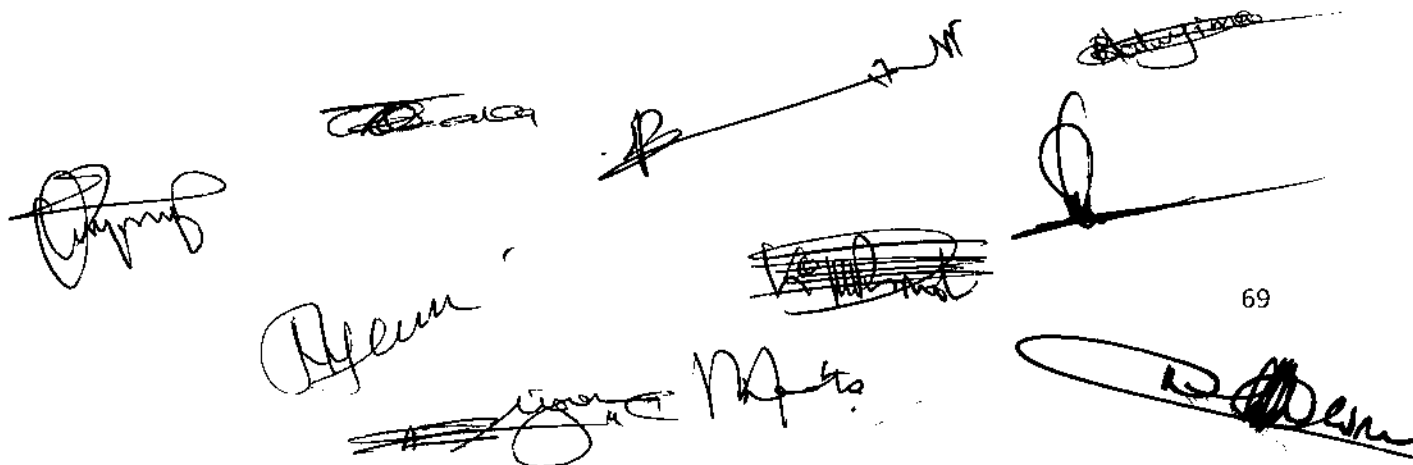
***The Committee recommends that the Accounting Officer should at all times ensure that payments are effected using the right codes.***

### **Query 5.0 System Related Challenges**

#### **Query 5.1 Effectiveness and reliability of the IPPS/NID interface**

The Audit Report noted inadequate sensitization and training in the use and navigation of the system; System was not reliable and effective; Operational challenges were encountered.

The Accounting Officer acknowledged the shortcoming and explained that training had been undertaken by the Human Resource.

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### **Committee Observation**

The Committee observed that;

- (iii) The interface was weak an issue that cuts across all local governments.
- (iv) The Ministry of Public Service was frequently introducing new payroll management systems without taking into consideration the capacity of the officers to use the systems.

### **Committee Recommendation**

*The Committee recommends that;*

- iii) The Accounting Officer ensures adequate capacity building plans for payroll management.*
- iv) The Committee recommends that the Ministry of Public Service develops a user-friendly payroll system and adequate plan for capacity building.*

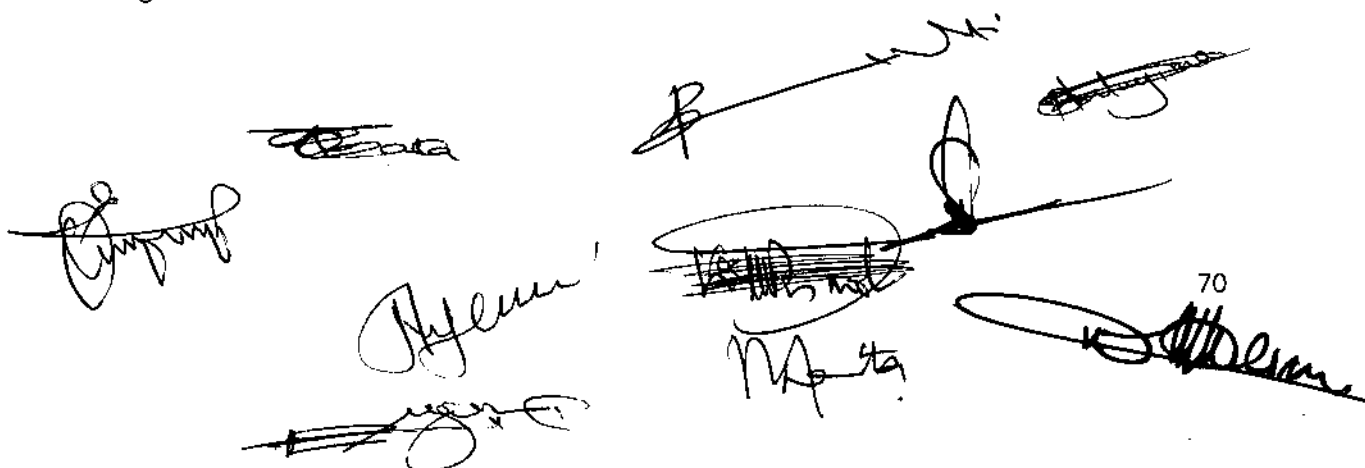
### **Query 6.0 Payables**

The Audit Report noted that payable balance was **UGX. 532,235,004.**

The Accounting Officer explained that Council prioritized the payables; the motor grader and other payables had been cleared totaling to **UGX. 462m**, representing 87%, leaving an outstanding balance of 70m (13%).

### **Committee Observation**

*The Committee observed the efforts made by the Accounting Officer to clear the outstanding debts.*



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### **Committee Recommendation**

**The Committee recommends that;**

- iii) The Accounting Officer should desist from committing the Local Government to services they cannot pay for.**
- iv) The Accounting Officer should ensure that the outstanding balance of 70m is cleared to avoid litigation.**

### **Query 7.0 Receivables**

The Audit Report noted receivables worth **UGX. 750,391,890.**

The Accounting Officer informed the Committee that;

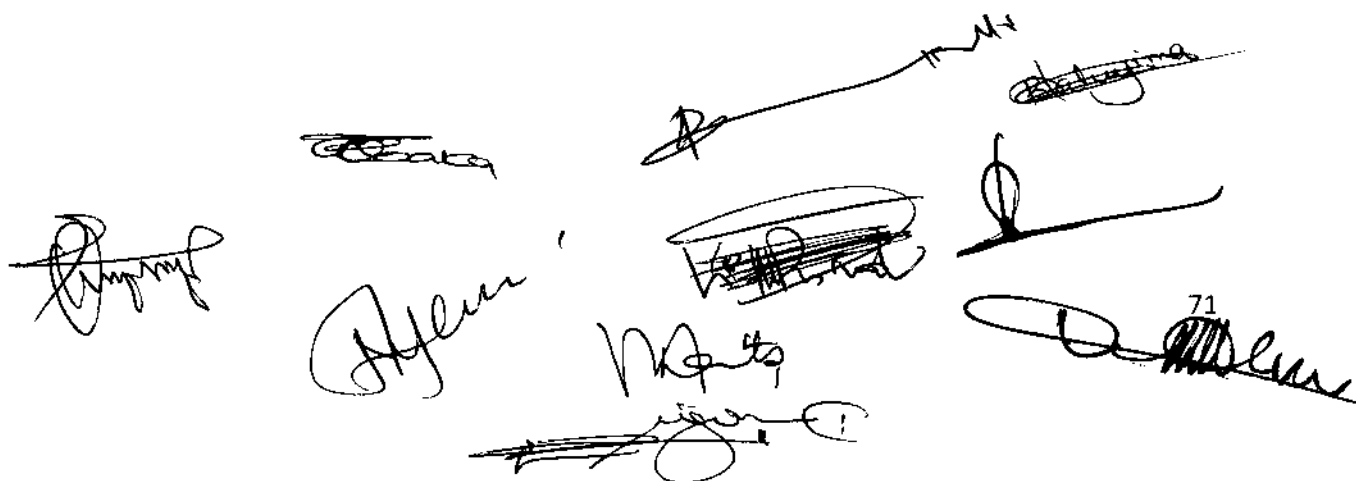
The figure above entails Local revenue which was **UGX. 154,868,121**, and the bulk of the receivables being from Youth Livelihood Program (YLP). However, management had recovered the local revenue and the challenge remained with YLP and UWEP where only **UGX.15million** had been recovered.

Management reviewed the implementation of YLP and UWEP and extended recovery schedules.

### **Committee Observation**

The Committee observed that;

- i) The Municipality had developed a recovery plan and rescheduled the recovery period due to challenges faced during covid-19 lock down.**
- ii) Much as the groups receive the funds there was no sign that the groups had the capacity to repay.**



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### ***Committee Recommendation***

***The Committee recommends that;***

- v) The Accounting Officer should ensure the development of a more effective recovery mechanism of YLP and UWEP funds.***
- vi) The Committee recommends that the Ministry of Gender Labor and Social Development should reexamine the implementation of YLP and UWEP in order to save future interventions.***

### **Query 8.0 Implementation of the approved budget**

#### **Query 8.1 Existence of Strategic plans that are aligned to NDP-III**

The Audit Report noted that NPA had raised a number of issues that had to be addressed first before approving the strategic plan, and that the issues had not been handled.

The Accounting Officer explained that the Strategic Plan was approved by Council and had since been submitted to the NPA and awaiting a certificate from NPA.

### **Committee Observation**

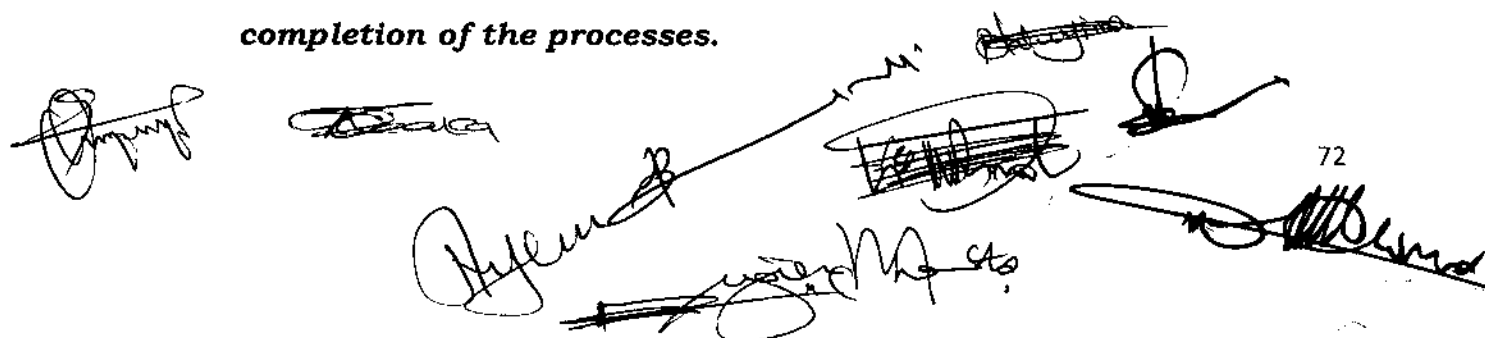
The Committee observed that;

- i) Measures were undertaken to have the Strategic Plan aligned to NDP-III.***
- ii) Delays by NPA in reviewing and providing feedback to the entity.***

### ***Committee Recommendation***

***The Committee recommends that;***

- i) The Accounting Officer should make follow-up on NPA to ensure completion of the processes.***

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- ii) NPA should always promptly act and provide feedback to local governments when submissions are made.*

#### **Query 8.2 Local Revenue (LR) Performance**

The Audit Report noted that although **UGX.9,340,000,000** was budgeted only **UGX.2,530,206,284** (27%) was collected, leaving a balance of **UGX.6,801,993,716** (73%) un-collected.

The Accounting Officer informed the Committee that COVID-19 affected most of the businesses hence the inability of the entity to achieve the revenue target.

#### **Committee Observation**

The Committee noted the adverse effects of the Covid-19 pandemic on all local government entities regarding local revenue collection.

#### **Committee Recommendation**

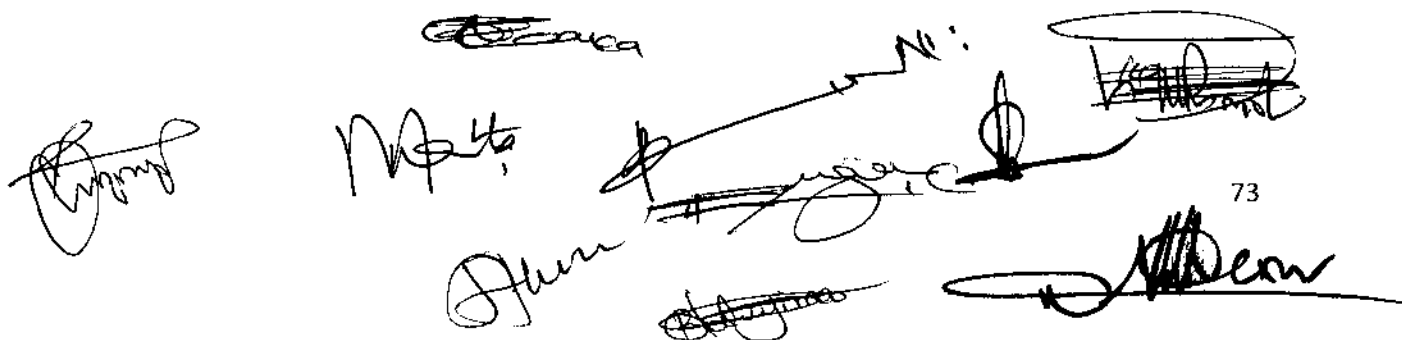
*The Committee recommends that;*

- (iii) The Accounting Officer should ensure the effectiveness and operationalization of the revenue enhancement committees.*
- (iv) The Accounting Officer should develop effective mechanism to deal with revenue leakages and spending at source.*

#### **Query 9.0 Road Fund Releases**

##### **Query 9.1 Performance of the Uganda Road fund**

The Audit Report noted that whereas **UGX. 1,371,574,000** was approved budget, **UGX. 1,174,566,256** was received, leaving a shortfall of **UGX. 197,007,744** (14.5%). In addition, **UGX.1,850,000,000** was received for emergency intervention giving a funding total of **UGX.3,024,566,256**.



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### **Committee Observation**

The Committee observed that although there was a shortfall of **UGX. 197,007,744** of the approved budget, the entity received **UGX.1, 850,000,000** in emergency funding.

### **Committee Recommendation**

***The Committee recommends that the Uganda Road Fund should ensure that funds are provided as planned to avoid interference with the approved work plans of the local governments.***

### **Query 9.2 Status of Implementation of planned road works**

#### **Query 9.2 (i) Routine Mechanized maintenance**

The Audit Report noted that 19.1km at estimated cost of **UGX. 70,200,000** was planned, **UGX.152, 254,000** was used the approved change in work plan was not availed.

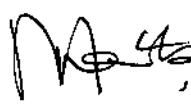

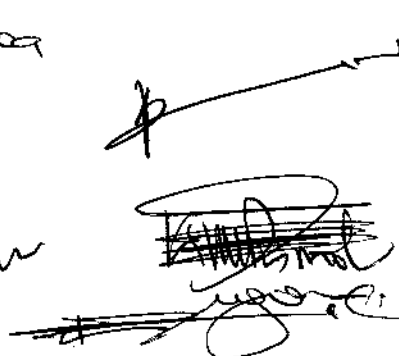


The Accounting Officer informed the Committee that there was change in work plan due to emergency situations and approval was got from the Council, especially on the drainage channel works following complaints from the community over flooding due to the heavy rains.

### **Committee Observation**

The Committee observed that;

- i) It was irregular for the Municipality to spend beyond the budgeted amount without the required approvals by the district roads committee.
- ii) Poor planning; the fact that the entity spent 100% above the approved budget.

iii)

### ***Committee Recommendation***

***The Committee recommends that the Accounting Officer should ensure adequate planning to avoid encroaching on funds that are meant for other activities.***

### **Query 9.3 Payment for incomplete works**

The Audit Report noted that 98.9% of the contract sum that is (UGX.3,534,950,779) had been paid to the contractor yet the civil works on drainage and walkways were still ongoing. The Auditor General also reported that a balance of **UGX.40,592,929** is deemed to be insufficient to cover the outstanding works and the retention money. Furthermore the Auditor General reported that paying for incomplete work was irregular.

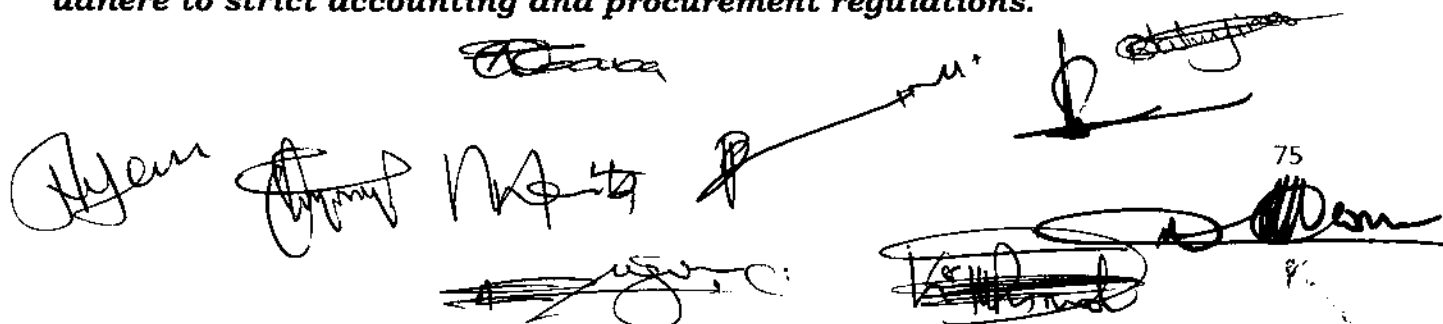
The Accounting Officer explained that the problem started with certificate Number 4 which erroneously reflects a figure for another project. The auditor captured certificate No. 4 on which payment indicating UGX 328,599,220 was payment for road works on phased payment structure (PPS) for Kikajjo and St. Noah Nfuufu roads and not for Kisigula - Mutundwe and Lubowa-Lweza roads. Therefore, the total payment was UGX 3,206,351,559 and not UGX 353,507,779. To date all works had been completed.

### **Committee Observation**

The Committee observed that the municipality irregularly effected payment for works that were still ongoing contrary to required accounting and procurement regulations.

### ***Committee Recommendation***

***The Committee recommends that Accounting Officer should always adhere to strict accounting and procurement regulations.***



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#### **Query 9.4 Delayed Completion of works**

The Audit Report noted that works had delayed and there was no evidence availed to show the contract extension beyond the original contract end date.

The Accounting Officer attributed the delays to COVID-19 Pandemic which affected the contractor's workforce. He explained that the contractor sought an extension that was granted by the Contracts Committee.

#### **Committee Observation**

The Committee observed that the contractor had failed to complete the project within the contract period.

The Committee noted the laxity by the project management team to enforce completion of the project.

#### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure that contractual obligations are adhered to.***

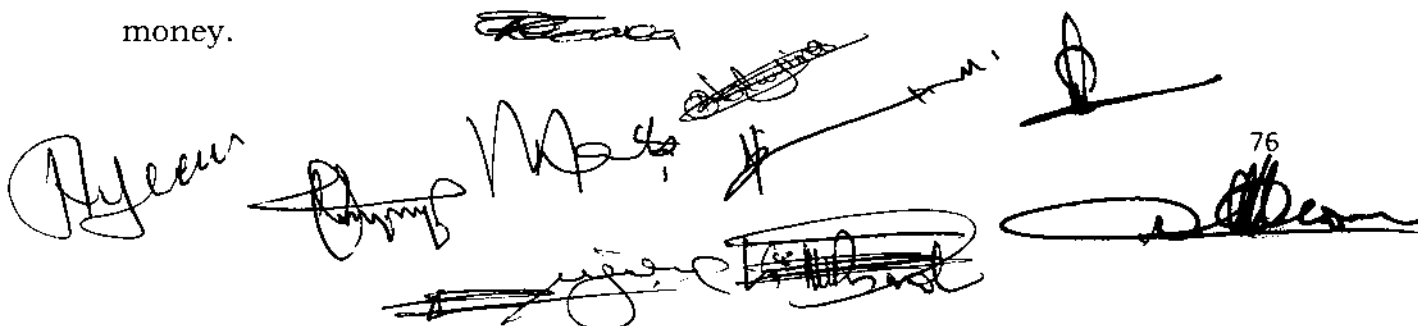
#### **Query 10 YOUTH LIVELIHOOD PROGRAMME (YLP)**

##### **Query 10.1 Status of Recovery**

The Audit Report noted that **UGX.630,192,000** was funded to 79 groups, **UGX.170,859,925** had been recovered, and **UGX.459,332,075** is unrecovered.

The Accounting Officer explained that;

- i) The general perception is that Youth Livelihood Program was a gift thus affecting the operations.
- ii) There were financing agreements with different payment durations pointing out, some having a three (3) years' time frame to repay the money.



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- iii) The recovered funds of **UGX.170,859.925** were recoveries from the groups financed in the FY2016/17 and 2017/18.

### **Committee Observation**

The Committee observed that the Municipality had developed a recovery plan and rescheduled the recovery period due to challenges faced during covid-19 lock down.

The Committee noted that much as the groups receive the funds there was no sign that the groups had the capacity to repay.

### **Committee Recommendation**

**The Committee recommends that;**

- i) ***The Accounting Officer should ensure the development of a more effective recovery mechanism of YLP and UWEP funds.***
- ii) ***The Committee recommends that the Ministry of Gender Labor and Social Development should reexamine the implementation of YLP and UWEP in order to save future interventions.***

## **VOTE 781 KIRA MUNICIPALITY (Unqualified Opinion)**

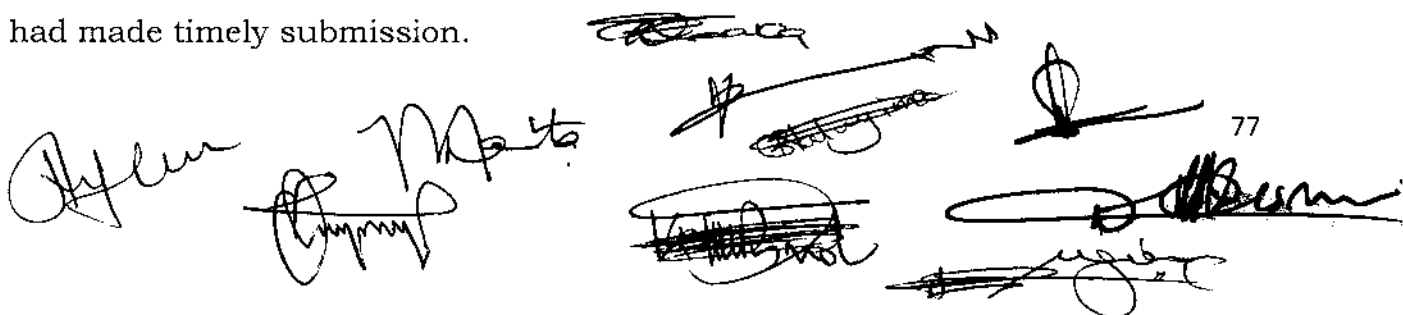
### **Query 1.0 Payroll Management**

#### **Query 1.1 Budgeting for Salary, Pension and Gratuity**

##### **(i) Submission of wage estimates**

The Audit Report noted that the Municipal Council did not submit wage estimates to MoPS, as required.

The Accounting Officer acknowledged the finding and attributed the failure to Covid-19 movement restrictions; however in the subsequent FY management had made timely submission.



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### **Committee Observation**

The Committee observed that;

- i) Non submission of wage estimates in time leads to distortion of the budgeting process.
- ii) The Municipal Council did not submit the wage estimates contrary to paragraph 2.2 of the Establishment Notice 1 of 2019.

### **Committee Recommendations**

***The Committee recommends that the PS/ST should reprimand and hold the Accounting Officer personally liable for failure to perform his mandatory duty.***

### **Query 1.2 Payment of Salaries, Pension and Gratuity**

#### **(i) Absorption of Funds**

The Audit Report noted that **UGX.5.54Billion (97.2%)** was spent out of the total receipts of **UGX.5.70Billion**, resulting in an unabsorbed balance of **UGX.0.16Billion**.

The Accounting Officer attributed the under absorption to non-recruitment and subsequently in the FY2021/22 the entity recruited 10 more staff.

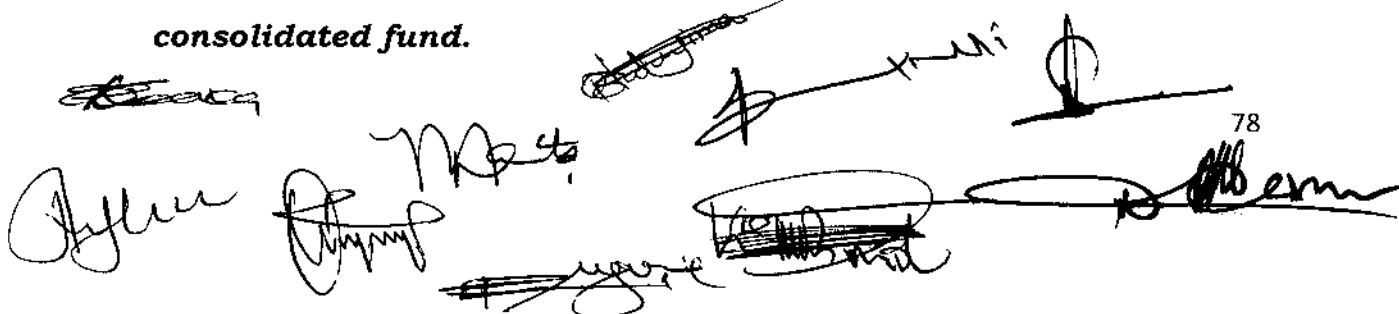
### **Committee Observation**

The Committee observed that there was no recruitment conducted leading to sweeping back of the money to the consolidated fund.

