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<tr>
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GOU  Government of Uganda  
Gms  Grams  
GDP  Gross Domestic Product  
HFA  Head of Finance and Accounts  
HOP  Head of Procurement  
HOSAM  Head of sales and Marketing  
HOSAO  Head of stores and operations  
HPS  Head of the Public Service  
HQs  Headquarters  
HoDs  Heads of Departments  
HC  Health Centre  
HMIS  Health Management Information System  
HIPC  Heavily Indebted Poor Country  
H  Hospitals  
HIV  Human Immunodeficiency Virus  
HR  Human Resource  
HRM  Human Resource Management  
ICT  Information and Communication Technology  
IT  Information Technology  
I&IA  Inspectorate and Internal Audit Department  
ID  Institutional Development  
IFMS  Integrated Financial Management System  
IPPS  Integrated Personnel and Payroll System  
IAA  Internal Audit Assistant  
ICD  Internal Container Depot  
IDPs  Internally Displaced Persons  
ICRC  International Committee for the Red Cross  
IDA  International Development Association  
IFAD  International Fund for Agricultural Development  
IMF  International Monitory Fund  
INTOSAI  International Organisation of Supreme Audit Institutions  
ISO  International Organization for Standardization  
JMS  Joint Medical stores  
JLOS  Justice Law and Order Sector  
KCC  Kampala City Council  
KIIDP  Kampala Institutional and Infrastructure Development project  
Kgs  Kilograms  
LEP& TB  Leprosy and Tuberculosis  
LO  Liaison Officer  
LA  Local Authorities  
LCs  Local Councils  
LPO's  Local Purchase Orders  
LIC  Low Income Country  
MIS  Management Information System.  
MO  Medical Officer  
MPs  Members of Parliament  
MOU  Memorandum of Understanding  
MOSRDP&R  Minister of State for Relief, Disaster Preparedness and Refugees
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1 OVERVIEW

This Volume contains summarized reports of 10 Value for Money (VFM) audit detailing findings, conclusions and recommendations made for each of the VFM studies. The detailed reports have been separately issued and copies are on the website (www.oag.go.ug) and can also be availed upon request, from the Office of the Auditor General.

1.1 MANDATE

The 1995 Constitution of the Republic of Uganda and the National Audit Act, 2008 require the Auditor General to undertake Financial and Value for Money Audits and report to Parliament as set below:

The Constitutional provisions are as follows:

1.1.1 Article 163 (3) of the Constitution requires the Auditor General to:

(a) Audit and report on the public accounts of Uganda and of all public offices including the courts, the central and local government administrations, universities and public institutions of like nature, and any public corporation or other bodies or organizations established by an Act of Parliament; and

(b) Conduct Financial and Value for Money audits in respect of any project involving public funds.

1.1.2 Under Article 163 (4) the Auditor General is required to submit to Parliament annually a report of the accounts audited by him or her or under clause (3) of this article.

1.1.3 The National Audit Act, 2008 (NAA)

The NAA under section 21 gives powers to the Auditor General to carry out Value for Money audits for purposes of establishing economy, efficiency and effectiveness of the operations of any department or Ministry, Local Government Councils, and any Public organization.
1.2  **VISION, MISSION AND CORE VALUES:**

1.2.1  **Vision**

The vision of the office of the Auditor General is "To be an Effective and Efficient Supreme Audit Institution (SAI) in promoting public Accountability in the use of Resources in the enhancement of good governance".

1.2.2  **Mission**

The mission of the office of the Auditor General is "To audit and report to the Public and there be make an effective contribution in improving public accountability".

1.2.3  **Core Values**

The office of the Auditor General is run on three (3) specific core values which motivate and guide staff in their endeavours to achieve the vision and mission of the office. These core values are:

- Integrity
- Objectivity and
- Professional Competence

1.3  **SCOPE OF AUDITOR GENERAL’S WORK IN RELATION TO VFM AUDITS**

1.3.1  **The Audit**

A VFM audit is an examination which provides an objective and constructive assessment of the extent to which the audited body has used its resources in carrying out its responsibilities with due regard to economy, efficiency and effectiveness. VFM audits endeavour to evaluate if activities, programmes or projects involving public funds in Ministries, departments, local government councils and any public organizations have been managed with respect to economy, efficiency and effectiveness and the extent to which they might have not been met. Economy, efficiency and effectiveness can be defined as follows:

- **Economy** – Minimizing the cost of resources used for an activity, having regard to appropriate quality.
- **Efficiency** – The relationship between the outputs, in terms of goods, services and results, and the resources used to produce them.
- **Effectiveness** – The extent to which objectives are achieved and the relationship between the intended impact and the actual impact of an activity.

Value for Money audits are conducted in accordance with International Organization of Supreme Audit Institutions (INTOSAI) standards. Those standards require that a performance audit should be planned, conducted and reported on in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner.

In carrying out such an audit, the Auditor takes an in-depth look at the way a particular Ministry, Project or Public Institution has planned the task undertaken and whether good management practices and sound judgment were applied.

A VFM audit attempts to determine if the initial objectives set at the beginning of an undertaking were achieved. As a consequence of that, it is deduced as to whether due regard for efficiency, effectiveness and economy is present and recommendations for improvement are made in those areas where it is felt that deficiencies have occurred.

### 1.4 KEY ISSUES IN THIS VOLUME:

#### 1.4.1 Procurement and storage of Drugs by National Medical Stores:

The main findings of the study are:

i. NMS stocks drugs without regard to buffer stock levels resulting in certain drugs being in excess of the one year’s requirement while others are under-stocked. There were huge stocks of expired drugs within the stores of NMS. This was due to NMS’ inability to use the appropriate data to plan and procure the right types and quantities of drugs to meet customer requirements.

ii. Despite the requirement to destroy expired drugs within six months after write off, there were expired drugs at both NMS premises and Health centres countrywide which remained undestroyed for an average period of six (6) years. Drugs which expired in the
NMS premises’, were a result of excess stocking of slow moving drugs procured by NMS and third parties. The causes of non prompt destruction of expired drugs in public health units were due to: lack of capacity of health units to individually dispose expired drugs because of strict environmental compliance requirements, lack of clarity on the responsible Authority for destruction of expiries in health facilities country wide, logistical difficulty in accessing the only facility in the country which was located in Nakasongola and the high cost of destruction per ton of drugs. There are also no clear guidelines and criteria designed to ensure drugs that expired in the up country health centres were retrieved for destruction.

