

# PARLIAMENT OF UGANDA

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE – CENTRAL GOVERNMENT ON THE AUDITOR GENERAL'S REPORT ON THE EDUCATION SECTOR FOR THE YEAR ENDED

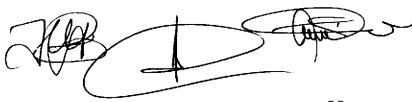
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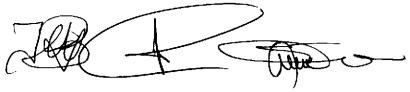


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## LIST OF ACRONYMS AND ABBREVIATIONS

AG:

Auditor General

AO:

Accounting Officer

BFP:

Budget Framework Paper

BOU:

Bank of Uganda

CIID:

Criminal Investigation & Intelligence Directorate

DPP:

Directorate of Public Prosecution

DT:

**Domestic Taxes** 

EA:

**Executing Agency** 

EFT:

Electronic Fund Transfer

FY:

Financial Year

GSA:

Grant Support Agreement

ESC:

**Education Service Commission** 

IAS:

International Accounting Standards

IDA:

International Development Agency

IFMS:

Integrated Financial Management System

IFRS:

International Financial Reporting System

MDAs:

Ministries, Departments and Agencies

MNRH:

Mulago National Referral Hospital

MOFPED:

Ministry of Finance, Planning and Economic Development

MOH:

Ministry of Health

NMS:

National Medical Stores

NPA:

National Planning Authority

OAG:

Office of the Auditor General

PAC:

Public Accounts Committee

PCA:

Payroll Consults Africa

PDMS:

Payroll Deductions Management System

PFMA:

Public Finance Management Act, 2015

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PFMR: Public Finance Management Regulations, 2016

PPDA: Public Procurement & Disposal of Public Assets Act, 2003

PS: Permanent Secretary

PS/ST Permanent Secretary/Secretary to Treasury

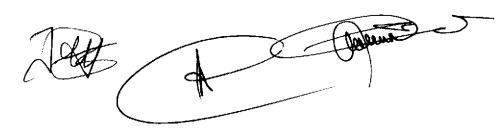
TI: Treasury Instructions

UBA: Uganda Bankers Association

UCLA: Uganda Consumers and Lenders Association

UCF: Uganda Consolidated Fund





### INTRODUCTION

Article 163 (4) of the Constitution mandates the Auditor General to submit to Parliament an annual report of the accounts audited by him/her for the FY immediately preceding.

The Constitution further, Under Article 163(5), requires Parliament to debate and consider the report and take appropriate action within six months after the submission by the Auditor General.

The Report of the Auditor General for the financial year 2020/2021 was presented on the floor on 3<sup>rd</sup> February, 2022 and referred to the Committee for consideration. The Public Accounts Committee – Central Government considered the Auditor General's Report for FY 2020/21 on the Education Sector in accordance to Rule 174 of the Rules of Procedure to satisfy itself among others that;

- a. The monies appropriated by Parliament and disbursed were legally available for, and applicable to the service or purpose to which they have been applied or charged;
- b. The expenditure conforms to the authority which governs it;
- c. Re-appropriation has been made in accordance with the provisions of the rules of a competent authority; and
- d. The intended value of the expended monies was attained.

#### 1.0 SCOPE

The Report covers audit queries contained in the Report of the Auditor General for the period ended 30<sup>th</sup> June, 2021 in respect of the Education Sector, in particular focusing on all Public Universities like Muni, Gulu, Lira, Soroti and Mbarara Universities. Others include Kyambogo University, Makerere University Business School – Nakawa, Makerere University

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Kampala, Kabale University and Busitema University. In addition, the report covers findings on other specialised educational institutions/votes and programs such as Uganda Management Institute, Law Development Center, and National Curriculum Development Center.

#### 2.0 METHODOLOGY

The Committee held meetings with the Accounting Officers and staff of all Public Universities and other specialised educational institutions/votes and programs.

The Committee further carried out field visits to selected Gulu University, to appreciate the conditions in which they operate, extent of implementation of development budget and general levels of service delivery to Ugandans. In the visits, the Committee observed the physical condition of the infrastructure and equipment. Members also interacted with the University teaching and non-teaching staff, as well as other stakeholders with a keen interest in understanding the working environment and conditions in these universities.

The Committee further conducted desk research to understand the legal and policy provisions relating to appropriation, disbursement, expenditure and accountability of public funds.

The Committee examined the report of the AG in respect of the entities' accounts for the year under review, the memoranda/responses and other documents submitted by witnesses.

Rt. Hon. Speaker, allow me to report as follows;

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#### 3.0 General Observations and Recommendations

### 3.1 Low staffing levels

Majority of the 11 public universities are unable to optimally perform their managerial/administrative functions. Most of them are poorly staffed, averaging at 50 per cent of the required personnel, while others are below 30 per cent.

The Committee noted this worrying challenge in Busitema University where out of the 760 staff establishment; only 222 academic staff are in post, representing 29% staffing level for academic staff. This has forced the university to contract staff on part time basis to supplement the shortfall, in the process incurring an annual cost of UGX.1.3Bn.

At Kyambogo university, out of the 1,671 approved posts for the University, only 928 (55.5%) were filled leaving 743 (45.5%) posts vacant, while at Gulu University, out of the 1,606 approved positions; only 441 posts (27%) were filled, leaving 1,165 (73%) positions vacant.

A review of the staff establishment at UICT showed that only 41 positions were filled out of the established 99 positions, leaving 58 positions vacant. This implies that only 41% of positions are filled. (13 teaching and 27 non-teaching staff).

The Committee notes that understaffing has a negative impact on education service delivery and achievement of the Universities' key objective – imparting knowledge and community transformation. Besides, it affects the academic performance of students and the University at large.

The Committee recommends that all universities should be allocated additional resources to recruit the critical and other staff they need

to execute their mandate.

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3.2 Quantification of outputs/activities

Section 13 (15) of the PFMA provides that a policy statement shall contain -

- "(a) the achievements of the votes of the previous Financial year
- (b) the annual and three months' work plans and outputs, the objectives, output, targets and performance indicators of the work plans and outcomes"
- (c) the annual procurement plan
- (d) the annual recruitment plan
- (e) a statement of the actions taken by the vote to implement recommendations of parliament in respect to the report of the Auditor General of the preceding financial year". Regulation 11(3) of the PFMR 2016 requires that a vote prepares work plans that indicate the outputs of a vote for the financial year.

The Committee notes that to assess the performance of outputs, all supporting activities must be quantified. The Committee observed that a significant number of votes failed and/or neglected to comply with these statutory provisions. This had serious implications on the alignment of activities to policy statements thereby distorting planning and implementation of Government programs.

The Committee notes that most AOs lacked capacity in the area of Planning and executing activity work plans. At Kyambogo University for example, the AG noted that out of eight (8) outputs with ninety seven (97) activities and expenditure worth UGX.117.73Bn, only sixty four (64) activities were quantified, representing 66%. Thirty three (33) activities were not clearly quantified to enable assessment of performance. At Makerere University, two (2) outputs with a total of twenty-five (25) activities and expenditure were noted to have been insufficiently quantified, while six (6) outputs with a total of ten (10) activities and expenditure worth UGX.60.89Bn were not quantified at all. The AG noted in his report that in cases where outputs were

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either partially or not quantified, management reported performance in generic terms which makes performance measurements difficult.

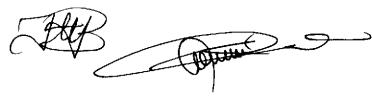
At Soroti University, performance was reported generically such as; CCTV cameras installed, L.A.N for IFMs extended to all heads of Departments and dining, ICT equipment procured.

At Gulu University, activities such as workshops, staff trainings and small office equipment had their performance reported in generic terms which makes it difficult to establish the reasonableness of individual activity costs for each planned output which curtails effective accountability when funds are subsequently spent.

The Committee further observes that failure to provide details of quantified activities renders assessment of performance impossible which compromises accountability. The committee notes that in most entities, the concept of quantification of activities is not properly appreciated by the implementing officers.

# The Committee recommends as follows;

- 1. All entities should hire qualified personnel dedicated to the quantification function and should receive regular and adequate training.
- 2. All entities that fail to comply with section 13 (15) of the PFMA or that delay to submit their quantified outputs should be sanctioned and have their budgets rejected.
- 3. All entities, without exception, should (mandatorily) submit their quantified outputs for effective assessment of their performance in relation to the budget.



# 3.3 Implementation of quantified outputs

Section 13 (15,b) of the PFMA 2015 states that a policy statement submitted by a vote shall contain the annual and three month's work plans, outputs, targets and performance indicators of work plans.

Equally, Regulation 11 (3) of PFMR 2016 requires that a Vote should prepare work plans that indicate the outputs of the Vote for the FY; the indicators that are to be used to gauge the performance of the outputs and funds allocated to each activity.

From the report of the Auditor General, most votes under the Education Sector did not implement their outputs fully. Many AOs the Committee interacted with attributed this partial implementation to the lockdown instituted by Government at the time, as a measure to curb the spread of COVID-19 pandemic and budget cut restrictions on some expenditure, especially capital development.

At Gulu University for example, two (2) outputs with a total of four (4) activities worth UGX.5.706Bn were partially implemented. At Kyambogo University, out of the four (4) outputs that were fully quantified with a total of twelve (12) activities worth UGX.4.25Bn, none was fully implemented.

The Committee notes that non-implementation of planned activities implies that the expected services to the intended beneficiaries are not attained. For example, Gulu University did not implement critical planned activities such as construction of waterborne toilets with 10 stances, including toilets for PWDs and the installation of water proof roofs on student's halls of residence among others.

The Committee recommends that AOs should ensure that the planned and approved outputs are implemented.

All AOs should ensure that they undertake a deliberate step of enhancing the capacity of their staff in planning, budgeting and

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monitoring &evaluation, with specific emphasis on tracking outputs as per the Strategic Plan.

# 3.4 Submission of accurate quarterly performance reports

The Auditor General reported disregard of timelines especially of submitting quarterly performance reports by most educational institutions. This contravenes Section 21(3) of the PFMA, 2015 and Treasury Instructions of 2017, which require that AOs should prepare reports for each quarter of the FY, and that it should be submitted to Treasury not later than 15 days after the end of each quarter.

Most of the AOs the Committee interacted with showed demonstrated lack of awareness and appreciation of these timelines.

