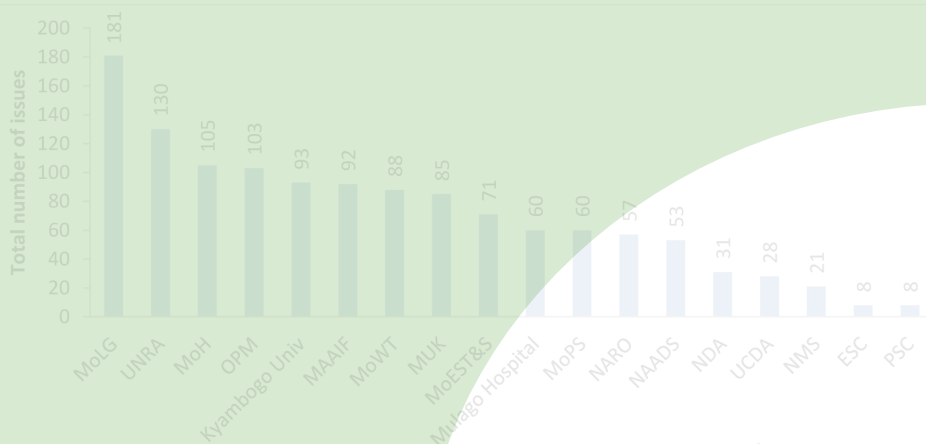
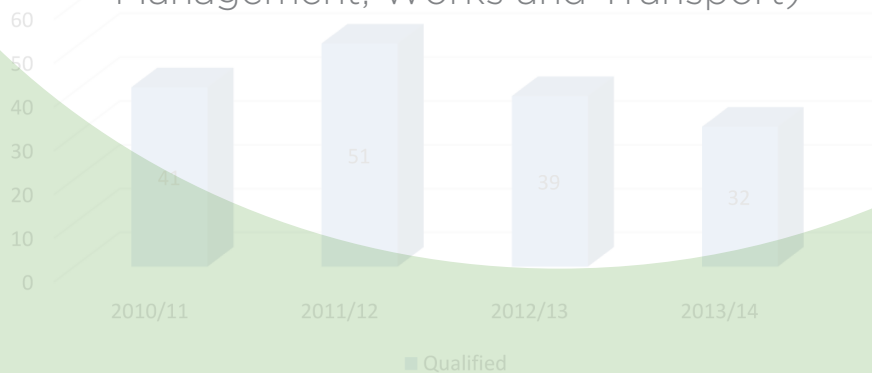




# ANTI CORRUPTION COALITION UGANDA (ACCU)

## REPORT ON **COMPLIANCE** OF **MDAs** TO THE **AUDITOR GENERAL'S** AUDIT **REPORTS** AND **RECOMMENDATIONS**

(Education, Health, Agriculture, Public Sector  
Management, Works and Transport)



April 2016

With support from



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# Glossary

<b>Accountability:</b>	The obligation of an individual or organization to provide an explanation for its activities, accept responsibility for them.
<b>Audit:</b>	An official inspection of an individual's or organization's accounts, typically by an independent body
<b>Backlog:</b>	Accumulation of something, especially uncompleted work or matters that need to be dealt with
<b>Compliance:</b>	Conforming to a rule, such as a specification, policy, standard or law.
<b>Mischarge Expenditure:</b>	Process of spending or paying out on items not originally budgeted for
<b>Outstanding commitment:</b>	Agreements committing government resources over and above budget allocations
<b>Treasury Memorandum:</b>	Details Government's comments on, and actions that Government has taken or intends to undertake in response to, the report of the Public Accounts Committee.
<b>Wasteful expenditure:</b>	An action or process spending, paying out or destroying something by using it carelessly or extravagantly.

## List of Abbreviations

<b>ACCU</b>	-	Anti Corruption Coalition Uganda
<b>COSASE</b>	-	Committee on Statutory Authorities and State Enterprises
<b>DEI</b>	-	Directorate of Ethics and Integrity
<b>FY</b>	-	Financial Year
<b>IG</b>	-	Inspectorate of Government
<b>KCC</b>	-	Kampala City Council
<b>KCCA</b>	-	Kampala City Council Authority
<b>KII</b>	-	Key Informant Interviews
<b>LGAC</b>	-	Local Government Accounts Committee
<b>MAAIF</b>	-	Ministry of Agriculture, Animal Industry and Fisheries
<b>MDA</b>	-	Ministries Departments and Agencies
<b>MoEST&amp;S</b>	-	Ministry of Education, Science Technology & Sports
<b>MoFPED</b>	-	Ministry of Finance Planning and Economic Development
<b>MoLG</b>	-	Ministry of Local Government
<b>MoPS</b>	-	Ministry of Public Service
<b>MoWT</b>	-	Ministry of Works and Transport
<b>MUK</b>	-	Makerere University Kampala
<b>NAADS</b>	-	National Agriculture Advisory Services
<b>NARO</b>	-	National Agriculture Research Organisation
<b>OAG</b>	-	Office of the Auditor General
<b>OPM</b>	-	Office of the Prime Minister
<b>PAC</b>	-	Public Accounts Committee
<b>PFM</b>	-	Public Finance Management
<b>PPDA</b>	-	Public Procurement and Disposal Authority
<b>PSC</b>	-	Public Service Commission
<b>TAI</b>	-	Treasury Accounting Instructions
<b>TM</b>	-	Treasury Memorandum
<b>UBOS</b>	-	Uganda Bureau of Statistics
<b>UCDA</b>	-	Uganda Coffee Development Authority
<b>UNRA</b>	-	Uganda National Roads Authority

## Executive Summary

Responsibility and accountability go together in Public Sector Financial Management. This means therefore that all government agencies are answerable to the public and the taxpayers on how government funds are spent. In the accountability cycle of Uganda, the duty of the Auditor General is to bring to the attention of Parliament unacceptable practices in financial management or systematic processes carried out by the implementing agencies. As such, the responses of these institutions on the issues raised by the OAG are instituted through the Executive as delegated to the Minister for Finance Planning and Economic Development. For accountability checks and balances not to be a mere “scare crow”, there should be an effective and efficient way of averting improper practices and impeding the reoccurrence of financial indiscipline among MDAs.

It is against this background that, ACCU carried out an analysis to ascertain the status of compliance of MDAs to the recommendations of the OAG’s Audit and find out how many Audited Treasury Memoranda are available from FY 2010/11 to FY 2013/14.

This study report also looks at not only the reasons why the accountability committees continue to face challenges as they debate and consider the Auditor General’s reports on institutions, but also the response and status of compliance of the implicated institutions to the recommendations of the OAG and the relevant committees.

The report focused on five sectors of Education, Health, Agriculture, Works & Transport and Public Sector Management. In each sector, a minimum of four institutions were interrogated. Analysis showed great efforts by MDAs in addressing issues raised and adopting the OAG report recommendations. Proxy indicators like the audit opinion given by the OAG over the years, the number of audit issues raised, reoccurrence of issues raised and the magnitude of the issues raised were used.

Basing on all the indicators mentioned above, there was considerable improvement in the performance of the said institutions as the trends were declining. Where there was a repetitive concern, like in the mischarge of expenditure, the value was reducing meaning that the institutions were gradually dealing with it. Regarding the audit opinions, only the Ministry of Public Service had an adverse opinion in the FY 2011/12 due to the pension scandal.

A treasury memorandum details Government’s comments on, and actions that Government has taken or intends to undertake in response to, the report of the Public Accounts Committee on the OAG audit reports. From the study, it was ascertained that there was no treasury memorandum produced since the FY 2004/05. This was mainly due to non-submission of relevant reports by the Parliament of Uganda to the Ministry of Finance Planning and Economic Development. Hence a question could be posed, ‘If the OAG is spending money to conduct audits year after year and there is no official response to the actions taken to address the faults identified, how we can ascertain the Value for Money in the audit expenditure?’

The report further looks at challenges faced which include; the backlog of audit reports from the OAG that need to be addressed; the methods of work of the committees; logistics, scheduling and unclear procedure of handling the treasury memoranda when they are sent to Parliament.



*The key recommendations the report presents in light of the findings include:*

1. To generate more focus on relevant concerns raised in the AG's reports, emphasis should be put on outstanding queries or issues where significant amounts of funds were misused. In that regard unnecessarily repetition of work done by the AG without adding value would be avoided hence solving the backlog challenge at Parliament.
2. Parliament should institute special sitting sessions for the responsible committees to deal with the backlog bearing in mind that some of the issues raised would have been overtaken by events. This would ensure that all issues are reviewed but most importantly, that time is not wasted on issues that are no longer relevant to the improvement of PFM in Uganda.
3. In respect to issues that cut across all sectors, Committees of PAC, COSASE, and LGAC should talk to a selected range of accounting officers to cover all the major issues and make recommendations that apply across all the Ministries or districts. This would improve and speed up completion of work by Committees.
4. Committees responsible for dealing with OAG reports should be given the full authority by the Speaker of Parliament so that they consider and conclude on the OAG reports. This reduces the time of response of the Executive to the Committee reports through timely production of the Treasury Memorandum. The option to wait for the reports to be tabled in the House drags on as the House often always has "other" urgent issues to deal with.
5. Parliament should adhere to Article 163 (5) of the Constitution of Uganda 1995 and handle Auditor General Reports within the stipulated 6 months timeline otherwise, at the elapse of this time it should be presumed that Parliament has fully adopted the AG's report as presented and the Executive should accordingly prepare Treasury Memoranda in response to actions taken to address issues raised by the AG. This action can help avert possible third party legal actions based on Parliament acting on issues which are legally barred by time.
6. The Ministry of Finance Planning and Economic Development should adhere to Sec 13 (11) (b) of the PFM Act 2015 as amended, to ensure that Treasury Memoranda are presented to Parliament with the National Budget.
7. Emphasis should be put on developing operational guidelines to assist Committees have a structured way of proceeding with the analysis of Auditor General Reports.
8. Alternative avenues should be contemplated to deal with the AG's recommendations on matters which do not necessarily require the intervention of Parliament.