iii. Although NMS is mandated to supply drugs and medical supplies to all public health services, it was noted that, in a number of cases, NMS did not supply drugs and medical supplies to meet Public health units’ needs as per their orders. This was because of NMS’ inability to use the appropriate data to plan and procure the right types and quantities of drugs to meet customer requirements.

iv. NMS did not maintain proper procurement plans in accordance with the stock replenishment policy, and used unreliable Average Monthly Consumption (AMC) data.

v. NMS carries out needs assessments but uses data based on actual AMC sales for the previous six months’ which excludes customer orders that are not honored resulting in improper projections of drugs to procure.

vi. NMS received stores and distributed drugs procured by third parties but the MOUs signed by both parties lacked clear terms of coordination related to joint procurement planning leading to duplicated procurement of the drugs.

vii. NMS did not have a clearly spelt out policy on the standard time it should take to process a customer order from receipt to delivery at customers’ District or self pick at NMS premises. As a result of this it took 31 days to deliver the customer orders.
1.4.2 Inspection of Primary Schools by Ministry of Education and Sports:

i. **Legal Mandate of ESA:**

ESA did not have an enabling legal framework approved by an Act of Parliament but operated under a cabinet directive. In the absence of a strong legal framework ESA could not perform as an independent arm of Government.

However, the Education Act, 2008 transformed ESA into a Directorate of Education Standards in MOES; with this Act in place, the legal status of DES was now defined and clear.

ii. **Staffing levels:**

The Directorate had a staffing level of only 46% of the approved establishment. The problem of understaffing was caused by the inability of ESA to motivate and retain its staff. The resultant high “inspector – school” ratio at the national and regional levels made it practically impossible for ESA inspectors to regularly inspect all the schools, monitor and coordinate the district inspections.

iii. **Inspections:**

It was noted that schools were not regularly inspected. This was attributed to low staffing levels of inspectors, inadequate supervision and monitoring of inspectors and inadequate provision of logistics to carry out inspections. This resulted into laxity in attendance by both teachers and pupils which resulted in high absenteeism among the teachers and pupils, conflicts in schools, teachers’ underperformance and low syllabus coverage hence poor performance in schools.

iv. **Dissemination of Inspection findings and reporting frequency:**

Districts and municipalities did not adequately prepare annual and quarterly reports on inspections carried out. This was attributed to Inspectors’ failure to carry out any inspections thus making it impossible to prepare reports and lack of awareness on the requirement to prepare these reports. In the absence of these reports, MOES formulated policies on schools without adequate information from the majority of them.
v. **School Improvement Plan**

None of the schools visited had prepared a School Improvement Plan. It is the responsibility of the CAO, DEO, CCT, in liaison with DIS and Head teachers to assist schools in developing and implementing improvement plans aimed at addressing issues raised in the inspection report. This was because head teachers lacked skills to prepare them and additionally, they had not been guided by the inspectors. In the absence of a SIP, follow up of recommendations becomes difficult.

vi. **Monitoring and Evaluation of inspectors**

There was no evidence to confirm that inspectors were monitored and evaluated. This was caused by lack of awareness on what was required of DEOs and CAOs to enable enforcement of such procedures. In the absence of proper monitoring and evaluation, weaknesses in the inspection process remained undetected.

vii. **Inspection work plans:**

Inspection Work plans were not consistently prepared by the district inspectors. 64% of Districts and Municipal Councils visited had prepared annual work plans while 36% had not. 29% of those with annual work plans had not broken down their work plans into quarters. The failure to prepare workplans was attributed to inspectors being lax. Inspections could therefore not be carried out in a planned manner in the absence of such approved work plans.

viii. **Monitoring quality of service provided by district inspectors**

There was limited supervision or monitoring by ESA in the Local Governments during the period under review. Evidence availed showed that there was very limited formal interaction between the ESA and the district inspectors in the form of workshops, joint inspections or meetings during the period. This was attributed to lack of monitoring capacity by ESA in terms of personnel, funding and logistics. Limited partnership and collaboration between ESA and district Inspectors affected the quality of service in inspections. The benefits that could have been derived from the joint efforts could not be realized.
1.4.3 Pension processing by the Department of Compensation – Ministry of Public Service:

i. **Overall Pension Processing**
   The audit revealed long pension processing time. It takes on average 23 months for the traditional civil servants and 30 months for the teachers to access the pension payroll instead of the expected 6 months. The delay was attributed to, among other things: the lack of a communication strategy; the failure by the MoPS to use the existing records of retired officers to commence timely pension processing; the unreliable Pension Information Management System (PIMS); and interruption of the serving officers by pensioners. The delays lead to distress at the various stages of pension processing as described below:-

ii. **Receiving and Approving Pension Application Forms**
   MoPS took an average of 13 months and 16 months to acknowledge receipt of pension applications for the traditional civil servants and the teachers respectively instead of the required 14 days. It was noted that officers take long to file application letters and documents before compiling a list for submission to the PS or delegated officer. The delay was caused by lack of time limits allocated to sub activities carried out before the submission of application forms to the PS or delegated officer. The absence of time limits affects effective monitoring and supervision of these activities.

iii. **Verification and Assessment of Pension Claims**
   There were also delays in verifying and assessing pension files. It took on average 14 months to verify and assess the pension files of traditional civil servants and teachers instead of 1 month as required. The delay in the HRM department was attributed to the lengthy verification time caused by the slow response by the retired officers in ensuring the questions raised on pension applications and failure to give appropriate attention to pension verification by the HRM Department.
iv. **Payment of Pension**

It took an average of 8 months for both the traditional civil servants and the teachers to access the pension’s payroll from the date of approval of the pension payment as opposed to 3 months. This was caused by inadequate funds released to the MoPS by the Ministry of Finance Planning and Economic Development (MoFPED) thereby affecting the livelihoods of retired officers. It was also noted that the delay in payment of teachers pension in the years 2006/07, 2007/08 and 2008/2009 was aggravated by the diversion of the teachers’ funds to cater for payment of other pension categories.