The Committee observes that failure to submit performance reports in time and failure to prepare monitoring plans affects timely tracking and evaluation of performance.

The Committee recommends that AOs should prepare budget monitoring plans and reports to facilitate performance tracking within the stipulated timelines.

AOs should ensure that their Planners are up to date with all statutory submissions in terms of timelines and strictly adhere to them at all times.

The Ministry of Finance, Planning and Economic Development should always organize trainings o AOs to appreciate the nature and value of quarterly reports and ensure strict compliance with the law for proper planning.

### 3.5 Absorption of Funds

The Audit report noted a number of entities to have failed to optimally absorb the funds that were allocated to them causing money to be swept back to the Treasury. At Kyambogo University for example, out of the total warrants of UGX.130.07Bn for the FY, only UGX.124.5Bn was spent,



resulting into unspent balance of UGX.55.53Bn. Similarly at Uganda Management Institute, out of a total warrant of UGX.33.88Bn received during the FY, the entity spent UGX29.25Bn, resulting in an unspent balance of UGX.4.63Bn. Most AOs attributed this to delays and disruptions occasioned by the lockdown resulting into suspension of implementation of activities and performance of contracts.

While interacting with some of the entities, the Committee discovered that majority of the affected AOs did not seek a revision of their budget and work plan as provided for under section 17 (3) of the PFMA, 2015.

Section 17 of the PFMA provides that any appropriation by Parliament shall expire by 30<sup>th</sup> June and cease to have any effect at the close of the FY for which it is made. The Committee observes that under-absorption of funds does not only distort budgetary planning but also starves other deserving entities which fail to implement their plans as a result of inadequate financing.

# The Committee recommends that;

- a. the Accountant General strictly enforces section 15 (2) of the PFMA, 2015 which requires that the annual cash flow plans issued under sub section (1) be the basis for release of funds to entities.
- b. the AOs should strictly adhere to the annual budget performance contract signed with the PS/ST pursuant to Section 45 of the PFMA, 2015. The contract binds AOs to deliver on the activities in the work plan of the vote for the FY submitted under section 13 (15) of the PFMA, 2015.

#### 3.6 Performance of NTR

The Auditor General noted in his report that in a review of approved revenue estimates for FY 2020/21 of the entities under the Education sector, many

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AOs under-performed significantly in the collection of NTR compared to what had been budgeted for. While meeting the entities, many of the AOs attributed this under performance to disruptions caused by the lockdown that forced them to suspend teaching, close down accommodation facilities and suspend examinations; all of which are avenues of NTR collection.

For example, at Uganda Management Institute, the budgeted collection for NTR for the FY was UGX.25.68Bn, out of which only UGX.9.11Bn was collected. At Soroti University, the budgeted amount for collection was UGX.706Million, out of which only UGX.195.98Million was collected; while at Kyambogo University, the budgeted amount for collection was UGX.77Bn, but only UGX40.930Bn was collected.

The Committee notes that such shortfalls in revenue at the vote level results in aggregate revenue shortfalls at the treasury level, which in turn negatively affects the implementation of planned activities at a Government level.

The Committee notes that instruction 4.10.2 of the TI, 2017 requires planning and budgeting to be closely linked to the budget to reflect the entity's policies over the period covered and should represent a statement of intent against which performance is measured. Therefore, not meeting budgeted targets for NTR undermines the importance of the budgeting process and affects the posting in the entity accounts.

The committee observes that the covid 19 related lock-down caused serious disruptions in the performance of functions bestowed on the entities under review. Further, that the country was generally caught unaware and unprepared for the disaster.

The Committee therefore recommends that entities should strictly plan for NTR in their budgeting process to avoid distortions in economic planning.

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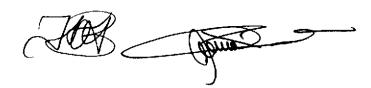
The country should put in place rapid response mechanisms in cases of emergencies to avoid drastic and catastrophic consequences to the economy.

The MoFPED should always provide technical assistance to entities in areas of economic planning and budgeting.

Entities should further look for ways of diversifying their revenue sources to ensure that they meet their targeted NTR thresholds; this, in addition to technological measures as a response to unforeseen disasters.

# 3.7 Off-budget Receipts

The Auditor General reported that some of the entities received off-budget financing which were 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 entities obtained guidance from the Accountant General as required under Section 43 (5) of the PFMA, 2015. Such omission goes against the requirement of running an integrated budget and poses a risk of double financing and possible abuse. For example, University Kyambogo received donor funding to the UGX.3.110.951.615, out of which onlyUGX.2,677,392,846 had been included in the budget, resulting into off budget receipt of UGX.433.558.769. Uganda Management Institute received off-budget financing to the tune of UGX.185,595,654 from African Development Bank to finance staff capacity development which was not declared to treasury and therefore not appropriated to the entity by Parliament, while Soroti University received off-budgeting financing to the tune UGX.36,710,266 from TMRP Global Health Pump Printing Awards, which was not transferred to the consolidated fund as required by law. Equally Busitema, Gulu and Muni Universities



received funding to the tune of UGX.1.4Bn, UGX.6.2Bn and UGX.589m respectively which were not transferred to the consolidated account.

The Committee notes that non-disclosure of off-budget contravenes Sections 36(6), 43 and 44 (2) of the PFMA 2015, which require all the public resources including external financing to be paid into the consolidated fund and be availed through the Appropriations Act.

The Committee therefore recommends that the Accounting Officers should at all times adhere to the laws cited herein above and any non-compliance should attract sanctions to AOs and such sanctions should be strictly enforced by the appointing authority.





# 3.8 Poor performance of GoU receipts

The audit report noted that many Votes in the education sector registered significant budget shortfalls resulting from under-release from GoU.

The table below shows a few of the Votes and the performance of GoU receipts;

Vote	Budgeted (UGX)'000'	Warranted (UGX)'000'	% performance
Soroti University	UGX.20.229	UGX.19.621	3%
Busitema University	UGX.51.55	UGX.46.92	9%
Kyambogo University	UGX.140.65	UGX.130.07	7.5%
Lira University	UGX.27.808	UGX.27.11	2.5%
Gulu University	UGX.58.88	UGX.57.90	1.7%

The AOs the Committee interacted with attributed this shortfalls to budget cuts by the government as occasioned by the disruptions caused by the COVID19 at the time.

The Committee notes that shortfalls in GoU revenue realization affects implementation of planned activities at Vote level and subsequently nationwide. In Gulu for example, the Development budget was cut leading the contractor to abandon the site. This pauses a risk for litigation and slows down the development envisaged.

The Committee recommends that MoFPED should endeavor to adequately fund the entities as appropriated by Parliament to enable implementation of planned activities.

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#### 4.0 SPECIFIC OBSERVATIONS AND RECOMMENDATIONS

# 4.1 Uganda Management Institute (UMI)

#### 4.1.1 Failure to transfer unspent funds to the Consolidated Fund

The audit report noted that the entity did not transfer to the Consolidated Fund, surpluses of funds on the ABSA project account amounting to UGX.555,953,247 as guided by the Accountant General in a letter dated 9<sup>th</sup> September 2019, seen by the Committee.



While interacting with the AO, the Committee was informed that the entity could not remit the money at the end of the FY because of ongoing consultancies at the onset of the Covid19 lockdown that necessitated direct expenditure on the balances of the ABSA account. The AO noted that subsequently at the end of the consultancy contracts, the transfers were made.

The Committee notes that failure to transfer unspent funds could lead to use of un-appropriated funds in the subsequent financial year thereby distorting

The Committee recommends that AOs should always ensure timely remittance of unspent balances to the Consolidated Fund and should always seek and adhere to the guidance issued by the Accountant' General from time to time.

budgets of the respective entities. It is also a risk for abuse of public funds.

#### 4.1.2 Un-deducted PAYE tax on Gratuity payments

The audit report noted that the entity had paid gratuity to thirty seven (37) staff without deducting PAYE totaling to UGX.589,262,089, contrary to the Income Tax Act. The AO informed the committee that gratuity of staff under contract terms were exempt from PAYE under the Pensions Act.



The AO attributed this anomaly to the conflict of laws and misinterpretation of the tax law but assured the committee that he had sought advice of URA and had since made tax payments on gratuity totaling to UGX.286,796,727. The Committee notes that non-deduction of statutory payments could result into nugatory expenditure by the entity in form of fines and penalties imposed for non-remittance of tax arrears. It also causes a loss of revenue to Government.

The Committee recommends that the AO should carry out an internal audit of the unpaid taxes on the paid gratuity and make commitment to URA to voluntarily pay to avoid the fines and penalties.

### 4.2 SOROTI UNIVERSITY

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# 4.2.1 Outstanding payables of UGX.2,604,379,429

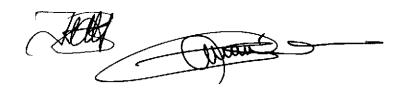
The Audit report noted that the statement of financial position and its corresponding Note 24 indicated that the University had outstanding payables totaling to UGX.2,604,379,429 as at 30<sup>th</sup> June 2021, out of which UGX.2,045.329,649 was with respect to the financial year under audit and UGX.559,049,780 being outstanding for more than one year.

While meeting with the Committee, the AO attributed the outstanding payables to have accumulated as a result of contractors/suppliers failing to execute their contracts in time due to disruptions caused by the Covid19 at the time.

The Committee notes that although the payables had been cleared up to about 83%, accumulated payables for over a year is indicative of a management that did not adhere to the commitment control system of Government that is meant to stop entities from committing Government beyond the level of availed resources. It also pointed to lack of supervision for the works which would ensure timely conclusion of projects to serve their

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The Committee recommends that the AO should always adhere to commitment control system of Government and to always engage the MoFPED and Parliament for sufficient budget allocation as opposed to committing government over and above the provided budget.

# 4.2.2 Nugatory expenditure – interest on delayed payments worth UGX.188,055,690

The audit report noted that the entity had paid a contractor UGX.996,389,960 in respect of outstanding debt, out of which UGX.188,055,690 was accrued interest charged by the Contractor as a result of delayed payments for the construction of a multi-purpose academic block, laboratory and teaching block awarded at a cost of UGX.18,626,371,109.

While meeting with the AO, the Committee was informed that the contract for the construction was entered into by the MoES before the University came into existence and they simply inherited the liabilities when the University was created. He added that by the time of final verification of certificate for payment of retention money, MoFPED had only provided UGX.113,328,817 in the budget for FY 2020/21 for domestic arrears that could not clear the entire amount and has since remained outstanding.