# 1 INTRODUCTION

## 1.1 Introduction

Public Accounts Committees are a common feature of Westminster-style Parliamentary democracies worldwide and at their best; they are supposed to provide a check on government's financial management, limit corruption and the use of public funds for purposes other than which they are intended. Legislative oversight is the process through which governments are kept accountable and therefore strengthening of legislatures and their oversight capacity is a condition for the reduction of corruption and promotion of development (Pelizzo and Kinyondo 2014 p. 80). In the accountability cycle of Uganda, suspicious tendencies, financial or systematic errors are noted by the Auditor General for the attention of Parliament to further bring to order the implicated institutions. As such, the responses of these institutions on the issues raised by the OAG are instituted through the Executive as delegated to the Minister for Finance Planning and Economic Development.

The Parliament of Uganda has three active accountability committees providing oversight on the issues raised in the Auditor General's reports. Despite their high level of activity, relatively generous support from Parliament and donors, the accountability committees continue to face challenges in debating and considering reports. The lack of completion of the accountability cycle means that there is a high level of activity not bearing fruit in terms of tasking government to account fully for managed public funds.

## 1.2 Background and Context

The Office of the Auditor General (OAG) is mandated by Article 163 (3a) of the Constitution of the Republic of Uganda and the National Audit Act, 2008 to audit and report on the Public Accounts of Uganda and all public offices or bodies and/or organizations including the courts, central and local government institutions administrations, universities, and public institutions of like nature. Also included are any public corporation or other bodies and organizations established by an Act of Parliament. In addition, Article 163(3b) of the Constitution mandates the Auditor General to conduct financial and value for money audits in respect of any project involving public funds.

Once the Auditor General audits in accordance with Article 163(3) as stated above, Article 163(4) mandates the Auditor General to submit annual reports of the Public Accounts to Parliament. Accordingly, Article 163(5) of the Constitution of the Republic of Uganda mandates Parliament to within six months after submission of the report referred to in 163 (4) of this article, debate and consider the reports and take appropriate action. The purpose of the audits is to enhance and strengthen accountability in use of public resources allocated by Parliament.

In Public Sector Financial Management, responsibility and accountability go together. Each government agency is answerable to the public and the taxpayers, on the manner in which it performs its stewardship functions. Audit reports on the performance of government provide opportunity to the legislators, public servants, investors, business leaders, citizen groups, media, development agencies, academia and other stakeholders to know how public funds are spent and to assess the quality of public administration.

In incurring expenditure of public funds, the Executive is required to exercise strict commitment, expenditure control, ensure efficiency and economy of operations in accordance with the intentions of Parliament when they appropriate funds. Whereas the

OAG has effectively presented the annual Audit Reports to Parliament, over the years, there is a challenge of a backlog of reports submitted. This is a stumbling block in the accountability cycle since it's upon this that the MoFPED responds with the issuance of a Treasury Memorandum to Parliament. This creates a situation where the recommendations on some issues raised are overtaken by time.

It is against this background that the Anti Corruption Coalition of Uganda (ACCU) carried out an analysis of the OAG's reports from the FY 2010/11 to FY 2013/14 while taking into consideration the compliance to recommendations made by the OAG. The report maps out those areas that keep coming up in the annual OAG reports and highlights the MDAs that have complied with the OAG's recommendations and their respective areas of compliance.

### 1.3 Objectives and Specific Objectives

This report looks at the reasons why the accountability committees continue to face challenges as they debate and consider Auditor Generals reports on institutions, but also the response and level of compliance of the implicated institutions to the recommendations of the OAG and the relevant committees.

The specific objectives of the study are:

1. To ascertain the level of compliance of MDAs to recommendations of the OAG audit reports.
2. To find out how many Audited Treasury Memoranda are available and the compliance of MDAs to their recommendations.
3. To identify challenges in the accountability cycle and the possible reconditions to resolve the identified challenges.

### 1.4 Legal Framework of the Audit Process

According to Article 163 (4) of the Constitution of the Republic of Uganda, the Auditor General shall submit to Parliament annually a report of the accounts audited by him or her for the financial year immediately preceding. Article 163 (5) of the Constitution then provides that Parliament shall, within six months after the submission of the report referred to in clause (4) of this article, debate and consider the report and take appropriate action. Once Parliament has tabled, debated and adopted the reports submitted by the accountability committees, the minister responsible is supposed to provide a report in form of a treasury memorandum to Parliament detailing government's action in response to the report.

The Secretary to the Treasury (ST) is mandated by the Public Finance Management Act 2015 Sec 11 (2) (m) to prepare the Treasury Memorandum. Sec 11 (2) (g) states that the ST shall appoint or designate accounting officers in accordance with this PFM Act, except that the Secretary to the Treasury shall not appoint or designate a person an accounting officer where, according to the report of an Internal Auditor General or the Auditor-General, that person has not accounted for the public resources or assets of the vote for a financial year.

Sec 13 (11) (b) states that the Minister shall present with the annual budget; a Treasury memorandum specifying the measures taken by the Ministry to implement the recommendations of Parliament in respect to the report of the Auditor General of the preceding financial year, on the management of the Treasury.

In accordance with the PFM Act 2015, Sec 53 (1), the Minister for Finance Planning & Economic Development is mandated to submit a report to Parliament within six months from the date of Parliament's consideration of the report of the AG in accordance with Article 163 (5) of the Constitution. Under Section 53 (2) of the same PFM Act 2015, the Treasury Memorandum shall indicate measures taken by each Vote to implement the recommendations of Parliament in respect to the report of the AG of the preceding FY on the Vote. Section 13 (1) (f) of the National Audit Act then requires the Auditor General to audit the Treasury Memorandum as the final stage to complete the budget and audit cycle.

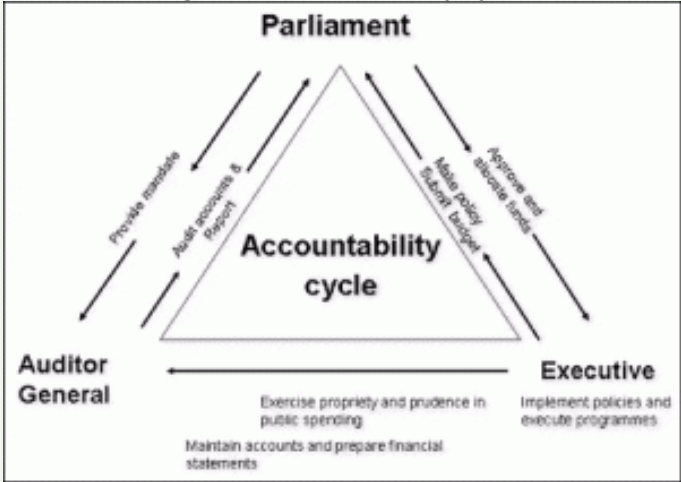
### 1.5 The Audit Cycle

- The Accountant General submits cash flow of all public revenue and expenditure to the Auditor General within 4 months of the end of the FY.
- The Auditor General Audits all public accounts, writes a report detailing the findings and submits to Parliament within 9 months after the FY ends.
- Parliament reviews AG reports submitted within six months.
- The Minister responsible prepares a Treasury Memorandum detailed governments actions on the report - within six months.
- The Auditor General Audits the Treasury Memorandum submitted.

### 1.6 The Accountability Cycle

In the matter of management and control of Public Finances, the Parliament of Uganda plays a very important role. The raising and expenditure of public funds by Government is subject to authorization and control by Parliament.

**Figure 1: The Accountability Cycle**



In incurring expenditure of public funds, the Executive is required to exercise strict commitment and expenditure control and ensure efficiency and economy of operations in accordance with the intentions of Parliament. It is also required to prepare detailed sets of accounts and financial statements. These are audited by the Auditor-General and his reports are tabled in Parliament. The accountability cycle ends in Parliament with the review of the Public Accounts and the Auditor-General's Reports, by the oversight accountability Committees of Parliament, namely the Public Account Committee (PAC),

Committee on Statutory Authorities and State Enterprises (COSASE) and the Local Government Accounts Committees.<sup>1</sup> In Parliament, since the Committees only act on behalf of the House, they do not have the mandate to conclusively rule on the findings from the debate of the OAG reports presented to them. As such, these Committee reports have to be laid in the House for plenary discussion and adoption. The adopted reports are what government responds to with the Treasury Memorandum detailing actions taken to resolve the issues identified.