1.4.4 **Provision of Basic Necessities to Prisoners: Uganda Prisons Service:**

The audit revealed deficiencies in Provision of Basic Necessities. These are:

**Food and Water provision:**

i. The quantity and quality of food served to inmates compared to the recommended dietary scale was inadequate. Only posho and beans were served and even then, some prisons were not serving all the three meals in a day. There was laxity in supervision and accountability of food grown by prison farms to supplement government resources. The quality of food served did not meet all the inmates basic food nutrients necessary for a healthy balanced diet. These conditions violate the basic right of a prisoner’s entitlement to a balanced diet;

ii. There was inadequate provision of clean drinking water in some prisons which posed the danger of prisoner being victims of water-borne diseases;

**Health Care:**

iii. Prisoners were not medically examined and vaccinated on admission. This can lead to spread of disease and determining ones fitness to work cannot be assessed;

iv. Medical facilities were limited and some are non-functional. Supply of drugs and sundries was inadequate and support supervision was also irregular. The condition is worsened by the policy of treating non-prisoners (over 50%) who could otherwise access treatment
outside prison hospitals. This denied prisoners basic treatment and management of their diseases;

v. The prison service had limited medical staff to cope with the inmate population. While medical staff levels are expected to increase to 53% by the end of 2009/10 financial year, the prisoner population is currently at 212%;

vi. There was poor management of communicable diseases as evidenced by lack of adequate rooms to separate the sick prisoners from others in the wards which are already congested. This exposed inmates to contracting contagious diseases during confinement;

vii. Measures to control insects, rodents and vermin in prison premises were inadequate. There was no fumigation carried out to control mosquitoes, lice and bedbugs which could otherwise reduce preventable diseases like malaria;

**Clothing/beddings:**

viii. Uniforms supplied to prisoners by UPS management were insufficient in numbers to cover all the prisoners as required. Whilst prisoners were entitled to 2 uniforms a year, some were not even getting a uniform, even though UPS had adequate capacity to produce all the required uniforms. Maintaining proper hygiene and proper identification became difficult;

ix. UPS did not provide sufficient beddings and separate beds as required by local and international standards. A few beds were only provided by organisations like ICRC.

1.4.5 **Project Management: A case Study of 8 Debt Funded Projects:**

The study revealed the following as the main causes of the failure by implementing agencies to absorb the allocated funds/loans leading to payment of commitment fees/penalty:-
i. **Counterpart Funding:**
   Government did not honor its obligation of approving and releasing in full all the counterpart funds budgeted for by the PIUs/Line Ministries. The MOFPED failure to remit the budgeted counterpart funds was attributed to Government budget constraints and prioritisation of government programmes. The failure of government to honour its obligation of providing the budgeted counterpart funding led to failure of the projects to attain their intended objectives.

ii. **Diversion of Project Funds:**
   We noted that 4 out of the 8 projects had their counterpart funds contribution amounting to Ug Shs 3,174,454,821 diverted by the Ministries during the period under review. The diversion of funds is attributed to lack of direct control of counterpart component by the project coordination unit and the mixing of project releases on the same account with line Ministry releases. It was also attributed to financial indiscipline by government officials. Diversion of project funds deprived the project resources needed to achieve the timely implementation of its activities.

iii. **Operational Conditionalities:**
   Some of the projects were delayed for a period ranging from 2 to 7 years because of the difficulties the projects were experiencing in fulfilling the conditionalities. This was attributed to lack of technical persons on the project implementation team to provide technical guidance on the tasks which were not easy to implement and also lack of commitment by some stakeholders. Some of the conditionalities/milestones were not easy to achieve and delayed the start, and also contributed to the slow rate of implementing the project’s activities.

iv. **Procurement:**
   We noted that the Procurement units within the line ministries did not execute the procurement plans on schedule. This was attributed to the slow pace at which the line ministries processed procurement documents. The delays were also attributed to some of the accounting officers and officers involved in procurement not being very conversant with the PPDA Act. Delays in procurement denied the projects the inputs necessary for timely project implementation.
v. Monitoring and Evaluation:

According to the World Bank Independent Evaluation Group (WBIEG) report of 2007 which centered on how to build M&E systems to support better Government, it was reported that Uganda had a large number of uncoordinated and unharmonized monitoring systems at the sector and sub sector levels. This was attributed to poor coordination among key players in M&E.

In the absence of a well coordinated M&E system, project stakeholders could easily identify and understand the project implementation hurdles and address them in a timely manner.

vi. Project Designs:

The study revealed that 4 projects out of the 8 were subject to modifications during implementation as a result of omissions at the design stage leading to delays in project implementation. This was attributed to inadequate consultations by the line ministries at the design stage.

Inappropriate design derails the project objectives and is costly in terms of time lost and the financial resources which would be required to rectify the anomalies.

1.4.6 Solid Waste Management in Kampala:

i. Planning and Budgeting

The divisions lack data for example on the estimated tonnage of garbage expected to be generated and collected, number of households, number and capacity of private collectors, and the composition of solid waste stream. Lack of such a data base leads to the preparation of work plans and budgets that do not adequately address the challenges in garbage collection, transportation and disposal. The provisions like fuel, wages, vehicle maintenance and repairs and procurement of goods and services in the budget are not realistically supported. Lack of such a data base also contributes to wrong strategies being developed to address the garbage collection, transportation and disposal challenges at KCC and the divisions.
ii. **Solid Waste Management Awareness**

The Solid Waste Management Strategy (SWMS) requires members of the public to be educated in matters of modern waste management best practices. It was noted that solid waste awareness campaigns are not conducted by KCC and the divisions. This was attributed to lack of specific solid waste management work plans in the divisions and also the failure of the divisions to properly provide for such campaigns in their budget estimates.

Lack of solid waste management awareness campaigns has led to unacceptable waste management practices such as indiscriminate littering and burning of garbage in the city.

iii. **Enforcement of the Solid Waste Management By-Laws**

Under the Solid Waste Management Ordinance, 2000, it is illegal and punishable to dump garbage in places where it may be or become a public health nuisance. These places include water bodies, public streets and the roadside. The responsibility to enforce these rules and regulations rests with KCC and the divisions.

Cases of illegal dumping of garbage were noted at market places and despite the existence of a fully fledged enforcement department, KCC and the divisions were not enforcing the laws. This has caused unnecessary suffering to the neighborhood through air pollution and blockage of the drainage system leading to floods.

iv. **Working Conditions of Personnel in Garbage Collection:**

The SWM ordinance provides that staff involved in collection, transportation and disposal of garbage should be provided with protective clothing which includes gumboots, industrial gloves, masks, overalls and head covers.

Management at the divisions has failed to procure protective clothing for the staff involved in garbage collection, transportation and disposal despite the presence of the budgetary provision under the supply of goods and services. The lack of conducive working conditions affects staff morale which may in turn affect their performance at work.
v. **Wage Payment:** 
Although the refuse collection workers are supposed to be paid by the 28th day of every month, it was noted that the division authorities paid wages late. Delayed payment of wages affects the staff morale which in turn affect their performance at work.

i. **Transportation of Garbage:**
KCC and the divisions required on average 86-five tonnage lorries to be able to collect and transport garbage from the city on the assumption that each vehicle makes 3 trips per day. However, KCC and the divisions operated on average 35-five tonnage lorries which was 40% of the fleet required to enable prompt waste collections and disposal in the city. In the absence of the required number of vehicles to transport garbage, KCC and the divisions could not attain the 80% required garbage collection performance level.