### **Committee Recommendation**

***The Committee recommends that;***

- vii. ***The PS/ST should reprimand the Accounting Officer and hold him personally liable for failure to implement the recruitment plan as required leading to return of unspent monies to the consolidated fund.***



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- viii. ***The Accounting Officer should ensure that all approved plans including recruitment be implemented within the approved period to avoid returning funds to treasury.***

### **Query 1.3 Payment of salary using wrong scales**

The Audit Report noted that there were cases of salary payments made using wrong scales. This resulted into overpayment of salary to twenty-eight (28) staff totaling to **UGX.12,367,380**. Additionally, it was noted that there was underpayment of salary to eight (08) staff totaling to **UGX.1,513,296**

The Accounting Officer attributed the underpayment to annual salary increments and there was no overpayment as government had increased the salaries of the teaching staff and therefore the money was due to them.

### **Committee Observation**

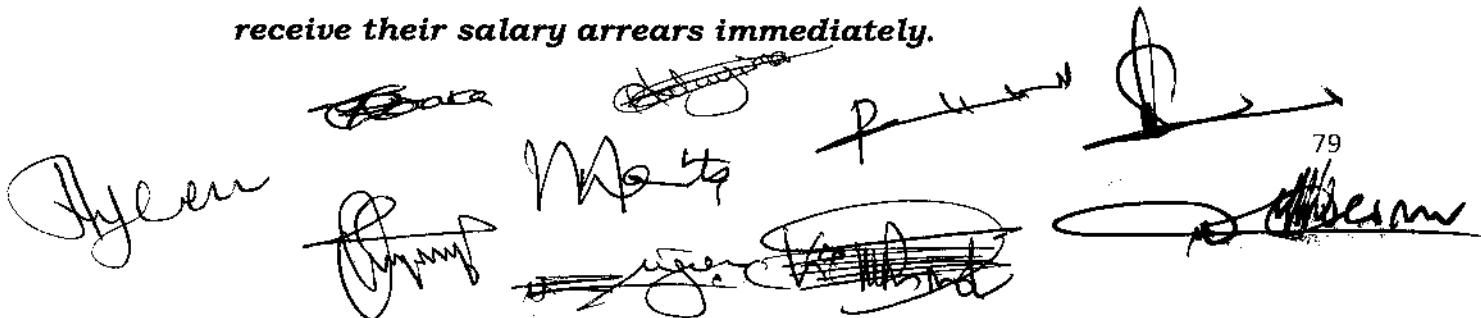
The Committee observed that;

- iii) Payment of staff salaries based on wrong salary scales was indicative of fraudulent actions and a breach of Section B-a (6) and (7) of the Uganda Public Service Standing Orders, 2010.
- iv) Reluctancy by the Accounting Officer and Human Resource Officers in updating annual increments on the salaries of staff.

### **Committee Recommendation**

***The Committee recommends that;***

- i) ***The PS/ST should reprimand the Accounting Officer and the Human Resource Officers and hold them personally liable and for failing to update increments on the salaries of staff leading to under/over payment.***
- ii) ***The Accounting Officer should ensure that the staff underpaid receive their salary arrears immediately.***

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#### **Query 1.4 Wrong computation of Gratuity**

The Audit Report noted that the Municipal Council had wrongly computed gratuity benefits for pensioners leading to over payment of **UGX. 15,675,224** to 09 pensioners and under payment of **UGX.39,539,078** to 6 pensioners.

The Accounting Officer acknowledged the anomaly.

#### **Committee Observation**

The Committee observed that;

- i) The Accounting Officer wrongly computed gratuity benefits for pensioners leading to loss of funds.
- ii) 09 pensioners were under paid due to wrong computation of their benefits.

#### **Committee recommendation**

**The Committee recommends that;**

- (iii) **The PS/ST should reprimand the Accounting Officer and the Human Resource officers and hold them personally liable for causing financial loss to Government amounting to UGX. 15,675,224 .**
- (iv) **The Accounting Officer should ensure full recovery of the overpayment or make good the loss within three months from the adoption of this report.**
- (v) **The Accounting Officer should ensure that the pensioners underpaid due to wrong computation receive their arrears with immediate effect.**
- (vi) **The Accounting Officer, going forward, should carry out proper reconciliation before any payments are made to avoid such occurrences.**

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### **Query 1.5 Delayed deletion of staff from payroll**

The Audit Report noted that **UGX. 9,760,420** was paid to 09 staff who had retired.

The Accounting officer acknowledged the delays in deletion of the retired staff from payroll.

### **Committee Observation**

The Committee observed that;

- (iii) The continuous stay on the payroll leads to financial loss to government thus need to put safeguards in place.
- (iv) The Accounting Officer and the Human Resource Officers failed to delete retired staff from payroll contrary to section B-a(12) of the Uganda Public Standing Orders 2010.

### **Committee recommendation**

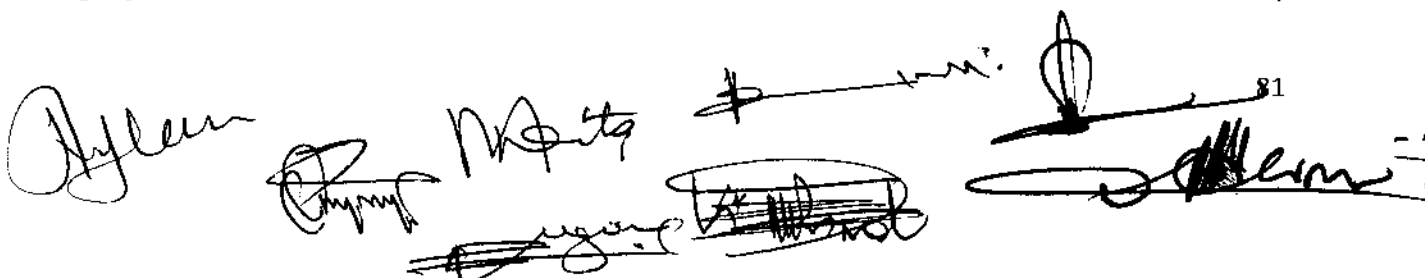
*The Committee recommends that;*

- i) The PS/ST should reprimand the Accounting Officer and the Human Resource Officer and hold them personally liable for causing financial loss of UGX. 9,760,420.*
- ii) The Accounting Officer should recover the money irregularly paid or make good the loss within three months from adoption of this report.*

### **Query 1.6 Management of Payroll Deductions**

#### **Query 1.6 (i) Over remittance of deductions**

The Audit Report noted that whereas **UGX.1,060,579,409** was deducted from employees' salaries to be remitted to different beneficiaries,



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**UGX.1,097,541,033** was remitted leading to an over remittance amounting to **UGX.36,961,624.**

The Accounting Officer explained that reconciliations were made and it was found that there were no cases of over remittance of deductions.

#### **Committee Observation**

The Committee noted that much as there was an over remittance reported reconciliations had been made.

#### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should carry out due diligence and ensure that remittances are made promptly and correctly.***

#### **Query 1.6 (ii) Non deduction of PAYE from political leaders**

The Audit Report noted that the Municipal Council did not include political leaders' and commissioner's gratuity of **UGX.10,051,800** in the computation of PAYE leading to under deduction of PAYE of **UGX.3,015,540.**

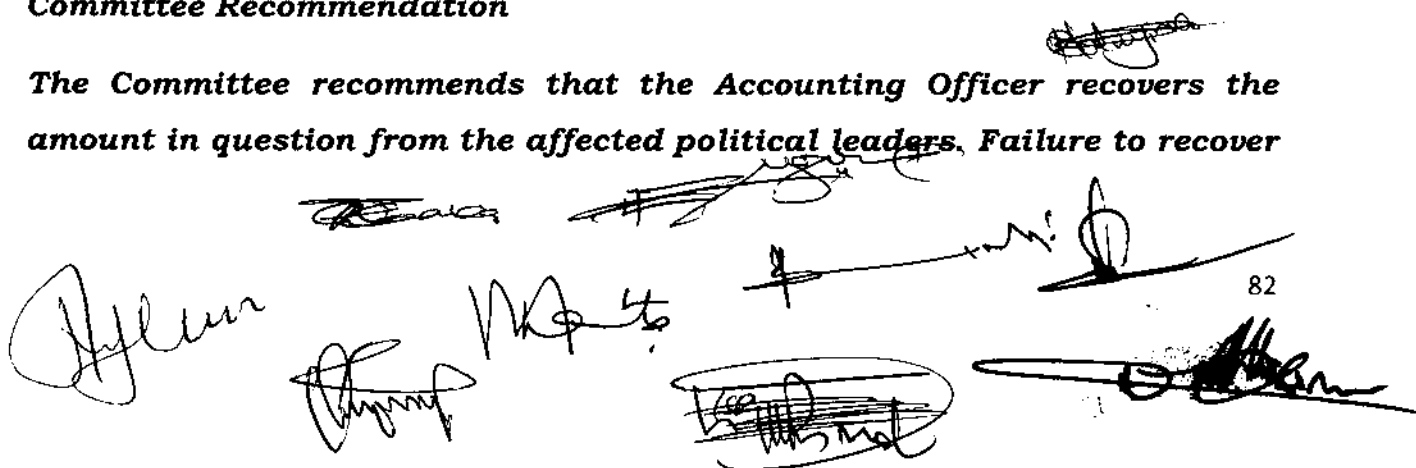
The Accounting Officer acknowledged the finding and promised to make recoveries by June 2022 and that explained that only one political leader did not retain his political seat.

#### **Committee Observation**

The Committee observed that although deductions of PAYE for political leaders was mandatory, the Accounting Officer had not effected the deductions leading to loss of **UGX.3,015,540.**

#### **Committee Recommendation**

***The Committee recommends that the Accounting Officer recovers the amount in question from the affected political leaders. Failure to recover***

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***the said money, the Accounting Officer should make good the loss within three months of the adoption of this report.***

## **Query 2.0 Access to Payrolls**

### **Query 2.1 Access to Salary Payroll**

The Audit Report noted that three (03) newly recruited employees delayed to access payroll, with delays ranging between 1-6 months

The Accounting Officer attributed the delays to delays by individuals in obtaining TINs and mismatch of information by NIRA. Currently, all staff accessed the payroll

### **Committee Observation**

The Committee observed that the three staff delayed to access salary payroll for six months contrary to Section B-a(11) of the Uganda Public Standing Orders 2010.

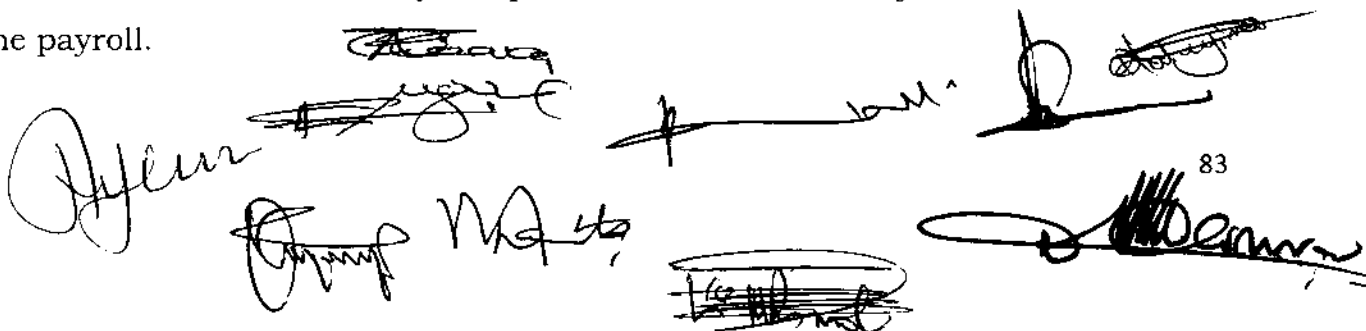
### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure that all new staff promptly submit their documents in order to access payroll.***

### **Query 2.2 Delayed access to Pension payroll**

The Audit Report noted that 16 pensioners delayed to access the pension payroll with delays ranging from 7-24months.

The Accounting Officer attributed the delay to mismatches in the documentation submitted by the pensioners. However they had since accessed the payroll.



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### **Committee Observation**

The Committee observed that the pensioners did not access pension payroll ranging from 7-24 months contrary to paragraph 5.1 of the Establishment Notice No.1 of 2020.

### **Committee recommendation**

**The Committee recommends that;**

- i) The PS/ST should reprimand the Accounting Officer and Human Resources Officers and hold them personally liable for contravening paragraph 5.1 of the Establishment Notice No.1 of 2020.**
- ii) The Accounting Officer should ensure that all pensioners promptly submit their documents in order to ensure expeditious access to the pension payroll.**

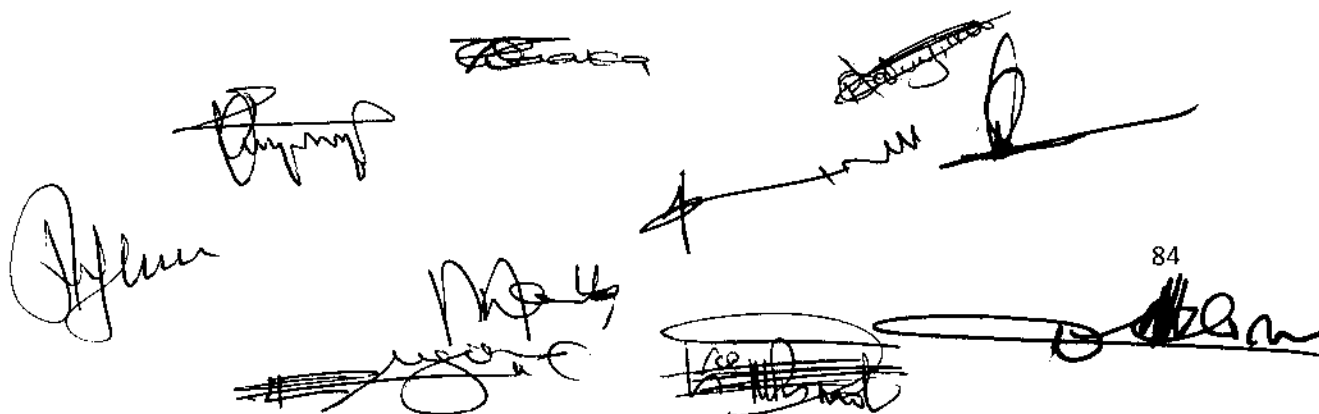
### **Query 2.3 Misclassification of salary, pension and gratuity expenditure**

The Audit Report noted that **UGX.20,821,532** was wrongly charged on gratuity code 213004 instead of pension code 212102.

The Accounting Officer explained that the misclassification was due to government increase on the pension that required more funds on the pension code than what was budgeted for, management utilized the surplus funds available on the gratuity code to cater for increase in pension.

### **Committee Observation**

The Committee observed that misclassification of funds contravenes Section 7.10.3 of the Treasury Instructions, 2017 which provides for a uniform budget classification and execution using the Chart of Accounts.

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### **Committee Recommendation**

**The Committee recommends that;**

- i) The PS/ST should reprimand the Accounting Officer for contravening the provisions of Section 7.10.3 of the Treasury Instructions, 2017.**
- ii) The Accounting Officer should desist from misclassifying expenditures.**

### **Query 2.4 Monthly wage, pension and gratuity performance analysis and remittance of quarterly returns to MoPS**

The Audit Report noted that the Municipal Council did not prepare monthly wage, pension and gratuity performance analysis and thus did not submit quarterly returns on payroll to MoPS.

The Accounting Officer regretted the anomaly.

### **Committee Observation**

The Committee observed that failure to submit returns leads to accumulation of arrears and under absorption of wage, pension and gratuity.

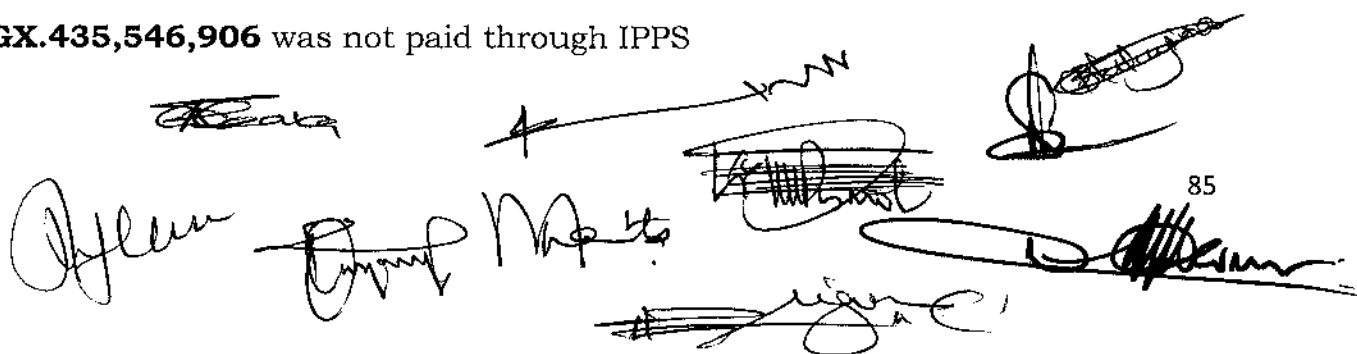
The Committee observed that the district did not submit the report for FY 2020/21 contrary to paragraph 2.1 of Establish Notice No.1 of 2020.

### **Committee Recommendations**

**The Committee recommends that the Accounting Officer strengthens internal control measures by submitting quarterly returns in compliance with the Establishment Notices.**

### **Query 2.5 Payments of salaries, pension & gratuity off IPPS**

The Audit Report noted that 123 pension and gratuity payments totaling to **UGX.435,546,906** was not paid through IPPS



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The Accounting Officer acknowledged the anomaly and informed the Committee that currently all pension and gratuity is paid through the IPPS

### **Committee Observations**

The Committee observed that;

- i) Payment off IPPS was irregular and contrary to paragraph 4.5 of Establishment Notice No. 2 of 2019.
- ii) The payment off IPPS can be used as a conduit to pay non-existent pensioners and staff hence loss of funds to Government.

### **Committee Recommendation**

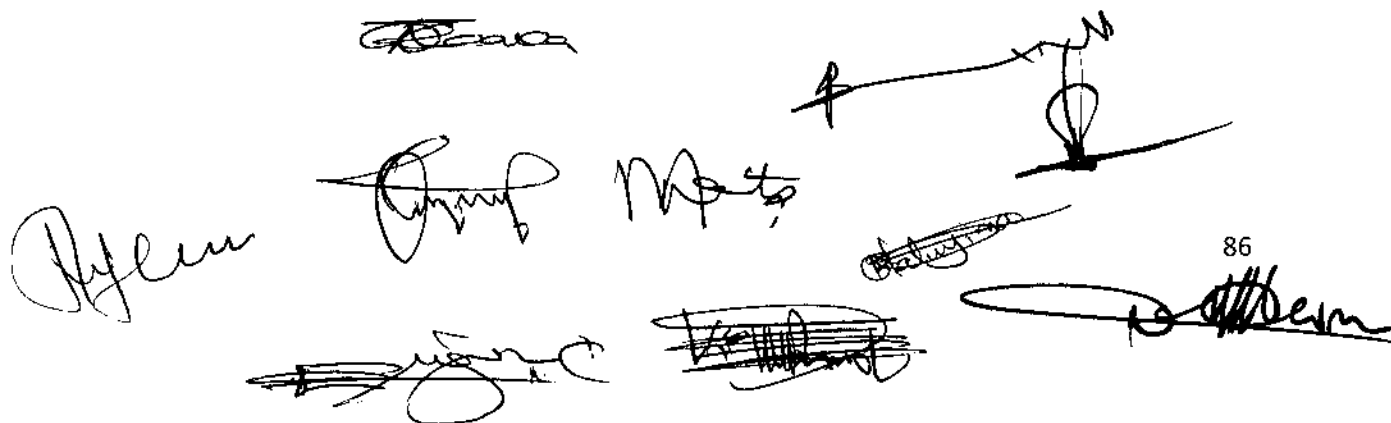
**The Committee recommends that;**

- i) ***The PS/ST should reprimand the Accounting Officer and the Human Resource Officers and hold them personally liable for breach of the guideline as stipulated in paragraph 4.5 of the Establishment Notice No.2 of 2019.***
- ii) ***The Accounting Officer should desist from such irregularities to avoid causing financial loss to Government.***

### **Query 2.6 Validation of employees, pensioners/beneficiaries on the IPPS against the NIRA interface.**

The Audit Report noted that 64 employees had not been verified against NIRA.

The Accounting Officer explained that all employees on the payroll were verified. The difficulty was in the printing of verification cards for those who were verified by the MoPS.

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### **Committee Observation**

The Committee observed that much as the report indicated that 64 employees had not been verified, the record provided by the Accounting Officer showed that all the staff had been verified.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure that the verification of employees is done timely and all records made available.***

### **Query 3.0 Deposits**

The Audit Report revealed that a deposits balance of **UGX.1, 204,086,310** was reported. The deposits relate to funds advanced to the Municipal Council to fund YLP and UWEP projects. The Audit report also noted that only **UGX. 30,950,000** was paid during the financial year because of the low recovery rate from the beneficiary groups.

The Accounting Officer explained that **UGX. 58, 600,000** had since been recovered from the groups, however, efforts were in place to recover more funds.

### **Committee Observation**

The Committee observed that the Municipality had performed extremely poorly in the recovery of funds under YLP/UWEP, standing at only 2.5% of the total funds disbursed.

### **Committee Recommendation**

***The Committee recommends that;***

- i) The Accounting Officer should ensure the development of a more effective recovery mechanism of YLP and UWEP funds.***



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- ii) ***Ministry of Gender Labor and Social Development should re-examine the implementation of YLP and UWEP in order to save future interventions.***

#### **Query 4.0 Receivables**

The Audit Report noted that under Note 19 of the financial statements, receivables balance of **UGX. 3,171,846,861** were reported. Included in the receivables are accrued revenue, advances to contractors, YLP and UWEP groups and outstanding letters of credit.

The Audit report also noted the receivables from accrued revenue (earned revenue) which stood at **UGX.725, 000,000.**

The Accounting Officer attributed the receivables to low economic activity in the country caused by the Covid-19 pandemic.

#### **Committee Observation**

***For observations and recommendations refer to query on deposits above.***

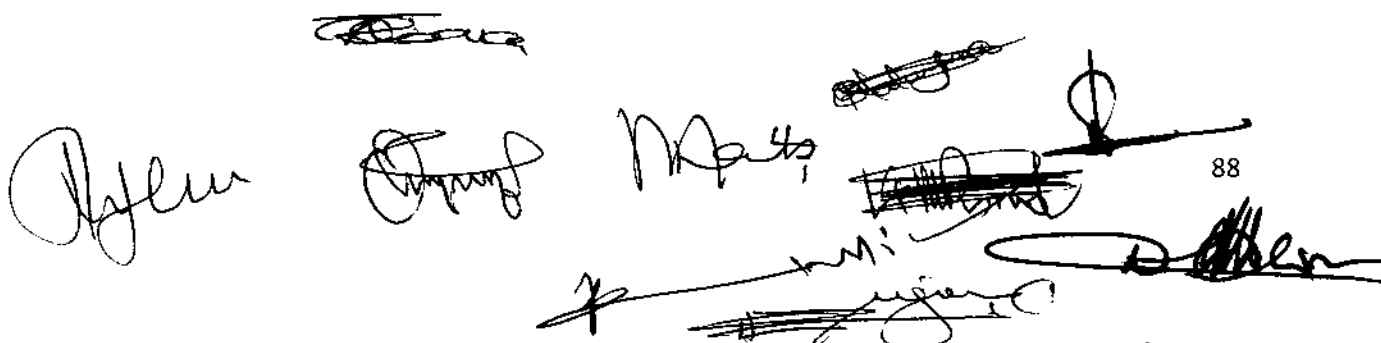
#### **Query 5.0 Implementation of the approved budget**

##### **Query 5.1 Revenue Performance**

###### **i) Local Revenue (LR) Performance**

The Audit Report noted that the Municipal Council budgeted to collect **UGX.9,585,945,000** during the year but collected **UGX.6,365,386,904** representing **(66%)** performance. The shortfalls in Local Revenue collections of **UGX.3,220,558,096 (34%)** were recorded in Local Service Tax, Land Fees, Business Licence, other tax revenues, administrative fees and Application Fees.

The Accounting Officer explained that the collection of revenue during the year was affected by the lockdown of the country due to Covid-19 pandemic.

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88



### **Committee Observation**

The Committee noted the adverse effects of the Covid-19 pandemic on all local government entities regarding local revenue collection.

### **Committee recommendation**

***The Committee recommends that;***

- (v) The Accounting Officer should ensure the effectiveness and operationalization of the revenue enhancement committees.***
- (vi) The Accounting Officer should develop effective mechanism to deal with revenue leakages and spending at source.***

### **Query 5.2 Performance from external financing**

The Municipal Council budgeted to receive **UGX.443,040,000** as external/donor financing out of which **UGX.261,551,782 (59%)**, was received.

The Accounting Officer explained that the donor fund was affected by Covid-19 and therefore, unable to fulfill some of their obligations.

### **Committee Observation**

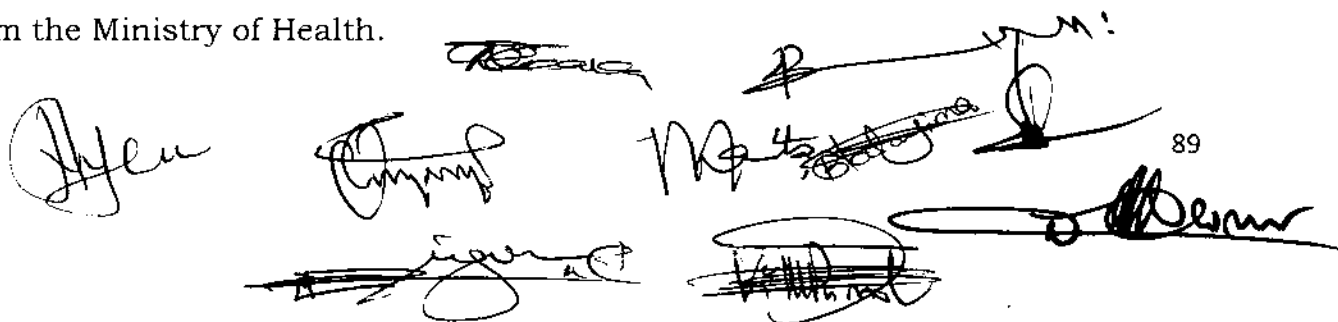
The Committee observed that the shortfall in funds received affected the implementation of some planned activities.