**Table 1: Institutions' roles in the Accountability Cycle**

Accountability Stage	Roles of the Accountability Sector Institutions	Responsible Institutions
Strategy Development	<ul style="list-style-type: none"> <li>- Develop sector vision, mission, goals &amp; objectives</li> <li>- Identification of Sector priorities and outcomes</li> </ul>	<b>ALL</b>
Planning	<ul style="list-style-type: none"> <li>- Provision of accurate, reliable, complete and timely statistics to guide the strategic planning process.</li> <li>- Carry out revenue assessment and provide estimates to guide the MTEF allocation process.</li> <li>- Review and make proposals for policy changes and formulation.</li> </ul>	<b>UBOS, MoFPED</b>
Resource Mobilization	<ul style="list-style-type: none"> <li>- Identify measures to increase the resource envelope.</li> </ul>	<b>URA, KCCA, MoFPED</b>
Resource Allocation (Budgeting)	<ul style="list-style-type: none"> <li>- Allocation of resources for the implementation of Sector priorities which together form the national priorities.</li> </ul>	<b>MoFPED MDA and LGs</b>

<sup>1</sup> <http://www.oag.go.ug/role-of-the-auditor-general-and-oag/>

Budget Execution, Monitoring and Inspection	<ul style="list-style-type: none"> <li>- Timely release of funds to implement the agreed strategies.</li> <li>- Ensure delivery of public services.</li> <li>- Produce, coordinate and disseminate official statistics to facilitate the monitoring process.</li> <li>- Offer technical guidance in human resource management and evaluate staff performance.</li> <li>- Monitor the adherence of public officers to ethical, legal and regulatory frame work and set standards in service delivery.</li> <li>- Collect revenue and administer laws related to public revenue.</li> <li>- Ensure compliance to the internal controls by conducting regular quarterly inspection.</li> <li>- Manage the public procurement and disposal processes in the implementation of government programmes.</li> <li>- Investigate any breach of legal and regulatory framework</li> </ul>	<b>ALL</b>
Reporting And Review	<ul style="list-style-type: none"> <li>- Provide reporting guidelines and tools; consolidate institutional reports into sectoral national reports.</li> <li>- Provide information on sector performance to feed into the national reports.</li> <li>- Report to cabinet on budget and NDP performance.</li> <li>- Inspect and ensure compliance to the reporting standards by institutions.</li> </ul>	<b>ALL</b>
Independent Audit And External Review	<ul style="list-style-type: none"> <li>- Undertake financial and value for money audits of all public accounts in respect of all public offices.</li> </ul>	<b>OAG, PPDA, MoFPED</b>
Public Accountability	<ul style="list-style-type: none"> <li>- Assist Oversight Institutions in carrying out their functions.</li> <li>- Conduct investigations on any misconduct by public officers and take disciplinary actions.</li> <li>- Report to the public on government performance.</li> <li>- Ensure ethical conduct.</li> </ul>	<b>OAG, IG, DEI MoFPED MPS-I</b>

**Source:** Accountability Sector Strategic Investment Plan 2014-2019

# 2 | METHODOLOGY

## 2.1 Introduction

The study employed qualitative and quantitative techniques of data collection and analysis. The qualitative technique involved review of the audit reports for the specific selected institutions for the four (4) financial years, while the quantitative technique applied the use of graphs and tables to trend data. Other documents reviewed included Parliament Committee reports, the PFM Act 2015, the National Audit Act 2008 and the 1995 Constitution of Uganda.

## 2.2 Research Approach

For purposes of this research study, the inductive approach was adopted. Due to the qualitative nature of the study, a study question was best suited to discuss and guide us to the findings we sought.



The research question that the study sought to answer was: What is the status of compliance of MDAs<sup>2</sup> to the Auditor General's Reports findings and recommendations to Parliament for the financial years 2010/2011, 2011/2012, 2012/2013 and 2013/2014?

## 2.3 Study Design

The report adopted a cross sectional study design mixing both explanatory and conclusive approaches. The data analysis used in this study design does not need assumptions because the nature of the relationship between the variables is stable over time i.e. compliance and the variable affecting it. This enabled the capture of detailed narrative information from the accountability cycle players which helped to determine efficiency, effectiveness and relevance of the audit reports that are done. For example where the study had clear data needs as a key characteristic of a conclusive study design, it didn't require strict quantitative data analysis hence the need to adopt the explanatory approach to have qualitative data analysis. Besides, the sample size was also small<sup>3</sup>.

<sup>2</sup> Health, Education, Works & Transport, PSM and Agriculture

<sup>3</sup> Data points are less than 25.

## 2.4 Data Collection Methods

In view of the required data for this study, the data collection methods involved inter alia; Key Informant Interviews and document reviews. The study used both secondary and primary data as collected from the literature review and Key Informant Interviews respectively.

### 2.4.1 Key informant interviews

In-depth interviews with the researchers in Parliament for the five sectors of Health, Education, Agriculture, Public Sector Management and Work & Transport were conducted. As mentioned earlier, key informants were purposively selected basing on the role they have played in Committee work regarding Audit Reports. This included responsible persons from the Office of the Auditor General, Committee Chairperson of the Public Accounts Committee as well as Accounting Officers of the selected entities highlighted in table 2 below. The interviews were intended to solicit for information regarding the receiving of recommendations and responding to them as well as their perception on the status of compliance of the findings of the Auditor General. A key informant interview guide containing thematic areas to be discussed with each respondent was developed and in particular referred to the terms of reference and the survey questions stated.

### 2.4.2 Document reviews

The use of secondary data was critical in the execution of this study. This is because key recommendations by the OAG are contained in the various OAG reports. Therefore, various documents were reviewed to include the Financial Audit reports for Vol. 2 and 4, the special audits and the Value for Money reports as well as Treasury Memoranda and Ministerial Policy Statements.

### 2.4.3 Sampling technique

The study adopted purposive sampling to select MDAs for review and analysis. This approach was helpful because it took into account the mandate, budgetary allocations for each entity and the number of issues/queries raised by the Auditor General.

### 2.4.4 Sample size

Four (4) institutions from 5 sectors were picked both from central government accounts and agencies.

**Table 2: Sample of Institutions per Sector**

Sector	Institution
Health	Ministry of Health, Mulago Hospital, National Medical Stores and National Drug Authority
Education	Ministry of Education and Sports, Education Service Commission, Makerere University and Kyambogo University
Agriculture	Ministry of Agriculture, Animal Industry and Fisheries; National Agricultural Research Organization; National Agricultural Advisory Services and Uganda Coffee Development Authority
Public Sector Management	Ministry of Public Service, Public Service Commission, Ministry of LG and the OPM.
Works and Transport	MoWT, UNRA

**Source:** Consultant and ACCUs computations



# 3 | STUDY FINDINGS

## 3.1 Introduction

This section presents the major findings of the study in consonance with the objectives stated above. The presentation, description and analysis form the basis for the recommendations and conclusion. Similarly, the presentations, analysis and interpretations are compared and contrasted with some sections of the background and introduction. This section also highlights the identified challenges in the accountability cycle and the possible recommendations to resolve the identified challenges.

## 3.2 Compliance of MDAs to Recommendations of the OAG Audit Reports

Parliament is under obligation to discuss the reports issued by the Office of the Auditor General and Inspectorate of Government<sup>4</sup>, with the objective of ensuring that recommendations are implemented to bring about efficiency in service delivery. However, these reports are not discussed within the prescribed time. In the last four years, Parliament has not debated or considered any of the PAC reports.

The failure of Parliament to debate and consider any audit report on Central Government or agencies since the FY 2004/05 has created a backlog. In an effort to do their work, they have adopted Special Investigation Reports and two LGAC reports. There was a bias against the Central Government where in FY 2008/9 only thirty six (36) districts were covered while forty one (41) were covered in 2009/10. In that regard no Treasury Memoranda have been issued on audit reports since the ones responding to the FY 2004/05.

PAC has not produced any final report on the Auditor General's annual report since 2008/09 and also the LGAC has not produced a final report on any year since their partial report on the 2008/9 and 2009/10 FYs.<sup>5</sup>

The LGAC under the Chairperson Hon. Ekanya presented one report (for 2000/01) and left four draft reports (for the years 2001/02, 2002/03, 2003/04, and 2004/05). The LGAC under Chairperson Hon. Katuntu presented Ekanya's draft reports and also left five reports in draft form, including the years 2005/06-2007/08, the Special Audit Report on Lands (KCC), and the Special Audit on Markets for Kawempe Division.

The LGAC under Chairperson Hon. Jack Sabiiti did not table Chairperson Hon. Abdu Katuntu's draft reports, but presented the reports for 36 and 41 districts for the years 2008/09 and 2009/10.

COSASE has over 100 statutory corporations to consider and in the 9th Parliament the Committee tabled 5 reports. Of the 5 reports, 3 reports were from the AG reports and 2 were petitions from the Uganda Railways Tenants Association on the transfer of 57.93 acres of land at Nsambya from Uganda Railways Corporation to Uganda Land Commission and on the eviction of tenants from plots 85 to 95 Port Bell Road Luzira which were adopted by the House.

In addition to the backlog of annual reports, there are also Value for Money Audit reports that were outstanding — about 61 such reports were yet to be adopted (only one of these 61 had been tabled).

<sup>4</sup> Article 231 of the Constitution of the Republic of Uganda, 1995 on the reports of the Inspectorate

<sup>5</sup> Parliamentary Watch report on accountability committees

For LGAC, the situation was particularly critical since they also had Lower Local Government accounts reports to consider, many of which had been outstanding for a number of years. COSASE was also found to have a backlog of reports, some of them dating back over 10 years. With such a huge backlog, committees often prioritized clearing backlog rather than considering current AG reports in an expeditious fashion.<sup>6</sup>

For example, in the 8<sup>th</sup> Parliament, the PAC spent a considerable amount of time considering backlog reports from the 7<sup>th</sup> Parliament before it even began reports tabled in the 8<sup>th</sup> Parliament. The LGAC in the 9<sup>th</sup> Parliament did not consider the 2006-2008 FY AG's reports, but had to date completed partial reports on 2008/9 and 2009/10 FYs, a report for municipalities for the 2008/9 FYs (which was debated and adopted on 06/03/2014).