Out of the required 85 refuse vehicles in the city, only 35 (40%) were operational at the time of audit. Constant vehicle break down has led to accumulation of un-collected garbage to undesirable levels and this is evidenced by the presence of refuse which has taken more than one day without being collected.

ii. **Engagement of Private Garbage Collectors:**
It is an offence under the SWM Ordinance, 2000 to collect, transport, remove or dispose refuse for a fee or other consideration without a valid permit from the Council. The SWMS also recommends providing legal recognition of the private garbage collectors so that they become more organized. A number of private garbage collectors were operating without permits from KCC. KCC has also failed to establish a proper mechanism for regulating the operations of private collectors. Some of the private collectors have no capacity to collect and transport refuse to the landfill.

iii. **Supervision, Monitoring and Control of Solid Waste Management Activities:**
According to the SWM ordinance, 2000, KCC or its agents, servants or licensed collectors are required to ensure that solid waste in the district is collected and conveyed to treatment installations or approved disposal sites. The SWM ordinance, 2000, also requires that the various refuse generators should be correctly identified, categorized and mapped to enable determination of the revenue potential.
KCC and the divisions were not supervising and monitoring the activities of private collectors due to an absence of signed agreements and data on the numbers and capacity of private collectors. There are no records to indicate any form of supervision being undertaken.

The refuse gangs were also not supervised daily due to lack of fuel and the overwhelming number of garbage sites, some of which are illegally operated by garbage generators. It was further noted that the garbage sites are not mapped making it difficult to plan and monitor the progress of garbage collection.

Failure by KCC and the divisions to adhere to SWM ordinance provisions governing the supervision of refuse collection, transportation and disposal procedures led to the absence of adequate supervision, monitoring and control mechanisms which aggravated the problem of uncollected garbage.

1.4.7 Regulation and Enforcement of Standards by Uganda National Bureau of Standards (UNBS):

The audit revealed insufficient inspection of goods on the Ugandan market. Only 68% of planned import inspections were carried out in 2005/06 and 80% in 2007/08 giving an overall performance of 74%. Only 62% of planned local factory inspection were carried out in 2006/07 while only 56% in 2007/08 reflecting an overall performance of 59%. In 2005/06, only 425,125 scales were verified out of the planned 510,000 leaving 84,875 un verified. Although the Bureau surpassed its targets in 2006/07 and 2007/08, its planning figures were declining i.e (510,000 for 2005/06, 250,000 for 2006/07 and 235,000 for 2007/08). UNBS was also found to be under staffed to a tune of 46%. It was also revealed that the URA Green Channel Clearance system was difficult for UNBS to cope with. Other pertinent issues were: inspection of goods at owner’s premises which is difficult to monitor or follow up; and inadequate/ineffective enforcement of standards arising from inherent gaps in the law.

1.4.8 Passport Processing by the Passport Control Department – Ministry of Internal Affairs:

The processing of a passport is expected to take ten (10) working days or fourteen (14) calendar days. However, processing passports by the Passport Control Office (PCO) takes
longer periods, with average delays of nine (9) to thirty two (32) days at the Ministry headquarters and in the regions/districts, respectively. The processing of passports at the head office had improved with an average delay of only 2 days in 2008/09. The processing of passports on average delayed for 24 days in FY 2006/2007, 25 days in FY 2007/08 and 13 days in FY 2008/09. At the regional offices/districts on average delays were 34 days in 2006/07, 39 days in 2007/08 and 34 days in 2008/09.

This has resulted into public dissatisfaction with the service rendered by the government in this regard. The audit sought to ascertain the magnitude of the delays in the processing passports and to examine the underlying causes of the delays and make suggestions to management on steps that could be undertaken to curtail the processing time and measures to improve service delivery.

The delays were attributed to the unconventional citizenship verification procedures, manual processing of passports, inadequate communication strategy, poor records management and unfavourable staff working conditions.

1.4.9 **Northern Uganda Social Action Fund (NUSAF):**

The audit revealed the following deficiencies in the implementation of NUSAF Project;

i. **Sub-Project Funding**

20% of the 2,650 CDI Sub-projects audited received funds above the requested amount. It further established that 10% of the 5,306 VGS Sub-projects received funds above their budgets. Over funding of Subprojects was attributed to lack of an effective internal audit function. 1,061 sub projects received funds above the requested amounts totaling to Shs.1,444,827,644 of which Shs.190,731,484 were recovered and a balance of Shs.1,254,096,160 had no proper justification rendering the expenditure wasteful.

ii. **Maintenance of Financial Records by Subprojects**

70% of the subprojects in a sample of 642 CDI sub projects did not maintain Cash books and failed to make use of the standard accounting forms. The poor record keeping was caused by inadequate training of subproject members and lack of
follow up training regarding financial matters. In the absence of proper financial records at the CDIs, it was difficult to verify, reconcile and update the financial information of the sub projects by NUMU and NDTO which led to over funding of sub projects.

iii. **Procurement Procedures**

Out of the 642 CDI Subprojects visited, 60% did not have Community Procurement committees while only 40% had constituted Community Procurement committees. The audit further revealed that 50% out of the 257 CDI’s which had constituted procurement committees 50% did not follow procurement guidelines. This was due to inadequate training of the members of the Subprojects at the pre-launch. Failure to follow the Community Based Procurement Guidelines led to escalation of the cost of the sub projects.

iv. **Civil Works**

The audit revealed that 33% of the 642 CDIs of the Subprojects were monitored by the NDTO on a monthly basis. 5% of the 642 CDIs Subprojects were supervised and monitored by the District Sector Specialist/District Engineer. The audit further established that 80% out of the 642 CDIs Subprojects did not have payment certificates attached to the payment vouchers. Documentation review and interviews revealed that staffing gaps and laxity of the sector specialists (District Engineers) and NDTO’s, was the cause of inadequate supervision of civil works. The verification of civil work revealed that lack of proper supervision resulted into poor quality works of the sub projects.

v. **Completion of Subprojects**

The average completion time for the construction of CDI sub projects during the NUSAF project lifespan was found to be 27 months as compared to 12 months provided for in the guidelines. The delays in completion of sub projects was attributed to delays in disbursement of funds to sub projects, non adherence to procurement guidelines and lack of proper monitoring and supervision by technical experts. The delay led to the extension of NUSAF project lifespan, additional administrative costs and cost escalation.
vi. **Disbursement of Funds to Subprojects**