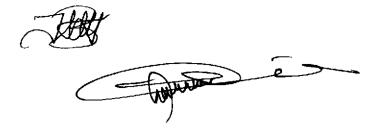
The Committee notes that payment of over UGX.188m in interest over delayed payments of contractor is nugatory in nature and deprives the University and indeed other sectors of the much needed resources to carry out other activities. Such could have been avoided by ensuring timely payment and careful drafting of agreements to avoid accumulation of interest.

The Committee recommends that the AO should budget for the outstanding arrears and engage the MoFPED to ensure that the contractor.

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#### 4.3 LIRA UNIVRESITY

## 4.3.1 Nugatory expenditure of UGX.25,752,041

The Audit report noted that the entity paid UGX.25,752,041 in interest and penalties resulting from management's failure to deduct and remit NSSF deductions for the period of August 2016 to June 2020.

While meeting with the committee, the AO explained that the interest and penalties accrued from the payment of part time lecturers who are not provided for in the wage budget and therefore the entity had only been deducting PAYE because they did not have money to pay the 10% NSSF deductions. He further admitted that they had not budgeted for the money in their subsequent budget.

The Committee notes that failure to meet their responsibilities in meeting the requirements of statutory deductions such as NSSF and thereby attracting unnecessary fines and penalties points to a weak internal system. The Payment of these fines and penalties could also force the AO to divert funds from other activity lines to meet the nugatory expenditure, which affects the implementation of planned activities.

The committee further observes that the vice stems from the lack of adequate numbers of critical staff that the University needed in order to function yet no funding had been provided to cater for both wage and statutory remittances.

The committee recommends that the Ministry of Finance adequately funds the University to avoid adhoc means of employing staff that are not properly planned for.

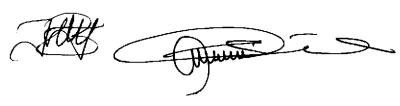
The AO should ensure that the entity budgets for the outstanding payments of the fines and penalties and ensure that they adhere to

the provisions of the NSSF.

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# 4.3.2 Nonpayment of VAT worth UGX.33,048,000 on rental income.

The audit report faulted Lira University of nonpayment of UGX.33,048,000 in VAT, coming from a tenancy agreement letting out the first floor of the Faculty of Education to the Law Development Centre(LDC) at UGX.15,300,000 per month, inclusive of taxes.

However, a valuation report by the Ministry of Lands, Housing and Urban Development had indicated that amount for a net rentable area of 908.28 square meters at the market rate to be **exclusive of VAT**.

Further, the audit report noted that the University received an annual income of UGX.183,600,000 (UGX.15,300,000 for 12 months) from LDC purportedly inclusive of taxes. However, there was no evidence to show the remittance UGX.33,048,000 being VAT payable on rent.

While meeting with the Committee, the AO acknowledged the omission in the contract to have payment of rent VAT exclusive as per the valuation report of the Chief Government Valuer.

The Committee notes that the entity is making a monthly financial loss of UGX.2,754,000 in form of VAT, considering that Section 1 of the Landlord's covenants of the tenancy agreement requires the landlord to pay for all existing taxes in respect of the premises let out.

The Committee recommends that the AO be held responsible for any loss of money that may arise in form of fines/penalties as result of nonpayment of taxes.

The AO should immediately seek for an addendum to the contract with LDC to ensure that the contract factors in the rental valuation report of the Chief Government Valuer to have the monthly rent VAT

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#### 4.4 GULU UNIVERSITY

# 4.4.1 Outstanding payable worth UGX.5,772,395,987

The Auditor General noted that the entity accumulated domestic arrears of UGX.5,772,395,987 as at 30<sup>th</sup> June 2021, out of I noted UGX.5,681,315,557 dated as far back as financial year 2015/16.

While appearing before the committee, the AO noted that they have engaged the Government who have since verified the outstanding arrears through a private firm (Ernest and Young) to have them clear accumulated arrears. Government has provided UGX.3.3Bn in the FY 2022/23 towards the payment of the remaining domestic arrears.

The Committee notes that the outstanding payables accumulation is an indication of the fact that the Government fails to honour its financing commitment by releasing less that the amount appropriated by Parliament. This vice curtails the capacity of the suppliers and in turn cripples the economy.

The Committee recommends that the AO continues engaging the MoFPED to ensure that all domestic arrears are cleared to avoid litigation that may attract fines. The MoFPED should prioritise payment of these arrears to avoid further escalation and avoid possible litigation.

Prudent financial practices should be adopted to keep expenditures within the budgeted thresholds.

# 4.4.2 Pending court cases.

The Auditor General noted that Gulu University was involved in several court cases, some of which remained pending at the end financial year. The cases and suppliers mainly arising from unlawful termination, breach of contracts, unfair treatment, land issues, Arrears/failure to pay suppliers among others.

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While meeting the committee, the AO admitted that the number of Court cases against the University had been on the rise in the recent past. In-order to address disputes and limit court cases, the University had instituted and appointed a staff tribunal to try and mediate disputes before going to court.

The Committee notes that the numerous court cases pose a risk for the University in terms of financial losses through payment of damages and penalties in case of un-favourable rulings. It also drains management of the much desired energies to concentrate of development and proper running of the entity. The committee further observed that petty scrabbles including tribal sentiments were derailing the University from focussing on major issues.

The Committee recommends that the AO should encourage alternative dispute resolution mechanisms to mitigate the numerous litigation and the attendant court damages and penalties. In addition, suppliers should always be paid in time to avoid accumulation of domestic arrears and the MoFPED should treat such payment as a matter of priority.

# 4.4.3 Delayed construction of the business development center

Gulu University signed a contract for the construction of the Business and Development Centre on the 19th June, 2019 at a contract price of UGX.30,122,043,772 with the construction and expected completion date set for1st August, 2019 and 30th July, 2023 respectively. The construction had been fully planned and budgeted for but funds were not released as envisaged.

The report further noted that Section 8 of the Special Conditions of the Contract (SCC) required the University to pay UGX.6,024,408,754, as an advance payment of 20% of the contract price, within 14 days of signing the

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agreement to enable the contractor mobilize the resources required. However, only UGX.2,112,296,105 had been paid by 17th June, 2020. The University defaulted on the advance payment leading to the temporary stoppage of works by the contractor which led to the delay in the progress of work.

While meeting the Committee, the AO attributed the delays in the progress of works and the non-fulfilment of contractual obligations to the under-release of capital development funds to the University in the previous financial years and the reduction in the development budget from UGX.7.4Bn to UGX.3.2Bn.

The Committee recommends that the AO should continuously engage with the MoFPED to ensure that they get the requisite funds to continue with the project and avoid unnecessary fines and penalties from the contractor arising out of...

#### 4.4.4 Lack of land titles

Under Section 34(1) of the PFMA, the Accounting Officer is supposed to be responsible for the management of University assets. The Auditor General noted that the University land around the forest area measuring 28 hectares, and at Pajengo Latoro; Agago I and Agora Pader were not titled.

While meeting the Committee, the AO noted that the process of titling of the land in Pajengo, Latoro and Agora, Pader is planned to commence in FY 2023/24. The land in the forest reserve have not been titled because it requires to be de-gazetted by Parliament, noting that a motion had been moved for the de-gazzettement and that Parliament had appropriated UGX.0.8Bn in FY 2022/23 towards the process of conversion of title of land from leasehold to freehold to facilitate the exchange process with National Forestry Authority as part of the de-gazzettement requirement. During the field vist, the committee observed that the land in issue has no indication of



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being a forest reserve and is already being encroached on by certain individuals due to the absence of a land title.

The Committee notes that Lack of land titles poses a risk that the land in question may be lost to unscrupulous individuals which will be a loss to the University and Government. In return, the University may wiithdraw its offer for alternative land.

The Committee recommends that the AO should fast track the process of titling all the land belonging to Gulu University. He should further make follow ups on the process of de-gazetting the Forest reserve to enable the university acquire a title. The committee further recommends that Governemt expedites the process of degazzetmet planting of a new organised forest at the alternative land provided.



## 4.5.1 Status of Infrastructure

Audit report noted that an inspection of the physical infrastructure of the University revealed some inadequacies that require urgent attention in areas of;

a. **General science laboratory block**; the audit report noted that some equipment installed at the facility like the high capacity Fridge for preserving laboratory specimens, the PCR workstation and many others were non-functional at the time of audit.

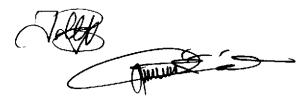
While meeting the Committee, the AO attributed this to power shortages and the inadequate funding to procure a generator to run the procured equipment.

The Committee notes that the non-functionality of such equipment defeats the purpose for which the equipment was procured and has a devastating effect of the execution of the University's mandate.

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b. Muni University Capacity Building Centre (MUCBU); that houses facilities such as Hostels, Dining Hall, Lecture Block and a Conference Hall was noted to be in a dilapidated state in a dire need of renovation. This was attributed to underfunding.

The Committee recommends that the AO budgets for the cost of running and maintenance of the newly acquired 150KVA generator to ensure that the University acquired in the FY 2021/22 to ensure all the laboratory equipment functional.

Further, the AO should plan and allocate adequate budget for the renovation of the MUCBU and its facilities.

The Government should expedite the provision of electricity to West Nile sub region as way of sorting out this problem once and for all



#### 4.5.2 Lack of a Land Title

The Audit report noted that the University's land measuring about 439.58 acres and valued at UGX.439Bn located in Bidi-bidi did not have a land title. The Committee is cognizant of section 34(1) of the PFMA, 2015 that mandates the AO to be responsible for the management of assets. The absence of a land title exposes the University to land wrangles and could end

While meeting with the Committee, the AO noted that they had since surveyed the land and are in advance stages with the District Land Board to acquire the Title.

up being claimed and taken by unsuspecting people.

The committee recommends that the process of processing the much desired land title be expedited to avoid all associated problems.



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#### 4.6 KABALE UNIVERSITY

## 4.6.1 Long outstanding payables: UGX.1.872.390.164

The audit report revealed that the University had an outstanding payables as at FY 30<sup>th</sup> June, 2021 to the tune of UGX.1,872,390,164, out of which UGX.1,875,937,151 was brought forward from the previous year and only UGX.3,546,987 was paid during the year under review.