As such, there were no Treasury Memoranda that were audited for the period under review and hence the compliance to a non-existent document could not be ascertained. However, to probe for compliance with Auditor Generals findings, for the years under review, indicators like the number of issues raised per year, audit opinion by OAG to institutions over time, magnitude (value) and re-occurrence of the issues were used. This could be used as a proxy to compliance, depending on the direction of those indicators.

### 3.3 Status of Audited Treasury Memoranda

Research showed that the Treasury Memorandum that contained government response on the issues raised by Parliament had not been produced since 2004/05 (PEFA 2012). This had led to complacency among MDAs as no timely administrative measures were being taken against institutions and individuals engaged in the violation of the set policies, rules and regulations.<sup>7</sup> This finding from the Accountability sector strategic investment plan made the first and second objective of the study impossible to ascertain. This is because the study focused on the FYs 2010/11 to 2013/14 in which Parliament had not considered any PAC report.

### 3.4 Challenges Faced by Accountability Cycle

The Accountability Cycle was found to be frustrated by the processes in Parliament because government is supposed to respond to Parliamentary reports on the Auditor Generals reports. The challenges were a stumbling block to efficient service delivery of the people of Uganda and were found to be crosscutting the Sectors of Health, Education, Public Sector Management, Agriculture and Works and Transport. These challenges include:

#### i. Backlog of OAG reports

The huge backlog of outstanding reports was being brought about by a number of factors, including weak legislation requirement for institutions to complete the accountability cycle, political influence/influence peddling in Parliament as well as poor facilitation for accountability institutions, like committees of Parliament to deal with the backlog.

#### ii. Methods, logistics & scheduling of work

The LGAC carries out its hearings in districts hence the need for travel arrangements, because its members normally attend Parliament during the three days of plenary session, and then are supposed to travel to districts for hearings. MPs were often found to be unavailable on the days when the committee was scheduled to travel to the districts. The procedure of conducting hearings at the district level also implied that LGAC needed to cover at least 111 districts during the consideration of each report. Given that each district hearing was likely to take at least a day, each AG report would require at least 111 days of hearings, not even considering travel days required to reach each district. Given the number of workdays available for LGAC in a year, ever increasing backlog seemed inevitable if the pertaining method of work continued. The workload of LGAC also included the consideration of reports on lower local governments, which added a

<sup>6</sup> Parliamentary Watch report on accountability committees

<sup>7</sup> Accountability Sector Strategic Investment Plan 2014-2019

huge number of administrative units to their already considerable workload of 111 districts.

Besides, MPs worked on more than one Committee in Parliament which made scheduling of the various Committee meetings hard. As a result, there was always a question on quorum for the committee to adopt specific positions on the MDA issues raised by the OAG.

### iii. Time constraints

The average time between the tabling of the AG's reports in Parliament, the debate and considering of these reports by Parliament exceeded the constitutionally mandated limit of six months in all cases where the full process was completed. For example, for the case of the PAC reports, the number of years from the end of the Fiscal Year until adoption of PAC reports ranged from three and a half years for the 1995 and 1996 FYs to seven years for the 1999 and 2002 FYs, for the years where data was available. Since 2006 no PAC report on the AG's annual report had been adopted; the 2006-9 FY reports were laid on the table at the end of the 8th Parliament but had never been debated or adopted.

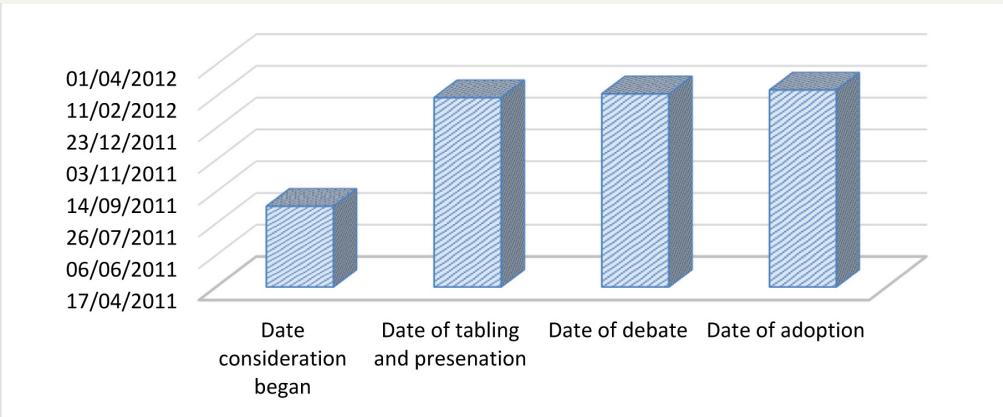
**Table 3: Example of Time lag between consideration and adoption of various reports**

FY ended June 30th	PAC Report	Time taken to adopt committee reports	Remarks
2009/10	On Government compensation to Haba Group of Companies Limited and Rhino Investments Limited	6 months	The right time period for debate and adoption
2009/10	On compensation payment to Dura Cement Ltd.	One year and 3 months	Over the time stipulated for debate and adoption
2009/10	On government compensation payment to Beachside Development Services	Two years one month	Over the time stipulated for debate and adoption
2010/11	On the Special Audit Report on Financial Impropriety in the Office of the Prime Minister	One year 2 months	Over the time stipulated for debate and adoption
2009/10	On Government Compensation Payment to Basil Bouygues for Rehabilitation of Jinja – Bugiri Road	One year six months	Referred back to the Committee

**Source:** Parliamentary Watch Forum and ACCU Analysis

Similar patterns were demonstrated by the LGAC's reports considering the AG's reports. For the 2001-2005 FYs, the number of years from the end of the Fiscal Year ranged from a low of four and a half years in 2005 to a high of seven and a half years for the 2001 and 2002 Fiscal Years.

**Figure 2: Time spent on Govt compensation to Haba Group Ltd and Rhino Investments Ltd.**



**Source:** Parliamentary watch data

Only two years of the AG’s annual reports of Local Governments had been considered by the LGAC, tabled, debated and adopted. According to one former PAC Chairperson, “Parliament takes too much time to consider work and does not meet its deadlines.” Another informant also indicated that PAC and LGAC spend excessive time on hearings and report writing, leading to unnecessarily slow consideration of the AG’s reports. The lack of a guaranteed scheduled time to consider accountability committee reports on the Parliamentary calendar also contributed to low priority for the accountability committee reports, especially compared to other parts of the budgeting process. Time being dedicated to Matters of National Importance and Ask the Prime Minister in the plenary, as demonstrated by the research of Kasfir and Twebaze (2013), also reduces the time available for discussion of accountability committee reports.

**Table 4: Time Lag between adoption of report and issuing Treasury Memoranda**

Financial Year	Report adopted (date)	Treasury Memorandum issued (Date)	Treasury Memorandum laid on Table (Date)
30th June 2001	13/12/2006	March 2007	01/04/2008
30th June 2002	N/A	Feb 2011	N/A
30th June 2003	20/10/2009	Feb 2011	N/A
30th June 2004	N/A	N/A	N/A
30th June 2005	05/11/2009	Feb 2011	N/A

**Source:** Hansard 2<sup>nd</sup> session – Third Meeting issue No. 16, i-18 April, 2008. Pg. 4714

We see from table 4 above that while the Treasury has in some cases issued Memoranda as quickly as 11 months after the receipt of the adopted reports, in other cases (the 2001 LGAC report, for example) there has been a delay of 2-3 years from when the reports were adopted to the receipt of the Treasury Memoranda by the House. This is a significant delay in the oversight process and limits the effectiveness of the reports and public interest in what happens to accountability proceedings.

#### iv. Methods of work

Respondents identified a number of challenges to the efficient consideration of reports by Committees. One of the crucial factors identified in terms of delays in consideration of AG's reports was the method of work of the committees. In the case of PAC, a number of respondents pointed out that PAC spent excessive time on discussing each query raised in the AG's report, even ones that had already been resolved by the AG. Respondents also indicated that MPs tended to raise policy issues such as levels of funding, incomplete staffing, and similar issues that were outside the scope of misuse or misappropriation of resources. For example in the 9th Parliament, PAC sat for extended hours, with the Committee often sitting between 6-10 hours per day, five days per week. But the speed of consideration of reports clearly presented one of the central problems. A senior technical staff member indicated that the workload for the committees was extremely high and that they needed to prioritize outstanding issues in the AG's reports to ensure that they were considered.

#### v. Unclear procedure when Treasury Memoranda are returned to the House

At the very final stage of the accountability process, when the Treasury Memoranda are returned to the House, there has been only two Treasury Memoranda presented in the House (Treasury Memorandum for the year ended 30th June 2000 and Treasury Memorandum for the year ended 30th June 2001 for PAC) on 1st April 2008, and were referred to the committee to study and help the House debate. There was yet to be an instance, of when the returned Memoranda were debated by the House, as was generally agreed should be the case. This means that the Government's response to the recommendations was never evaluated and debated, thus allowing the Government to ignore potentially unpleasant recommendations.

The major obstacle was the adoption of reports of PAC and LGAC. The final stages of the accountability process—whether the Treasury Memoranda were issued; whether the Treasury memoranda were audited by the AG, whether PAC followed up on this audit of the Treasury Memoranda, and whether the plenary found time to consider what the AG and PAC/LGAC had discovered regarding the response—still seemed to be missing. This was particularly important because whether the recommendations were acted upon determined whether the work of the committees on the AG's report was bearing fruit in terms of improving the financial management of public expenditure, reducing corruption and improving accountability.