### **Committee recommendation**

***The Committee recommends that the Accounting Officer should develop mechanisms to widen their local revenue base to avoid over dependency on external financing.***

### **Query 5.3 Off-budget receipts**

The Audit Report noted that Kira Municipal Council received off-budget financing to a tune of **UGX. 135,974,720** for Result Based Financing (RBF) from the Ministry of Health.



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The Accounted Officer explained that in the FY2021/22, all RBF funds were included in the Municipal Budget.

### **Committee Observation**

The Committee observed that these funds are channeled directly to health facility accounts without going through the district collection accounts rendering it difficult to capture in the district budget.

### **Committee Recommendation**

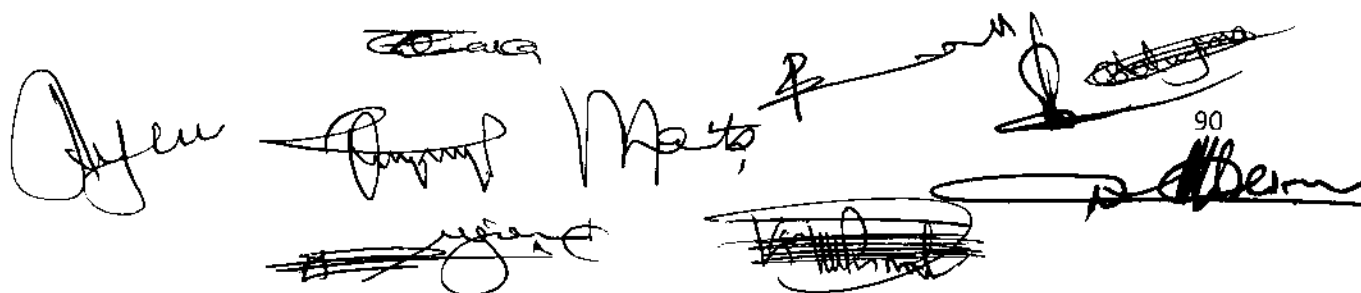
***The Committee recommends that the MoFPED should mainstream the disbursement of result based financing through the normal planning and budgeting cycles to avoid off budget receipts.***

### **Query 5.4 Delayed Completion of Kira Health Centre IV Phase II**

The Audit Report noted that the Municipal Council received a total of **UGX.1,139,052,000** for the construction of Kira Health Centre IV phase II. The contract for the construction was awarded to Kaleeta Construction Limited at a contract sum of **UGX.1,060,419,956** and signed on 3/3/2021 with start date of 11/3/2021 and end date of 30/9/2021.

The Audit Report further noted that although the funds for the project were released in time, the contractor delayed to complete the construction works by two months and was expected to delay further.

The Accounting Officer attributed the additional delays to the PS MoH visit to the site. During the said visit the PS commended the works done and asked that another floor be added onto the building. This necessitated procurement of the services of the consultant to carry out the structural integrity of the existing design to see if it can accommodate an extra floor. Therefore, leading to temporal suspension of the ongoing construction. In this regard the



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Engineer made an assessment and advised that the additional floor was not permissible and works were later resumed.

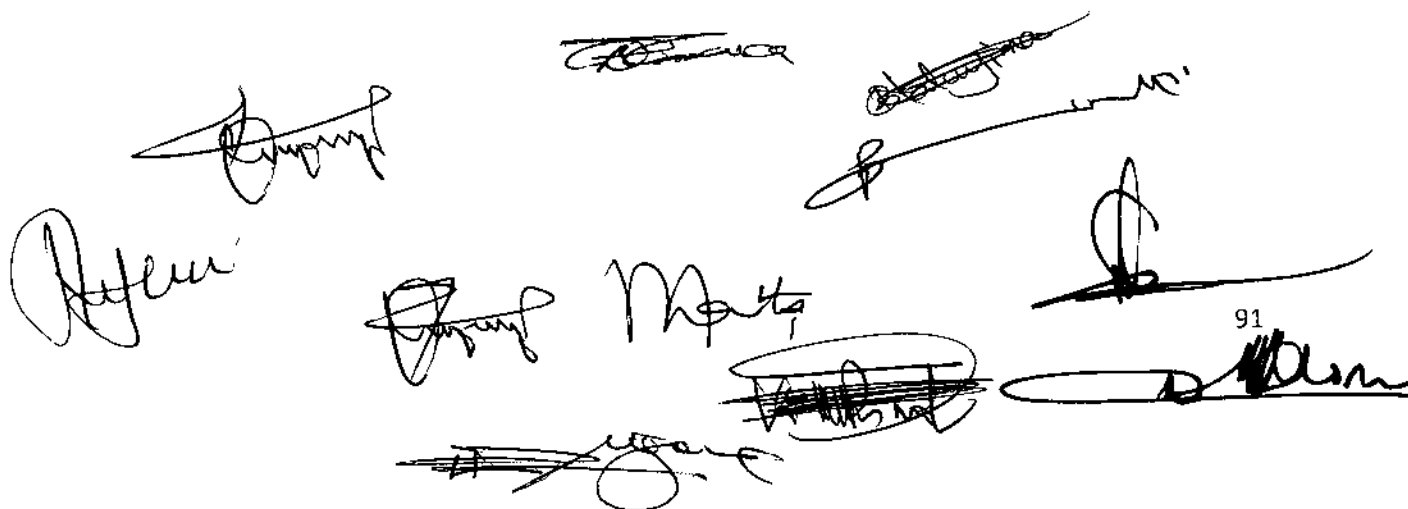
### **Committee Observation**

The Committee made the following observations;

- i) The initial works were suspended at ring-beam level.
- ii) The PS MoH recommendation was invalid since no formal communication was made.
- iii) There was no cost implications in the suspension of the works since the works were done in a phased manner.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer desists from such informal practices as it leads to unnecessary delays of Projects and violation of contractual obligations.***



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**VOTE 568 MITYANA District Local Government (*Unqualified Opinion*)**

**Query 1.0 Payroll Management**

**Query 1.1 Payment of Salaries, Pension and Gratuity**

**(i) Absorption of Funds of UGX 1.11bn**

The Audit report noted that out of the **UGX.21.7 billion** that was received **UGX.21 billion (96.8%)** was spent, while **UGX.0.7 billion** unabsorbed

The Accounting Officer acknowledged the short comings and explained that the District would work towards addressing these bottlenecks.

**Committee Observation.**

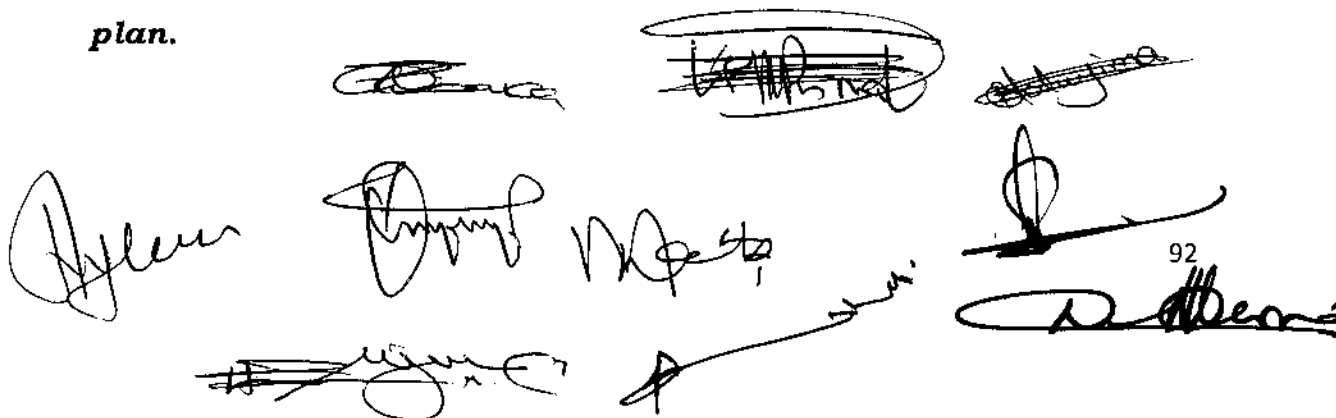
The Committee observed that;

- (v) The ESC delayed to recruit tertiary and secondary school teachers, causing **UGX 500 million** meant for payment of salaries of those teachers to be returned to treasury.
- (vi) The district failed to recruit staff to fill the vacant positions in the FY 2020/21 thereby causing the funds provided for payment of salaries for those staff to be swept back to the consolidated fund.

**Committee Recommendation**

**The Committee recommends that;**

- (vii) **The MoES should ensure strict and timely adherence to their recruitment plans to avoid delays in staff recruitment and deployment.**
- (viii) **The PS/ST should reprimand the Accounting Officer and hold him personally liable for failure to implement the recruitment plan.**



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- (ix) The Accounting Officer should ensure timely implementation of approved plans including recruitment of staff to avoid having funds swept back.**

### **Query 1.2 Over Payment of Salary.**

The Audit Report noted variances between amounts on the approved payroll and payments to individual employees, leading to over payment of that **UGX. 2,992,554.**

The Accounting Officer explained that payments work through the system, the Principal Human Resource does the initiation and during the process of calculation there is a variance between the IPPS register and the payment file thus system errors.

### **Committee observation**

The Committee observed that;

- i) There was laxity on the side of the Accounting Officer exemplified by his failure to take action in recovering the overpaid fund, amounting to causing financial loss of **UGX. 2,992,554.**
- ii) The Accounting Officer contravened Section B-a (7) of the Uganda Public Service Standing Orders 2010.

### **Committee Recommendations**

**The Committee recommends that;**

- (i) The PS/ST should reprimand the Accounting Officer and hold him personally liable for causing financial loss to Government.**
- (ii) The Accounting Officer should ensure full recovery of UGX. 2,992,554 or make good the loss within a period of three months from the adoption of this report.**



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### **Query 1.3 Wrong computation of Gratuity**

The Audit Report noted that the District wrongly computed gratuity benefits for 12 pensioners leading to over payments of **UGX. 4,439,498** and under payments of **UGX. 2,168,357**.

The Accounting Officer acknowledged the anomaly and promised corrective measures.

### **Committee Observation**

The committee observed that;

- i) The Accounting Officer failed to perform his duties and contravened paragraph (L-d)(1) & (2) of the Uganda Public Service Standing Orders 2010.
- ii) The Accounting Officer's laxity in ensuring the recovery of the funds overpaid and payment of arrears to those underpaid.

### **Committee Recommendations**

**The Committee recommends that;**

- i) **The PS/ST should reprimand the Accounting Officer and hold him accountable for contravening paragraph (L-d)(1) & (2) of the Uganda Public Service Standing Orders 2010 hence causing financial loss to Government.**
- ii) **The Accounting Officer should ensure full recovery of UGX. 4,439,498 or make good the loss within three months from the time of adoption of this report.**
- iii) **The Accounting Officer should ensure that all pensioners underpaid receive their benefits immediately.**



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#### **Query 1.4 Delayed deletion of Staff from payroll**

The Audit Report noted that **UGX. 4,057,892** was paid to 10 staff who had either retired, transferred, absconded or died.

The Accounting Officer explained that in the year under review Covid-19 lock down caused delays between the entity and various cost centers. However, the Heads of Departments and institutions have been tasked to always file accurate staff returns on a monthly basis for all those staff at their stations, in order to eliminate such cases.

#### **Committee Observations**

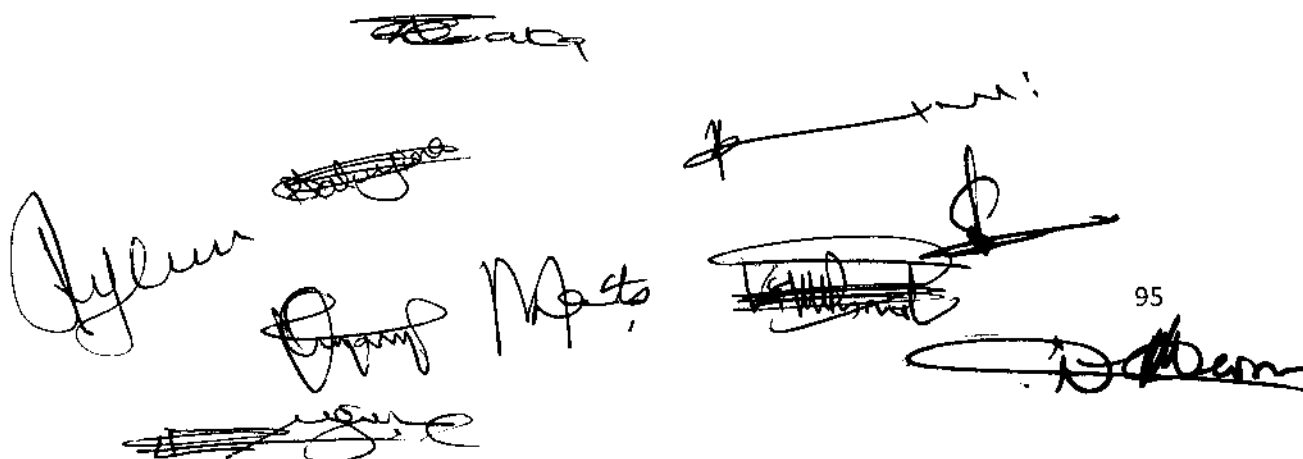
The Committee observed that;

- i) There was laxity on the side of the Accounting Officer especially on the management of the pay roll system.
- ii) Recoveries had not been made for monies paid to those staff who had retired, transferred, absconded or died.

#### **Committee recommendation**

**The Committee recommends that;**

- i) **The PS/ST reprimands the Accounting Officer and holds him personally liable for contravening section B-a(12) of the Uganda Public Service Standing Orders 2010, hence causing financial loss to Government.**
- ii) **The Accounting Officer should ensure full recovery of UGX.4,057,892 or make good the loss within three months from the time of the adoption of this report.**



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## **Query 2 Management of Payroll Deductions**

### **Query 2.1 Over/Under remittance of deductions**

The Audit Report noted that **UGX. 4,096,190,028** was deducted from employees' salaries to be remitted. However, UGX. **4,053,056,920** was remitted leading to over remittance of **UGX. 9,347,419** and under remittance of **UGX. 52,480,527** respectively.

The Accounting Officer explained that the failure to pay some staff who had absconded from the service accounted for non-remittance of the corresponding deductions as extracted from the IPPS register.

Additionally, the Accounting Officer attributed this to system challenges, where the loan end period at times is pushed over to the next month.

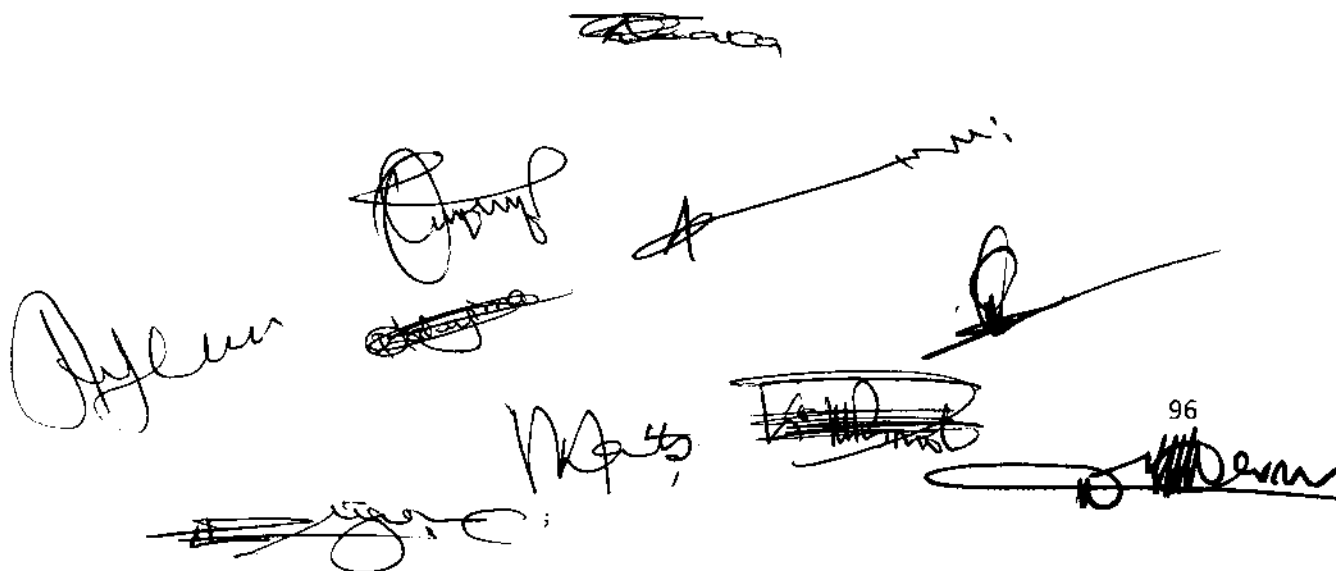
### **Committee Observation**

The Committee observed that there was an over remittance of **UGX.9,347,419** and under remittance of **UGX.52,480,527** contrary to section B-a(17) of the Public Service Standing Orders 2010.

### **Committee Recommendation**

***The Committee recommends that;***

***The Accounting Officer carries out reconciliations before remitting the said money to beneficiaries to avoid underpayments and overpayments.***



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## **Query 2.2 Un-authorized loans deductions**

The Audit Report noted that unauthorized loan deductions from 3 employees totaling **UGX. 1,085,168** were made.

The Accounting Officer explained that all Financial Institutions which extend loan facilities to the staff have letters of undertakings/memorandum of Understandings with the institution. The Accounting Officer going forward will ensure that only authorized deduction codes are put on staff payroll, and this will be achieved through collaborations with Ministry of Public Service.

### **Committee Observation**

The Committee observed that;

- (vi) That all the loan guarantee letters originated from the banks hence putting the employees at the mercy of the banks.
- (vii) There were no copies of the loan guarantee letters

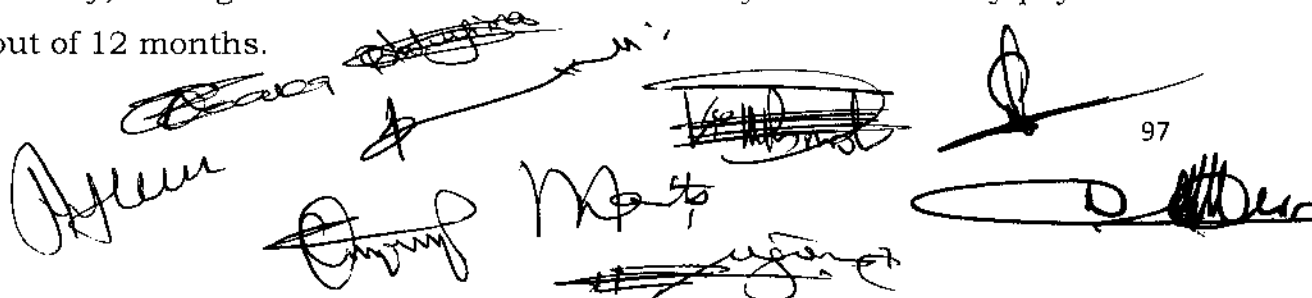
### **Committee Recommendation**

*The Committee recommends that;*

- (v) The Accounting Officer/entity plays a central role in the initiation, processing and approval of all loan deductions.*
- (vi) The Accounting Officer should ensure that all loan deductions are backed by adequate documents.*

## **Query 2.3 Delayed/non-remittance of deductions to UCLA/UBA**

The Audit Report noted that Management made payroll deductions of **UGX. 1,439,847,046**, but did not remit **UGX. 10,193,805** to UCLA/UBA. Additionally, management did not remit concurrently with the salary payments in 3 out of 12 months.



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The Accounting Officer undertook to contact UCLA/UBA from time to time to ensure that the deductions are timely. On the UGX. **10,193,805** not remitted, the Accounting Officer explained that when paying salaries deductions are made at the same time, therefore automated but this occurred due to system challenges;

The delayed remittance by about 4 days is also as a result of system challenges. However, when salaries are being paid deduction are offset at the same time and equally paid to URA.

### **Committee Observation**

The Committee observed that the failure by the Accounting Officer to remit deductions to UCLA/UBA amounting to UGX.10,193,805 contravenes paragraph 4.6.1 of the establishment notice No.2 of 2019.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer ensures that payments and deductions are done concurrently and promptly to avoid going against set standards.***

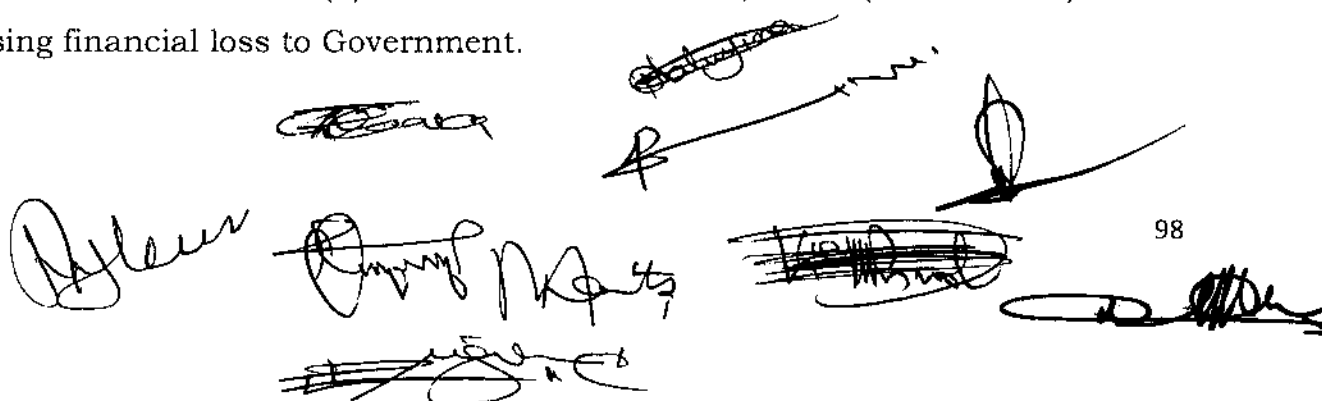
### **Query 2.4 Remittance of PAYE deductions to URA**

The Audit Report noted that the District made PAYE deductions of **UGX. 2,516,487,787**, but did not remit **UGX. 41,763,487** to URA.

The Accounting Officer acknowledged the anomaly and explained that the money must have been swept off the system leading to financial loss.

### **Committee observation**

The Committee observed that the failure to remit PAYE deductions to URA contravenes section 123(1) of the Income Tax Act, 1997 (as amended) hence causing financial loss to Government.

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### ***Committee recommendation***

***The Committee recommends that the Accounting Officer should ensure that timely remittances are made to URA to avoid penalties.***

### **Query 2.5 Non deduction of PAYE from political leaders**

The Audit report noted that **UGX. 41,456,261** from gratuities for political leaders and commissioners was not computed for PAYE thus UGX. **12,460,278** was under deducted.

The Accounting Officer attributed this to failure of the IPPS system to compute PAYE on political leaders' gratuity but the monies had since been recovered from each political leaders.

### **Committee Observation**

The Committee observed that the failure to deduct PAYE from political leaders contravenes section 19(1)(a) of the Income Tax Act hence causing financial loss to Government.

### ***Committee Recommendation***

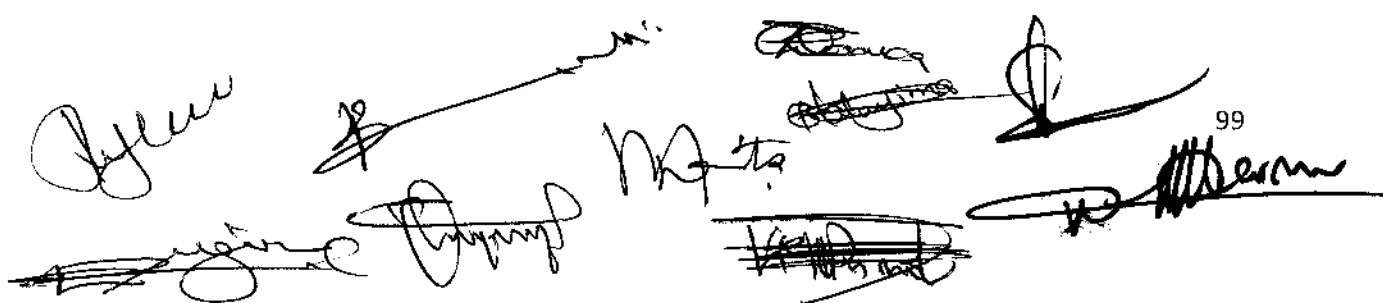
***The Committee recommends that the PS/ST reprimands the Accounting Officer and holds him personally liable for contravening section 19(1)(a) of the Income Tax Act.***

### **Query 3 Access to Payrolls**

#### **Query 3.1 Delayed access to Salary Payroll**

The Audit Report noted that 30 newly recruited/ transferred employees delayed to access payroll with delays ranging between 1-6 months.

The Accounting Officer explained that the staff who delayed to access the payroll did not have Tax Identification numbers, issues with National

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Identification Numbers. These staff had since submitted the required information and accessed payroll.

### **Committee Observation**

The Committee noted that although the said staff had challenges and delays, in accessing payroll, corrective measures had been taken.

Failure to access payroll by staff contravenes section B-a(11) of the Uganda Public Service Standing Orders, 2010.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure that all new staff promptly submit documents to ensure timely access to payroll.***

### **Query 3.2 Delayed access to Pension payroll**

The Audit Report noted that 16 pensioners delayed to access the pension. Payroll with delays ranging between 7-24 months.

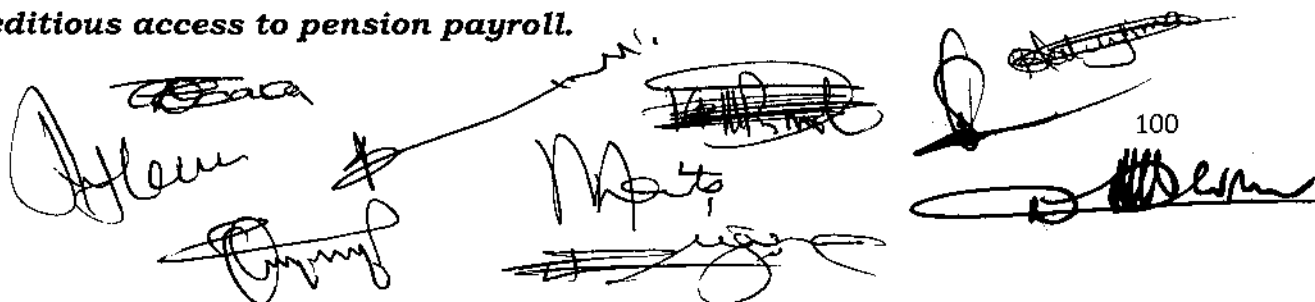
The Accounting Officer explained that Sensitization is usually done in September of every year to prepare the retirees however, it was not done in the year under review due to Covid-19 restrictions. However, all the pensioners have since accessed the payroll.