While meeting with the Committee, the AO attributed the outstanding payables to arrears inherited from when the University operated as private entity and that the PS/ST had undertaken to budget and pay the arrears in a letter dated 5<sup>th</sup> September, 2017 that the Committee saw.

The committee notes that the failure to clear domestic arrears may lead to litigation that may attract unnecessary costs.

The Committee recommends that the AO should follow up with the MoFPED in-order to ensure that the inherited domestic arrears are cleared as undertaken to avoid escalation of this issue.

The AO should institute strict financial control measures to ensure that he does not commit the government beyond the availed resources in order to prevent further accumulation of domestic arrears.

# 4.6.2 Outstanding Receivables worth UGX.3,114,842,156

The Audit report noted that the entity had an outstanding receivable of UGX.3,114,842,156 as at 30<sup>th</sup> June, 2020. The report further noted that the receivables had increased by UGX.1,796,723,957 (136.2%) from UGX.1,319,226,199 from the previous year.

While meeting the Committee, the AO attributed this to the devastating knock-on effects of the Covid19 pandemic that forced many students to drop out. In a schedule of students who did not continue with studies after

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2020/21 that the Committee saw, the University lost UGX.302,790,000 as a result of 238 students dropping out of their studies.

The Committee notes that the under collection of billed revenue cripples the University's ability to meet its financial obligations and impacts negatively on service delivery; The increase in the receivables indicates a low recovery rate of outstanding student tuition fees and there is a possibility of failing to recover all the amounts due.

The Committee recommends that the AO instates measures to realize all the outstanding payables now that many students have resumed their studies. The MoFPED should ensure full funding of the entity to achieve the goals for which it was established.

# 4.6.3 Inadequate infrastructure and the poor state of roads within the University

The audit repost noted that the University had insufficient infrastructure to meet its demands. It further pointed that although the government was funding the construction of a science block, the progress of work was very slow due to inadequate release of funds by the MoFPED that had hampered the completion of the 1<sup>st</sup> floor in time. This further caused delays for the commencement of the second phaseof the project.

The report further noted the road network within the campus was made of murram that would attract a lot of dust when it became windy which is not only hazardous to people, but also bad for sensitive ICT equipment.

The Committee notes that inadequate buildings affect Education Service delivery and is a dent o the image of a public university. In addition, the failure to release adequate funds for the on-going projects could lead to delays in paying the contractors thus resulting into nugatory expenditure in

fines and interests.

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The Committee recommends that the AO should continue to engage the MoFPED for further funding so that the road network within the university campus is improved and more class rooms and offices are constructed.

## 4.7 MBARARA UNIVERSITY OF SCIENCE AND TECHNOLOGY (MUST)

## 4.7.1 Outstanding Receivables worth UGX.4,222,012,678

The University was reported to have accumulated receivables worth UGX.4,222,012,678 as at 30th June 2021. It was further reported that a trend analysis revealed an increase of UGX.1,427,267,366 (51%) in the outstanding receivables balance from UGX.2,794,745,312 of the year ended 30th June 2020 to UGX.4,222,012,678 of the financial year under review.

While meeting with the Committee, the AO attributed the accumulated receivables to the closure of the University due to Covid19 pandemic. He noted that they had recovered UGX.3.56Bn as of 2021/22.

The Committee notes that the under-collection of billed revenue cripples the University's ability to meet its financial obligations and may negatively impact on service delivery. The increase in the receivables points to a low recovery rate of outstanding student tuition fees and there is a possibility of failing to recover all the amounts due.

The Committee recommends that the AO institute measures to ensure that all the outstanding receivables are recovered now that the pandemic has subsided.

#### 4.8 BUSITEMA UNIVESITY

# 4.8.1 Outstanding Payables worth UGX.1,504,842,864

Audit report noted that position and the corresponding Note 24 of the entity revealed outstanding payables to the tune of UGX.1,504,842,864. This comprised the opening balance of UGX.2717428,560, which was adjusted by

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UGX.1,421,201,933 on recognition of prior year liabilities, that relates to unpaid enhanced salaries for administrative and support staff that accrued in the financial year 2016/17 which is overdue for payment.

While meeting the Committee, the AO attributed less release of funds.

The failure to pay the enhanced salaries could demoralize staff and thereby undermine education service delivery in addition to civil liability that may result.

The Entity later provided evidence that the arrears had been cleared having been re-verified by the Office of the Internal Auditor General- MOFPED for

The committee recommends that the audit querry be dropped since it has been sorted.

## 4.8.2 Irregular Use of E- Cash Platform

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The audit report noted that management paid UGX.1,276,834,093 for expenditure items such as wages for casual laborers, allowances for Council members and police guards, contrary to E-cash management guidelines.

While meeting the Committee, the AO explained that the payments related to the budget line for allowances which combines several payments including payments to casual labor and committee meetings. He noted however that they had since received new guidelines from the Accountant General on the usage of E-cash dated 27<sup>th</sup> April, 2022and the new chart of accounts which segregates some of the payments that they hope will streamline such payments.

The Committee notes that failure to comply with the set E-cash guidelines undermines the objective of E-Cash platform of proper and safe management of cash transactions and makes the funds susceptible to abuse.

The committee recommends that the AO should adhere to the new guideline on E-Cash usage, issued by the Accountant Genera and that regular trainings be conducted to enable staff appreciate the



#### 4.9 KYAMBOGO UNIVERSITY

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## 4.9.1 Outstanding Receivables worth UGX.23,200,066,732

The audit report noted that the University accumulated receivables totaling to UGX.23,200,066,732 as at 30<sup>th</sup>June 2021, with Note 19 revealing that the amount was comprised of UGX.720,033,109 in respect to the prior year's balance brought forward which was not collected, and UGX.22,480,033,623 relating to the financial year under review.

While meeting the Committee, the AO explained that the University was affected by the covid19 lockdown that forced them to close two weeks to examinations hence not being able to collect fees as anticipated usually before examination periods. That this is the period when payment is easily enforced in preparation for examinations. The committee believed this explanation

The Committee notes that the under-collection of billed revenue cripples the University's ability to meet its financial obligations and may negatively impact on service delivery. The increase in the receivables points to a low recovery rate of outstanding student tuition fees and there is a possibility of failing to recover all the amounts due.

The Committee recommends that the AO institute measures to ensure that all the outstanding receivables are recovered.

# 4.9.2 Long Outstanding Payables worth UGX.13,580,765,200

Audit report revealed that the University had outstanding payables to the tune of UGX.13,580,765,200 as at the closure of the financial year 2020/21. The statement of outstanding commitments indicated that payables totaling to UGX.10,121,397,975 have been outstanding for more than two

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The report further indicated that although management had only budgeted for UGX.56,626,197 (0.7%) for the year as shown in the Statement of Appropriation, the University had outstanding payables to the tune of UGX.7,904,639,774 at the beginning of the financial year.

While meeting with the Committee, the AO attributed the low servicing of domestic arrears to budgetary constraints and indicated that Government allocated only UGX.2,082,044,853 the previous three (3) financial years (2018/19-2020/21) and stated that the MoFPED had committed to servicing the arrears.

The Committee recommends that the AO should adhere to the commitment control system of Government that is meant to stop entities from committing Government beyond the level of availed resources and make follow ups with the MoFPED to ensure that the arrears are cleared.

# 4.9.3 Illegal Land Occupants and the variations between the area on Certificate of Tittle and actual area on the ground

The Auditor General noted that a review of a report on Kyambogo University land dated June 2020 indicated that the University land totaling to 7.9034 acres was illegally occupied by encroachers. The report further revealed that in 2019, management started on the eviction process but in a consultative meeting between management and officials from Uganda Police, the Resident City Commissioner advised that the eviction would attract a lot of political interference, which was eventually halted. The details are as below;

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Specific area	No. of Occupants	Size of the area occupied
Kasigiri	134	1.047
Kabaka's gate	14	2.159
Air port	56	4.6974
- TA -	204	7.9034

While meeting the Committee, the AO explained that efforts to evict the squatters have thus far been futile due to stiff resistance and legal battles by the encroachers.

Further, the audit report noted that site location survey report of Kyambogo University land dated 1st April 2021 indicated deviations between the land size on the certificates of the tittle and the actual ground area for plot M902 on which the University is situated as shown in the table below;

Institution	Plot No.	Plot size on the certificates of titles in hectares	Verified size hectares	plot in	Variance
Kyambogo University	M902	137.512	160.260		22.748

Management explained that the variance in the size of plot M902 which comprises of Kyambogo University land title was established during the survey undertaken in April 2021 following the claim of part of the University land by Kampala District Land Board and the Kingdom of Buganda and subsequent directive by the former Minister of Lands, Housing & Urban Development. He further stated that recommendations of the survey team are to be presented to cabinet with the view of regularizing the University land title.

The committee recommends that the AO expedites the process of streamlining the bounderies of the land and eviction to ensure that the university does not lose its land.

The AO should expedite the process of presenting the recommendations of the survey team to Cabinet for discussion and

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appropriate decision. Cabinet is urged to treat the matter as urgent and accordingly expedite it.

# 4.9.4 Absence of Memoranda of Understanding with Affiliated Institutions

The audit report noted that out of the 112 affiliated Institutions, MOUs for only 40 were availed for verification, out of which 9 Institutions were discovered to have expired MOUs as shown in the table below:

SN	Institution	Affiliation Agreement
1	Arua Nursery Teacher's college	Expired 2019
2	Kabalega college, Masindi (DES &DEP)	Expired 2019
3	West Nile Institute of Nursery teachers	Expired 2019
4	CCP Vocational training Institute	Expired 2019
5	KAKOBA Institute of ECD	Expired 2019
6	Ankole Western Institute of Science and Technology	Expired 2019
7	St John Bosco Core PTC	Expired 2019
8	John fisher Teacher's training Institute	Expired Oct 2020
9	Lady Valeria Vocational school	Expired 2021

While meeting with the Committee, the AO noted that the ban on the licensing of Institutions by the Ministry of Education and Sports effected in June 2019 as a result of a decision to create Uganda National Institute for Teacher Education as envisaged in the National Teacher Policy had made it impossible to enter into new MOUs with these institutions.

The Committee notes that as part of the initiatives to raise the quality of teachers and teacher education in Uganda, the education ministry, through the 2019 National Teacher Policy resolved that all teachers from pre-primary should have a minimum qualification of a Bachelor's Degree.

To implement the objective, the policy recommended the creation of a higher institution of learning dubbed the Uganda National Institute of Teacher Education-UNITE to take on the role that had been informally played

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by Kyambogo University as inherited from the Institute of Teacher Education Kyambogo-ITEK. However this has been delayed.