### 3.5 Analysis of selected Sectors on issues raised by OAG

The discussion above established that there was a long spell of non-production of Treasury Memoranda by the Minister for Finance. To that extent, the study could not establish, officially, the response of the selected institutions to the recommendations made by the OAG. These responses should have been channelled through the Treasury Memorandum which was never done for the years under consideration. To that extent the report looked at other indicators like, audit opinion given to MDAs, number of issues raised over the years, reoccurrence of issues, growth or reduction in magnitude of the issues under scrutiny, as pointers to the response of MDAs to the concerns raised by the OAG in the successive audits from 2010/11 to 2013/14.

#### 3.5.1 Audit Opinion

The Audit opinion that the institutions got over the years was also used as an indicator to compliance with the OAG recommendations. There are four types of opinions given by any audit and they are listed below to guide our understanding of the trends of these opinions as applied to the relevant MDAs.

Unqualified opinion — the unqualified opinion has no reservations concerning the financial statements. This is also known as a clean opinion meaning that the financial statements

appear to be presented fairly.

**Qualified opinion** — this means that the auditor has reservation concerning the financial statements presented.

**Disclaimer opinion** —this is an opinion where the Auditee provided insufficient evidence in the form of documentation on which to base the audit opinion.

**Adverse opinion** — this is a type of audit opinion which states that the financial statements do not fairly present the financial position and, results of operations of the entity audited.

**Table 5: Audit opinion by the OAG for selected MDAs**

	Audit Opinion			
	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14
<b>Ministry of Health</b>	Qualified	Disclaimer	Qualified	Qualified
<b>Mulago Hospital</b>	Un qualified	Qualified	Qualified	Un Qualified
<b>National Medical Stores</b>	Un qualified	Unqualified	Unqualified	
<b>National Drugs Authority</b>	Un Qualified	Unqualified	Lack of Signed Accounts	
<b>MoEST&amp;S</b>	Qualified	Qualified	Un Qualified	Qualified
<b>Education Service Commission</b>	Un qualified	Un Qualified	Un Qualified	
<b>MUK</b>	Qualified	Qualified	Un Qualified	Qualified
<b>Kyambogo University</b>	Qualified	Qualified	Qualified	Qualified
<b>MAAIF</b>	Un qualified	Qualified	Un Qualified	Un Qualified
<b>NARO</b>	Un Qualified	Un Qualified	Un Qualified	Un Qualified
<b>NAADS</b>	Qualified	Qualified		Qualified
<b>UCDA</b>		Unqualified	Un Qualified	
<b>MoPS</b>	Un Qualified	Adverse	Qualified	Qualified
<b>Public Service Comm</b>	Unqualified	Un Qualified	Un Qualified	Qualified
<b>MoLG</b>	Disclaimer	Qualified	Qualified	Qualified
<b>OPM</b>	Qualified	Disclaimer	Qualified	Qualified
<b>MoWT</b>	Qualified		Un Qualified	
<b>UNRA</b>	Qualified	Qualified	Qualified	Qualified

**Source:** Financial Audit reports by OAG

From the table 5 above, only the Ministry of Public service got an adverse audit opinion. This was the time when the pension scam was unearthed in the ministry. From the available data extracted from the OAG reports, the number of institutions with a qualified opinion reduced from 08 to 07 between 2010/11 and 2012/13 but in the FY 2013/14, there was a jump back to 10. This means that whereas the institutions acknowledged the issues raised by the OAG, the complacency that came from the inaction of government on these issues gave no incentive to reduce the reoccurrence of getting qualified opinions from Audit.

**Table 6: Audit Opinions from 2010/11 to 2013/14**

Types of audit opinion	2010/11	2011/12	2012/13	2013/14
Unqualified	61	47	60	75
Qualified	41	51	39	32
Disclaimer	1	7	4	0
Adverse	0	1	0	0

**Source:** Auditor Generals Reports

**Figure 3: Trend of qualified opinions over time**

**Source:** Auditor Generals Reports

From figure 3 above, the occurrence of qualified opinions shows a declining trend, from 41 in the FY 2010/11 to 32 in the FY 2013/14. This trend could imply that the institutions audited were generally complying with the recommendations of the Auditor General and thus increasingly getting unqualified opinions as depicted in table 7 above.

### 3.5.2 Number and Value of Audit Issues Raised

The number of audit issues raised per institution was used as a proxy for compliance with the recommendations of the OAG audit. Where the number of issues raised was reducing, we presumed improved response to audit issues raised.

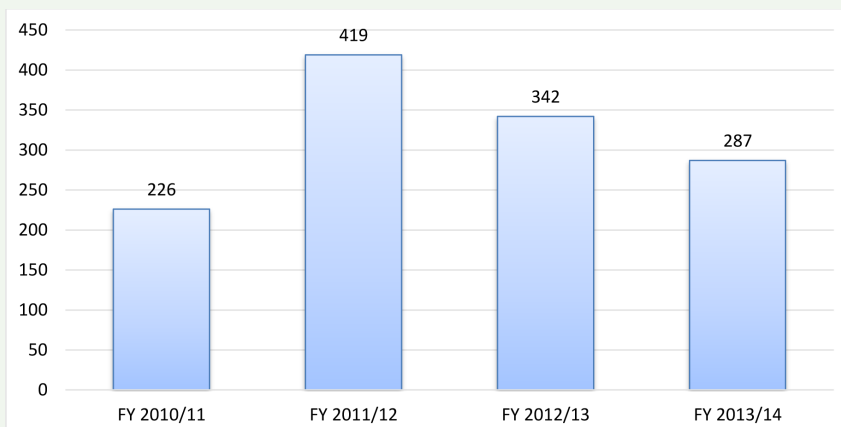
**Table 7: Number of issues raised on selected MDAs**

MDA	Number of issues raised			
	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14
<b>Ministry of Health</b>	22	27	11	45
<b>Mulago Hospital</b>	9	18	6	27
<b>National Medical Stores</b>	10	6	5	
<b>National Drugs Authority</b>	7	12	12	
<b>MoEST&amp;S</b>	9	20	23	19
<b>Education Service Commis- sion</b>	4	2	2	
<b>MUK</b>	32	2	17	34
<b>Kyambogo University</b>	10	32	18	33
<b>MAAIF</b>	8	30	34	20
<b>NARO</b>	7	19	13	18
<b>NAADS</b>	15	18		20
<b>UCDA</b>	3	18	7	
<b>MoPS</b>	4	33	13	10
<b>PSC</b>		3	5	
<b>MoLG</b>	24	53	59	45
<b>OPM</b>	9	46	34	14
<b>MoWT</b>	22	41	23	2
<b>UNRA</b>	31	39	60	

**Source:** OAG reports

Figure 4 below shows that over the years the audit issues had reduced gradually with a number of 287 issues recorded for the selected MDAs in 2013/14. This indicated that the issues being noted by the OAG were being dealt with and as such they did not re occur.

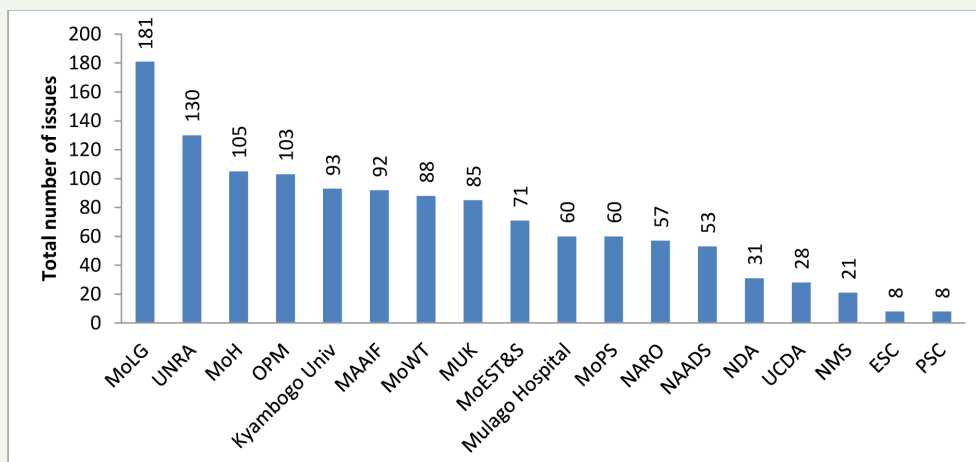
**Figure 4: Trend of issues over four FYs**



**Source:** ACCU compilations and computations



**Figure 5: Performance of MDAs: The total number of issues raised FY 2010/11 – 2013/14**



**Source:** ACCU computations and calculations

Using the proxy indicator used above, it is clear that the PSC was the best complying with the recommendations of the OAG.

## Health Sector

In this section, we looked at selected votes under the Health sector and the challenges identified by the Auditor General from those units. These findings were represented in monetary terms to ascertain just how much each issue could have cost government. It was noted by the Auditor General that there was a lack of internal Audit reviews in the Ministry as per the 2012 Auditor General's Report. The Health sector was over the financial years in consideration been grappling with violation of procurement regulations under the various departments and RRHs, abandoned or grounded motor vehicles as well as un-accounted for funds.