### **Committee Observation**

The Committee noted that although the said pensioners had challenges and delays, in accessing the pension payroll, corrective action had been under taken.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure that all pensioners promptly submit their documents in order to ensure expeditious access to pension payroll.***



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### **Query 3.3 Monthly wage, pension and gratuity performance analysis and remittance of quarterly returns to MoPS**

The Audit Report noted that the District did not prepare monthly wage, pension and gratuity performance analysis thus did not submit quarterly returns on payroll to MoPS.

The Accounting Officer acknowledged the shortcoming and informed the meeting that going forward, monthly wage/pension analysis was prepared and quarterly returns made.

#### **Committee Observations**

The Committee observed that;

- (i) The Principal Human Resource Officer is incompetent hence the failure to comply with the requirement of paragraph 2.1 of Establishment Notice No.1, 2020.
- (ii) That failure to submit returns leads to accumulation of arrears and under absorption of wage, pension and gratuity.

#### **Committee Recommendation**

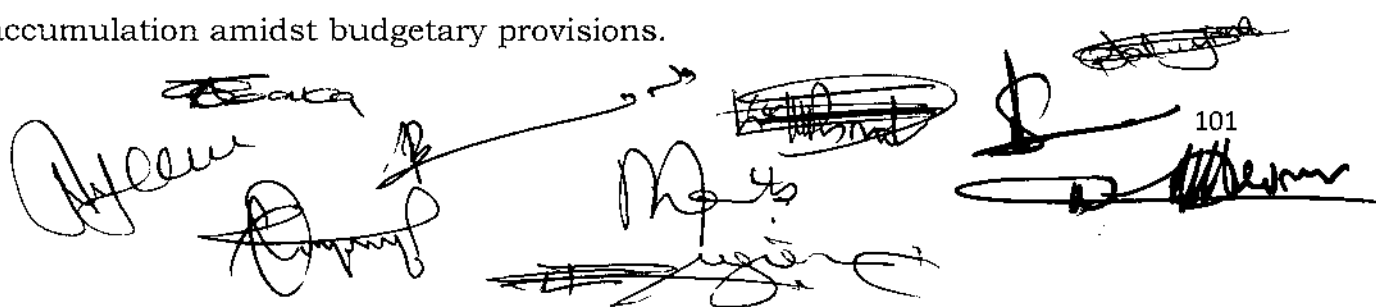
***The Committee recommends that;***

- (i) The PS/ST should reprimand the Accounting Officer and the Principal Human Officer for contravening paragraph 2.1 of Establishment Notice No.1, 2020.***
- (ii) The Accounting Officer strengthens internal control measures and effectively supervises the Principal Human Resource Officer.***

### **Query 3.4 Payments of salaries, pension & gratuity off IPPS.**

The Audit Report noted that 8 staff and 03 pensioners were paid a total of **UGX. 4,541,861** off the IPPS.

The Accounting Officer explained that this was done to avoid arrears accumulation amidst budgetary provisions.



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### **Committee Observation**

The Committee observed that;

- i) Payment of salaries the off IPPS was irregular and contrary to paragraph 4.5 of Establishment Notice No. 2 of 2019.
- ii) Payment of salaries off the IPPS can be used as a conduit to pay non-existent pensioners and staff and loss of funds.

### **Committee Recommendation**

*The Committee recommends that;*

- i) *The Accounting Officer and the Human Resource Officer be held personally liable for breach of the guideline as stipulated in paragraph 4.5 of the Establishment Notice No.2 of 2019.*
- ii) *The PS/ST should reprimand the Accounting Officer for making payments off the IPPS.*

### **Query 4.0 System related challenges**

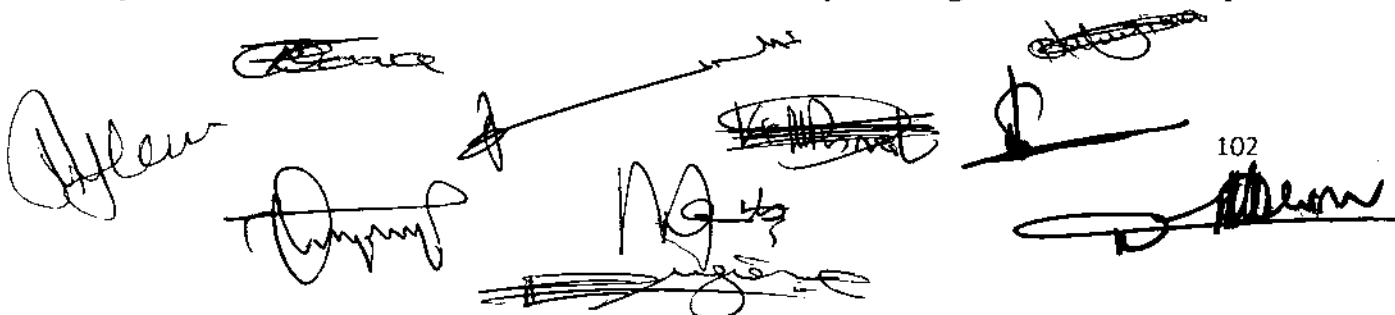
#### **Query 4.1 Inconsistencies between MoPS and district payroll registers**

The Audit Report noted that there were unexplained variances of **UGX. 2,333,659** between the figures in the MoPS IPPS and district payroll registers. One staff was on the District payroll but not on the MoPs IPPS register.

The Accounting Officer explained that reconciliations were done and all staff enrolled on the IPPS.

### **Committee Observation**

The Committee observed that inaccuracies and inconsistencies between the Ministry of Public Service IPPS and the Entities' Payroll Registers was a recipe

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for manipulation and abuse to defraud Government employees of their hard earned salaries.

### **Committee Recommendation**

**The Committee recommends that;**

- i. **The Accounting Officers should conduct regular checks on the two systems/databases to ensure accuracy and consistence.**

### **Query 4.2 Effectiveness and reliability of the IPPS/NID interface**

The Audit Report noted that staff appointed without national Id cards take long to access payroll and changes on NIN take long to be loaded on to the system to interface with IPPS.

The Accounting Officer acknowledged the shortcomings and promise to liaise with National Identification Registration Authority and Ministry of Public Services to give assistance in this area and most of the cases have been handled, however recruitment is a continuous process therefore some staff not yet sorted out.

### **Committee Observation**

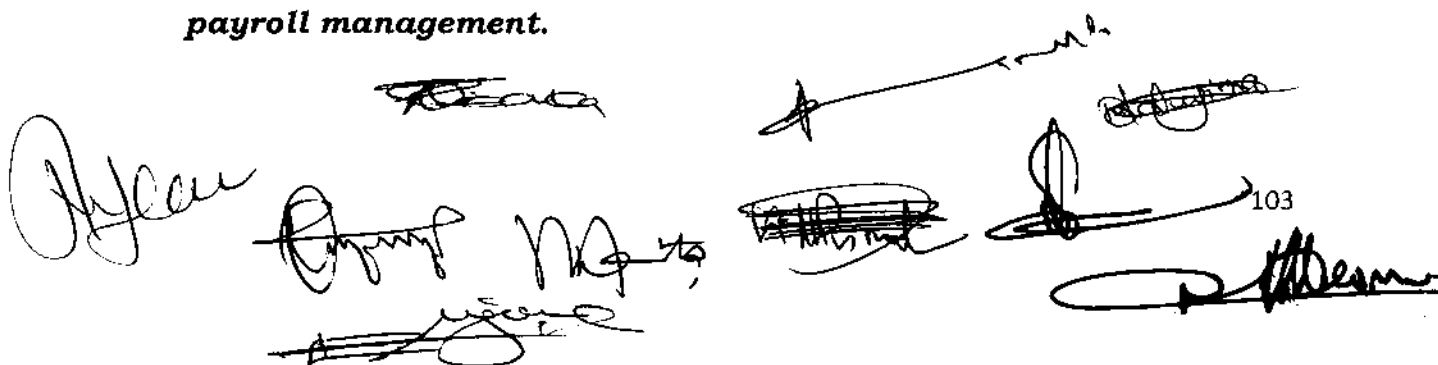
The Committee observed that;

- (v) The interface was weak, an issue that cuts across all local governments.
- (vi) The Ministry of Public Service was frequently introducing new payroll management systems without taking into consideration the capacity of the officers to use the systems.

### **Committee Recommendation**

**The Committee recommends that;**

- v) **The Accounting Officer ensures adequate capacity building on payroll management.**



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- vi) ***The Committee recommends that the Ministry of Public Service develops a user-friendly payroll system and adequate plan for capacity building.***

### **Query 5 Budget performance for the District**

#### **Query 5.1 Implementation of the approved budget**

The Audit Report noted that the district strategic plan was still in process of being reviewed by NPA to check alignment with NDP III

The Accounting Officer explained that a follow up with NPA is being done to ensure that the strategic plan is certified by NPA.

#### **Committee observation**

The Committee observed that;

- i) Measures were undertaken to have the Strategic Plan aligned to NDP-III.
- ii) Delays by NPA in reviewing and providing feedback to the entity.

#### **Committee Recommendations**

***The Committee recommends that;***

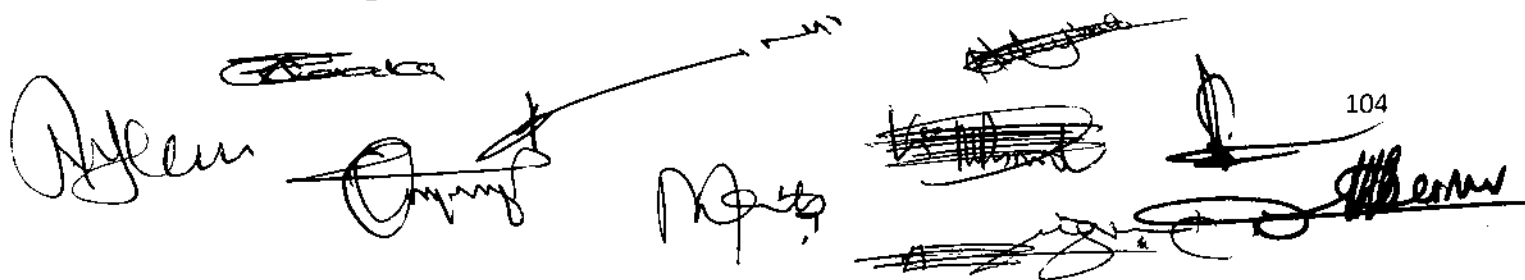
***The Accounting Officer should make follow-up on NPA to ensure completion of the processes.***

***The Committee recommends that NPA should always promptly act and provide feedback to local governments when submissions are made.***

#### **Query 5.2 Performance from external financing**

The Audit Report noted that UGX. 479,990,000 was budgeted UGX. 161,485,905 (33.6%) was received.

The Accounting Officer undertook to discuss the matter with the donors.



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### **Committee Observation**

The Committee observed that the shortfall in funds received affected the implementation of some planned activities.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should develop mechanisms to widen their local revenue generation base to avoid over dependence on external financing.***

### **Query 5.3 Submission of Quarterly Performance Reports**

The Audit report noted that the District submitted performance reports for Q1, Q2, Q3 after the deadline given for submission of the reports and Q4 reports had not been submitted.

The Accounting Officer explained that there was a challenge with the PBS reporting tool interface with the IFMS which required the MoFPED team to rectify resulting into loss of time.

### **Committee Observation**

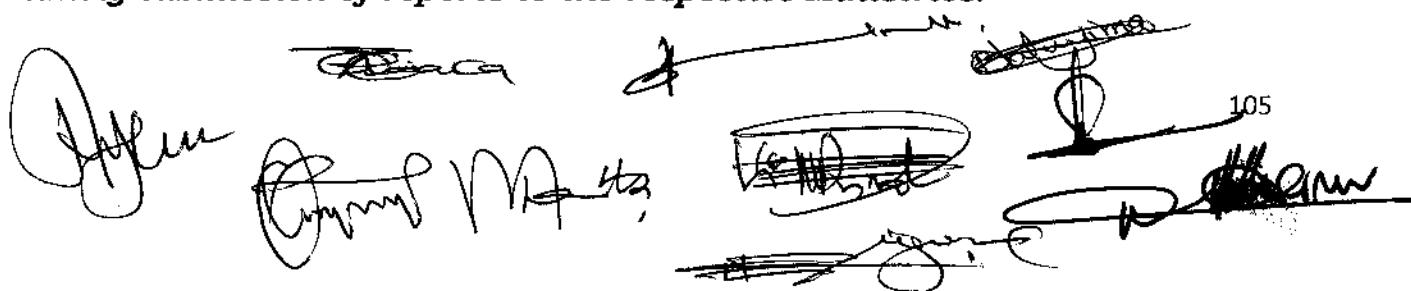
The Committee observed that failure to submit returns leads to accumulation of arrears and under absorption of wage, pension and gratuity.

The Committee observed that the district did not submit the report for FY 2020/21 contrary to paragraph 2.1 of Establish Notice No.1 of 2020.

### **Committee Recommendations**

***The Committee recommends that the PS/ST should reprimand the Accounting Officer and hold him personally liable for failure to perform his functions in line with paragraph 2.1 of Establish Notice No.1 of 2020.***

***The Committee recommends that the Accounting Officer should ensure timely submission of reports to the respective Ministries.***

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#### Query 5.4 Under remittance of local revenue

The Local Government Act section 85(4) states that a district council may, with the concurrence of a sub-county, collect revenue on behalf of the sub-county council but shall remit 65 percent of the revenue so collected to the relevant sub-county.

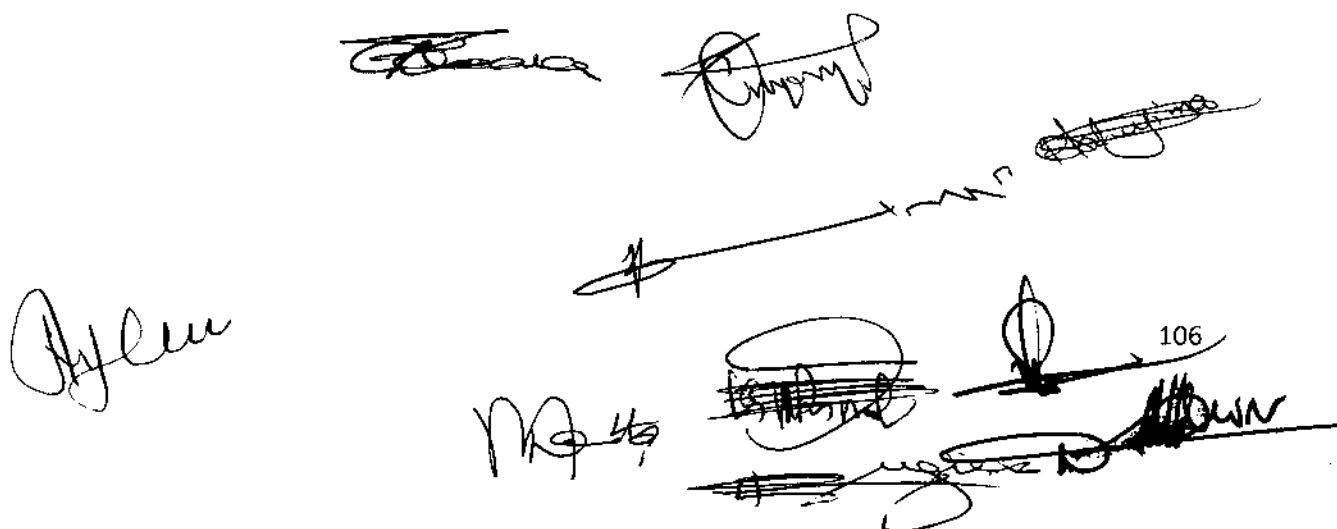
The Audit report noted that the district received warranted Local revenue of **UGX. 601,951,781** and was expected to have remitted UGX. 391,268,658 but instead remitted **UGX. 341,766,270** to the lower Local Governments leading to an under remittance of **UGX.49,502,388**.

The Accounting Officer explained that during the period under review, the district was still receiving funds for local revenue from MoFPED in advance and was supposed to remit to sub counties upon deflection of the funds collected. So, by close of the year some sub-counties had not deflected the advances and therefore release of the funds could not be done to the sub-counties. Consequently, these funds were swept back at the end of the Financial to the consolidated fund.

#### Committee observation

The Committee observed that;

- i) The failure by the district to remit revenues to lower local governments contravenes section 85(4) of the Local Government Act CAP 243, 2015 (as amended).
- ii) The failure to remit revenues to lower local governments affected service delivery at sub-county level.



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## **Committee Recommendations**

**The Committee recommends that;**

- i) **The PS/ST should reprimand the Accounting Officer and hold him personally liable for contravening section 85(4) of the Local Government Act CAP 243, 2015 (as amended).**
- ii) **That the local revenues are remitted to lower local governments as required by law.**

## **Query 5.5 Implementation of UGIFT.**

### **Query 5.5 (i) Lack of land title for the Busunju Health Centre**

The Audit Report noted that there was no evidence of land ownership where the health center is being constructed.

The Accounting Officer explained that the land belongs to Mityana Diocese and the district has a memorandum of understanding. Normally Catholic and Christian churches do not give titles.

## **Committee observation**

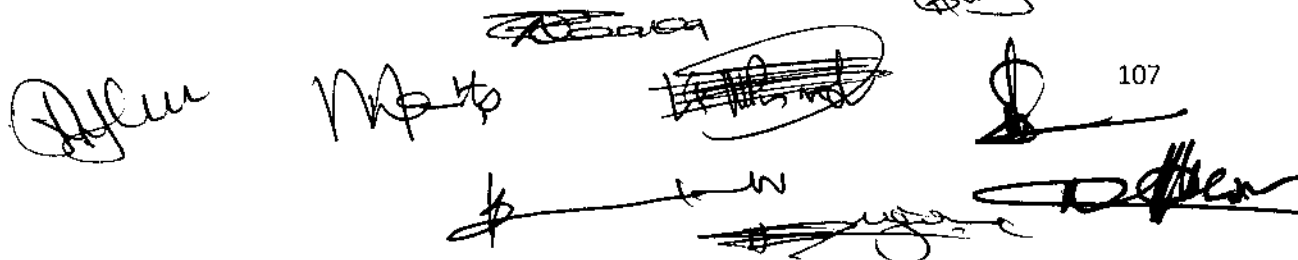
The Committee observed that;

- i) Committing public funds on projects without clear proof of ownership is risky and prone to causing financial loss to government.
- ii) The district was only relying on the memorandum of understanding signed with the Catholic Church which may not be a binding document.

## **Committee Recommendation**

**The Committee recommends that;**

- i) The Accounting Officer should ensure that the district engages the Catholic Church with a view of resolving the ownership question and acquisition of a title on the said land by the district.



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- ii) The Accounting Officer should desist from committing public funds on projects before streamlining the question of land ownership.

#### **Query 5.5 (ii) Delayed Completion of the project**

The Audit Report noted that Works were incomplete and the remaining works would not be completed before the contract-end-date.

The Accounting Officer explained that the project was at roofing level following the termination of the earlier contractor and a new one was secured. The project was progressing well and expected to be completed by end of Financial Year 2021/2022.

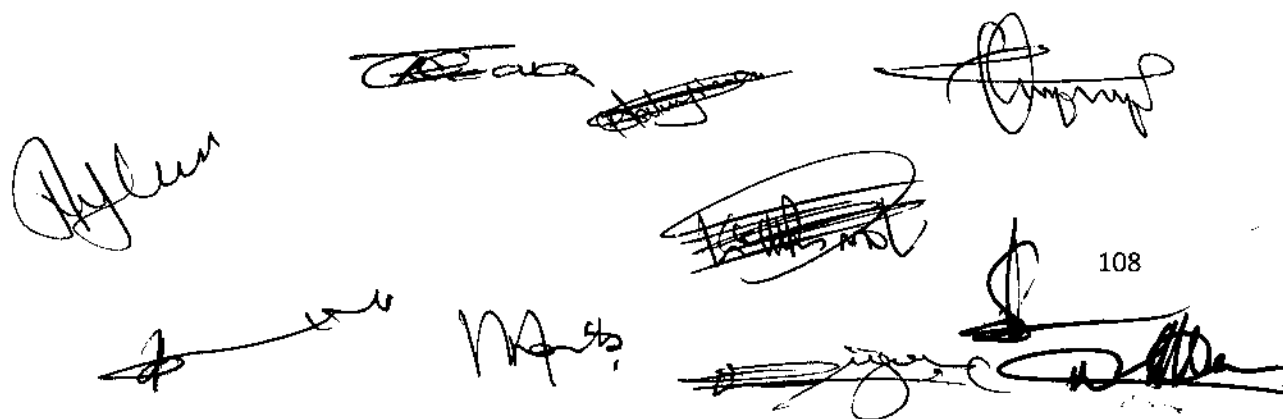
#### **Committee observations**

The Committee observed that;

- i) The delayed completion arose as a result of the termination of the earlier contractor and the district had gone ahead to secure a new one.
- ii) The need for the Accounting Officer to be strict on matters of compliance with contractual obligations.

#### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure that the new contractor complies with the contractual obligations and sticks to the timeline to ensure completion of the project.***



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**VOTE 608 BUTAMBALA DISTRICT LOCAL GOVERNMENT (*Unqualified Opinion*)**

**Query 1.0 Payroll Management at the Municipal Council**

**Query 1.1 Payment of Salaries, Pension and Gratuity**

**(i) Absorption of Funds**

The Audit Report noted that UGX.16.94 billion was received, UGX.15.64 billion (92.3%) was spent while UGX.1.3 billion was unabsorbed.

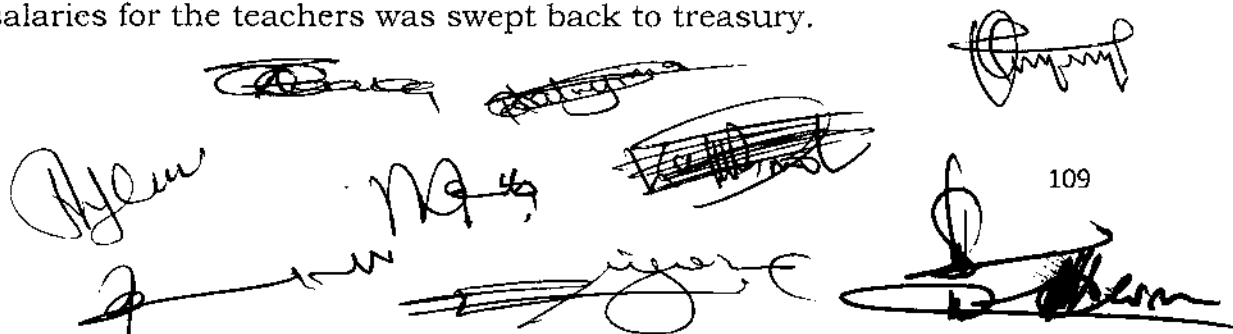
The Accounting Officer explained that the under absorption resulted from;

1. Failure by Ministry of Education and Sports to recruit and post teachers to secondary schools and tertiary institutions in Butambala District hence non-absorption of **UGX. 234,769,037** and **UGX. 40,399,973** respectively. However, Ministry of Education had recruited and posted over 38 employees to both secondary and tertiary institutions.
2. Cases of secondments and transfers led to the accumulation of unabsorbed funds especially under Primary teachers worth **UGX. 68,702,988**.
3. Failure to attract staff in certain key positions despite several adverts made in the FY 2019/2020 and 2020/21 like the Principal Medical Officer, District Community Development Officer, Law Enforcement Officer led to under absorption of over **UGX. 83,510,756**.

**Committee Observation**

The Committee observed that;

- iii. There was no recruitment conducted and therefore funds were swept back to the consolidated fund.
- iv. The Ministry of Education and Sports failed to recruit and deploy the secondary school teachers as planned hence the unspent funds meant for salaries for the teachers was swept back to treasury.



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### **Committee recommendation**

**The Committee recommends that;**

- i) The PS/ST should reprimand the Accounting Officer and hold him personally liable for failure to implement the recruitment plan as required leading to return of unspent monies to the consolidated fund.**
- ii) The Accounting Officer should ensure that all approved plans including recruitment be implemented within the approved period to avoid returning funds to treasury.**
- iii) The Permanent Secretary Ministry of Education and Sports should ensure the timely recruitment and deployment of secondary school teachers.**

### **Query 1.2 Overpayment of salary**

The Audit Report noted that **UGX. 2,357,922 was overpaid to seven (07) staff**, contrary to Section B-a (7) of the Uganda Public Standing Orders, 2010.

The Accounting Officer explained that the overpayment of salary resulted from inconsistencies between IPPS and IFMS payroll. However, recoveries worth **UGX. 1,548,921** had been effected on the affected 05 staff. While the two staff were not over paid but were cases of promotion and salary upgrade.