The failure to operationalize UNITE is creating a huge gap in teacher education since Primary teacher colleges and National Teacher Colleges were stopped from admitting new students. Additionally, few universities have degree programmes for pre-primary and primary teachers leaving those who want to become teachers with limited or no alternative. The delay to operationalise the institute is also hurting the process of upgrading from the lower qualifications, which were scrapped.

The Committee recommends that the MoES expedite the process of rationalizing Government entities to inform the operationalization of the UNITE to standardize teacher education and streamline the provision of this critical service.

#### 4.10 MAKERERE UNIVERSITY BUSINESS SCHOOL

## 4.10.1 Accumulation of receivables worth UGX.21,730,133,664

The report of the auditor general revealed that the school had accumulated receivables to the tune of UGX.21,730,133,664. This reflected an increase in receivables by UGX.12,025,676,995 (124%) from the previous year's balance of UGX.9,704,456,669.

While meeting with the Committee, the AO attributed this to the disruption caused by the COVID19 pandemic which did not allow them to collect fees and other payables.

The Committee notes the challenges with which public universities/schools have had to operate during the COVID19 pandemic. However, the the increase in the receivables indicates a low recovery rate of outstanding student school fees, and there is a possibility of failing to recover all the



amounts due. Indeed the environment has since changed to allow any possible collection efforts although the committee received no evidence of such action.

The Committee recommends that the AO institutes measures to collect all outstanding receivables from the students. The AO should inform parliament of the steps taken in collecting all receivables in the next Six months.

## 4.10.2 Outstanding Payables worth UGX.1,215,592,931

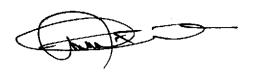
The report of the Auditor General noted that the Statement of Financial Position and the related Note 24 to the financial statements showed accumulation of payables to the tune of UGX.1,215,592,931 as at 30th June 2021. It further noted that these payables were accumulated in the current year under review and largely relate to suppliers of goods and services.

While meeting the Committee, the AO attributed these outstanding payables to budget cuts and failure to release funds as budgeted by MoFPED adding that they had since been paid

The Committee notes that accumulation of payables poses a risk of litigation and erodes the school's credit rating by suppliers. Outstanding payables/ domestic arrears accumulation is also indicative of an AO who had not been adhering to the commitment control system of Government that is meant to stop entities from committing Government beyond the level of availed resources.

The Committee recommends that the AO shouldliaise with MoFPED and set aside sufficient funds for settlement of outstanding payables. The AO should stick to Prudent financial practices to adhere to the commitment control system of Government.

4.10.3 Outstanding Court Cases worth UGX.2,899,977,221





The Auditor General reported that the Statement of Contingent Liabilities and guarantees in the financial statements showed that MUBS was involved in several court cases/legal proceedings which value totalled UGX.2,899,977,221 in various courts of law and these cases remained pending as at the financial year end.

Further analysis of the cases indicated that the parties involved are between the University and its former staff, students and suppliers. The committee noted that the cases arose mainly from claims of unlawful termination, breach of contracts, unfair treatment and failure to pay suppliers.

The Committee notes that the entity would incur expenses as a result of court rulings.

The Committee recommends that subject to the merits of each case, the AO should endeavour to settle disputes out of court.

## 4.10.4 Payment of Un-budgeted for Domestic Arrears

Audit report revealed that the entity made payment of domestic arrears of UGX.9,601,334,785 against UGX.330,708,964 that was budgeted and warranted for under employee costs; goods and services; other operating expenses and consumption of property, plant and equipment.

While meeting the Committee, the AO explained that these funds were used to pay domestic arrears for the previous financial year in order to avoid litigation from suppliers because MoFPED had not released sufficient money to cover domestic arrears.

The Committee notes that payment of funds from un-appropriated budget lines leads to non-implementation of activities for which money has been budgeted for.

The Committee recommends that the AO adheres to the approved budget, or else seek proper authorization for budget reallocations

short of which he should be sanctioned.

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## 4.10.5 Encroachment on the University Land

The Auditor General reported that the School had five (5) pieces of land recorded in the assets register as shown below but had never been valued to

S/n	Description	Plot No.	Location	Usage	Date of Acquisition
1	Mazindalo Close (0.185 Hectares)	Plot 7-8	Bugolobi	Teaching Space	11/07/1997
2	Port bell road (17.090 Hectares)	Plot 21A	Nakawa	Teaching Space	11/07/1997
3	Faraday Road (0.698 Hectares)	Plot 5-11	Bugolobi	Teaching Space	11/07/1997
4	Kireka Hill View (0.906 Hectares)	Plot 1	Kireka	Has squatters	
5	Narabhai-Jinja 3 Acres	Plot 9-13, 9A & 26	Narabhai- Jinja	Teaching Space	27/04/2015

ascertain the monetary value.

He further reported that the land in Kireka had squatters and this has not been reclaimed by the school yet.

While meeting the Committee, the AO explained that management could not value, gazette, nor develop the said land due to the challenge of squatters and indicated that they would continue to engage the relevant government bodies to have them valued.

The Committee notes that the encroachment on the School land was attributed to failure to gazette and develop the land and there is a possibility that the pieces of land could get lost to squatters which will be a loss to the School and Government.

The Committee recommends that the AO should engage the squatters and the relevant authorities to explore ways of re-

reclaiming the School land as a matter of urgency.

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### 4.10.6 Procurement of the E-learning ICT Equipment

The Auditor General reported significant delays in executing a framework contract for the procurement of ICT Equipment for MUBS main and regional campuses. He noted that whereas the contracts were supposed to be signed on 30th October, 2021 and expected to end on 26th February 2021, according to the framework contract, the contracts were signed on 24th and 26th of March 2021, and deliveries were made on 8th June, 2021, indicating significant delays in contract signing and delivery of equipment which had not been installed by the time of audit.

The AO explained that the delays were caused by last minute decision by management to change the location of the studio from MUBS main campus to MUBS Annex – Bugolobi.

The Committee notes that the delays impacted on the use of the equipment to foster e-learning thereby affecting the execution of the entity's mandate.

The Committee recommends that the AO should ensure that the E-Learning studio is installed and set up without further delay to foster e-learning at the School.

# 4.11 UGANDA INSTITUTE OF COMMUNICATION & COMMUNICATION TECHNOLOGY (UICT)

## 4.11.1 Over Expenditure on some Budget Lines

The Auditor General noted that contrary to Paragraph 8.5.2 of the Treasury Instructions 2017 which states that the implementation of the budget shall strictly follow the work plans, procurements, and recruitment plans as approved by Parliament, the entity had an expenditure on three budget lines of staff welfare, Water &Sewerage and Academic ceremonies totaling UGX.34,136,741.

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While meeting with the Committee, the AO attributed this anomaly to under budgeting in some of the essential items such as staff lunch and tea, leakages as a result of old plumbing system and failure to consider VAT component in coming up with budgets estimates for services and supplies. He further noted challenges in the commitment control system for staff welfare that manifests in different forms such as lunch refund instead of provision of contracted lunch services.

The Committee notes that expenditure outside the budget line without necessary approvals amounts to reallocation, contrary to section 22(1) of the PFM Act and causes budget distortions.

The Committee recommends that the AO should ensure that spending is undertaken as per the approved budget lines and the related amounts. Authority should always be sought in accordance with the PFM Act in cases of inevitable deviation.

## 4.11.2 Outstanding Receivables

amounts due.\_

The Auditor General faulted management of UICT for accumulated receivables amounting to UGX.384,635,852 as at 30th June 2020 in Trade Debtors, Staff advances, Tenants and Hostel Fees.

While meeting the Committee, the AO attributed this outstanding receivables to the effect of the lockdown on some of their sources of income.

The Committee notes that accumulation of receivables denies the entity cash inflows that would be used for its operations. Further, the increase in the receivables indicates a low recovery rate of outstanding student tuition fees, tenants hostel fees and there is a possibility of failing to recover all the



The Committee recommends that AO to institute measures to ensure that all receivables are recovered to meet their financial needs.

### 4.11.3 Extended temporary staff appointments

The Audit report noted that some staff had been working at the Institute for over 10 years on temporary appointment with continuous contract renewals.

While meeting the Committee, the AO informed the committee that the Governing Council had halted all recruitment at the institute pending a human resource study instituted to establish skill set and staffing needs. This forced them to retain the services of those they considered critical, albeit on temporary terms.

The Committee notes however that the decision to halt recruitment by Council was only made in 2016 and yet they have had some staff serving on temporary basis from as far back as 2012. Such practice is not prudent and offends all principles of corporate governance. It is unfair and illegal and does not portray Government in good light. It denies staff all benefits available to other Government workers and demotivates them which in turn affects the quality of service delivered.

The Committee recommends that the AO together with the governing council should ratify the recruitment of those on temporary terms and make budgets to recruit more staff now that they have concluded the human resource studies.

## 4.12 NATIONAL CURRICULUM DEVELOPMENT CENTRE

## 4.12.1 Irregular Payments to Staff from E-Cash Platform

The Auditor General reported that a reconciliation between the E-Cash Account Statement and the staff list revealed that funds to the tune of UGX.7,616,021 were paid to staff which was irregularly, contrary to

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Paragraph 4.2 (ii) of the guidelines for E-Cash, 2019 which prohibits the use of E-Cash platform to pay an employee of the paying vote.

The Report further noted that a total of UGX.31,448,969 was irregularly paid to payees who were already registered suppliers/vendors on IFMS.

While meeting the Committee, the AO acknowledged the anomaly and attributed it topayments were done to the Governing Council and sub-committees in respect of their sitting allowances for emergency situations when some staff members were in the field.

The Committee notes that Payment of staff and other suppliers who are registered on IFMS using the E-Cash platform without authorisation undermines the intentions of the guidelines and subsequently undermines the objective of E-Cash platform of proper and safe management of cash transactions.

The Committee recommends that the AO be held responsible for flouting the guidelines issued on the usage of E-Cash.

The AO should always adhere to the guidelines of the E-cash as issued by the Accountant General.

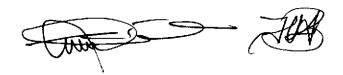
## 4.12.2 Over deductions from Employees' Salaries: UGX.267,636,967

The report of the Auditor General faulted the AO for approving deductions totalling UGX.267,636,967 from payrolls which were above 50% of the staff gross salary amounts.