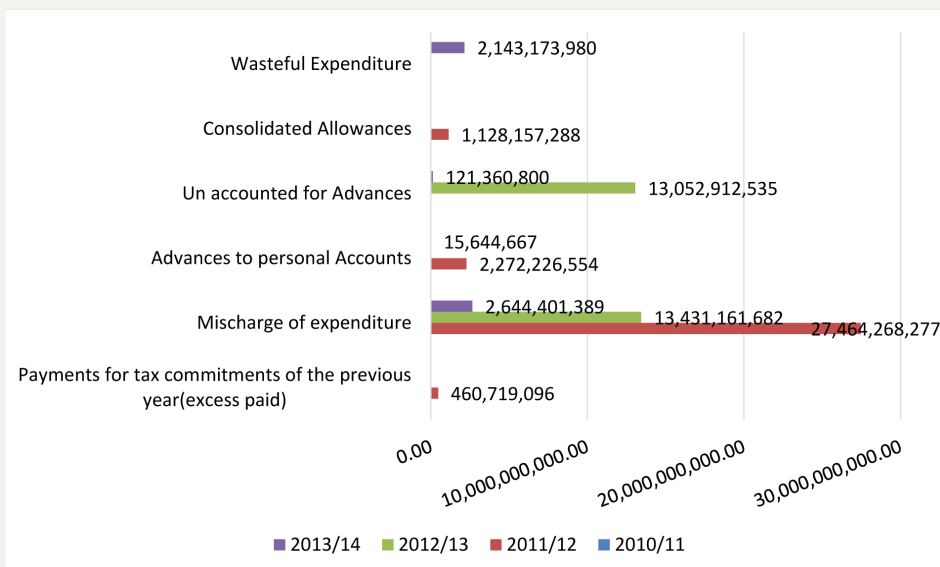
**Table 8: Selected issues in the Health sector over the years**

	2010/11	2011/12	2012/13	2013/14
<b>Ministry of Health (UGX)</b>				
Payments for tax commitments of the previous year(excess paid)		<b>460,719,096</b>		
Mischarge of expenditure		<b>27,464,268,277</b>	<b>13,431,161,682</b>	<b>2,644,401,389</b>
Advances to personal Accounts		<b>2,272,226,554</b>		<b>15,644,667</b>
Un accounted for Advances	<b>3,618,179,576</b>		<b>13,052,912,535</b>	<b>121,360,800</b>
Consolidated Allow-ances	<b>49,500,000</b>	<b>1,128,157,288</b>		
Wasteful Expenditure	<b>446,964,285</b>			<b>2,143,173,980</b>
<b>Mulago Hospital (UGX)</b>				

Mischarge of expenditure		<b>3,317,700,836</b>		<b>1,756,710,500</b>
Advances to personal Accounts		<b>58,255,000</b>		
Non-compliance with Treasury Accounting Instructions (TAI)		<b>5,629,522,586</b>		
Outstanding commitments		<b>7,722,151,410</b>		
Excess Expenditure		<b>228,311,061</b>		
Consolidated Allowances		<b>3,027,809,205</b>		
Unremitted Taxes				<b>1,867,853,563</b>

Source: OAG reports

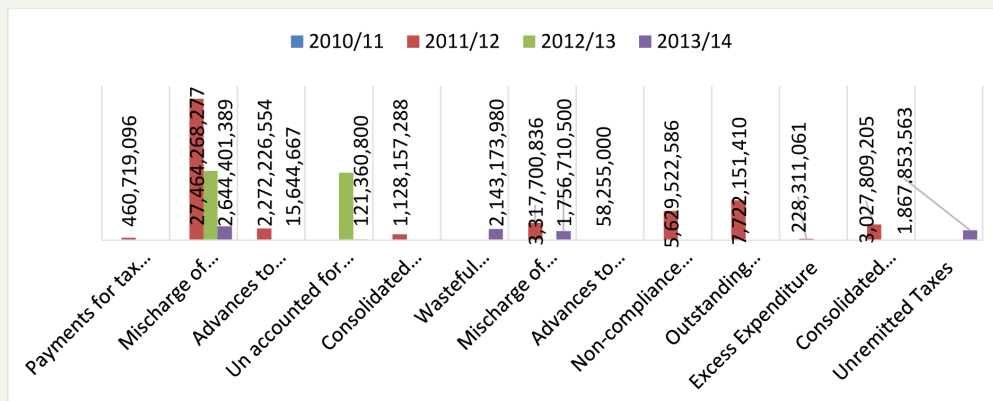
**Figure 6: Value of issues raised over time on the Ministry of Health**



Source: ACCU computations and compilation

From figure six (6) above it is observed that the value implied in the recurrent issues like the mischarge of expenditure drops as we move towards the FY 2013/14. This can be used as a proxy for compliance with the OAG recommendations regarding the mischarge of expenditure by the Ministry of Health.

**Figure 7:** Value of issues raised over time on the Mulago Hospital



Source: ACCU computations and compilation

## Education sector

The Ministry of Education and Sports continued to be crippled by continued mischarge of expenditure, payment of advances to personal accounts of staff, un-accounted for expenditures among other challenges found within the selected votes in the ministry. This affected in turn the overall budget performance. The Ministry was also faced with issues of Unapproved Procurement Methods where proper procedures had not been followed in the acquisition of equipment and withholding taxes not remitted to the tax authorities (URA).

**Table 9: Selected issues in the Education sector institutions over the years**

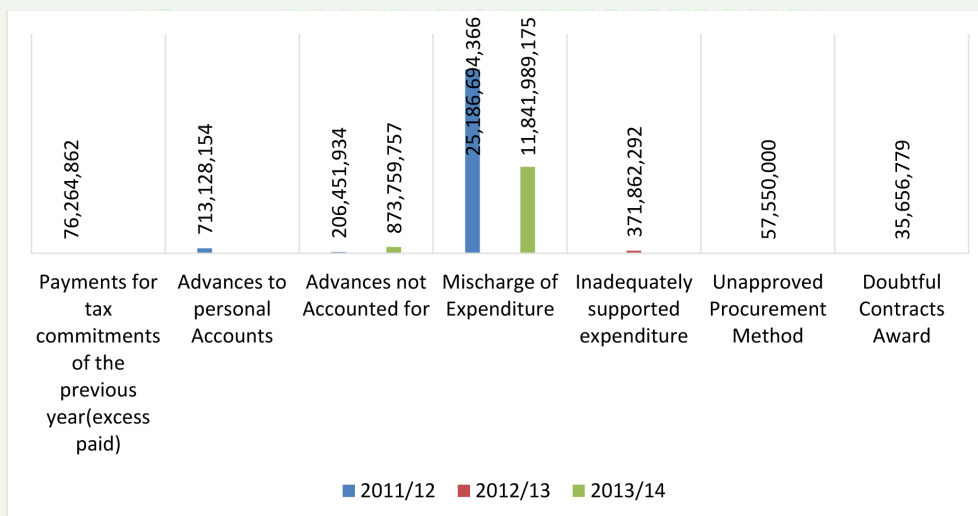
	2010/11	2011/12	2012/13	2013/14
<b>Ministry of Education and Sports</b>				
Payments for tax commitments of the previous year(excess paid)		76,264,862		
Advances to personal Accounts		713,128,154		
Advances not Accounted for	90,315,200	206,451,934		873,759,757
Mischarge of Expenditure		25,186,694,366		11,841,989,175
Inadequately supported expenditure			371,862,292	
Unapproved Procurement Method			57,550,000	
Doubtful Contracts Award			35,656,779	
<b>Education Service Commission</b>				
Payments for tax commitments of the previous year(excess paid)		75,521,602		
<b>Makerere University Kampala</b>				
Payments for tax commitments of the previous year(excess paid)		7,964,075		
Mischarge of Expenditure				969,917,237

Un-Accounted for Funds			288,304,678	308,857,850
Unremitted Taxes				43,131,990
Un-Deducted taxes				457,214,062
Un-Authorised / Excess Expenditure			8,552,403,721	4,037,303,551
<b>Kyambogo University</b>				
Inadequate Budgeting for Gross Tax		133,333,333		
Un-Accounted for Advances			208,002,108	570,497,304
Outstanding Commitments	5,298,653,147	3,428,648,791		
Un-Authorised / Excess Expenditure				5,135,749,119
Un-Accounted for Funds	788,876,877		657,298,796	

Source: OAG reports

From the issues sampled in the Education sector, the re-occurrence of issues was not so much witnessed but rather the value of issues in the few instances where there was re-occurrence was of particular concern. In the MoEST&S, only two of the sampled issues re-occurred. The concern however was that, for example, on the issue of funds un-accounted for, in the FY 2011/12, the value was UGX **206,451,934** but when the same issue re-occurred in the FY 2013/14, the value was at UGX **873,759,757** (over 4 times more than when last occurred).

**Figure 8: Value of issues raised on the MoEST&S over time**



Source: OAG reports and ACCU compilation

## Agriculture Sector

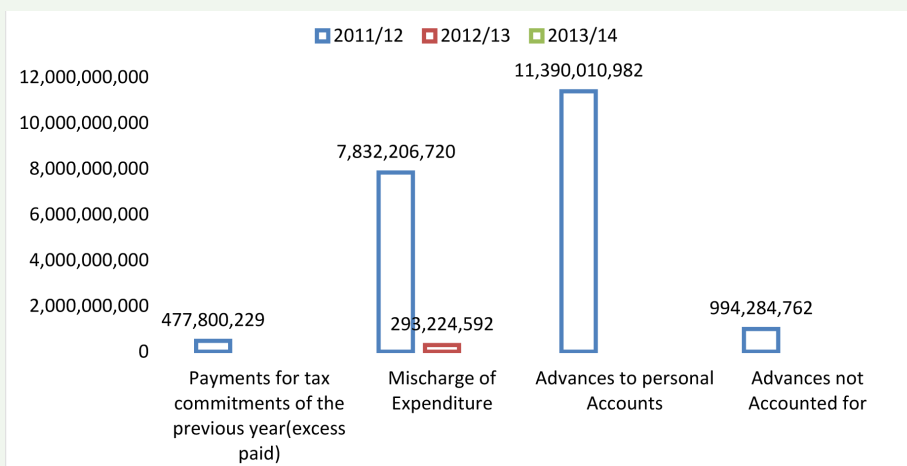
The Ministry of Agriculture, Animal Industry and Fisheries was facing challenges of mischarge of expenditure which was as a result of charging wrong expenditure codes by the ministry. See the other listed issues below in table ten (10) as per the reports of the Auditor General in those corresponding years. The MAAIF had over the FYs under consideration been faced with issues of unutilised science equipment, expired chemicals as well as grounded motor vehicles and failure to dispose of old equipment.