The audit revealed that the transfer of funds to some subprojects was not done at the launch whereas through document review, it was noted that, in the year 2004/05, disbursements to subprojects was done on average 10 months after the launch (2005/06; 6 months, in 2006/07; 5 months, and in 2007/08; 7 months). As a result of delays in the disbursement of funds, the subprojects could not complete their activities on schedule and according to their work plans.

vii. **Submission of Accountabilities**

40% of the 642 CDIS sub projects received more than one tranche prior to submission of previous accountabilities. The study revealed that accountabilities for funds received by subprojects were not submitted in accordance with project guidelines. According to the Auditor General’s report of NUSAF for the year ended 30th June 2008, the age analysis of the advances revealed that an amount of Shs.262,506,090 had been outstanding for more than twelve months. Out of the total of 2,322 CDIs sub projects, 20% had not submitted accountabilities amounting to Shs.2,607,315,491 at the close of the project in September 2009. This was attributed to inadequate training and mentoring of the members of the Subprojects on financial matters and high illiteracy rate among members.

viii. **Commissioning of Completed Subprojects**

The audit noted that out of the 449 completed sub projects, 30% were not commissioned and were not functional because they lacked basic facilities. 50% of these were Health centers which lacked medical equipment and staff houses, 30% were classroom blocks which lacked furniture and 20% were teachers’ houses which did not have toilets and bathrooms. Failure to complete CDI Subprojects in time was attributed to delays in disbursement of Subproject funds, non adherence to Procurement Guidelines regarding civil works and lack of effective supervision and monitoring.
ix. Performance of VGS Subprojects

The audit revealed that out of the 1,048 VGS Subprojects, 64% operated for an average of (8) eight months and later closed. Poor Performance of Vulnerable Group Support Subprojects was attributed to inadequate Monitoring and Supervision, inadequate Field Appraisals, poor Community participatory Appraisal & Training, ineligible Subproject group composition, projects not launched and inadequacies in the approval process of Subprojects.

As a result of short lifespan and existence of incomplete sub projects, the community did not benefit from the services they were expected to receive from the shs.16,608,021,628 incurred on these sub projects.

1.4.10 Procurement and Distribution of Relief Items in the Office of the Prime Minister:

i. Disaster response time

The audit revealed that in some cases response time to districts or areas that were affected by disasters far exceeded the international standard of 48 hours (i.e. 2 days). It took OPM an average of 1,176 hours (i.e. 49 days) to respond to some disasters.

ii. Disaster needs assessment

Although some districts attempted to prepare preliminary disaster reports, the reports did not show information on key issues such as; number of persons affected, damage suffered, the quantified financial and other resources required.

iii. Coordination of disaster activities

There was no evidence to show whether OPM convened monthly national platform meetings for disaster preparedness and management.

iv. Allocation of food relief items to disaster victims

The audit revealed that the food relief items delivered by OPM/DDMR in seven out of the 21 districts could not meet the minimum daily ration recommended by WFP.
1.5 **VFM AUDITS UNDER PROGRESS**

A total of a further eight audits have been initiated by the VFM unit and are at different stages of execution. They are planned to be completed and a report submitted to Parliament in the following year. They are:-

i. National Drug Authority - NDA (Inspections);
ii. Ministry of Education and Sports - MoES (UPE Capitation Grant);
iii. Ministry of Energy and Mineral Development – MoED (Rural Electrification Programme);
iv. Uganda National Road Agency – UNRA (State Roads);
v. Ministry of Local Government – MoLG (Procurement);
vi. Ministry of Judiciary – (Management of Cases);
vii. Ministry of Lands, Housing urban and Development - MoLHUD (Land Registration);
viii. Ministry of Agriculture Animal Industry and Fisheries – MoAAIF (Farm Income Enhancement) FIEFOC.
PROCUREMENT AND STORAGE OF DRUGS BY NATIONAL MEDICAL STORES

2.1 INTRODUCTION

2.1.1 MOTIVATION

There has been a general countrywide concern about people dying of treatable diseases such as malaria arising from patients’ failure to access drugs in public health facilities, and yet drugs worth billions of shillings were reported having expired in NMS facilities, stores of Referral Hospitals, District Health Offices and health units. Drugs worth Ushs. 6.7 billion expired between July 2005 and June 2008 in the NMS storage facility alone\(^1\). At the same time NMS could not supply all the drugs ordered by health units.

A monthly storage cost of shs 36 million was wasted on these expired drugs\(^2\) and their subsequent destruction cost of about shs 700 million\(^3\) could have been channeled to other priority activities badly needed by the citizens, such as the recruitment of additional medical personnel in health facilities like health centers II and III.

All the above scenario may compromise the NMS’ vision of being “the leading national supplier of medicine and other medical supplies to meet the needs of the Ugandan population”.

The Auditor General, therefore, carried out an independent assessment of NMS’ core operations of Procurement and Storage of drugs with a view of recommending improvements where problems exist.

2.1.2 DESCRIPTION OF THE AUDIT OBJECT

2.1.2.1 Legal Framework

National Medical Stores (NMS) derives its mandate from the National Medical Stores Act chapter 207 of the Laws of Uganda.

\(^1\) NMS stores write off records of April 2008 and February 2007
\(^2\) The New Vision of Thursday September 11, 2008
\(^3\) NMS financial record
NMS is an autonomous Government Corporation established by the National Medical Stores Act of 1993, which came into effect on 3rd December, 1993. MOH through the 1993 NMS Act delegated the drug supply, storage and distribution function to NMS, hence the formation of an autonomous institution, NMS, to replace the Central Medical stores (CMS), which was formally a department of MOH.

NMS is responsible for ensuring the continuous distribution of pharmaceutical products in a financially viable and sustainable manner. In addition, NMS distributes various drugs which currently include Uganda Essential Drug Kits, Sexually Transmitted Infections (STI) drugs and family planning products. MOH is responsible for the allocation of the above categories of drugs while NMS stores and distributes to the various districts and health facilities.

2.1.2.2 **Vision of NMS**

“To be the leading national supplier of medicine and other medical supplies to meet the needs of the Ugandan population”

2.1.2.3 **Mission of NMS**

“To equitably provide affordable, quality medicines and other medical supplies to health facilities in Uganda”

2.1.2.4 **Core Values of the Corporation**

The core values of the corporation are: Integrity, Transparency, Accountability, Operational excellence, corporate social responsibility, strong leadership, team work and customer focus.