### **Committee Observations**

The committee observed that;

- i) The overpayment of UGX. 2,357,922 to (07) staff contravened Section B-a (7) of the Uganda Public Standing Orders, 2010.**
- ii) Partial recoveries had been effected on 05 staff amounting to UGX. 1,548,921.**



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## **Committee Recommendations**

***The Committee recommends that;***

- i) The PS/ST should reprimand the Accounting Officer and hold him personally liable for overpayment hence causing financial loss to Government.***
- ii) Full recoveries be made or the Accounting Officer makes good the loss within three months of the adoption of this report.***

### **Query 1.3 Under payment of pension/ gratuity.**

The Audit report revealed that there were variances between amounts on the payroll and payments to individual pensioners, leading to under payments of **UGX. 4,610,539.**

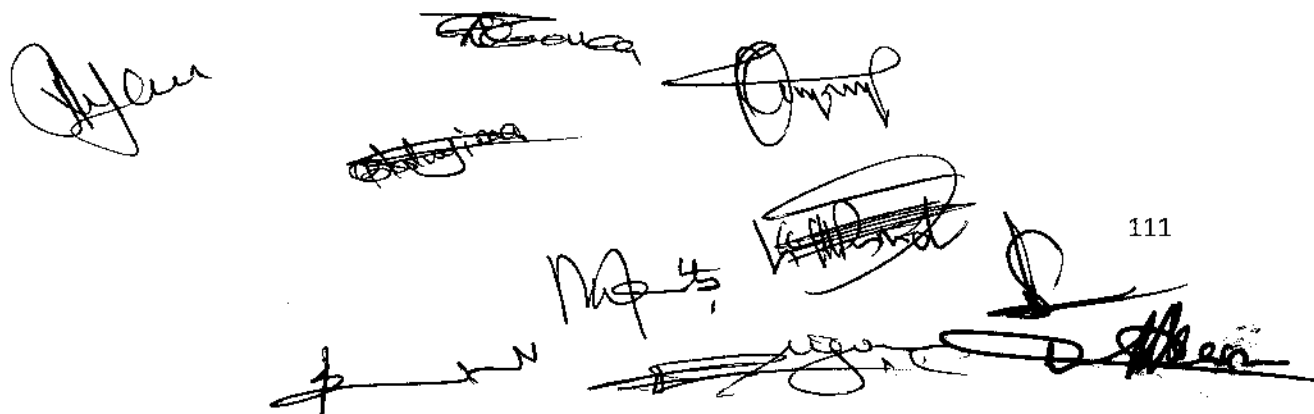
The Accounting Officer explained that a re-review of the pension files for under payment of pension/gratuity was done and revealed no underpayment. He further explained that was paid on the bank statement tallies with the Benefits Calculation report as generated from the IPPS.

## **Committee Observation**

The Committee observed that much as the report indicated underpayment, reconciliation was done and the pensioners were found to have been paid the correct amount.

## **Committee Recommendations**

***The Accounting Officer should ensure that all records for payment of pensioners are made available and in-line with the requirements of Article 254(1) & (3) of the 1995 Constitution of Uganda (as amended).***

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#### **Query 1.4 Wrong computation of Gratuity**

The Audit Report noted that **UGX.1,617,616** was overpaid while **UGX.545,429** was underpaid.

The Accounting Officer explained that Computation of Gratuity is an IPPS system managed role, whereby data on the pensioner in terms of annual salary, length of service and mode of retirement are input and benefit calculation report is generated. He explained further that upgrade of the payroll system by the Ministry of Public Service was being piloted in selected districts.

#### **Committee Observation**

The Committee noted that this matter is cross cutting and affecting many Local Governments therefore, Ministry of Finance and Public Service needs to resolve these matters expeditiously.

#### **Committee recommendation**

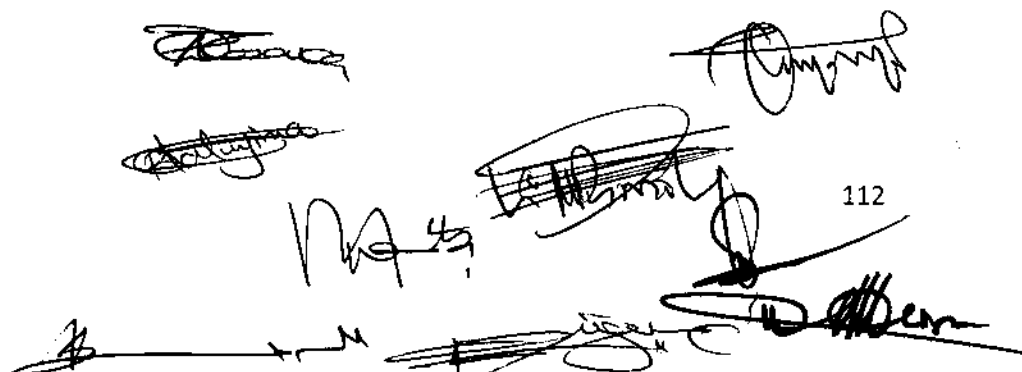
**The Committee recommends that;**

- (vii) The Accounting Officer be held personally liable and subjected to disciplinary measures for failure to reconcile the pensioners' benefits thus causing an underpayment.**
- (viii) The Accounting Officer, going forward, should carry out proper reconciliation before any payments are made to avoid such occurrences.**

#### **Query 1.5 Delayed deletion of staff from payroll.**

The Audit Report noted that **UGX. 3,071,907** was paid to 06 staff who had either retired, transferred, absconded or died.

The Accounting Officer explained that a circular on timely reporting of cases for deletion had been drawn to the attention of all heads of department and explained that;

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- i) O1 staff (Nakyanzi Annet) who died was paid Shs. 461,172 and the money would be recovered from gratuity.
- ii) O2 staff (Kunobwa Jackson and Mayanja Ismail) who absconded were paid Shs. 855,713 but efforts had been made to trace them in vain.
- iii) O3 staff Serunjogi Ndugwa, Nampuuga Mary and Woira were on transfer

The Accounting Officer further explained that Management had engaged all sector heads during technical planning meetings and communicated payroll management timelines to make them aware of the need to report timely on deletion of staff.

### **Committee Observation**

The Committee observed that the Accounting Officer contravened Section B-a (12) of the Uganda Public Standing Orders, 2010 that requires the payment of salary to public officers be stopped immediately they cease rendering services to Government, no matter the circumstances.

### **Committee Recommendation**

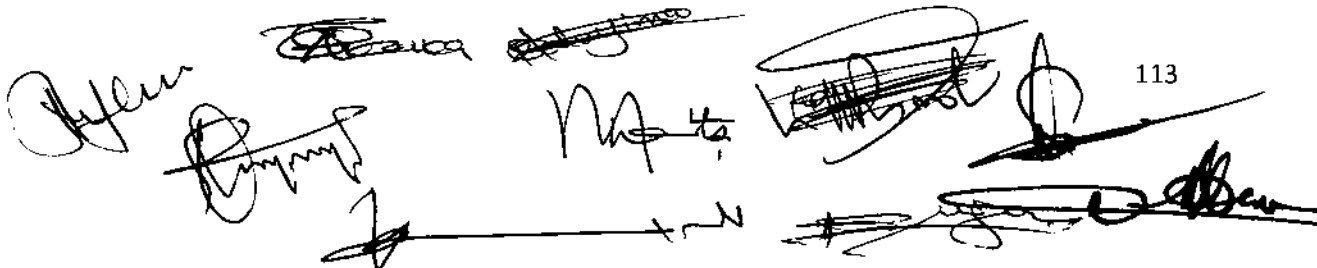
***The Committee recommends that;***

- (e) The PS/ST should reprimand the Accounting Officer and the Human Resource Officers and hold them personally liable for contravening Section B-a (12) of the Uganda Public Standing Orders, 2010.***
- (f) The Accounting Officer should ensure full recovery of UGX. 3,071,907 or make good the loss within three months from the adoption of this report.***

### **Query 2.0 Management of Payroll Deductions**

#### **Query 2.1 Over/Under remittance of deductions**

The Audit Report noted that whereas **UGX. 3,355,907,834** was deducted from employees' salaries to be remitted to different beneficiaries **UGX.**



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**3,362,373,800** was remitted leading to over/under remittance of **UGX. 7,849,624** and **UGX. 1,383,658** respectively.

The Accounting Officer explained that the overpayment to Uganda Revenue Authority of **UGX. 4,798,212** was an arithmetic error that will be reconciled with URA.

Over payment of LST of **UGX. 3,051,412** resulted from manual deductions due to non-deduction of LST from employees due to lack of code 250 in the months of July to Oct.

Under remittance of **UGX. 18,202** to UNATU and **UGX. 1,365,456** to Uganda Consumers and Lenders Association (UCLA) resulted from payroll inconsistencies between IPPS and IFMS.

#### **Committee Observation**

The Committee observed that there was an under remittance of **UGX. 1,383,658** and over remittance of **UGX. 7,849,624** to the different beneficiaries hence affecting the operations of those organizations.

#### **Committee Recommendation**

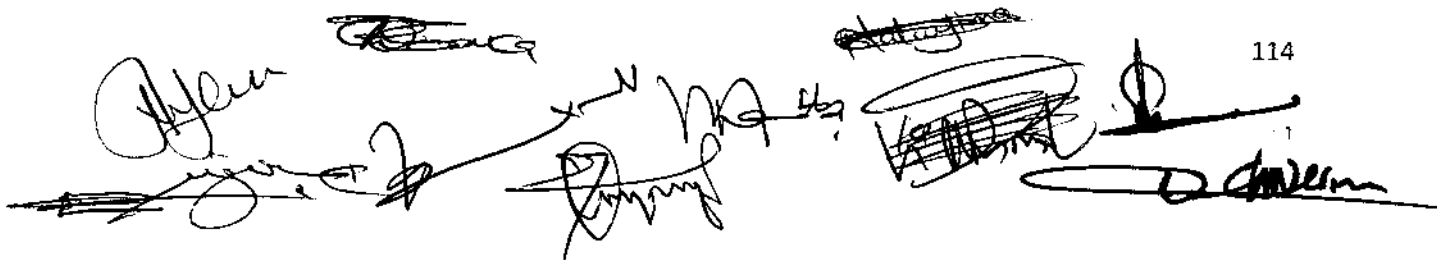
***The Committee recommends that;***

***The Accounting Officer carries out reconciliations before remitting the said money to beneficiaries to avoid underpayments and overpayments which have far reaching implications on the entity.***

#### **Query 2.2 Delayed remittance of deductions to UCLA/UBA.**

The Audit Report noted that the District made payroll deductions of **UGX. 752,386,037**, but did not remit concurrently with the salary payments in the 09 months.

The Accounting Officer regretted the delay and explained that emphasis has since been put on payment of salaries and deductions concurrently by Heads of Departments to avoid delayed remittances to UCLA/UBA. Additionally,

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monthly, Quarterly and Annual deduction analysis is currently being done to minimize the inconsistencies in deduction remittances.

***Committee Observation***

The Committee observed that the district delayed to remit deductions for the 09 months contrary to paragraph 4.6.1 of Establishment Notice No.2 of 2019.

***Committee recommendation***

***The Committee recommends that the Accounting Officer should ensure timely and concurrent remittance of deductions to avoid penalties and other implications.***

**Query 2.3 Delayed remittance of PAYE deductions to URA**

The Audit Report noted that there were delays in the remittance of PAYE deductions to URA in 2 months.

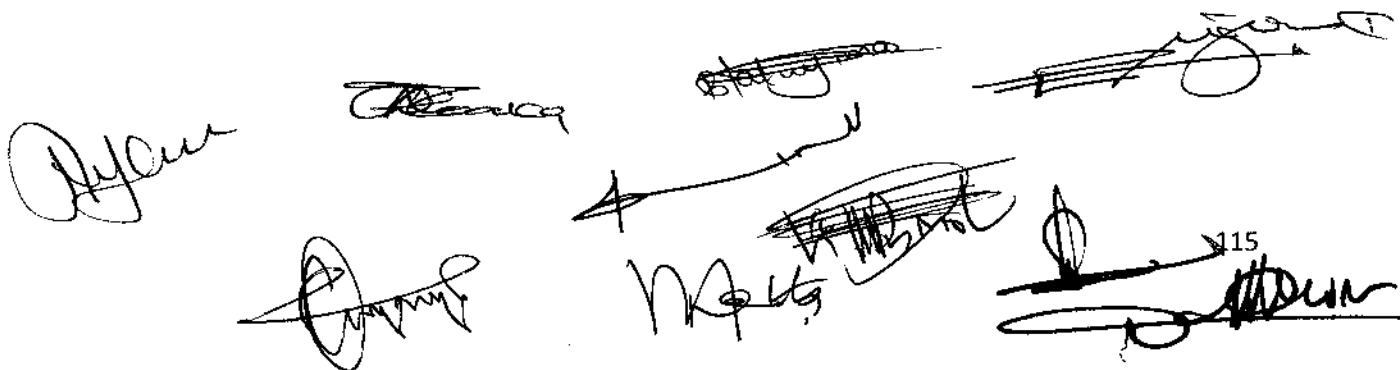
The Accounting Officer explained that emphasis is now put on payment of salaries and deductions concurrently by Heads of Departments to avoid delayed remittances to URA. Additionally, Monthly, Quarterly and Annual deduction analysis is currently being done to minimize the inconsistencies in deduction remittances.

***Committee Observation***

The Committee observed that the district delayed to remit PAYE to URA by 02 months contrary to Section 123(1) of the Income Tax Act of 1997 (as amended).

***Committee Recommendation***

***The Committee recommends that the Accounting Officer should ensure timely remittance of PAYE deductions to URA to avoid penalties.***



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#### **Query 2.4 Non deduction of PAYE from political leaders.**

The Audit Report noted that the District did not subject political leaders' gratuity totaling to **UGX. 33,814,107** to the computation of PAYE in IPPS, leading to an under deduction of **UGX. 10,167,632**.

The Accounting Officer acknowledged the gap and attributed it to IPPS system challenges.

#### **Committee Observation**

The Committee observed that although deductions of PAYE for political leaders was mandatory, the Accounting Officer had not effected the deductions contrary to Section 19(1)(a) of the Income Tax Act.

#### **Committee Recommendation**

***The Committee recommends that;***

- i) The Accounting Officer recovers the amount in question from the affected political leaders or make good the loss within three months of the adoption of this report.***
- ii) The PS/ST should reprimand the Accounting Officer and hold him personally liable for contravening Section 19(1)(a) of the Income Tax Act.***

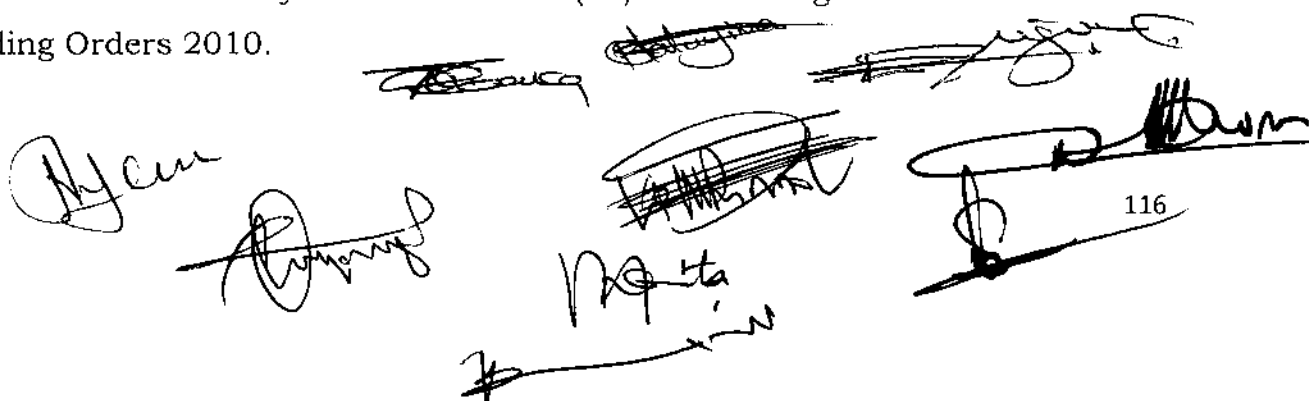
#### **Query 3.0 Access to Payrolls**

##### **Query 3.1 Delayed access to Salary Payroll**

The Audit Report noted that 76 newly recruited/ transferred employees delayed to access payroll.

#### **Committee Observation**

The Committee observed that the 76 staff delayed to access salary payroll for three months contrary to Section B-a(11) of the Uganda Public Service Standing Orders 2010.



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### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure that all newly recruited staff promptly access payroll.***

#### **Query 3.2 Delayed access to Pension payroll.**

The Audit Report noted that 14 pensioners delayed to access the pension payroll, with delays ranging between 3-6 months.

The Accounting Officer attributed the delays to IPPS system timelines, system failures and the lengthy process related to securing letters of Administration.

### **Committee Observation**

The Committee noted that although the said pensioners had challenges and delays, in accessing the pension payroll, corrective action had been under taken.

### **Committee Recommendation**

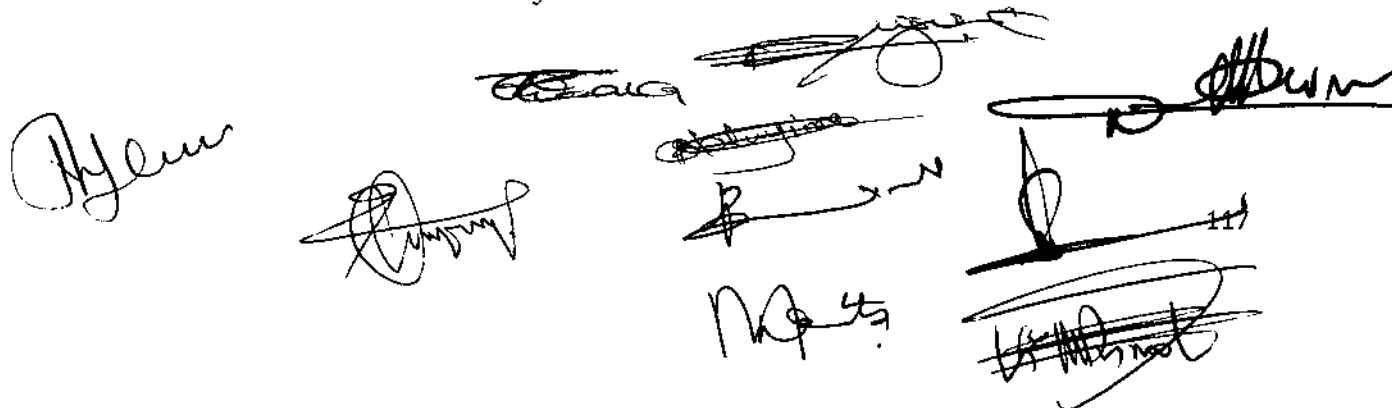
***The Committee recommends that the Accounting Officer should ensure that all pensioners promptly submit their documents in order to ensure expeditious access to the pension payroll.***

#### **Query 4.0 Internal Control Weaknesses.**

##### **Query 4.1 Monthly wage, pension and gratuity performance analysis and remittance of quarterly returns to MoPS.**

The Audit Report noted that Monthly wage, pension and gratuity performance analysis were not prepared and Quarterly returns on payroll to MoPS were not submitted.

The Accounting Officer regretted the anomaly and explained that subsequent submissions had been made timely to Ministries of Public Service and Finance.

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### **Committee Observation**

The Committee observed that failure to submit returns leads to accumulation of arrears and under absorption of wage, pension and gratuity.

The Committee observed that the district did not submit the report for FY 2020/21 contrary to paragraph 2.1 of Establish Notice No.1 of 2020.

### **Committee Recommendations**

***The Committee recommends that;***

- i) The PS/ST should reprimand the Accounting Officer and hold him personally liable for failure to perform his functions in line with paragraph 2.1 of Establish Notice No.1 of 2020.***
- ii) The Accounting Officer should ensure timely submission of reports to the respective Ministries.***

### **Query 4.2 Payments of salaries, pension & gratuity off IPPS**

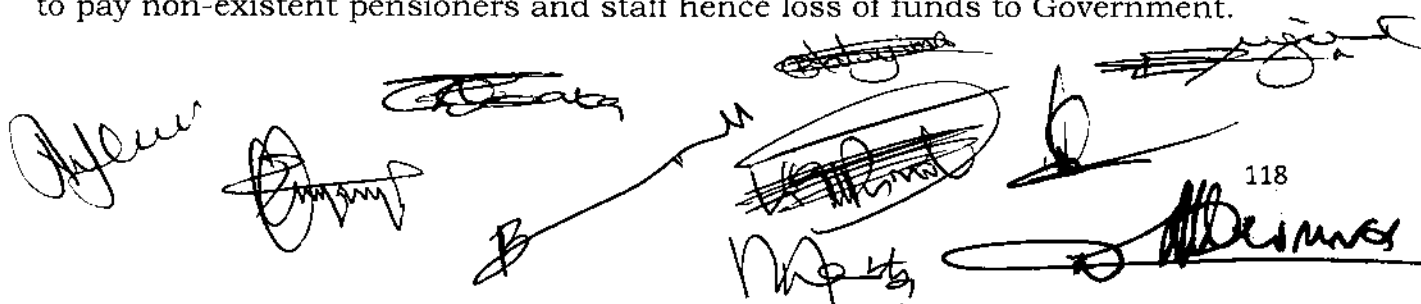
The Audit Report noted that 3 staff and 4 pensioners were paid a total of **UGX. 3,987,021** off the IPPS.

The Accounting Officer attributed this to inconsistencies between the IPPS payroll and IFMS payroll where some active records do not appear on the payment file without justification. Therefore, at the end of the FY, these records are paid to avoid accumulation of arrears and avoid the money from being swept back.

### **Committee Observation**

The Committee observed that payment off IPPS was irregular and contrary to paragraph 4.5 of Establishment Notice No. 2 of 2019.

The Committee also observed that payment off IPPS can be used as a conduit to pay non-existent pensioners and staff hence loss of funds to Government.

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### **Committee Recommendation**

**The Committee recommends that;**

- i) The PS/ST should reprimand the Accounting Officer and the Human Resource Officers and hold them personally liable for breach of the guideline as stipulated in paragraph 4.5 of the Establishment Notice No.2 of 2019.**
- ii) The Accounting Officer should desist from such irregularities to avoid causing financial loss to Government.**

### **Query 5.0 System related challenges**

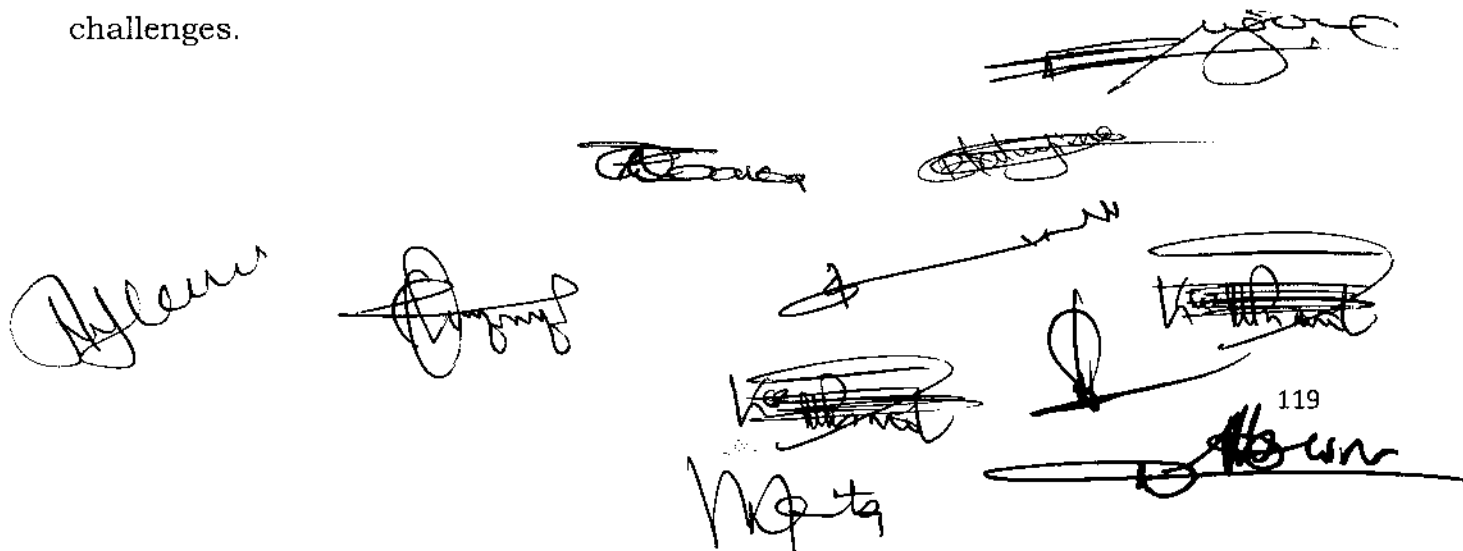
#### **Query 5.1 Effectiveness and reliability of the IPPS/NID interface**

The Audit report noted the following;

- (i) The system most times is affected by IPPS congestion especially during the last week of data capture.
- (ii) NID is sometimes not interfaced with IPPS especially for people who once had errors in names, dates of birth at registration.
- (iii) IPPS and NID interface is one of the key factors hindering timely access of staff on the payroll.

The ineffectiveness of the system affects the integrity of the IPPS payroll.

The Accounting Officer's attributed this to system challenges and explained that they would continue engaging relevant authorities to address those challenges.

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### **Committee Observation**

The Committee observed that;

- (vii) The interface was weak, an issue that cuts across all local governments.
- (viii) The Ministry of Public Service was frequently introducing new payroll management systems without taking into consideration the capacity of the officers to use the systems.

### **Committee recommendation**

**The Committee recommends that;**

- vii) The Accounting Officer ensures adequate capacity building plans for payroll management.**
- viii) The Committee recommends that the Ministry of Public Service develops a user-friendly payroll system and adequate plan for capacity building.**

### **Query 6.0 Transfers from other Government Units/Other Government Transfers.**

The Audit Report noted that UGX. 1,477,089,385 was budgeted, while UGX.757,515,298 (51.2%) was received less by UGX. 719,573,702.

The Accounting Officer explained that the Departments never received funds from Ministry of Finance and accordingly they couldn't transfer funds to lower local government due to COVID 19 outbreak which resulted into budget cuts centrally.



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### **Committee observation**

The Committee observed that;

- i) The shortfall in funds received affected the implementation of some planned activities.
- ii) The Covid-19 pandemic had adverse effects on releases and implementation of planned activities.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should develop mechanisms to widen their local revenue base to avoid over dependency on external financing.***

### **Query 6.1 Performance from external financing**

The Audit Report noted that UGX. 401,351,971 was budgeted and UGX. 208,677,641 (52%) was received.

The Accounting Officer explained that due to Covid-19 pandemic, partners' contributions couldn't reach the target.

***Refer to above query above for observation and recommendation.***

### **Query 6.2 Submission of Quarterly Performance Reports**

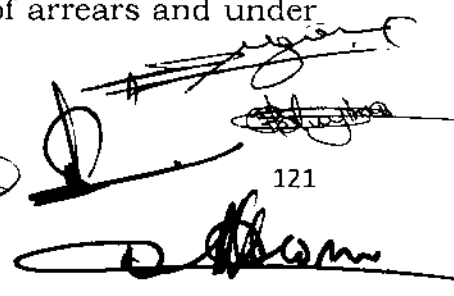
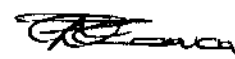
The Audit Report noted that the entity submitted performance reports after the deadline for Q1 to Q4.