**Table 10: Selected issues in the Agriculture sector institutions over the years**

	2010/11	2011/12	2012/13	2013/14
<b>Ministry of Agriculture Animal Industry and Fisheries</b>				
Payments for tax commitments of the previous year(excess paid)		477,800,229		
Mischarge of Expenditure		7,832,206,720	293,224,592	
Advances to personal Accounts		11,390,010,982		
Advances not Accounted for		994,284,762		
<b>National Agriculture Research Organisation</b>				
Payments for tax commitments of the previous year(excess paid)		264,124,936		
Mischarge of Expenditure				206,704,980
Excess Expenditure		5,207,665,188		
Utilisation of NTR at source without Authorisation		2,848,843,950		
<b>Uganda Coffee Development Authority</b>				
Outstanding payables		2,321,650,054		
Un-supported purchases		161,092,869		

**Source:** OAG reports

From table 10 above, it can be observed that there was not much re-occurrence of issues and as such the sector could be responsive to the recommendations given by the OAG on audit queries given. The notable reduction in the mischarge of expenditure was observed between the FY 2011/12 and FY 2012/13. There was no mischarge of expenditure reported in the FY 2013/14.

**Figure 9: Value of issues raised on the MAAIF over time**

**Source:** OAG reports and ACCU compilation

The issue about advances to personal accounts noted in the FY 2011/12 did not resurface in the FYs up to 2013/14. However, when it occurred, it was to a tune of UGX 11,390,010,982 implying that the TAIs were flaunted when funds for implementing activities were

advanced to staff on their personal accounts. The risk here is that there was a high rate of fundability and thus frustrating service delivery to the communities in the various LGs.

## Works and Transport sector

Mischarges of expenditure, cash losses as well as wasteful expenditure are some of the issues that were highlighted by the Auditor General in his various reports over the selected years as major hindrances to proper budget performance in the Ministry of Works & Transport as well as the Uganda National Roads Authority (UNRA). Lack of supervision for work, abandoning of projects and failure to remit withheld taxes to URA together with delayed completion of projects were the other major issues that the Ministry had been struggling with over the years.

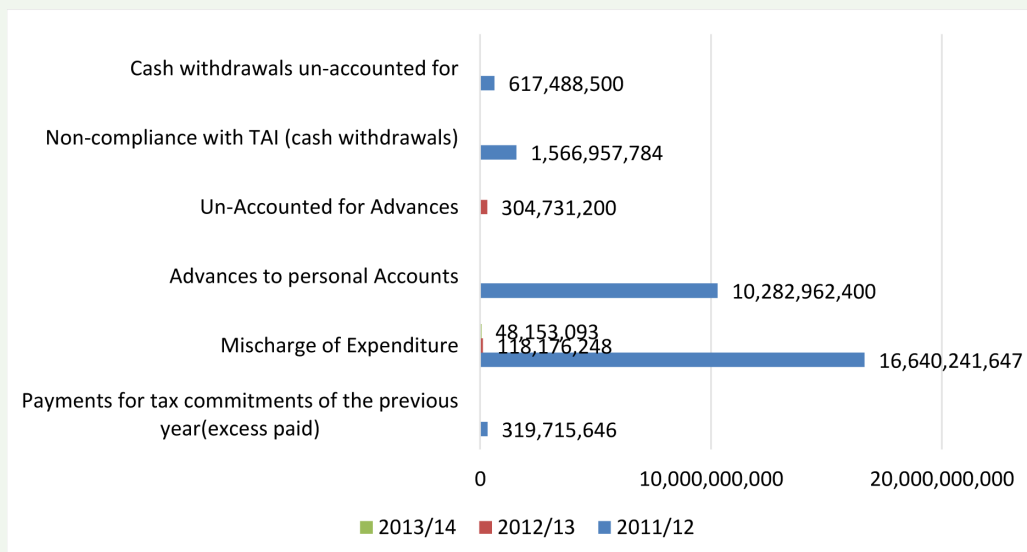
**Table 11: Selected issues in the Works and Transport sector institutions over the years**

	2010/11	2011/12	2012/13	2013/14
<b>Ministry of Works and Transport</b>				
Payments for tax commitments of the previous year(excess paid)		319,715,646		
Mischarge of Expenditure		16,640,241,647	118,176,248	48,153,093
Advances to personal Accounts		10,282,962,400		
Un-Accounted for Advances			304,731,200	
Non-compliance with TAI(cash withdrawals)		1,566,957,784		
Cash withdrawals un-accounted for		617,488,500		
Wasteful Expenditure				726,882,420
<b>Uganda National Roads Authority</b>				
Mischarge of Expenditure			2,480,827,360	3,501,412,812
Payments for tax commitments of the previous year(excess paid)		456,571,222		
Outstanding Commitments		247,538,141,827		
Cash Losses		173,701,010		
Wasteful Expenditure				2,464,934,174

**Source:** OAG reports

From table 11 above, it can be seen that the only re-occurring issue both with the MoWT and UNRA was the mischarge of expenditure. In this case, these institutions did not adhere to the OAG Audit Report recommendations to follow the TAI on this matter. This practice undermines the importance of the budgeting process as well as the intentions of the appropriating authority and leads to incorrect financial reporting.

**Figure 10: Value of issues raised on the MoWT over time**



**Source:** OAG reports and ACCU compilation

However, regarding the value of the mischarge, there was considerable change. The value of the mischarged expenditure under the MoWT reduced to UGX 48 million in the FY 2013/14 from UGX 16.64bn in the FY 2012/13. On this front, the efforts to have the value mischarged expenditure decline with such a magnitude can be seen as compliance to the TAI issued to the institutions.

## Public Sector Management

The Mischarge of Expenditure and Un-Accounted for funds were found to be a huge hindrance to the proper budget execution process in the selected votes under Public Sector Management. Accountants in these votes could not provide satisfactory information regarding the accountability of certain amounts of monies as highlighted in the table 12 below:

**Table 12: Selected issues in the Public Sector Management institutions over the years**

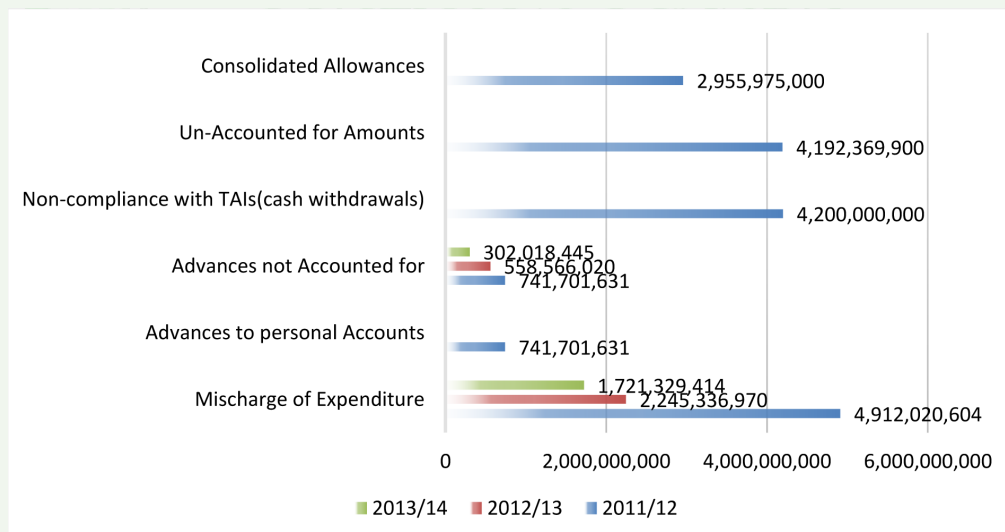
	2010/11	2011/12	2012/13	2013/14
<b>Ministry of Public Service</b>				
Mischarge of Expenditure		4,912,020,604	2,245,336,970	1,721,329,414
Advances to personal Accounts		741,701,631		
Advances not Accounted for		741,701,631	558,566,020	302,018,445
Non-compliance with TAIs (cash withdrawals)		4,200,000,000		
Un-Accounted for Amounts		4,192,369,900		
Consolidated Allowances		2,955,975,000		
<b>Public Service Commission</b>				
Payments for tax commitments of the previous year(excess paid)		37,696,581		

Mischarge of Expenditure				512,592,414
Outstanding commitments		211,703,796		
Un-Accounted for Funds				21,760,585
<b>Office of the Prime Minister</b>				
Payments for tax commitments of the previous year(excess paid)		311,099,556		
Mischarge of Expenditure		51,215,618,447	27,629,053,148	5,564,282,629
Advances to personal Accounts		19,727,324,730		3,607,259,014
Advances not Accounted for		19,727,324,730	2,838,631,501	
Non-compliance with TAIs (cash withdrawals)		16,626,028,556		
Un-Accounted Amounts		16,626,028,556		
Outstanding Commitments				28,666,752
<b>Ministry of Local Government</b>				
Mischarge of Expenditure		9,590,069,895	4,178,737,274	2,497,433,465
Advances to personal Accounts		2,801,211,388		4,623,642,146
Un-Accounted for Advances			2,186,587,558	137,542,000
Unspent Balances due to the Consolidated Fund		53,224,912		
Consolidated Allowances		501,185,460		
Wasteful Expenditure				404,788,822

**Source:** OAG reports

From table 12 above, the sector had a number of reoccurring issues over the years and these included mischarge of expenditure, advances to personal accounts and advances not accounted for. Regarding the value of these issues, the Office of the Prime Minister had the biggest values of, for example, mischarge of expenditure overtime.