The Committee notes that this is contrary to Section (B-a) Paragraphs 18 and 19 of the Uganda Public Service Standing Orders 2010 which states that total deductions from an Officer's salary shall not exceed 50% of the

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Officer's gross salary in any one month. The statutory deductions, that is to say, Government taxes, shall take precedence and that a public officer who knowingly and deliberately causes his or her monthly salary to drop to zero or negative pay, commits an offence and shall be liable to appropriate disciplinary action by the Responsible Officer.

The AO attributed this anomaly to multiple deductions as a result of commitment of employees to the SACCO and provident fund, in addition to the statutory deductions like PAYE and NSSF contributions.

The Committee recommends that the AO should always ensure that salary deductions do not exceed half the gross of a staff's salary in compliance with the Public Service Standing Orders by advising staff against committing their pay over and above the 50% threshold

## 4.12.3 Failure to Deduct and Remit WHT to URA worth UGX.317,783,806

The Auditor General noted that goods and services totalling to UGX.5,296,396,760 did not have corresponding WHT transactions totalling to UGX.317,783,806 on the IFMS payment file. There was also no evidence of exemptions availed for verification.

The AO indicated that the tax payers were exempt and provided evidence of tax exemption later.

The committee recommends that this querry be dropped accordingly.

#### MAKERERE UNIVERSITY KAMPALA

#### 4.12.4 Loss of Assets/Property to Fire

The audit report noted that the University lost and estimated UGX.15,434,782,500 in value due to the fire that gutted the main Administration Block and other assets therein on the 20th September, 2020.

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While meeting the committee, the AO submitted that they had since obtained a report on the incident from the National Building Review Board as part of the Task Force formed to investigate the cause of fire at the main building, and adjusted their financial statement to include the losses incurred.

The Committee notes from the findings of the investigations carried out by the task force that although the fire could have been caused by a combination of faults within the electrical installation, the electricians under the Estates and Works Department were found not to be qualified enough to carry out repairs and maintenance of electrical installations at the University. Safety systems were also found to be lacking in the main building, which could have prevented spread of the fire or reduced the extent of damage. For example, the main building was found to have no fire fighting systems that could detect the fire early enough. The committee observed lack of insurance programmes that could indemnify the University.

The Committee recommends that the AO plans and budgets to insure all university buildings.

Further, the AO should take deliberate steps to develop the capacity of the electricians and other staff to carryout routine maintenance of electric installations in the buildings at the University, on top of installing firefighting equipment such as fire hydrant to detect and respond to fire early enough.

# 4.12.5 Accumulation of in-house retirement benefits worth UGX.18,920,219,207

The Auditor General noted that the University had an outstanding pension liability of UGX.18,920,219,207, inclusive of interest as reported in the Statement of Financial Position as at 30<sup>th</sup> June 2021 resulting from accumulation of In-House Retirement Benefits since 2010.

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While meeting the University, the Committee was informed by the AO that a sum of UGX.6,500,000,000 had been paid out of the outstanding liability, after engaging government and the Board of Trustees of Makerere University Retirement Benefits Scheme on the matter. He added that through a Consent Variation Order, a copy of which the Committee saw, they had agreed on a settlement plan where government would pay the outstanding bill in a phased manner without further accumulation of interest.

The Committee notes that UGX.12,420,219,207 is outstanding.

The Committee recommends that the University should continue engaging with Government to ensure that the remaining outstanding liability of in-house retirement benefits is cleared.

## 4.12.6 Outstanding Payables worth UGX.7,819,385,752

The report of the auditor general indicated that the entity had accumulated domestic arrears to the tune of UGX.7,819,385,752 as at 30th June 2021. This largely comprised arrears from the prior years of UGX.7,818,303,740, which represents 99.9% of the total payables.

While meeting the Committee the AO explained that the entity had accumulated the payables in the previous financial years. He added that they had continued to engage the government for funding to clear the outstanding and had succeeded in securing only UGX.703,617,485 in the FY 2020/21, with another UGX.3Bn being provided for FY 2022/2023.

The Committee recommends that the AO continues to budget for the outstanding payables and liaises with the MoFPED to ensure that adequate funding is provided. The committee recommends that the MoPFED finds this money to sort this matter once and for all.

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## 4.12.7 Failure to Comprehensively Insure key Installations and buildings of the University

The Auditor General noted in his report that the main installations such as the Senate, the Library, School of Women and Gender Studies and other buildings were not comprehensibly insured.

He noted that in some tenancy agreements between the University and some tenants like the banks however, the University was required to keep the premises rented comprehensively insured at all times against fire and special perils.

While meeting the Committee, the AO attributed this to the reluctance of many insurers to offer cover due to the age of the buildings and the lack of safety mitigation measures in those buildings. Indeed there was no insurance cover even for the relatively new buildings,

The Committee notes that failure to comprehensively insure key installations and buildings of the University poses a risk of huge financial obligations to the tenants In case of a catastrophe, in addition to losing buildings and property therein.

The Committee recommends that the University should learn from the losses incurred as a result of the fire that razed down the main building and should, as a matter of urgency, ensure that all buildings and major installations are comprehensively insured.

## 4.12.8 Failure to charge in-put VAT worth USD.129,537

have any claim on in-put VAT from their tenants.

The Auditor General noted that the tenancy agreements between Makerere University and commercial banks required payment of rent inclusive of VAT. However, the commercial banks had only paid net rent and as a result, the University lost in-put VAT worth USD 129,537.

While meeting the Committee, the entity however noted that they did not





Thru copies of tenancy agreement viewed, the tenants agreements were tax exclusive.

### The committee recommends that this be dropped

## 4.12.9 Outstanding rental arrears: UGX.530,160,724

The Audit report noted that two University tenants did not pay rent for the entire year under review totaling toUGX.530,160,724, contrary to Section 1(i) of the tenancy agreements between the University and the Tenants stipulating that rent had to be paid three (3) months in advance for the period it falls due.

The AO noted that the rent accumulation came as a result of the disruption caused by the Covid19 lockdown that forced many tenants to close their business premises. He clarified that the amount of UGX.530,160,724 was the total amount receivable from all university debtors and not only rental arrears. He added that they had collected UGX.144,000,000 out of the UGX.370,160,726, which was rental arrears.

While the Committee agree that covid 19 pandemic caused serious disruptions in the flow of income, the accumulation of rental arrears may lead to under performance of the University's planned activities. Further, the outstanding rental arrears indicate a low recovery rate of outstanding rentals and there is a possibility of failing to recover all the amounts due.

The Committee recommends that the AO should always ensure that tenants are timely invoiced and rental fees collected. In addition, the outstanding rent arrears should be recovered from the tenants without further delay.

## 4.12.10 Encroachment on university land

The Audit report noted that the University owns various pieces of land totaling to 102 Acres in prime locations around Kampala including Makerere,

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Mulago and Makindye. Inspection of the land revealed that the land is heavily encroached on, and a number of cases have been in court for more than five (5) years without logical conclusion. If quick action is not taken, the University is exposed to the risk of losing land in these prime areas.

While meeting the committee, the AO acknowledged that the university continues to face challenges with regard to protecting its land including long judicial and bureaucratic processes. He noted that the university had taken various steps on land protection including surveillance, opening of boundaries and fencing and following with various land boards to transfer and obtain land titles. He added that because of the various land contestations, the university had created a special committee on land matters to give guidance and direction to council.

The committee notes that continued encroachment on University land creates a fertile ground for land disputes that could lead to loss of prime and.

The Committee recommends that the Accounting Officer should ensure that all the University land is fenced off where possible, and to place security on all its property in liaison with Uganda Police Force. In addition, he should liaise with the relevant authorities and expedite the process of acquiring land titles in the names of the University.

## 4.13 THE UGANDA SKILLS DEVELOPMENT PROJECT (USDP)

#### 4.13.1 Performance of World Bank Revenue

Audit report noted that out of the budgeted amount of UGX.58.82Bn for the financial year 2020/2021, a sum of UGX.46.53Bn was received indicating performance of 79% of the target.

The Accounting Officer attributed the under-performance to the disruption caused by the COVID19 pandemic that affected the procurement processes,

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noting that all activities had since been fast-tracked and contracts (both civil works and equipment) signed, putting the progress of works at 100% completion rate.

The Committee notes that shortfalls in revenue collection of a donor at the vote level could result into an aggregate revenue shortfall at the treasury level, which negatively affects the implementation of planned activities at a Government-wide level.

The Committee recommends that the entity should always initiate procurement processes early enough to ensure that activities are not bogged down by delays when the money finally comes.

### 4.13.2 Absorption of funds

The Auditor General noted that out of the total warrants of UGX.46.6Bn received during the financial year. UGX.75.8Bn was spent by the entity resulting in an excess of UGX.29.2Bn representing an absorption level of 163%.

While meeting the Committee, the AO attributed the over-absorption to project monies from previous financial years whose implementation were disrupted by the COVID19 Pandemic. He noted that, unlike other funds, project money was not returned to the treasury.

The Committee notes that failure to remit unspent money back to the consolidated fund is contrary to section 17(2) of the PFMA, 2015 yet on the other hand, donor funds are governed, in addition by the financing agreements which may not allow the sweeping of balances to the consolidated fund.

The Committee recommends that the Accounting officer should always declare such monies which should form part of the opening balances for the subsequent financial year to avoid duplication of

funding.

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### 4.13.3 Delayed Signing of Contract for Supply of Motor Vehicles

The audit report noted that the best evaluated bidder notice for the supply of a Spray track for UTC Lira under Lot 2 under procurement Ref. - MOES/SUPLS/2019-2020/0019 was given to M/S. Joh Achelis & Sohone 3 at Euros 205,200. However, the contract with M/S Joh Achelis & Sohone had not been signed.

While meeting the Committee, the AO attributed the delay in signing the contract to supplier's unwillingness to sign with adjusted payment conditions from the ones in the original bidding document; which adjustments had to be been done in compliance with Bank of Uganda's guidance on the requirements for Letter of Credit. She noted however that the contract for the supply of the bitumen spray truck had been signed.

The Committee notes that the delay in contract signing results into ultimate delay in provision of required services.

The Committee recommends that the entity should always initiate procurement processes early enough to ensure that activities are not bogged down by delays when the money finally comes.