The Accounting Officer explained that the entity delayed to submit performance reports due to system failures, however, subsequent submissions have been made timely to Ministries of Public Service and Finance.

### **Committee Observation**

The Committee observed that;

- i) Failure to submit returns leads to accumulation of arrears and under absorption of wage, pension and gratuity.



- ii) The district did not submit the report for FY 2020/21 contrary to paragraph 8.12 (4,5,6 ) of the Treasury Instructions 2017.

#### **Committee Recommendations**

**The Committee recommends that;**

- i) **The PS/ST should reprimand the Accounting Officer and hold him personally liable for contravening paragraph 8.12 (4,5,6 ) of the Treasury Instructions 2017.**
- ii) **The Accounting Officer should ensure timely submission of reports to avoid adverse effects on the budgeting processes.**

#### **Query 7.0 Gombe Hospital**

##### **Query 7.1 Lack of adequate medical equipment at the Hospital**

The Audit Report noted that out of the vital 74 pieces of the required equipment, the health facility had only 39 pieces of the equipment and lacked 35 medical equipment.

The Accounting Officer explained that the missing equipment was mainly in the neonatal unit and that they had budgeted and requested the Ministry for additional support.

#### **Committee Observation**

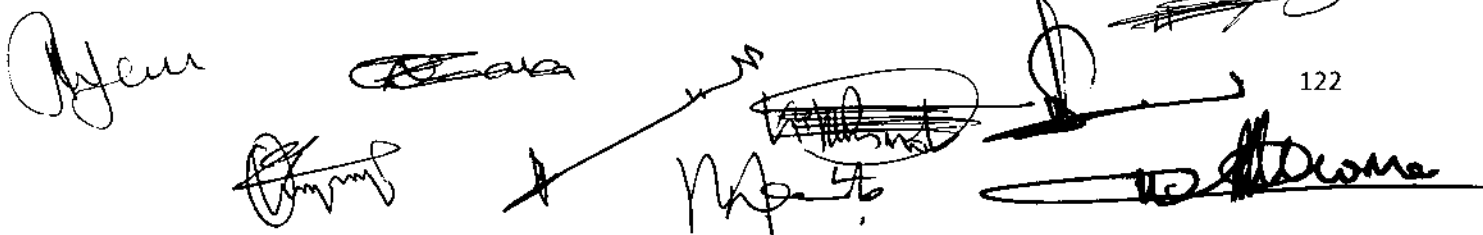
The Committee noted that;

- i) Steps had been undertaken to request for an ambulance, but the Ministry has since not taken action on this matter.
- ii) Much as some equipment had been bought there was need to provide additional equipment to ensure proper functionality of the facility.

#### **Committee Recommendations**

**The Committee recommends that;**

- i) **The Ministry of Health should provide an ambulance to help ease transportation of patients by next Financial Year.**



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- ii) ***The Accounting Officer should ensure that there is adequate budgetary provision for the procurement of the missing equipment.***

**Query 7.2 High and increased repair and maintenance costs for the medical equipment and Hospital Ambulance**

The Audit Report noted that the Health Facility incurred a lot of repairs and maintenance costs amounting to **UGX.30,567,000** to carry out regular maintenance of the available medical equipment and the Hospital old Ambulance.

The Committee was informed that the Accounting officer had written a letter to the Ministry of Health requesting for an ambulance for Gombe Hospital.

**Committee Observation**

The committee observed that;

- i) The existing ambulance was too old and costly to maintain.
- ii) The Ministry of Health had not responded to the request by the district to provide a new ambulance.

**Committee Recommendation**

***The Committee recommends that the;***

- i) ***Accounting Officer undertakes the process to have the old ambulance boarded off.***
- ii) ***Ministry of Health should prioritize the hospital in the allocation of ambulances that are in the pipeline.***

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## **VOTE 502 APAC DISTRICT LOCAL GOVERNMENT (Qualified Opinion)**

### **Basis for Issuance of Qualified Opinion**

#### **(1) Non recognition of advance payments to Contractors**

The entity paid a total Shs.1,197,441,431 to three Contractors; namely Bygon Enterprises Limited, KLR [U] Limited and Delmaw Enterprises Limited at contract sum of Shs.477,409,253, Shs.305,882,904 and Shs.414,149,184 respectively, to execute specific various contracts. Audit revealed that the total amount was not recognized under advances to form part of receivables in the statement of financial position.

*On whether the Accounting Officer was right to advance payments to contractors towards the close of the Financial Year 2020/21 without due diligence, the District Health Officer indicated and confirmed that works were completed and payment of advances to the Contractors was inevitable.*

#### **Committee Observation**

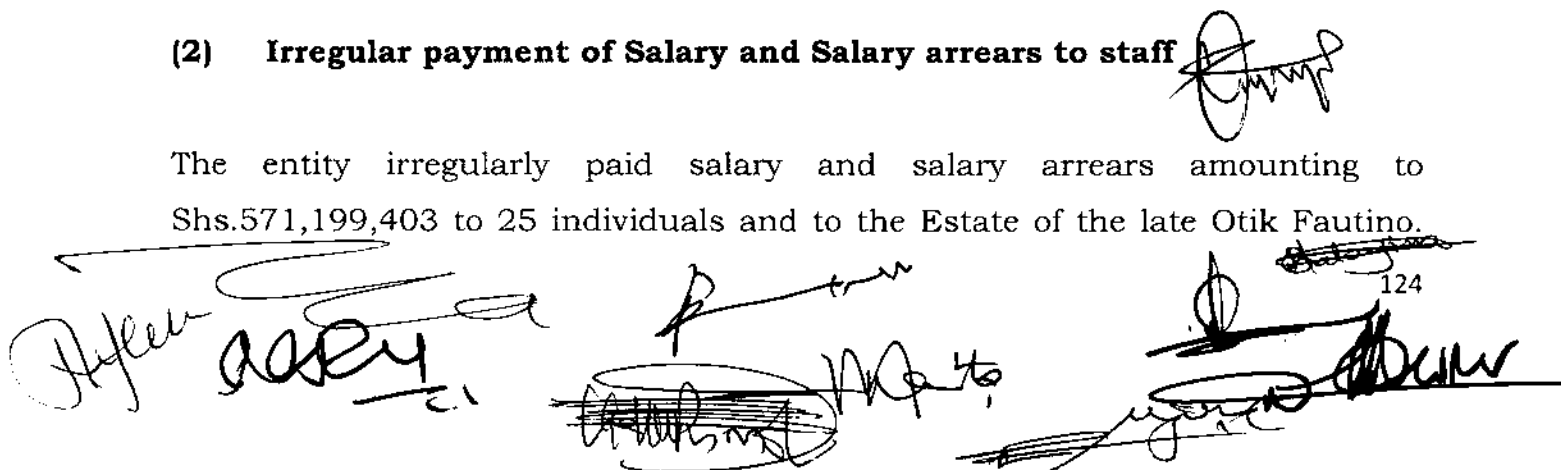
*The Committee observes that the payments to the Contractors were purposefully backed by ill-motives of defrauding Government.*

#### **Committee Recommendation**

*The Committee recommends that the Accounting Officer should recover the advances paid to the contractors.*

#### **(2) Irregular payment of Salary and Salary arrears to staff**

The entity irregularly paid salary and salary arrears amounting to Shs.571,199,403 to 25 individuals and to the Estate of the late Otik Fautino.



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Audit further revealed that the payments were not generated by the Human Resource Department.

### **Committee Observation**

*The Committee observes that the payment of salary and salary arrears without the requisite authorization was irregular and therefore not possible to ascertain whether it was made to the rightful beneficiaries.*

### **Committee Recommendation**

*The Committee recommends the CIID conducts further investigations into this payments with the view of prosecuting the established culprits.*

### **(3) Misclassification of Expenditure**

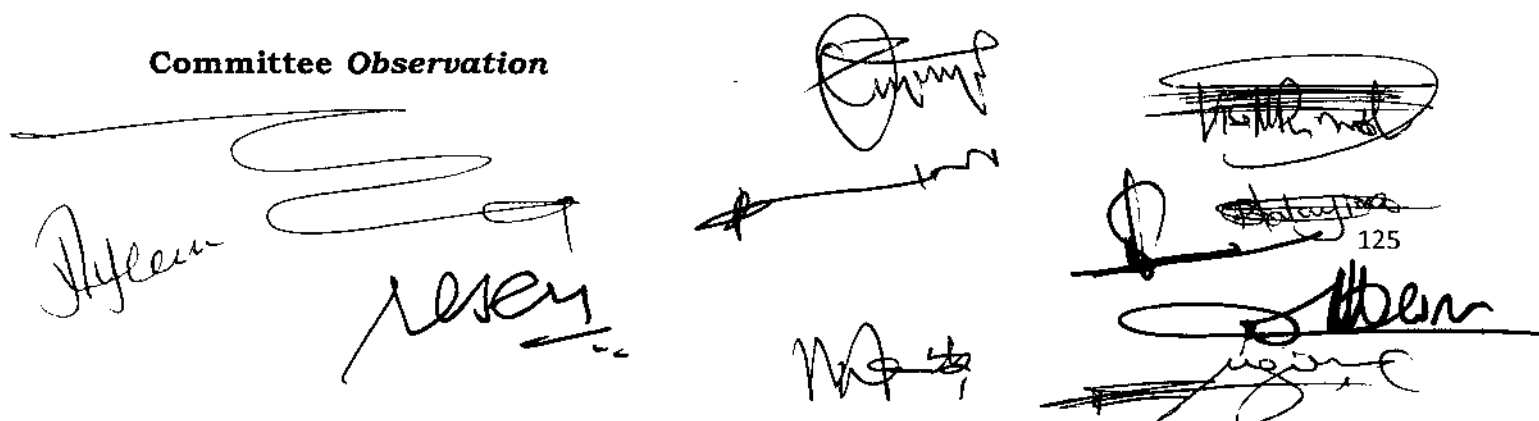
The entity mischarged Shs.413,137,977 on items which did not reflect the nature of the expenditure; which impacted on credibility of the financial statements.

Audit revealed that misclassification of expenditure impacts on the credibility of financial statements since the figures reported therein do not reflect the true amounts expended on the respective items.

The Accounting Officer stated that the entity had under taken corrective measures not to mischarge expenditures.

*The Committee advised the Accounting Officer to reflect the right account codes and items to charge at the time of planning and budgeting for the entity.*

### **Committee Observation**

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*The Committee observes that the Accounting Officer did not critically examine the account codes to be charged at the time of sanctioning or authorizing for payments.*

**Committee Recommendation**

*The Committee recommends that the Accounting Officer should always respect the budget allocations and ceilings under the account codes.*

*The Committee further recommends that the Accounting Officer should always seek for clarification from the Accountant General in the event of uncertainty on the account codes to charge.*

**(4) Erroneous Remittance of Deductions**

Audit revealed that without evidence of payroll deductions made for Apac Municipal Council, Apac Sub County, Chegere Sub County, Ibuje Sub County and Akokoro Sub County, the entity transferred Shs.60,468,750 from the wage provisions to the aforementioned entities without any justifications.

**Committee Observation**

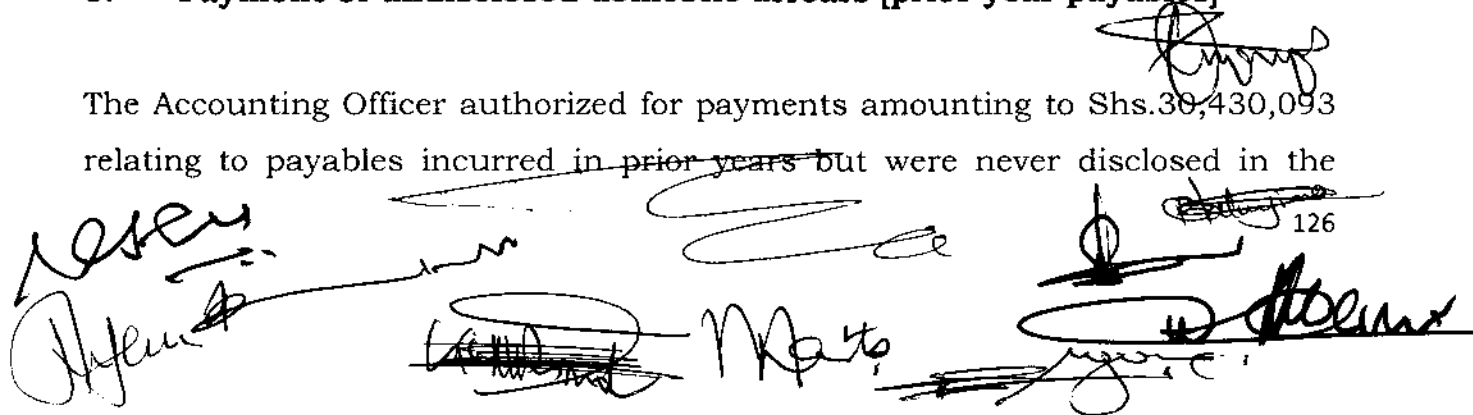
*The Committee observed that the creation of Kwanja District Local Government disrupted payroll deductions leading to erroneous remittances of funds.*

**Committee Recommendation**

*The Committee recommends that the Accounting Officer should reconcile the entities' payroll register to avoid possible cases of erroneous remittance.*

**5. Payment of undisclosed domestic arrears [prior year payables]**

The Accounting Officer authorized for payments amounting to Shs.30,430,093 relating to payables incurred in prior years but were never disclosed in the



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financial statements of the year ended 30<sup>th</sup> June, 2020; contrary to the Accountant General's advice.

Audit observed that there was overstatement of FY 2019/2020's net worth and overstatement of expenditures of FY 2020/21 by the same amount.

**Committee Observation**

*The Committee observes that the Accounting Officer has for two consecutive financial years not disclosed domestic arrears totaling Shs.30,430,093 in the financial statements*

**Committee Recommendation**

*The Committee recommends further investigations be carried out by the CIID with view of establishing possible fraud, for prosecution.*

**Query 1.0 Payroll Management at the District**

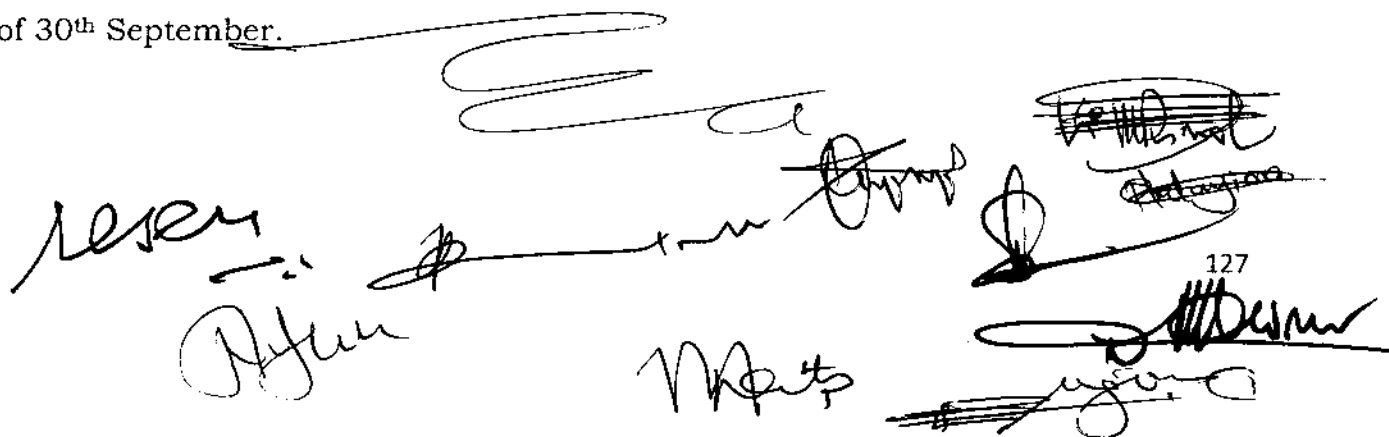
**Query 1.1 Submission of wage estimates**

The Audit Report revealed that the entity did not submit the wage estimates as required.

The Accounting Officer admitted to the audit findings; and undertook to take corrective action to adhere to Paragraph 2.2 of the Establishment Notice No.2 of 2019.

**Committee Observation**

The Committee observes that the Accounting Officer delayed by 41 days to submit wage estimates to the Ministry of Public Service after the required date of 30<sup>th</sup> September.

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### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure adherence to Paragraph 2.2 of Establishment Notice No.2 of 2019 on submission of wage estimates before 30<sup>th</sup> September.***

### **Query 1.2 Absorption of funds**

The Audit Report revealed that the entity received **UGX. 16,952,272,381**, and absorbed only **UGX.16,061,885,795** leading to an unspent balance of **UGX. 890,386,586** at the close of the financial year.

The Accounting Officer admitted to audit query; to which he attributed to the COVID 19 pandemic and the non-functionality of Apac District Service Commission at the time. The entity's staff structure was reported to have vacant staff positions; namely District Engineer, District Planner and the Human Resource Officer.

### **Committee Observation**

The Committee observed that the outbreak of the COVID-19 pandemic occasioned the under-absorption of funds.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should apply to Ministry of Finance, Planning and Economic Development to reallocate the funds to facilitate implementation of planned activities.***

### **Query 1.3 Over/Underpayment of Salary**

The Audit Report revealed that there were variances between amounts on the approved payroll and payments to individual employees leading to an over and under salary payment of Shs.168,951,417 and Shs.41,430,436 respectively.

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### **Committee Observation**

The Committee observed that there inadequacies in management of Apac District Local Government's payroll.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should adhere to the Auditor General's advice with Section B-a (7) of the Uganda Public Service Standing Orders, 2010.***

### **Query 1.4 Over/Under/Nonpayment of pension/gratuity**

The Audit Report revealed that there were variances between amounts on the approved payroll and payments to individual pensioners leading to over payment of Shs.764,207,203; contrary to Article 254(1) and (3) of the 1995 Constitution [as amended].

Audit further revealed that the entity accrued Shs.702,052,938 as pension that had not been paid to pensioners by the close of the year.

### **Committee Observation**

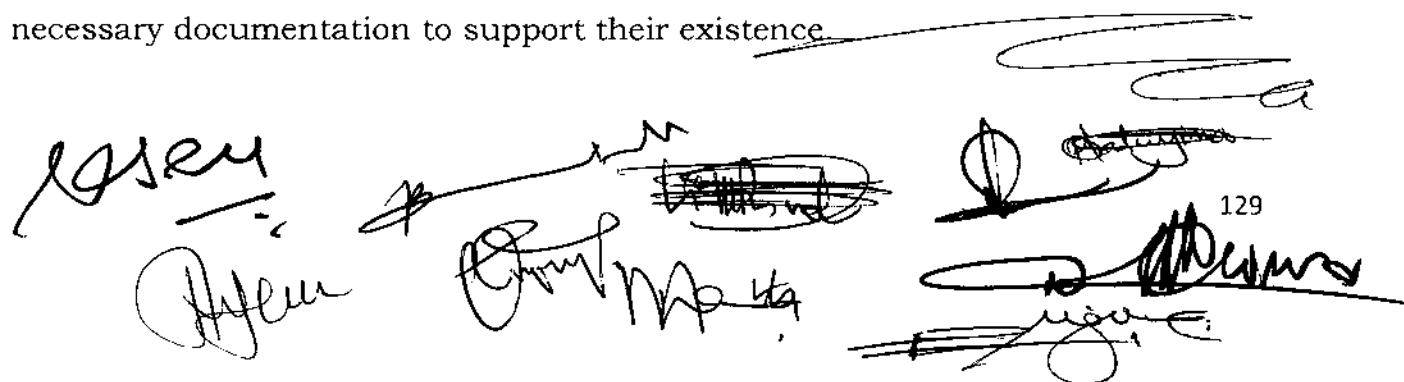
The Committee observed that there was poor management of pension payroll in Apac District Local Government.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure recovery of overpaid pension amounts from the affected retired staff.***

### **Query 1.5 Payment of nonexistent employees**

The Audit Report revealed that the entity paid Shs.4,084,006,413 to 748 non-existent staff; that were not on the IPPS payroll register and also lacked necessary documentation to support their existence

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The Accounting Officer attributed the anomaly to merger of the Apac District primary school teachers' payroll that was merged and migrated to Kwanja District Local Government since March 2020 to date.

### **Committee Observation**

The Committee observes that creation of new local governments disrupts and distorts payroll and human resource management functions of both the old and new local governments. For instance, staffs of either local governments could still feature on the payroll registers of the other local governments and their remuneration could be construed as paying ghost employees.

### **Committee Recommendations**

***The Committee recommends that;***

- i) With support from the Ministry of Public Service, the Human Resources Officers/Accounting Officers of the District Local Governments of Apac and Kwanja, should disaggregate staff lists with the view of confirming staff that are in the service of their respective local governments.***
- ii) The Office of the Auditor General conducts forensic audit on payroll registers of the District Local Governments of: Apac and Kwanja, with a view of ascertaining whether the actual payments were made to existing employees or not.***

### **Query 1.6 Payment of nonexistent pensioners**

The Audit Report revealed that the entity paid **UGX.1,394,786,686** to 106 purported pensioners that were neither on the IPPS payroll register nor possessed the necessary documents to support their existence; contrary to Section (L-b)(2) of Uganda Public Service Standing Orders, 2010.

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The Accounting Officer informed the meeting that the entity had close to 750 retired staff, further stating that upon the release of the pension file from Kwanja District he would conduct verification of the retired staff.

#### **Committee Observation**

The Committee observes that creation of new local governments disrupts and distorts pension payroll management functions of both the old and new local governments.

#### **Committee Recommendation**

***The Committee recommends that the Accounting Officers of the District Local Governments of: Apac and Kwanja, should harmonize their respective entities' pension payrolls and eventually recover any erroneously paid pension.***

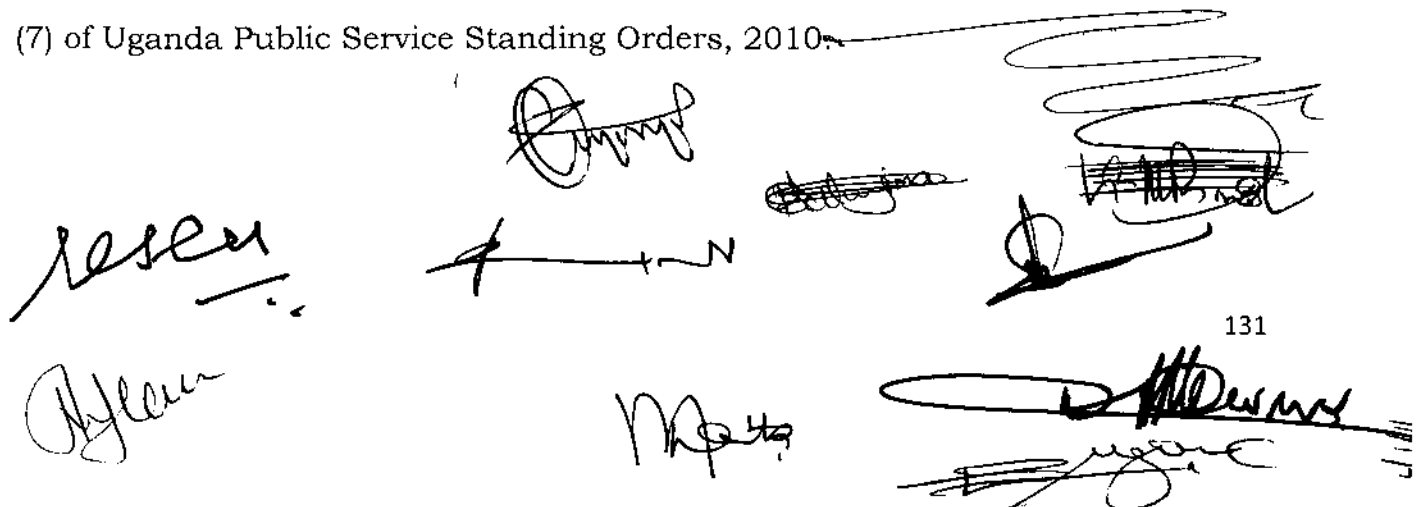
#### **Query 1.7 Payment of Salary using wrong scales**

The Audit Report noted that the entity paid salaries to 18 employees using wrong salary scales leading to overpayments of Shs.1,517,904 contrary to Section B-a (6) and (7) of Uganda Public Service Standing Orders, 2010.

The Accounting Officer attributed this to the IPPS inadequacies where primary school teachers' quotas on IPPS were insufficient in comparison with the approved establishment.

#### **Committee Observation**

The Committee observed that payment of employees' salaries by the Accounting Officer without following the right salary scales contravenes Section B-a (6) and (7) of Uganda Public Service Standing Orders, 2010.



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### **Committee Recommendation**

**The Committee recommends that;**

- (a) that the Accounting Officer should recover Shs.1,517,904 from the respective recipients; and**
- (b) that the Accounting Officer should always ensure that salary amounts are reconciled to salary scales before payments are made.**

### **Query 1.8 Delayed deletion of staff from payroll**

The Audit Report noted that the entity delayed to delete 2 staff who had either retired, transferred, absconded or died, from the salary payroll contrary to Section B-a (12) of the Uganda Public Service Standing Orders, 2010, thus leading to illegal payment of Shs.2,257,209.

The Accounting Officer explained that all records for the 2 staff who had resigned their positions were deleted in time; and that their files were available. However, the said files were not availed for audit verification.

### **Committee Observation**

The Committee observed that the records of the said 2 officers were not deleted in time as required under Section B-a (12) of the Uganda Public Service Standing Orders, 2010

### **Committee Recommendation**

**The Committee recommends that;**

- i) The Accounting Officer recovers Shs.2,257,209 illegally paid to the 2 staff.**
- ii) The Accounting Officer should ensure timely deletion of all staff who either retire, resign, die or abscond from duty.**

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*132*

## **Query 2.0 Management of Payroll Deductions**

### **Query 2.1 Over/Under/Non-remittance of deductions**

The Audit Report noted that the entity deducted **UGX.1,461,588,003** from employees' salaries for remittance to different beneficiaries. However, **UGX. 2,357,026,039** was remitted leading to an over remittance of **UGX. 906,079,942**. The Report also revealed that there was an obligation of UGX.10,641,906 created at the close of year which may give rise to penalties and fines.