2.1.2.5 **National Medical Stores Objectives**

The strategic objective of NMS is to procure, store and distribute medicines and medical supplies for use in Ugandan medical facilities.

The principal objectives of the corporation as derived by the Act are as follows:-

i. To procure, economically and efficiently, medicines and other medical supplies of good quality primarily for the public health services.

ii. To secure, safe and efficient storage, administer, distribute and supply the goods in question in accordance with the National Drug Policy (NDP) and National Drug Authority (NDA)
iii. To establish and maintain systems to ensure the quality of goods supplied.
iv. To estimate the current and future needs as a basis for procurement, planning and budgeting by the corporation itself and the Ministries concerned.
v. To perform as appropriate, additional tasks entrusted to the corporation by regulation, or as may be accepted by the board as complementary or necessary for the performance of its primary functions.

2.1.2.6 **Funding**

NMS gets operational funds from the sale of medicines and medical supplies and handling fees. The table below shows the actual income as extracted from the Audited Accounts for the years 2005/06-2007/08

**Table 1 NMS Source of funds**

<table>
<thead>
<tr>
<th>YEARS</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales income</td>
<td>16,277,628,000</td>
<td>15,876,170,000</td>
<td>17,117,050,000</td>
<td>49,270,848,000</td>
</tr>
<tr>
<td>Others</td>
<td>3,826,200,000</td>
<td>6,561,448,000</td>
<td>7,558,412,000</td>
<td>17,946,060,000</td>
</tr>
<tr>
<td>Shs</td>
<td>20,103,828,000</td>
<td>22,437,618,000</td>
<td>24,675,462,000</td>
<td>67,216,908,000</td>
</tr>
</tbody>
</table>

Source: Audited Accounts for 2005/6, 2006/7 and 2007/8

2.1.2.7 **Audit Objectives**

The audit objective was to assess the operations of National Medical Stores in the areas of procurement and storage. The view was to establish the extent to which customers’ requirements for drugs were met, whether drugs were procured according to plan; to ascertain the efforts made to ensure that drugs do not overstay and the procedures put in place for retrieval and destruction of expired drugs. Finally, the audit would recommend improvements where problems exist.

2.1.2.8 **Audit Scope**

The audit focused on the aspects of whether customer requirements are met, procurement planning, needs assessment, coordination of procurements, storage and disposal of expired drugs by National Medical Stores (NMS,) and covered ten out of eighty districts. Three or two districts were sampled from each of the four regions of the country. Stratified random sampling method was used to select the District with the highest, medium and /or smallest number of health units. The sampled districts were: Nebbi and Arua in the Northern region; Soroti, Moroto and Iganga in the Eastern; Mbarara and Kabarole in the west and Wakiso,
Masaka, and Kayunga in the central region. The study covered 4 years from July 2005/06 to June 2008/09.

2.2  **FINDINGS**

The findings of the study are as follows:

2.2.1  **MEETING CUSTOMERS’ REQUIREMENTS**

2.2.1.1  **Capacity to supply ordered quantities**

NMS is required to supply drugs in the quantities ordered by the Health Centres in compliance with the Act.\(^4\) Public Health centres can only procure drugs from NMS except when NMS provides them with a certificate of non-availability.

However, the audit observed that in a number of cases, NMS could not supply drugs and medical supplies to meet the orders placed by the public health units. The information analyzed from NMS sales performance in respect of key anti-malarial drugs that are expected to be available at all times in NMS stores\(^5\) revealed that less than half the orders were honored by NMS as reflected in the bar chart in figure 2.

\(^4\) The National Medical Stores Act, 1993 (cap. 207).
\(^5\) Essential Medicines List for Uganda EMLU 2007, page 2
Figure 1  Anti-Malarial drug supply against customer orders

<table>
<thead>
<tr>
<th>Malarial Drug types</th>
<th>% Not Supplied</th>
<th>% Delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chloroquine 50mg base/5ml</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Quinine 100mg/5ml</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Chloroquine 200mg base/5ml</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Quinine di-HCl 600mg/2ml</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Artemether 50mg</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Chloroquine 150mg base</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Chloroquine 150mg base tab</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Quinine sulphate 300mg, film coated</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Quinine sulfate 300 mg tab</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

On average, NMS’ capacity to supply anti-malarial drugs from their own stocks during the period was 40% while third parties supplies were at 77%. The average for both categories was 60%. Out of the 20 different types and forms of anti-malarial drugs supplied both by NMS and 3<sup>rd</sup> Parties in the same period, only homapack green was supplied 100% to meet the orders (that is, all the 21,000 packs ordered were supplied). It is worth noting that malaria is the most common sickness reported on daily basis at all levels of health centres in Uganda.

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6 Effective 2008, there was policy change, removing this drug from 1<sup>st</sup> line treatment of malaria as per EMLU, 2007
7 Effective 2008, there was policy change, removing this drug from 1<sup>st</sup> line treatment of malaria as per EMLU, 2007
We noted further that NMS supplies a range of other drugs to health centres that are not ordered by them to compensate for the value of the drugs that could not be supplied. 18% of the 1,281 drug items supplied between 2005 and 2008 fall in this category. This action only served NMS’ financial management concerns but did not address the needs of the health centres.

Because of those shortcomings on the part of NMS, the management of a number of health centres have a tendency of giving an excuse for purchasing Primary Health Care (PHC) drugs for which money is availed in cash from competing suppliers.

This was because of NMS’ inability to use the appropriate data to plan and procure the right types and quantities of drugs to meet customer requirements.

The result of this situation was perpetual stock deficiency at health centres resulting from NMS’ failure to meet the customers’ orders. This significantly affects the rural poor people who depend on Government health units. As a result they do not obtain appropriate treatment for life threatening common diseases. On a site visit to Bukuku Health centre in Kabarole on 19th September 2008, we witnessed cases where patients had to go home without treatment for malaria.

The team did not have the means of tracking the health conditions of those who returned home untreated. However, a proportion could have died as a result of non treatment if they had no alternatives or could have opted for traditional treatment out of desperation.

This is likely to have contributed to the increasing numbers of private drug shops that have sprung up to fill the gap created. The health centres are also at the risk of purchasing cheap sub standard drugs from private Pharmacies.