## 4.13.4 Delayed Installation and testing of Equipment

Audit report noted that management signed contracts for delivery and installation of equipment at various Colleges on the 30<sup>th</sup>/07/2020 under Procurement reference MOES/SUPLS/2018-2019/00234/C1439 for USD. 8,304,848 and letters of credit to the service providers in respect to the supplies were processed. However, contract management reports revealed that the suppliers had not fully installed and tested the delivered equipment by the time of reporting- 24/11/2021.

While meeting the Committee, the AO attributed the disruption caused by the COVID19 Pandemie that delayed completion of Civil Works at the sites



hence affecting testing and installation of the equipment. She noted that that most civil works had been completed and related equipment installed and tested except fir UTC Elgon.

THE Committee notes that delayed implementation of planned activities imply that the expected services to the beneficiary colleges were not attained.

The Committee recommends that the AO should expedite the installation and testing of related equipment in order to offer the intended services.

#### 4.13.5 Supply of furniture

The Auditor General noted that the Ministry signed contracts for furniture supply with four firms on the 14<sup>th</sup> of May 2021 and that deliveries were expected between 27<sup>th</sup> August and 30<sup>th</sup> November. However, it was noted that three of the four suppliers whose contract completion dates were between 22<sup>nd</sup> October and 30<sup>th</sup> November had not delivered by 30<sup>th</sup> November with actual deliveries ranging from 7%- 85%.

The Accounting Officer attributed the delays to the disruption occasioned by the COVID19 Pandemic that affected the suppliers.

The Committee notes delayed delivery of planned furniture implies that the expected services to the beneficiary colleges were not attained.

The Committee recommends that the AO should endeavor to initiate procurement processes in time to meet the deadlines as stipulated in contracts.

## 4.13.6 Slow progress and other anomalies with Construction Projects (Civil works)

The Auditor General noted that during the period under review, the project had 20 ongoing construction projects worth UGX.69,839,227,393 at various

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colleges and Vocational Training Institutes (VTIs). He noted that there would be delayed achievement of the project strategic objectives of enhancing the capacity of Institutions to deliver high quality demand-driven training courses in agriculture, construction and manufacturing sectors due to the following anomalies:

- i) All the 15 ongoing contracts had delayed to perform with delays ranging from 1-7 months. However, only 5 had completed as at the time of verification (30th November 2021).
- ii) A contract for Civil works at UTC Bushenyi worth UGX. 8,321,753,166 failed to perform within the agreed period ending on the 4th of August 2021. The Ministry terminated the contract and the Performance Guarantee worth UGX 981,966,874 cashed on 06-Sep-2021.
- iii) The contract for civil works at Nyamitanga worth UGX. 1,937,164,680 expired on 5<sup>th</sup> May 2021 before the Ministry could recover a sum of UGX. 147,732,492 from the advance made to the contractor. There is a risk that the unrecovered amount may be lost.
- iv) A Contract for construction at Karera Technical Institute worth UGX. 1,910,490,026 had unrecovered advance of UGX. 305,847,737. However, as the Ministry was in the process of cashing the Advance Payment Guarantee of UGX. 225,437,823 from Centenary bank on the 6<sup>th</sup> of September 2021, the Contractor secured interim court injunction halting cashing of guarantees on 08-Sep-2021.

While meeting the Committee, the AO acknowledged the various delays in the civil various. She noted that the works at Nyamitanga VTI expired on 5<sup>th</sup> May 2021 and a new contractor was procured after valuation of the works undertaken by the previous contractor and the amount in question offset

from the amounts due to him-

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For Karera Technical Institute, the AO submitted that they had fully recovered the advance payments, noting that civil works on the 14 out of the 15 sites had been completed, except for Kitgum VTI which was at 85% completion.

The Committee recommends that the AO fast tracks the remaining works at Kitgum VTI to full completion to ensure timely delivery of services to the intended beneficiaries.

The committee further recommends that the Attorney General takes interest in all these contracts to avert any possible legal liability or loss of Government funds.

#### 4.14 MINISTRY OF EDUCATION & SPORTS

## 4.14.1 Un-utilized Covid-19 Response funds (Domestic Arrears): UGX.9.62 Bn

The report of the Auditor General noted that the MOES received UGX. 23.44Bn in respect of Covid-19 response related expenditure. The funds were released to pay domestic arrears of the Ministry (UGX.17.36Bn) and its three subventions namely, UBTEB, UNMEB and UAHEB (UGX.6.08Bn). The Ministry funds comprised UGX.10.82Bn for appropriated domestic arrears and a supplementary amount of UGX.6.55Bn meant for the court award in favor of M/s. Coil Ltd. All the funds meant for the subventions totaling to UGX. 6.08 Bn were disbursed and fully utilized, while only UGX.7.74Bn was spent by the ministry leaving unspent balance to the tune of UGX.9.62Bn (55.4%) This amount was subsequently swept back to the Consolidated Fund Account.

While meeting the Committee, the AO attributed the unspent money to the inability to pay court award to M/s Coil Ltd as a result of a contestation of

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the amount by Uganda Revenue Authority. She added that the money was subsequently paid after seeking the advice of the Attorney General.

On the other domestic arrears, the AO attributed it to delays by suppliers to have their account details captured by the IFMS mostly due to the disruption of movements caused by the covid19 restrictions.

The Committee notes that failure to expend money disrupts implementation of activities and denies other Government votes the opportunity to have much needed resources to carry out their activities.

The Committee recommends that the AO should adhere to the annual budget performance contract signed with the PS/ST pursuant to section 45 of the PFMA, 2015. The contract binds AOs to deliver on the activities in the work plan of the vote for the FY submitted under section 13(15) of the PFMA, 2015.

## 4.14.2 Outstanding receivables

The audit report noted that the ministry had receivables totaling to UGX.10.64Bn at the beginning of the financial year which increased to UGX.11,684,417,736 at closure of the year. The outstanding amounts are advances made to various educational institutions and District Local Governments which remained unaccounted for.

The AO explained that the unaccounted for funds were funds advanced for construction works to various education institutions and to suppliers of home learning materials. She added that all the materials had since been supplied and construction works completed.

Unaccounted for advances pose a risk of loss of funds in addition to crippling the Ministry's ability to meet its financial obligations as they fall due which could impact negatively on education service delivery.

The committee recommends that the AO should strengthen internal control system to ensure accountability for all advances by

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beneficiary institutions, failure of which recovery measures should be instituted.

### 4.14.3 Outstanding payables worth UGX.39.45Bn

The Audit report noted that the entity's payables decreased from UGX.50.19Bn in the FY 2019/20 to UGX.39.45Bn in the financial year under review representing a decrease of UGX.10.74Bn (21.4%). However, a review of the age analysis statement of the payables revealed that payables totalling to UGX. 29.79Bn (75.5%) of the outstanding amount had been outstanding for more than one year.

Auditor General further observed that management had not made adequate budget provision for domestic arrears during the financial year under review. Whereas the Ministry had outstanding obligations totalling to UGX.50.19Bn at the beginning of the financial year, only UGX.16.69Bn was provided for in the budget resulting into a funding gap of UGX.33.51Bn.

The AO explained that the outstanding payables were as a result of insufficient releases to cover all the payables in an aging manner. She noted that the Ministry had always declared the outstanding payables to MoFPED but they have always received insufficient funds as a result of resource constraints.

She noted that an additional UGX.9,925,185,244 was budgeted for clearing the payables under the FY 2021/22, which was released.

The Committee notes that accumulation of arrears could point to the fact that the AO disregarded the commitment control system of Government that is meant to stop entities from committing beyond the level of available resources. It could also be as a result of poor planning and budgeting by both the entity and the MoFPED

The Committee recommends that the AO should ensure that the arrears are provided for in the entity's plans and budgets at all times

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to avoid their accumulation, which distorts the budget and exposes the entity to litigations by unpaid staff/suppliers.

The AO should, going forward, adhere to Government commitment control system.

The Mopfed should ensure that domestic arrears are fully paid to avoid further accumulation and attendant liability.

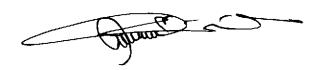
## 4.14.4 Questionable mandate of the Central Scholarship Committee

The Auditor General noted that MoES had not handed over the mandate of managing Government scholarships to the Higher Education Student Financing Board (HESFB), but rather continued to carry out the shortlisting, interviewing, nominating and recommending successful candidates to the offering countries through the Central Scholarship Committee formed in 1999, contrary to Section 42(1) of the Higher Education Students Financing Act. The Act provides that all scholarships offered by the Government of Uganda (GOU), including bilateral scholarships, existing immediately before the commencement of this Act shall vest in the Board.

Further, Subsection (2) provides that the central scholarship committee of the Ministry of education and Sports existing immediately before the commencement of this Act shall cease to exist on such a date as the Minister may by Statutory Instrument publish in the gazette.

The AO explained that the handover of the scholarship administration to HESFB had not happened because of the on-going restructuring process and a final cabinet decision yet to be made on the merger and rationalisation of Government agencies. She further expressed optimism that the overlap in mandate would be addressed once the Government whitepaper and policy on higher education are approved by cabinet.

The Committee notes that the Central Scholarship Committee lacks mandated to manage scholarships and therefore its continued existence is



against the law. The management of scholarships by the committee has not only led to low utilization of the scholarships available to the Country, but also create user apathy from potential beneficiaries.

The Committee recommends that the Ministry should follow the law and streamline the management of Scholarship by ensuring its administration is fully vested in the Higher Education Student Financing Board.

The minister of Education and Sports should put in place the necessary Regulations envisaged under the Act to avoid the confusion created by their absence.

### 4.14.5 Inadequate information on scholarships at the Ministry

The Auditor General noted that despite the Central Scholarship Committee still being in charge of management of Bilateral Scholarships, information on Scholarship offered at the different Missions and other Government organization were not available at the Secretariat. As a result, it was difficult to reconcile Scholarships at the different Missions and those known by the Central Scholarships Committee.

He further noted that Scholarship advertisements were run in only one media of wide circulation; the New vision.

The AO explained that they had limited control over the scholarships handled by embassies and other MDAs. She admitted that they only run the scholarship adverts on one daily – The New Vision, because of resource constraints, adding that they had since incorporated electronic media such as facebook, twitter and whatsapp as medium of advertisement.

The Committee reiterates it earlier observation and recommendation.

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Further, the Ministry should budget and fund the advertisement of scholarship opportunities in at least three daily newspapers to ensure potential beneficiaries get the information.

## 4.14.6 Lack of scholarship policy and under absorption of scholarship opportunities

The Auditor General noted that the Ministry did not have a scholarship Policy to guide its actions from negotiations, acceptance and subsequent management of scholarships.