The Accounting Officer attributed the over-remittance to the merger of payroll registers of Apac and Kwanja District Local Governments which were made from primary teachers who appeared under Kwanja District Local Government payroll register whose deductions were extracted and paid as required.

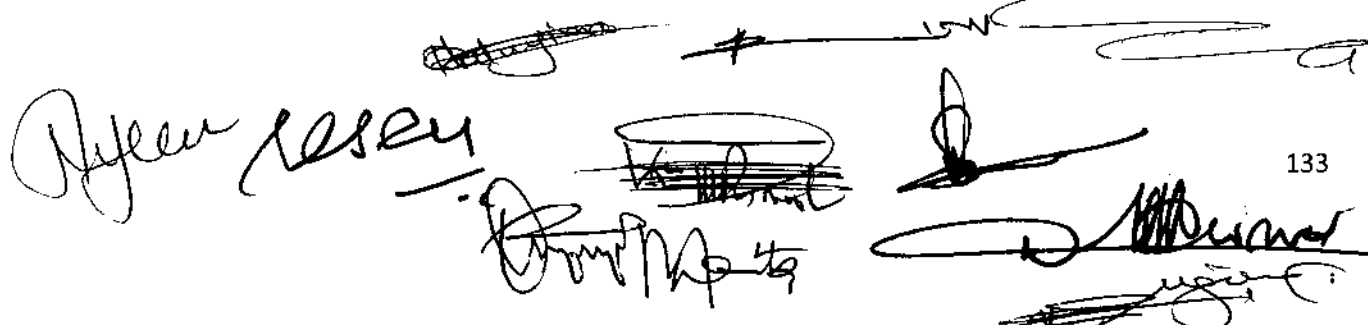
### **Committee Observation**

The Committee observed that the over remittance of **UGX. 906,097,942** [URA **UGX. 472,266,424**; District General Fund Account **UGX. 362,500**; UNATU **UGX. 23,656,788**; UCLA **UGX. 409,794,230** was occasioned by the failure of Apac and Kwanja District Local Governments to streamline their respective payrolls.

### **Committee Recommendation**

**The Committee recommends that;**

- i) Apac and Kwanja District Local Governments should expeditiously harmonise their respective payrolls in order to forestall the same situation from happening in future.**
- ii) The Accounting Officer recovers the Shs.906,097,942 erroneously remitted to URA, the District General Fund Account, UNAT and UCLA.**

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### **Query 2.2 Unauthorised loans deductions**

The Audit Report noted that the entity made unauthorized loan deductions of Shs.35,749,336 from 20 employees that neither had letters of undertaking nor existed in the 'active deduction' or the 'my approval' reports on the PDSM-Payroll Deduction Management System.

### **Committee Observation**

The Committee observed that the unauthorized loan deductions were as a result of direct collaboration between the affected staff and the lending agencies outside the knowledge of the Accounting Officer.

### **Committee Recommendation**

***The Committee recommends that;***

- i) Every lending agency should sign memoranda of understanding with local governments before entering into any lending transactions with the staff.***
- ii) All loan applications initiated by the borrowers should be approved by the Accounting Officer.***

### **Query 2.3 Delayed/non-remittance of deductions of UCLA/UBA**

The Audit Report noted that the entity made payroll deductions of Shs.289,000,000 and delayed to remit the same to UCLA/UBA for a period of up to 24 days, contrary to Paragraph 4.6.1 of Establishment Notice No.2 of 2019 which requires payroll deductions to be remitted concurrently with salary payments.

The Accounting Officer reported that the delays were due to the erroneous merger of the payrolls of Apac and Kwanja District Local Governments making it difficult to verify and extract beneficiaries who were eligible.

### **Committee Observation**

The Committee observes that delayed remittance of deductions to UCLA/UBA contravenes Paragraph 4.6.1 of Establishment Notice No.2 of 2019 which affects the operations of these institutions.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should ensure that remittances to UCLA/UBA are done concurrently with salary payments.***

### **Query 2.4 Delayed/non-remittance of PAYE deductions to URA.**

The Audit Report noted that the entity made PAYE deductions of Shs.1,127,774,290 but delayed to remit the same to Uganda Revenue Authority for a period of up to 22 days.

The Accounting Officer stated that the delays were occasioned by the erroneous merger of the payrolls of Apac and Kwanja District Local Governments making it difficult to verify and extract beneficiaries who were eligible.

### **Committee Observations**

The Committee observed the following:

- (c) Delayed and non-remittance of deductions to URA was a breach of Section 123(1) of the Income Tax, 1997 as amended.
- (d) Apac District Local Government risks being subjected to penalties associated with failure to remit PAYE to URA within the statutory timelines.

### **Committee Recommendations**

**The Committee recommends the following:**

- (a) That the Accounting Officer should liaise with Ministry of Public Service to streamline the payroll.**
- (b) The Accounting Officer for Apac District Local Government should adhere to the Auditor General's advice to ensure timely remittance of PAYE to URA.**

### **Query 2.5 Non deduction of PAYE from political leaders.**

The Audit Report noted that entity did not subject political leaders' gratuity totaling to **Shs.6,392,307** to computation of PAYE in IPPS, leading to an under deduction of **Shs.7,747,080**, contrary to Section 19(1)(a) of the Income Tax Act.

The Accounting Officer attributed the non-deduction of PAYE from political leaders to the lack of clear guidance from the Ministry of Public Service.

### **Committee Observation**

The Committee observed that the PAYE from political leaders' gratuity was not subjected to computation of PAYE contrary to Section 19(1)(a) of the Income Tax as amended due to limited guidance from Ministry of Public Service.

### **Committee Recommendation**

**The Committee recommends that Ministry of Public Service should automate the payment system to provide for deduction of PAYE from political leaders' gratuity.**

### **Query 3.0 Access to Payrolls:**

#### **Query 3.1 Delayed access to Salary payroll**

The Audit Report noted that the entity failed to facilitate 11 newly recruited employees to access the salary payroll for a period of up to 6 months, contrary



to Section B-a (11) of the Uganda Public Service Standing Orders, 2010 that requires Accounting Officers to ensure that public officers access the payroll within four (4) weeks from the date of assumption of duty.

The Accounting Officer attributed the delayed access to salary payroll to the delay in obtaining TIN and supplier numbers for newly recruited employees.

### **Committee Observation**

The Committee observed that the Accounting Officers did not provide adequate support and guidance to newly appointed staff to enable them access the salary payroll.

### **Committee Recommendations**

***The Committee recommends that:***

- (v) The Accounting Officer should in future, ensure to adhere to Section B-a (11) of the Uganda Public Service Standing Orders which require Accounting Officers to ensure that public officers access the payroll within four (4) weeks from the date of assumption of duty;***
- (vi) The Accounting Officer should ensure payment of salary arrears to newly appointed staff that accrued from delayed access to payroll.***

### **Query 3.2 Delayed access to Pension Payroll**

The entity failed to facilitate one pensioner to access the pension payroll for a period of up to 3 months, as required under Paragraph 5.1 of Establishment Notice No.1 of 2020 which requires responsible officers to initiate and complete the processing of retirement benefits within six months to the mandatory retirement date.

The Accounting Officer attributed the delay to settle pension claims to non-appearance of the pensioners on Apac District Local Government payroll register which made it difficult to verify.

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### **Committee Observation**

The Committee observed that expeditious access to the pension payroll requires collaborative efforts between the entity management and retired staff.

### **Committee Recommendation**

**The Committee recommends that;**

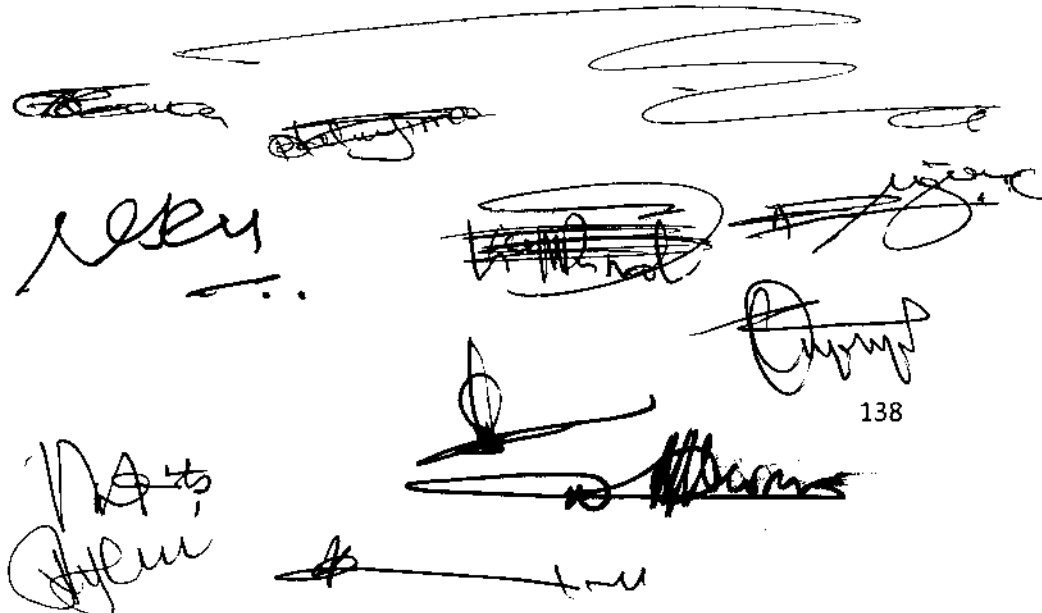
- (f) The Accounting Officer should adhere to Section B-a (11) of the Uganda Public Service Standing Orders, 2010 which bestows on the responsible officers the responsibility of initiating and completing the processing of retirement benefits within six months to the mandatory retirement date; and**
- (g) The Accounting Officer should ensure that the processing of pension arrears that accrued on account of delayed access to the Pension Payroll is expedited.**

### **Query 4.0 Internal control weaknesses**

#### **Query 4.1 Payroll changes not supported by signed pay change reports.**

The Audit Report revealed that the entity paid salaries worth Shs.210,381,853 to 98 employees without signed pay change reports, contrary to Section 6.2.1 of Guidelines and Procedures for decentralized Payment Processing, 2014 which requires that any changes on the payroll should be supported by pay change reports.

The Accounting Officer attributed the audit query to factors ranging from duplicate records, refund of excessive loan deductions to erroneous double payments.

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### **Committee Observations**

The Committee observed the following:

- (a) That the Accounting Officers disregarded the Guidelines and Procedures for Decentralized Salary Payment Processing, 2014 and effected payments to staff.
- (b) Salary payments made without signed pay change reports could lead to system abuse, inaccuracies and flaws in the salary administration policies of the different local governments.

### **Committee Recommendations**

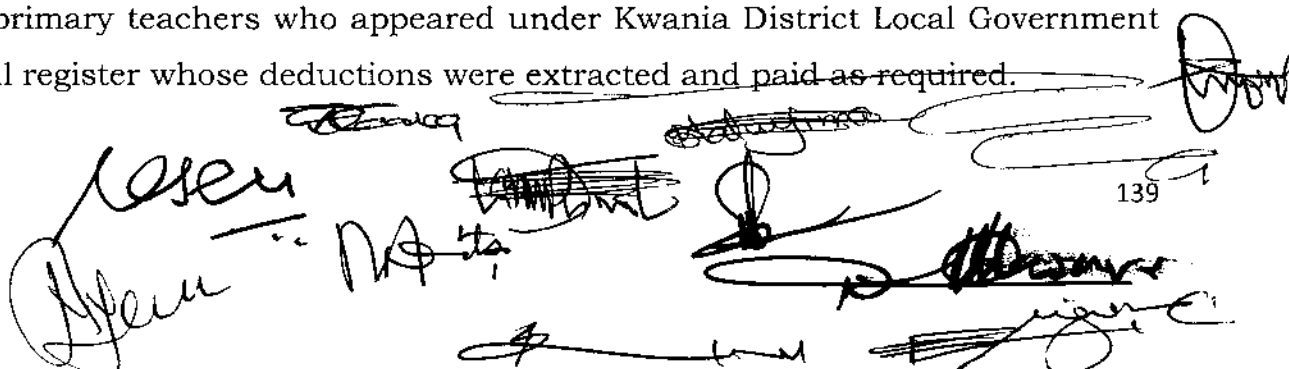
***The Committee recommends that the Accounting Officers should in future, adhere to Paragraph 6.2.1 of the Guidelines and Procedures for decentralized Salary Payment Processing, 2014.***

### **Query 4.2 Monthly wage, pension and gratuity performance analysis and remittance of quarterly returns to MoPS.**

The Audit Report revealed that the entity did not prepare monthly wage, pension and gratuity performance analysis; and thus did not submit quarterly returns on payroll to Ministry of Public Service, contrary to Paragraph 2.1 of Establishment Notice No.1 of 2020.

The Accounting Officer attributed the anomaly to challenges in analyzing the District Local Government's payroll on a monthly basis since the District had only 45% of its staff on its payroll register because all the primary school teachers were wrongly merged on Kwanja District Local Government payroll register by Ministry of Public Service.

The Accounting Officer attributed the over-remittance to the merger of payroll registers of Apac and Kwanja District Local Governments which were made from primary teachers who appeared under Kwanja District Local Government payroll register whose deductions were extracted and paid as required.



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### **Committee Observation**

The Committee observed that the failure to disaggregate the payroll registers of Apac and Kwanja District Local Governments was responsible for the anomalies in the payroll management at the time of audit.

The Accounting Officer did not submit the monthly wage pension and gratuity performance analysis for the year under review.

### **Committee Recommendation**

*The Committee recommends that for subsequent financial years, Accounting Officers should adhere to Paragraph 2.1 of Establishment Notice No.1 of 2020 so as to avoid cases of accumulated arrears and under absorption of wage, pension and gratuity budgets.*

### **Query 4.3 Validation of employees, pension, pensioners/beneficiaries on the IPPS against the NIRA Interface.**

The Audit Report revealed that verification forms and copies of the verification cards for all employees and all pensioners/beneficiaries were not on their files.

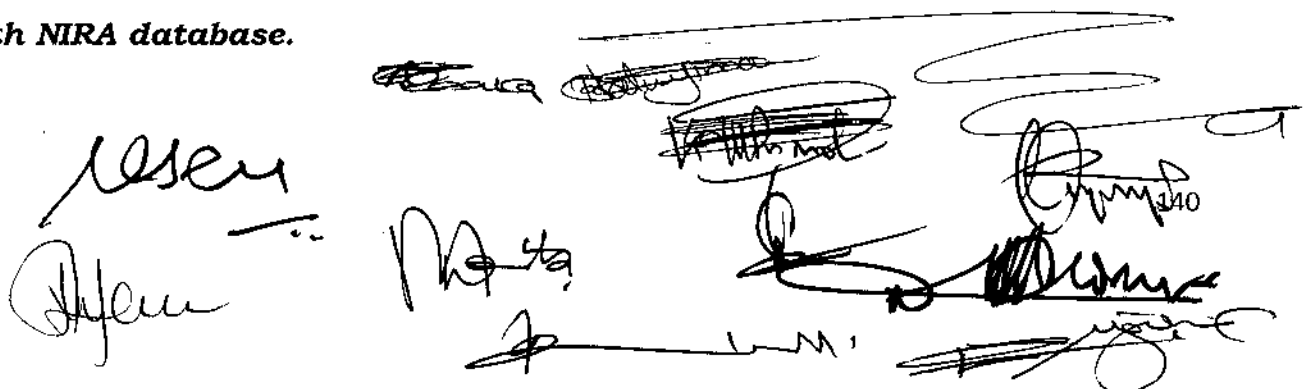
The Accounting Officer explained that no pension processing could proceed without a validation except that the validation reports were not printed and attached.

### **Committee Observation**

The Committee observed that at the time of audit many staff had inconsistencies in their records on the IPPS and those at NIRA.

### **Committee recommendation**

*The Committee recommends that for any recruitment and staff appointments, the Accounting Officer should ensure that the information provided by the applicant is consistent with the information available with NIRA database.*

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## **Query 5.0 System related challenges**

### **Query 5.1 Inconsistencies between MoPS and entity payroll registers.**

The Audit report revealed there were variances of Shs.5,085,389,132 between the figures in the Ministry of Public Service IPPS and entity payroll register.

The Accounting Officer explained that the general concern was that Apac District Local Government primary teachers' payroll was merged and migrated to Kwania District Local Government since March 2020 to date; and for other cases other than primary teachers, responses are against each individual records but not evidence was availed for verification.

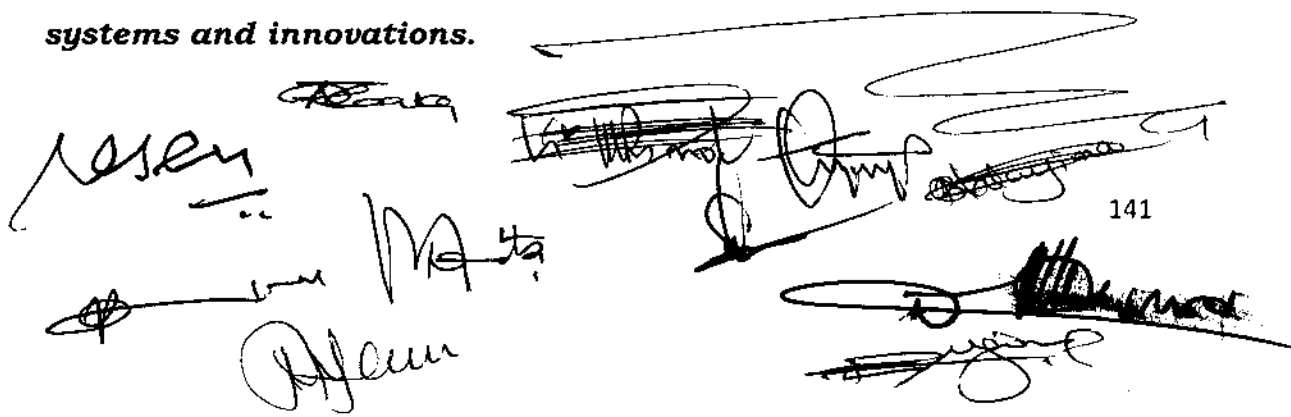
### **Committee Observation**

The Committee observed that inaccuracies and inconsistencies between the Ministry of Public Service IPPS and the Entities' Payroll Registers was a recipe for manipulation and possible commission of fraud against Government employees.

### **Committee Recommendations**

**The Committee recommends that;**

- i) The Accounting Officers should conduct regular checks on the two systems/databases to ensure accuracy and consistency.**
- ii) Ministry of Public Service should develop an integrated system to cover all functions of Human Resource, Finance and other related functions to curb disjointed management systems.**
- iii) The Accounting Officer should do due diligence on entity staff charged with the responsibility of payroll management.**
- iv) The Accounting Officer should arrange for regular training and/or capacity development among the entity staff on new systems and innovations.**



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The Audit Report revealed a number of issues that inhibited the effective performance of the IPPS/NID interface.

### Committee Observation

### Committee Recommendation

**Query 6.0: Misleading commentary on the Financial Statements by the Head of Finance.**

The Accounting Officer acknowledged the anomaly and promised to have the accounts adjusted. However, the adjustment had not been made by the time of the audit report.

The Committee observed that the commentary by the Head of Finance was misleading that it had a potential of giving a wrong impression about the entity's financial position.

financial position.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should always adhere to the guidance given by the Accountant General on the preparation of financial statements.***

### **Query 7.0 Outstanding Payables**

The Audit Report noted that the entity has long standing payable balance amounting to **UGX.1,116,111,859** [Deposits of **UGX.752,976,459**, sundry creditors of **UGX.236,996,000** and pension liability of **UGX.126,139,400**. Audit revealed that out of the outstanding payable balance of **UGX.1,116,111,859**, **UGX.1,083,618,859** related to previous financial years.

***The Accounting Officer did not present any responses to the audit query.***

### **Committee observation**

The Committee observed that the Accounting Officer was reluctant to recover the funds as the query has been outstanding for years.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should budget for settlement of residual payables to avoid litigation from affected creditors.***

### **Query 8.0 Outstanding Receivables**

The Audit Report noted that the entity has long outstanding receivables amounting to **UGX.1,601,547,743** **UGX.721,547,743** as advances; and **UGX.880,000** as other accounts receivable].

The Accounting Officer informed the meeting that the entity awaited receivables in respect of court cases where the judgment was passed in its favor.

### **Committee Observation**

The Committee observed that there was laxity by the Accounting Officer to follow up with debtors to ensure settlement of their respective obligations.

### **Committee Recommendation**

***The Committee recommends that;***

- i) The Accounting Officer makes recoveries of the advances from respective officers.***
- ii) The Accounting Officer should expeditiously follow up the outstanding receivables from the debtors.***

### **Query 9.0 Apparent Loss of Local Revenue from sale of Ibuje Rock.**

The Audit Report noted that the Accounting Officer and the Senior Administrative Secretary [SAS] of Ibuje Sub County, on behalf of the two entities entered into a contract with M/S Matrix Lands Limited to use Ibuje Rock for stone quarrying at a contract sum of Shs.105,000,000 for a period of 40 months without following procurement procedures as prescribed by the PPDA. This culminated into loss of revenue to the entity as there was no competition and any form of procurement forms.

Audit further noted that out of the Shs.105,000,000 received by Ibuje Sub County, only Shs.30,000,000 was remitted to the District Cash Account [Imprest Account] instead of remitting the full Shs.105,000,000 to Apac District General Fund Account as required by the circular issued by the Permanent Secretary/Secretary to Treasury. The balance of Shs.75,000,000 was purportedly retained by the sub-country contrary to the budget execution circular. The remittance of Shs.30,000,000 was irregularly remitted to Apac District Cash Account [Imprest Account] instead of Apac District General Fund Account implying that this revenue was not included in the reported local revenue of the District for the year. The funds were also not accounted for as

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the bank statements for the cash account and the cashbook were not provided for audit.

The Accounting Officer informed the meeting that the matter on the sale of Ibuje Rock in Apac District was under investigations by the Inspectorate of Government.

### **Committee Observation**

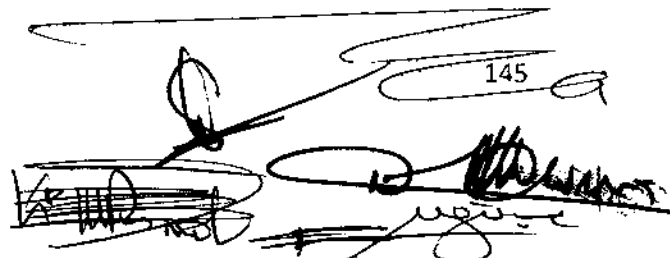
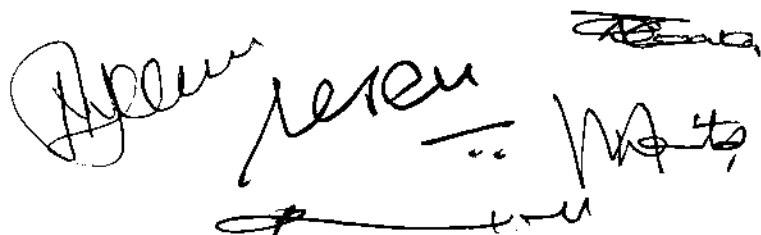
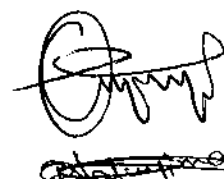
The Committee observed the following:

- (i) That the Accounting Officer did not retain the services of the Chief Government Valuer to determine the value of Ibuje rock before disposal;
- (ii) That the Accounting Officer did not follow the procurement process in the sale of Ibuje Rock;
- (iii) That the Accounting Officer did not remit the full amount of money received from the sale to the District's General Fund Account as required by the circular issued by the Permanent Secretary/Secretary to Treasury;
- (iv) That the Accounting Officer remitted Shs.30,000,000 received from the sale of the rock irregularly to the District Cash Account [Imprest Account] instead of the District General Fund Account; and
- (v) That the Accounting Officer remitted to the District Cash Account only Shs.30,000,000 representing 28.57% of the total revenue collected from the sale of the rock, instead of the mandatory 35% which would be Shs.36,750,000.

### **Committee Recommendations**

*The Committee recommends the following:*

- (i) *That the Accounting Officer should always ensure that the services of the Chief Government Valuer are obtained before*



**disposal of any real assets or property owned by local governments.**

- (ii) That the Accounting Officer should always adhere to the requirements of the PPDA Act in the disposal of government property.**
- (iii) That the Accounting Officer should always adhere to the requirements of the circular issued by the Permanent Secretary/Secretary to Treasury on accounts being used in respect of government transactions.**
- (iv) That the Accounting Officer should remit the outstanding Shs.6,750,000 to the District General Fund Account to make up the 35% requirement of royalties as required under Section 85(3) of the Local Government Act, 1997 as amended.**

#### **Query 10.0 Garnished Funds/Withdrawal on Apac General Fund Account.**

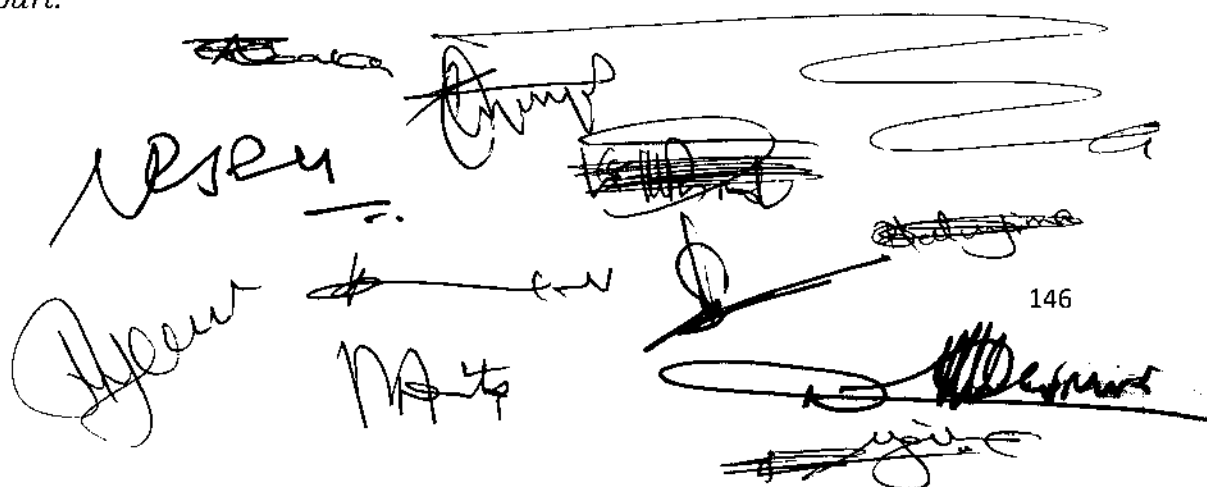
The Audit Report revealed that the entity parted with Shs.6,200,000 off its General Fund in respect of a court case filed against it by Mr. Omara Charles, details of which were not availed for audit. Audit further revealed that on 29<sup>th</sup> January 2021, the entity paid Mr. Odora Denis Shs.3,000,000 outside IFMS.