2.2.1.2 **Certificate of drug non-availability**

NMS is legally the sole primary supplier of drugs to Public Health units. The Public Health units are only allowed to procure drugs from other recommended private pharmacies after their orders with NMS have not been honored due to insufficient stocks and after they have been issued with certificate of non-availability by NMS.
The audit did not see any case of issued certificate of non-availability in all the 14 health units visited during beneficiary survey. Moreover, the NMS management operates a system that automatically generates the certificates for PHC. The certificates are separately dispatched by post if not collected personally, together with a pro-forma invoice from the management. These certificates, however, either do not reach the health centres or are withheld by DHOs. NMS’ evidence of the health centre acknowledgment of the certificates or dispatch record were not availed for audit. The 6 copies out of the 14 non-availability certificate requested and availed by NMS were printed fresh from the system and not the required file copies of those dispatched.

The cause of this undesirable situation is the failure by the management to appreciate the implication of certificate of non-availability to health units; the reluctance by the management to provide evidence (in form of the certificate) that in the end may indicate that they are inefficient and; lack of clarity on the procedure and the drug supply situation (Credit line or PHC) that requires issuance of certificate of non-availability. While NMS issues the certificates for PHC only, health units expect certificates for both Credit line and PHC drugs. There is also inefficiency in the movement of the certificate between NMS, DHO and health centres.

The inefficiency in the handling of certificates of non availability created opportunity for many health centres to disregard the requirements for the certificate and procure drugs from elsewhere. As a result, additional avoidable costs are incurred in form of transport from health units to alternative private pharmacies since private pharmacies such JMS do not provide drug delivery services to beneficiary Districts. It additionally leads to re-channeling of funds meant for drug purchase to meet those additional operational costs. Consequently, funds available for drug purchase are reduced, which escalate drug shortages in health centres further.

As seen in table 2, the total expenditure on purchases of drugs by health centres from the two major recommended suppliers for EMHS of PHC grants (NMS and JMS) for FY 2006/07 and FY 2007/08 reflects that 45.9% in FY 2006/07 and 45.5% in FY 2007/08 amounting to shs.17 billion was spent either on purchase from other sources or diverted to non drug expenditures.
Table 2  Expenditure for EMHS of PHC grants at NMS, JMS and others compared for FY 2006/07 and 2007/08

<table>
<thead>
<tr>
<th>Level</th>
<th>EMHS Allocation '000</th>
<th>% Expenditure at NMS</th>
<th>% Expenditure at JMS</th>
<th>% of Expenditure at NMS+JMS</th>
<th>% of Expenditure at Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2006/2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Ref Hospital</td>
<td>2,903,260</td>
<td>6.7%</td>
<td>31.6%</td>
<td>38.3%</td>
<td>61.7%</td>
</tr>
<tr>
<td>General Hosp</td>
<td>4,245,000</td>
<td>14.3%</td>
<td>40.2%</td>
<td>54.5%</td>
<td>45.5%</td>
</tr>
<tr>
<td>District Hosp</td>
<td>11,057,915</td>
<td>20.7%</td>
<td>37.3%</td>
<td>58.0%</td>
<td>42.0%</td>
</tr>
<tr>
<td>Total FY 2006/07</td>
<td>18,206,178</td>
<td>17.0%</td>
<td>37.1%</td>
<td>54.1%</td>
<td>45.9%</td>
</tr>
<tr>
<td>FY 2007/2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Ref Hospital</td>
<td>3,927,815</td>
<td>8.5%</td>
<td>40.0%</td>
<td>48.6%</td>
<td>51.4%</td>
</tr>
<tr>
<td>General Hosp</td>
<td>4,245,000</td>
<td>13.6%</td>
<td>43.5%</td>
<td>57.1%</td>
<td>42.9%</td>
</tr>
<tr>
<td>District Hosp</td>
<td>11,029,252</td>
<td>18.8%</td>
<td>35.5%</td>
<td>54.3%</td>
<td>45.7%</td>
</tr>
<tr>
<td>Total FY 2007/08</td>
<td>19,202,068</td>
<td>15.5%</td>
<td>38.2%</td>
<td>54.5%</td>
<td>45.5%</td>
</tr>
</tbody>
</table>

Source: Annual Health Sector Performance report, Financial Year 2007/2008

2.2.1.3  **Response to Customers’ orders**

Best practice in the industry, especially competitors like Joint Medical Stores, is that the time taken to process a customer order ranges between few hours to two days.

However, it was observed that NMS did not have a clearly spelt out policy on the standard time it should take to process a customer order from receipt to delivery at customers’ District or personal collection from NMS premises. Table 3 shows this fact:
Table 3  
**Average delivery time on Customers’ orders**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>No. of orders processed</th>
<th>Average time taken (in days) to deliver</th>
<th>Number of Orders not delivered by audit time</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>No data availed</td>
<td>No data availed</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>No data availed</td>
<td>No data availed</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>14,723</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>2008</td>
<td>7,050</td>
<td>22</td>
<td>110</td>
</tr>
<tr>
<td>2009</td>
<td>1,065</td>
<td>59</td>
<td>26</td>
</tr>
<tr>
<td><strong>Average for period</strong></td>
<td><strong>7,613</strong></td>
<td><strong>31</strong></td>
<td><strong>68</strong></td>
</tr>
</tbody>
</table>

Source: NMS executed orders report

Table 3 shows that it takes on average 31 days to deliver an order from the time of receipt. There were 110 orders dispatched from NMS in 2008 but evidence of the drugs reaching the destined health centres was not availed indicating that those orders may not have reached intended destinations. The Management explained that they subject such open orders to investigations. There are cases when orders took one day while others three months, regardless of the distance from NMS premises. The Management position is that they accumulate and make deliveries when it is economical to do so after every 30 working days disregarding the consequences of the delay.

The absence of guidelines in the Sales Policy document regarding the maximum time it should take to process and deliver a customer order created no obligation for the prompt processing of customer orders. This also denied customers a standard reference time as basis for genuine complaints. Additionally, lack of focus on individual orders in favour of delivery only when it is economical made customers’ feel ignored.

The effect was the loss of key customers who, except for the credit line items, resort to procuring drugs and medical supplies from JMS and other private pharmacies. This was confirmed by interviews held with the District Health Officers, Medical Superintendents of Referral Hospitals and other customers. It led to the loss of the sales revenue opportunity amounting to shs. 40.1 billion (Shs. 8.5 billion recorded in 2006 alone⁸ and other two financial years as illustrated in table 4).