**Figure 11: Value of issues raised on the Ministry of Public Service over time**

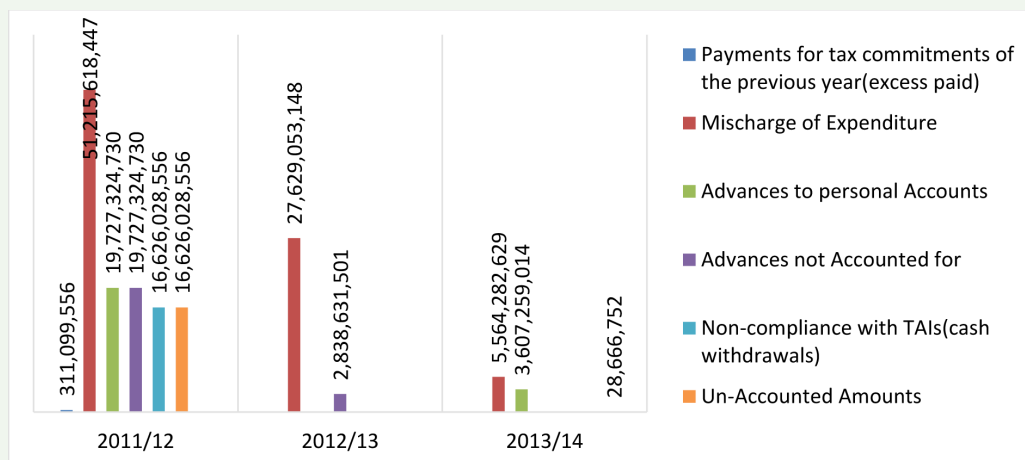


**Source:** OAG reports and ACCU compilation



From figure 11 above, only two issues reoccurred in the MoPS; however the value of these issues reduced over time implying compliance to the recommendations of the OAG in the various audit reports. The value of the advances not accounted for reduced from UGX 741 million, to UGX 558 million and finally UGX 302 million in the FYs 2011/12, 2012/13 and 2013/14 respectively. Regarding the mischarge of expenditure, the value reduced to UGX 1.7bn in the FY 2013/14 from UGX 4.9bn in the FY 2011/12.

**Figure 12: Value of issues raised on the Office of the Prime Minister over time**



Source: OAG reports and ACCU compilation

In the FY 2012/13, the OPM has number of high valued audit findings. As such the institution got an adverse audit opinion. This was also in the wake of the OPM scandal that was unearthed at the time.

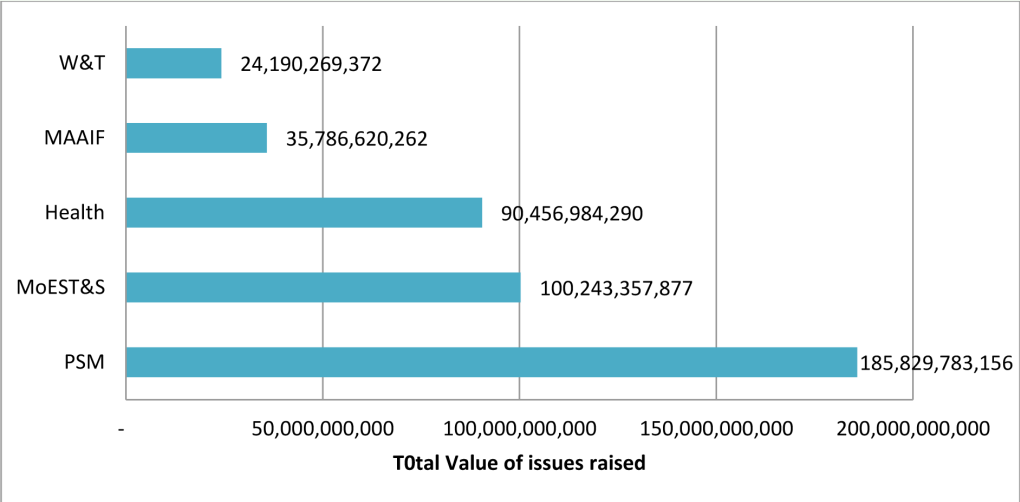
**Table 13: Total value of issues in selected sectors and MDAs**

Sector/MDA	2010/11	2011/12	2012/13	2013/14
Health Sector	4,114,643,861	51,309,121,313	26,484,074,217	8,549,144,899
Ministry of Education, Science Technology and Sports	6,177,845,224	59,656,014,234	10,171,078,374	24,238,420,045
Ministry of Agriculture Animal Industry and Fisheries	3,789,011,000	31,497,679,690	293,224,592	206,704,980
Works and Transport	6,209,283,168	5,432,134,089	5,807,469,616	6,741,382,499
Public Sector Management	8,694,324,543	118,077,230,456	39,636,912,471	19,421,315,686

Source: OAG reports

From table 13 above, a summation of the value of the issues in the selected sectors and institutions shows a declining trend in the value of the issues identified by the OAG. This declining trend in the value of sector and MDA issues generally signifies increased compliance to the recommendations of the OAG and the better management of public finances as a whole.

**Figure 13: Total value of issues for selected Sectors over time (UGX)**



**Source:** OAG reports and ACCU compilations

# 4 | RECOMMENDATIONS AND CONCLUSION

## 4.1 Introduction

This section looks at the learnings, recommendations and conclusions from the findings of the report.

## 4.2 Recommendations

1. To generate more focus on relevant concerns raised in the AG's reports, emphasis should be put on outstanding queries or issues where significant amounts of funds were misused. In that regard unnecessarily repetition of work done by the AG without adding value would be avoided hence solving the backlog challenge at Parliament.
2. Parliament should institute special sitting sessions for the responsible committees to deal with the backlog bearing in mind that some of the issues raised have been overtaken by events. This would ensure that all issues are reviewed but most importantly that time is not wasted on issues that are no longer relevant to the improvement of PFM in Uganda.
3. In respect to issues that cut across all sectors, Committees of PAC, COSASE, and LGAC should talk to a selected range of accounting officers to cover all the major issues and make recommendations that apply across all the Ministries or Districts. This would improve and speed up completion of work by Committees.
4. Committees responsible for dealing with OAG reports should be given full authority by the Speaker of Parliament so that they consider and conclude on the OAG reports. The option to wait for the reports to be tabled in the House drags on as the House often always has "other" urgent issues to deal with. This reduces the time the executive has to respond to the Committee reports through timely production of the Treasury Memorandum.
5. Parliament should adhere to Article 163 (5) of the Constitution and handle Auditor General Reports within the stipulated 6 months' timeline; otherwise at the elapse of this time, it should be presumed that Parliament has fully adopted the AG's report as presented and the Executive should accordingly prepare the Treasury Memorandum in response to actions taken to address issues raised by AG. This action can help avert possible third party legal actions based on Parliament acting on issues which are legally barred by time.
6. Ministry of Finance Planning and Economic Development should adhere to Sec 13 (11) (b) of the PFM Act 2015 as amended, to ensure that Treasury Memoranda are presented to Parliament with the National Budget.
7. Emphasis should be put on developing Operational Guidelines to assist Committees have a structured way of proceeding with the analysis of Auditor General reports
8. Alternative avenues should be contemplated to deal with the AG's recommendations on matters which do not necessarily require the highest level of intervention by Parliament.

### 4.3 Conclusion

As long as the shortcomings that are experienced by the accountability committees in Parliament are not exhaustively addressed, there shall continue to be a challenge of having a complete accountability cycle; even in the wake of the provisions of Sec 13 (11) (b) of the PFM Act 2015.

Of the three responsibility centres; the Executive, the OAG, and Parliament, there is a commendable efforts with the OAG as they produce comprehensive audit reports in time. The Executive on its part adopted the PFM Act 2015 to better manage public finances, while Parliament is yet to have changes on how they systematically deal with the audit reports submitted by the OAG.

The Treasury Memorandum continues to be an integral part of the Government's systematic drive and on-going efforts to improve Public Financial Management in general and in particular, transparency and accountability in the conduct of Government's business. It provides concise, but cogent response to the comments, observations and recommendations that are made in the Report on the Auditor General's audit findings by Parliament of Uganda. It also outlines specifically, the actions taken by Government in the provision of advice and guidelines to the Ministries, Departments and Agencies regarding responses to issues raised by the Committees. Sadly for the case of Uganda there hasn't been a Treasury Memorandum made since the Audit Report for FY 2004-05.

The sectors reviewed have depicted a responsive trend towards the recommendations by the OAG and this was inferred from the audit opinions given, number of issues, value and re-occurrence of issues over time. Addressing the challenges in Parliament would go a long way in resolving the incomplete state of our accountability cycle.

# ANNEXES

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## Annex 1: Interview guide

- 1) How many Treasury Memoranda has the Office of the Auditor General audited between FY 2010-11 and FY 2013-14?
- 2) What recommendations do you have to improve the positive response of MDAs to the Auditor General's report?
- 3) What issues affect analysis of reports submitted by the Office Auditor General by Parliament?
- 4) How many Committees can a Member of Parliament seat on?
- 5) Have u developed a Treasury Memorandum between FY 2010-11 and FY 2013-14?

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