#### **Committee Observation**

The Committee observes that the matter was under adjudication by court.

#### **Committee Recommendation**

The Committee recommends that Parliament should await determination of the matter by court.



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### **Query 11.0 Implementation of the approved budget**

#### **Query 11.1 Existence of Strategic Plans that are aligned to NDP III.**

Audit revealed that the entity had prepared a Strategic Plan and awaited certification by National Planning Authority [NPA] before formulation of annual plans to achieve the objectives of NDPIII.

The Accounting Officer explained that the plan was submitted to NPA for certification and will be aligned to NDP III.

#### **Committee Observation**

The Committee observed that the plan was submitted to NPA, but the review had not been done.

#### **Committee Recommendation**

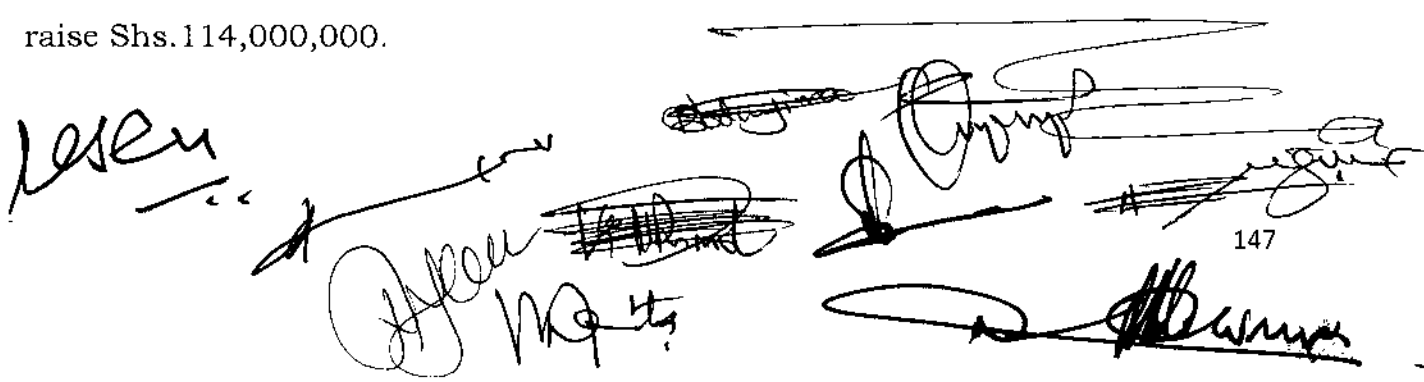
***The Committee recommends that;***

- (i) The Accounting Officer should continuously follow up on the review of the draft plans.***
- (ii) NPA should establish an effective mechanism of timely review and feedback to the local governments to facilitate timely approval.***

#### **Query 11.2 Local Revenue Performance**

The entity budgeted to collect Shs.469,382,716 as local revenue during the year under review, but only collected Shs.207,094,928, leading to revenue shortfall of Shs.262,287,788.

On amounts the entity projected to collect during the financial year, the Accounting Officer indicated that Shs.436,000,000 was projected to be mobilized during the financial year 2020/21 but the entity only managed to raise Shs.114,000,000.



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### **Committee Observation**

The Committee observed that the shortfall in the collection was attributed to the COVID-19 pandemic.

### **Committee Recommendation**

*The Committee recommends that the Accounting Officer institute strategic mechanisms that would boost a revenue collections in Apac District Local Government.*

### **Query 11.3 Performance of GoU receipts [Transfers from the Consolidated Fund]**

The entity budgeted to receive Shs.34,253,246,174 [revised] as grants from the Treasury; however only Shs.24,585,072,845 was received.

### **Committee observation**

The Committee observed that the Covid-19 pandemic occasioned budget cuts across government institutions thereby affecting performance of government receipts.

### **Committee Recommendation**

*The Committee recommends that the Accounting Officer should adhere to the Auditor General's advice to engage the Permanent Secretary/Secretary to Treasury to ensure that all revenues are availed to the entity as planned.*

### **Query 11.4 Transfers from other Government Units/Other Government Transfers**

The entity budgeted to receive Shs.8,361,537,916 as transfers from other Government Units; namely Northern Uganda Social Action Fund [NUSAF], Support to PLE [UNEB], Uganda Road Fund [URF], Uganda Women

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Entrepreneurship Program [UWEP], Neglected Tropical Diseases [NTDs], Agriculture Cluster Development Project [ACDP] and Results-Based Financing [RBF]; however only Shs.973,487,000 was received.

#### **Committee Observation**

The Committee observed that the COVID-19 pandemic greatly inhibited performance of transfers from other Government Units/Other Government Transfers, and that this affected local governments, Apac District Local Government inclusive.

#### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should engage the other Government Units to roll over unimplemented activities to subsequent years.***

#### **Query 11.5 Performance from external financing**

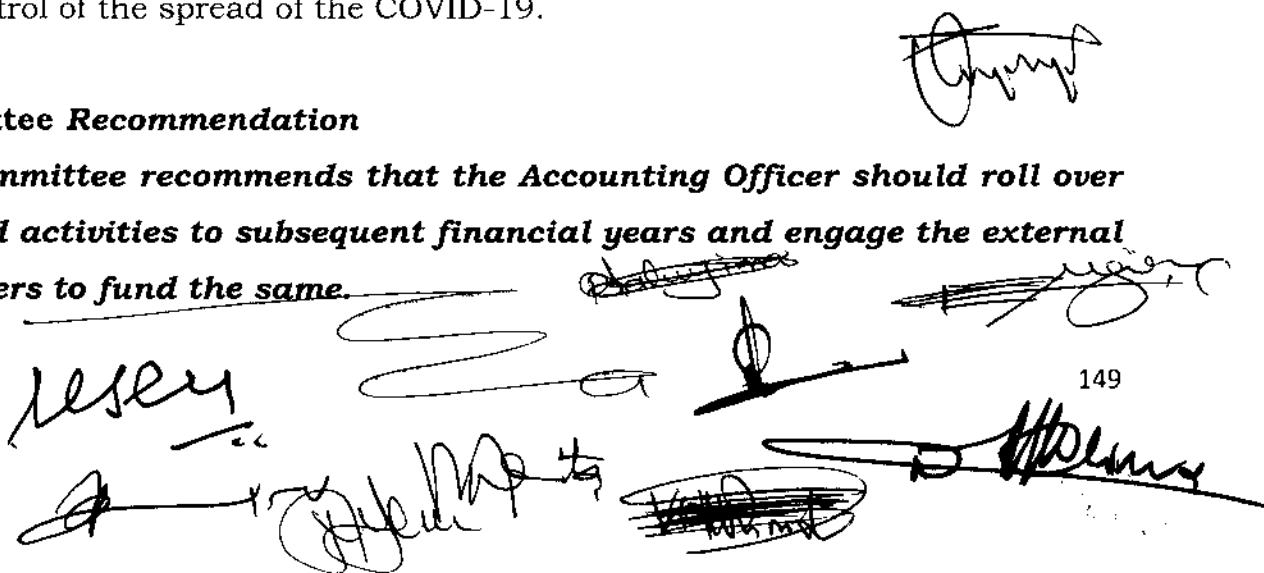
The entity budgeted to receive Shs.852,472,000 as external/donor financiers; namely United Nations Children Fund [UNICEF], Global Fund for HIV, TB and Malaria; World Health Organisation [WHO], and Global Alliance for Vaccines and Immunisation [GAVI]; but only received Shs.230,399,000

#### **Committee Observation**

The Committee observed that the COVID-19 pandemic inhibited performance of receipts from external financiers as donors shifted priorities to management and control of the spread of the COVID-19.

#### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should roll over planned activities to subsequent financial years and engage the external financiers to fund the same.***



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### **Query 12.0 Absorption of funds**

The entity received Shs.24,585,072,845 during the financial year; and spent Shs.24,200,773,874 leading to an unspent balance of Shs.364,298,971 which was sent back to the Consolidated Fund.

The Accounting Officer stated that the unimplemented activities would be rolled over to the subsequent period.

### **Committee Observation**

The Committee observed that the inadequate budget execution to prevalence of the COVID-19 and associated restrictions that could not allow for recruitment of secondary school teachers.

### **Committee Recommendation**

*The Committee recommends that the Accounting Officer should ensure implementation of unimplemented activities during the subsequent financial years.*

### **Query 13.0 Implementation of Quantified Outputs**

Audit report noted that the entity had 12 quantified outputs with a total of 22 activities worth Shs.2,750,000,000; out of which 9 outputs with 19 activities worth were fully implemented; two outputs with two activities worth Shs.1,214,000,000 not implemented; while two activities were partially implemented.

*The Accounting Officer stated that the outputs had since been implemented.*

### **Committee Observation:**

The Committee observed that the non-implemented activity had eventually been implemented.

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**Committee Recommendation:**

***The Accounting Officer should always ensure timely implementation of planned activities to benefit the beneficiary communities.***

**Query 14.0 Achievement of intended services from implemented outputs**

The audit report noted that the entity embarked on a number of activities including upgrade of Kungu and Kidilani Health Centre II to Health Centre III status; supply of medical equipment in both health facilities and gravelling of 7km Kiga Highway to Nakitoma Beach Community Access Road under NUSAF. Audit revealed incomplete civil works on the two health centres, and abandonment of works on the road project.

**Committee Observation:**

The Committee observed that the non-implemented activity had eventually been implemented.

**Committee Recommendation:**

***The Accounting Officer should always ensure timely implementation of planned activities to benefit the beneficiary communities.***

**Query 15.0 Submission of quarterly performance reports**

Audit revealed the entity submitted performance reports for Quarters 1, 2, 3, and 4 after the deadline given for submission of the reports; which was a violation of Paragraph 8.12 (4, 5, 6) of the Treasury Instructions, 2017 which require the Accounting Officer to prepare reports for each quarter of the Financial Year in respect of the vote for which he/she is responsible. The reports should be submitted to Treasury not later than 15 days after the end of each quarter.

The Accounting Officer alluded to system connectivity challenges that inhibited the timely submission of the quarterly performance reports.

### **Committee Observations.**

The Committee noted that the delays were caused by system challenges.

### **Recommendations**

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

- (i) That the Accounting Officer re-emphasizes continuous training for users.***
- (ii) That Ministry of Finance, Planning and Economic Development should design quick response mechanism to districts that face system problems.***

**Query 16.0 Status of Basic Medical Equipment at Apac District General Hospital.**

**Query 16.1 Lack of adequate medical equipment at the Apac District General Hospital.**

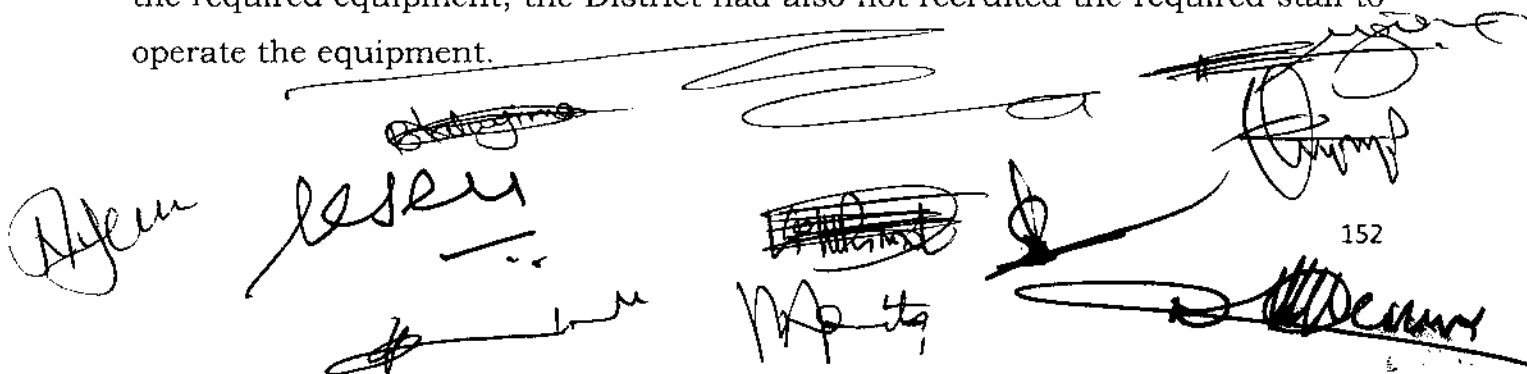
Audit revealed inadequate medical equipment at Apac District General Hospital.

The Accounting Officer attributed the issue to inadequacy of specialized staffs to operate medical equipment at the General Hospital.

### **Committee observation**

The Committee observed that Ministry of Health failed to provide the medical equipment to the Hospital, therefore posing high risk to patients.

The Committee observes that whereas the Ministry of Health had not secured the required equipment, the District had also not recruited the required staff to operate the equipment.

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**Committee Recommendation**

***The Committee recommends that Ministry of Health should handle this matter with urgency and provide the required medical equipment to Apac District General Hospital.***

**Query 16.2 Failure to properly maintain the medical equipment.**

Audit revealed that Apac District General Hospital Management did not carry out regular maintenance of available medical equipment and particularly the examination lights which were defective.

The Accounting Officer admitted to the query, stating that the medical equipment shall be maintained in future.

**Committee Observation**

The Committee observed that the medical equipment was not adequately routinely maintained.

**Committee Recommendation**

***The Committee recommends that the Accounting Officer ensures that there is routine maintenance of medical equipment.***

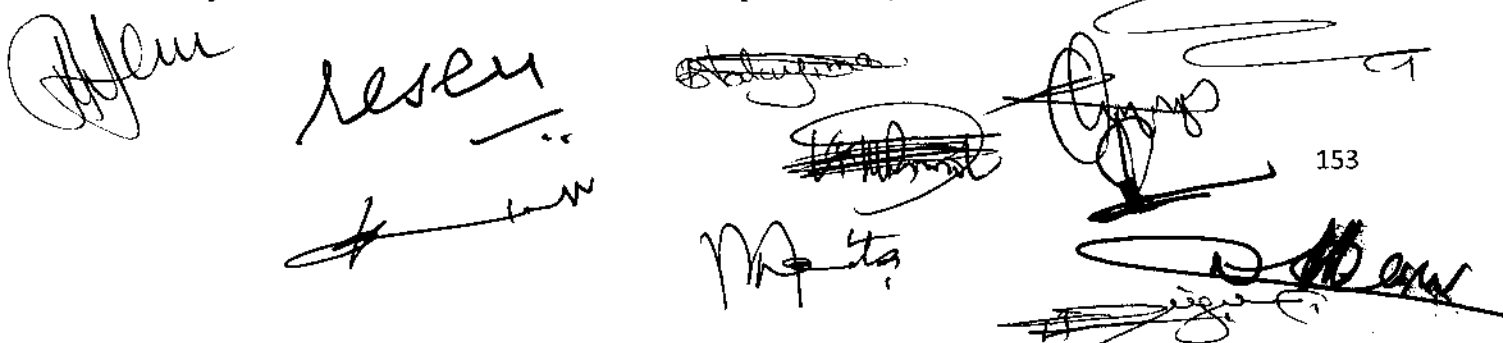
**Query 16.3 Data on Mothers' Delivery**

Audit on services and records management at the Maternity Ward revealed that there was poor service delivery.

The Accounting Officer admitted that the anomaly shall be rectified; and data maintained.

**Committee Observation**

The Committee observes that there was poor records management of mothers' delivery data in the District General Hospital.

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### ***Committee Recommendation***

***The Committee recommends that the Accounting Officer ensures proper documentation and data management of deliveries at the Maternity Ward.***

### **Query 16.4 Capitation Grants for Printing of Learning Materials.**

The entity received from Government, Shs.110,793,659 for printing materials which the Accounting Officer transferred to various primary schools, though audit revealed that the funds to the primary schools was not as per the release schedule given by the Treasury.

The Accounting Officer admitted to the audit findings; and stated that the Permanent Secretary, Ministry of Education and Sports authorized head teachers to utilize funds for reopening of schools.

### **Committee Observation**

The Committee observed that there was a delay by Ministry of Education and Sports to issue guidelines for utilization of the funds.

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should seek for guidance from Ministry of Education and Sports on implementation of Capitation Grants.***

### **Query 16.5 Payment of administrative advances into staff personal bank accounts.**

The Accounting Officer authorized for payment of Shs.394,980,107 to some staff's personal bank accounts to facilitate execution of several council activities, instead of paying them directly to service providers and suppliers.

The Accounting Officer disputed the audit findings, stating that payments were made on different days except the EFTs were generated on the same day. This

arose from the shortfall in the cash limits [Shs.40,000,000] that could not allow the entity withdraw funds at the time yet the activities to be implemented were already scheduled being donor funding. He further stated that the funds were accounted for in accordance with financial and accounting regulations.

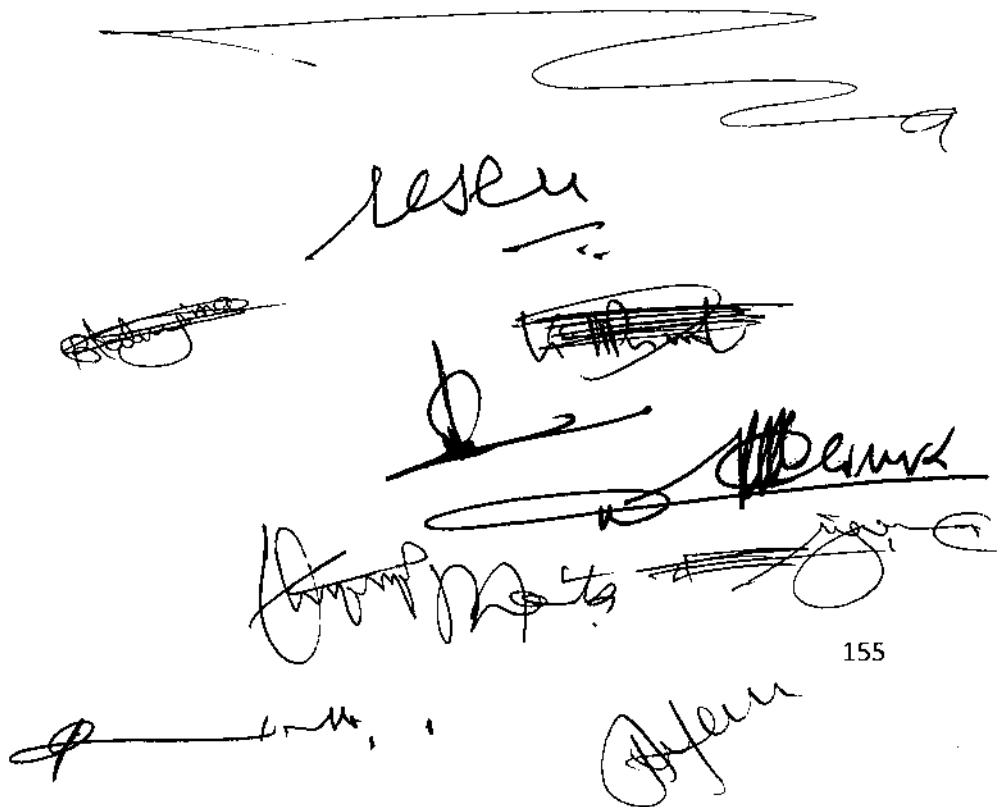
### **Committee Observation**

The Committee observed that contrary to the directive from the Permanent Secretary/Secretary to Treasury i.e. Ref. HRM/222/01, Shs.394,980,107 was paid to personal bank accounts of some staff to facilitate the execution of Council activities instead of paying the service providers and suppliers directly.

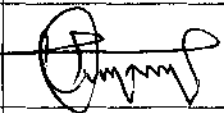


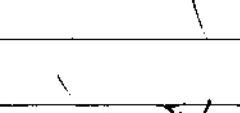
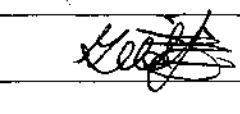
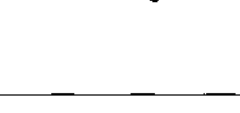

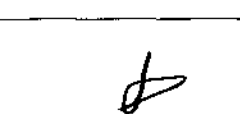
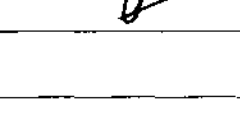

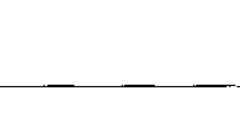
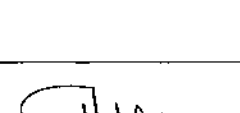
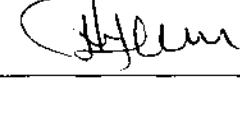

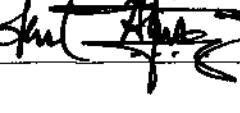
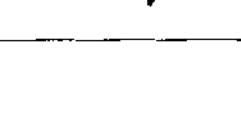

### **Committee Recommendation**

***The Committee recommends that the Accounting Officer should always adhere to the guidelines on the modes of payments by effecting payments directly to eligible suppliers or service providers' bank accounts to avoid possible mismanagement of funds meant for implementation of District Council's activities.***

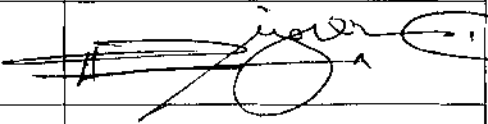

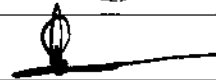

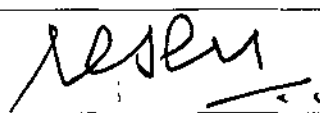
**RT. Hon. Speaker and Honorable Members I beg to move that this report be adopted.**

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**SIGNATURE LIST FOR MEMBERS OF COMMITTEE ON PUBLIC ACCOUNTS (LOCAL GOVERNMENT) WHO SIGNED THE REPORT OF THE COMMITTEE ON THE AUDITOR GENERAL'S REPORT FOR THE FINANCIAL YEAR 2020/21 ON 4 DISTRICT LOCAL GOVERNMENTS AND 2 MUNICIPAL COUNCILS**

S/N	NAME	CONSTITUENCY	SIGNATURE
	Hon. OJara Martin Mapenduzi	Bardege- Layibi Division	
1.	Hon. Luttamaguzi Semakula P.K	Nakaseke South	
2.	Hon. Apolot Christine	DWR Kumi	
3.	Hon. Aseera Stephen	Buhaguzi East County	
4.	Hon. Auma Linda Agnes	DWR Lira	
5.	Hon. Bhoka Didi George	Obongi County	
6.	Hon. Byamukama Nulu Joseph	Kitagwenda County	
7.	Hon. Cherukut Emma Rose	DWR Kween	
8.	Hon. Dr. Byakatonda Abdulhu	Workers Representative	
9.	Hon. Feta Geoffrey	Ayivu East County	
10.	Hon. Kaala Kevin Ojinga	DWR Pallisa	
11.	Hon. Kagabo Twaha Mzee	Bukoto South	
12.	Hon. Kamukama Devis	Bunyangabo County	
13.	Hon. Kamusiime Caroline	DWR Rukiga	
14.	Hon. Kanyike Ronald Evans	Bukoto East	
15.	Hon. Karubanga Jacob Ateenyi	Kibanda South County	
16.	Hon. Kawalya Abubaker	Rubaga North	

17.	Hon. Kinshaba Patience Nkunda	DWR Kanungu	
18.	Hon. Kisa Stephen B	Luuka South County	
19.	Hon. Kiyaga Hillary	Mawokota South	
20.	Hon. Komol Joseph	Dodoth North County	<del>Handwritten signature</del>
21.	Hon. Kyoto Ibrahim	Budiope West	
22.	Hon. Lokwang Philipps Illukol	Napore West County	
23.	Hon. Lolem Micah Akasile	UPE County	
24.	Hon. Lomwar Ismail Muhammad	Kotido Municipality	<del>Handwritten signature</del>
25.	Hon. Masiko N. Henry	UPDF REP	<del>Handwritten signature</del>
26.	Hon. Muhindo Harold Tonny	Bukonzo East County	
27.	Hon. Mutebi Noah W	Nakasongola County	<del>Handwritten signature</del>
28.	Hon. Mutumba Abdul	Kiboga West County	<del>Handwritten signature</del>
29.	Hon. Mwesigwa Robert Rukaari	Mbarara North Division	
30.	Hon. Nakut Faith Loru	DWR Napak	
31.	Hon. Naluyima Betty Ethel	Wakiso District	<del>Handwritten signature</del>
32.	Hon. Namanya Naboth	DWR Rubabo	
33.	Hon. Nantongo Fortunate Rose	DWR Kyotera	
34.	Hon. Ocan Patrick	Apac Municipality	
35.	Hon. Ocen Peter	Kole County South	<del>Handwritten signature</del>
36.	Hon. Ocheri Jimbricky Norman	Labwor County	<del>Handwritten signature</del>

37.	Hon. Okia Joanne Aniku	DWR Madi -Okollo	
38.	Hon. Okwir Samuel	Moroto County	
39.	Hon. Ongiertho Emmanuel	Jonam County	
40.	Hon. Opolot Fred	Pingire County	
41.	Hon. Rwemulikya Ibanda	Ntoroko County	
42.	Hon. Ssimbwa Fred	Nakifuma Central	
43.	Hon. Taaka Agnes	DWR Bugiri	
44.	Hon. Wanda Richard	Bungokho Central	
45.	Hon. Isingoma Patrick Mwesigwa	Hoima East Division	

46. PAPARA LILLIAN OBIALE