Further, the Auditor General noted that a review of scholarships offered to Uganda during the period of 3 years (2018/19, 2019/20 and 2020/21) revealed that out of a total of 280 scholarships offered, only 162 were filled resulting into an under absorption of 118 (42%) scholarships.

The AO conceded on the lack of a scholarship policy and submitted that they were using administrative guidelines on the management of the scholarship. The said guidelines were not submitted to the committee for scrutiny and their legal basis was not explained as indeed there is none.

On the under-absorption of scholarships, the AO explained that some successful candidates turn down the offers for personal reasons when it is too late to have them replaced.

She added that some bi-lateral scholarships offers are partial, covering only tuition and may require the beneficiaries to meet other costs such as accommodation, feeding and medical insurance among others hence becoming unattractive to potential beneficiaries yet the government has no counterpart funding.

The Committee notes that management of scholarships without a clear policy makes it difficult to set directions and guidelines that the ministry and country would like to achieve while the under-absorption of Scholarships

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denies the Country the opportunity to skill and expose its citizens to opportunities.

The Committee reiterates it earlier recommendation that management of Scholarship and its administration should be fully vested in the Higher Education Student Financing Board. A clear policy on the management of scholarship should be developed for orderly management.

The Accounting officer should streamline all the processes of identifying the candidates including reviewing the selection criteria to match the ones used by the awarding countries to be able to improve on the success rate.

## 4.14.7 Unbudgeted for COVID19 impacted expenditure: UGX.5.3Bn



The Auditor General reported that a review of the expenditure for the year under review revealed that the Ministry spent a UGX.5.3Bn as a Covid-19 related expenditure to cater for printing and distribution of home learning materials and content writing for home learning materials which was not in the approved budget. Besides there was no evidence of a supplementary funding availed for verification.

THE AO explained that to ensure continuity in learning during the lockdown, managements took a decision to procure home learning materials for distribution to learners in their homes, noting that home learning materials and instructional materials fall I the same category on the chart of accounts, i.e. books, periodical and newspapers.

The Committee notes that spending on items that were not appropriated without authorization was irregular and it affects implementation of the planned outputs and goes against Section 15 (3) of the PFMA, 2015.

The Committee recommends that the AO should be held responsible for spending re-allocation, without authorisation. The Accounting

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Officer should always seek for supplementary funding or re allocations whenever there is inevitable change of priorities.

## 4.14.8 Under absorption of Pension funds: UGX.9.71Bn

The Auditor General reported that the Ministry's budget estimate and subsequent appropriation for pensions was UGX.28.52Bn. However, only UGX.18.81Bn was absorbed leading to under absorption of funds by UGX.9.71Bn. Similarly, funds totalling to UGX.8. 03Bn remained unutilised in the prior year and was swept back to the consolidated fund account.

The above anomaly was attributed to management's failure to revise the Ministry's budget estimates downwards to reflect the Ministry's realistic budget needs with regard to pension.

The AO explained that the under-absorption of pension funds can be attributed to revalidation exercise of pensioners being undertaken by the ministry that has seen a number of pensioners pay suspended because lack of life certificates, inconsistency in bank details and invalid supplier numbers as part of the IFMS routine data clean up.

He noted that the ministry had always provided its wage, pension and gratuity estimates under the second budget call circular to the Ministries of Finance and that of Public Service. However, allocation of pension had always been made without due regard to the pension needs of the ministry. The Ministry was provided with excess funds that could not be absorbed since the excess funds were not part of its projections. This practice is rampant and raised serious questions as to the motivation by the Ministry of Finance in releasing more that the planned requirements of the MDAs.

## The Committee recommends that;

a. The Accountant General strictly enforces section 15(2) of the PFMA, 2015 which requires that the annual cash flow plans

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issued under sub section (1) be the basis for release of funds to entities.

b. The release of excess funds over and above the entity's projections should be investigated by way of a forensic audit as the motive is suspicious.

#### 4.14.9 Interest on Court awards UGX.4.69Bn

The Auditor General noted that a review of the court awards and payments made during the year revealed that out of the total verified outstanding court awards of UGX.10.18Bn, a sum of UGX.4.69Bn (46.1%) relates to accumulated interest costs arising from delayed settlement of court awards.

Whereas the ministry had obligations to the tune of UGX.15.98Bn and other on-going cases during the financial year, only UGX.1.66Bn was provided for court awards and compensations in the work plan for the financial year under review.

The Accounting Officer explained that the accumulation of interest was caused by lack of funds to clear the court awards as they fall due.

The Committee notes that the accumulation of interest in court awards could lead to nugatory expenditure in case of unfavourable court rulings

The Committee recommends that the Accounting Officer should continue engaging MOFPED and Parliament for sufficient budget allocation and ensure that outstanding payables are always paid on time.

Management should further enforce section 45(2) of the PFMA, 2015 by streamlining its management processes to avoid loopholes that lead to litigation, thus causing award of wasteful court damages.

4.14.10 Outstanding advances to UBOS worth UGX. 3.9Bh

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The Auditor General reported that the ministry signed a memorandum of understanding (MoU) with Uganda Bureau of Statistics (UBOS) on the 5th of August 2019 to carry out data collection (enumeration) for the comprehensive Education Institutions baseline and complete the exercise by 30th April 2020. UBOS was also required to present the final accountabilities and completion report to the funding parties by July 2020 (the effective period end of the agreement).

An advance of UGX.5.55Bn was transferred to UBOS and by the closure of the Project, 31st July 2020, a total amount of only UGX.1.65Bn had been utilised and accounted for leaving an outstanding amount of UGX.3.9Bn. Given the challenges posed by COVID-19 and the fact that the schools have been closed for long, there is a risk that these funds may not be appropriately utilized and followed up.

While appearing before the Committee, the AO explained that UBOS had since written to the Ministry presenting a new cost strategy for conducting a baseline education exercise and they are holding further consultation with a view of concluding the exercise now that schools have opened.

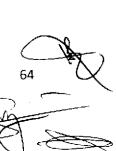
It is the recommendation of the committee that the Accounting Officer should make follow up on the outstanding UBOS obligations and ensure that all available strategies are employed to have the baseline census concluded to achieve the intended objectives.

#### 5.0 Conclusion -

Rt Hon. Speaker and Hon. Colleagues, it is my prayer and that of the committee that this August House adopts the recommendation contained in this report on the Education sector.

I beg to report

**M** 



# LIST OF MEMBERS ENDORSING THE REPORT OF PAC – CENTRAL GOV'T ON AUDITOR GENERAL'S REPORT ON THE EDUCATION SECTOR FOR THE YEAR ENDED $31^{\rm st}$ June 2021

S/n	Name	Constituency	Sign
1.	Hon. Lubega Medard	Busiro East	aucho,
2.	Ssegona Hon. Basalirwa Asuman	Bugiri Municipality	111
3.	Hon. Adriko Yovan	Vurra County	Maria .
4.	Hon. Atyang Stella	DWR Moroto	
5.	Hon. Angura Fredrick	Tororo County South	ganic
6.	Hon. Afidra Olema Ronald	Lower Madi County	
7.	Hon. Atima Jackson	Arua Central	
8.	Hon. Bataringaya Basil	Kashari North County	Ray
9.	Hon. Bukenya Michael Iga	Bukuya County	
10	Hon. Okot John Amos	Agago North County	M Drus.
11	Hon. Kyooma Xavier	Ibanda North	John Sams
12	Hon. Solomon Siliwany	Bukooli Central	
13.	Hon. Nandala Mafabi	Budadiri West	RINAM H MILE
14	Hon. Okin P. P Ojara	Chua West County	donal
15	Hon. Denis Onekalit Amere	Kitgum Municipality	
16	Hon. Bob Okae	Kwania North	
17	Hon. John Paul Lukwago Mpalanyi	Kyotera County	Sweet ;
18	Hon. Sarah Opendi	DMP Tororo	THE PARTY OF THE P
19	Hon. Sam Kavuma (Maj. Gen)	UPDF Rep	
20	Hon. Kyebakutika Manjeri	Jinja District	
21	Hon Mawanda Micheal. M	Igara East	John

24 H 25 H 26 H 27 H K 28 H	Hon. Kwezira Eddie Wagahungu Hon. Lematia John Hon. Paparu Lillian Obiale Hon. Modoi Isaac Hon. Ninsiima Boaz Kasirabo Hon. Otiam Emmanuel	Bukimbiri County  Ayivu West County  DWR Arua  Lutseshe County  Kooki County  West Budama	
24 E 25 E 26 H 27 H K 28 H	Hon. Lematia John Hon. Paparu Lillian Obiale Hon. Modoi Isaac Hon. Ninsiima Boaz Kasirabo Hon. Otiam Emmanuel	DWR Arua  Lutseshe County  Kooki County	
26 H 27 H K 28 H	Hon. Modoi Isaac Hon. Ninsiima Boaz Kasirabo Hon. Otiam Emmanuel	Lutseshe County  Kooki County	
27 H K 28 H	Ion. Ninsiima Boaz Kasirabo Ion. Otiam Emmanuel	Kooki County	
28 H	Kasirabo Hon. Otiam Emmanuel		
		West Budama	
29 F			
	Hon. Rutahigwa Elisa	Rukungiri Municipality	
30 H	łon. Ruyonga Joseph	Hoima West County	wys -
	łon. Nsegumire Muhammad Kibedi	Mityana North	Many -
32 H	lon. Begumisa Mary	DWR Ssembabule	Plus
33 H	lon. Kugonza Emely	Bunyaja East County	
34 H	Hon. Lolem Micah Akasile	Upe County	Sommer.
35 H	lon. Lokwang Hillary	Ik County	
36 H	Hon. Mugabi Susan	DWR Buvuma	
37 H	lon. Lukyamuzi David K	Busujju County	
38 H	Hon. Nabukenya Brenda	DWR Luweero	
39 H	łon. Kyebakutika Manjeri	Jinja District	
40 H	łon. Mpuuga Mathias	Nyendo-Mukungwe County	
41 H	łon. Chemutai Everlyn	DWR Bukwo	
42 H	Ion. Aogon Silas	Kumi Municipality	THE TAXABLE MARKET ON THE OTHER COMMENTS
	lon. Zijjan David Livingstone	Butembe County	
	Ion. Museveni William	Buwekula County North	

45 Hon. Kinyamatama Suubi	DWR Rakai	
Juliet		: -