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⁸ Minutes of 29th NMS/MOH technical Review meeting, 16th Jan 2007.
Table 4  Expenditure for EMHS of PHC grants at NMS and others compared for FY 2006/07 and FY 2007/08

<table>
<thead>
<tr>
<th>Level</th>
<th>EMHS Allocation '000</th>
<th>Expenditure % at NMS</th>
<th>Expenditure % to Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2006/07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Ref Hospital</td>
<td>2,903,260</td>
<td>6.7%</td>
<td>93.3%</td>
</tr>
<tr>
<td>General Hosp</td>
<td>4,245,000</td>
<td>14.3%</td>
<td>85.7%</td>
</tr>
<tr>
<td>District Hosp</td>
<td>11,057,915</td>
<td>20.7%</td>
<td>79.3%</td>
</tr>
<tr>
<td><strong>Total FY 2006/07</strong></td>
<td><strong>18,206,178</strong></td>
<td><strong>17.0%</strong></td>
<td><strong>83%</strong></td>
</tr>
<tr>
<td>FY 2007/08</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Ref Hospital</td>
<td>3,927,815</td>
<td>8.5%</td>
<td>91.5%</td>
</tr>
<tr>
<td>General Hosp</td>
<td>4,245,000</td>
<td>13.6%</td>
<td>86.4%</td>
</tr>
<tr>
<td>District Hosp</td>
<td>11,029,252</td>
<td>18.8%</td>
<td>81.2%</td>
</tr>
<tr>
<td><strong>Total FY 2007/08</strong></td>
<td><strong>19,202,068</strong></td>
<td><strong>15.5%</strong></td>
<td><strong>84.5%</strong></td>
</tr>
</tbody>
</table>

Source: Annual Health Sector Performance report, Financial Year 2007/2008

As seen from table 4, 83% of PHC funds in FY 2006/07 and 83.5% in FY 2007/08 of the PHC allocations amounting to 31.6 billion was used by the health centres to purchase drugs from competitors.

Additionally, drugs which were procured on account of high monthly consumption pattern subsequently turned out to become excess as a result of the reduced AMC.

The sales opportunity lost denied NMS the needed sales income required to improve service delivery. This increases the funding burden on government by NMS. It also leads to failure to raise adequate revenue to finance the procurement of more drugs. Besides, NMS have persistent stock outs. This hinders the opportunity to increase the supply of drugs for the treatment of citizens, thus compromising government’s efforts to provide affordable treatment to citizens.
2.2.2 PLANNING, NEEDS ASSESSMENT AND COORDINATION

2.2.2.1 Procurement Planning

The procurement plan is expected to enable NMS to maintain a service level of 100% under credit-line and 70% under PHC. This would ensure that all orders from customers are met and the buffer stock maintained at a minimum level to ensure that no stock outs occur.

The Audit team established from the procurement performance data availed for the three financial years that NMS prepared procurement plans based on unreliable AMC which they did not even comply with. They hope to place reliance on aggregation of procurement plans from health units which are not forthcoming. Drugs delivered by 3rd parties are not even based on planned procurements. An extract of drugs procurement report for three Financial Years is reflected in table 5:

Table 5 Drug procurement report Credit line extract

<table>
<thead>
<tr>
<th>Description of drugs</th>
<th>Quantity awarded &amp; ordered</th>
<th>Quantity Delivered</th>
<th>Under delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2007/2008</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acyclovir Tab 200mg</td>
<td>16,800</td>
<td>6,400</td>
<td>10,400</td>
</tr>
<tr>
<td>Acyclovir skin cream 5%, 10g</td>
<td>24,000</td>
<td>9,600</td>
<td>14,400</td>
</tr>
<tr>
<td>Doxycycline 100mg tab</td>
<td>48,000</td>
<td>16,442</td>
<td>31,558</td>
</tr>
<tr>
<td>Phenobarbital tab 30mg</td>
<td>14,400</td>
<td>6,400</td>
<td>8,000</td>
</tr>
<tr>
<td><strong>2006/2007</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penicillin, procaine 3MU+ benzyl 1MU</td>
<td>1,680,000</td>
<td>376,000</td>
<td>1,304,000</td>
</tr>
<tr>
<td>Penicillin, benzyl 1MU/600mg</td>
<td>13,007,500</td>
<td>4,607,500</td>
<td>8,400,000</td>
</tr>
<tr>
<td>Cotrimoxazole 400+80mg scored</td>
<td>160,800</td>
<td>146,996</td>
<td>13,804</td>
</tr>
<tr>
<td>Chloroquine 200mg base/5ml</td>
<td>1,808,700</td>
<td>1,808,500</td>
<td>200</td>
</tr>
<tr>
<td>Quinine sulfate 300mg</td>
<td>15,190</td>
<td>7,069</td>
<td>8,121</td>
</tr>
<tr>
<td>Chloroquine 150mg base</td>
<td>15,000</td>
<td>14,800</td>
<td>200</td>
</tr>
<tr>
<td><strong>2005/2006</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amoxycillin capsule 250mg</td>
<td>43,200</td>
<td>34,992</td>
<td>8,208</td>
</tr>
<tr>
<td>Paracetamol tablet 500mg</td>
<td>93,600</td>
<td>85,176</td>
<td>8,424</td>
</tr>
<tr>
<td>Glucose Inj 5%, 500ml</td>
<td>432,000</td>
<td>71,665</td>
<td>360,335</td>
</tr>
<tr>
<td>Sodium Chloride (normal saline) injection solution, 0.9% 500ml</td>
<td>432,000</td>
<td>95,993</td>
<td>336,007</td>
</tr>
</tbody>
</table>

*Source: NMS procurement department annual report 2006, 07 and 08*

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9 NMS sales policy guidelines; Procurement department specific objective 2.1(i), July 7, 2008
The above problem is caused by non-generation of estimates of national drug needs arising from a conflict in assignment of this role to both NMS and the National Drug Authority Commission\textsuperscript{10}. The estimates could provide a guide to NMS in procuring sufficient quantities to hold in stock\textsuperscript{11}. This problem is also attributed to the failure by NMS to maintain its own accurate trend data for decision-making; lack of capacity by NMS staff to collect alternative accurate data for drug quantification; lack of procurement plans from health facilities, unpredictable prescriptions pattern by medical practitioners; and use of inappropriate data for drug quantification during needs assessments.

The effect of these performance gaps is the perennial stock-out of some drugs; excess stocking of certain categories of stock, which are slow moving. It also locked in funds which could have been used to purchase more needed drugs to sufficient quantities, as well as led to the expiry of excess stocks.

2.2.2.2 \textbf{Buffer stock}

NMS is required to maintain a buffer stock to last at least four months of sales demand to avoid stock outs\textsuperscript{12}. Additionally, all items of medicine listed for health centre levels up to and including H (Hospitals) level are expected to be available at all times from NMS\textsuperscript{13}.

The stock status for the period November 2008 to February 2009 in table 6 shows stock inadequacies:

\textsuperscript{10} National Drug Policy and Authority Act, Chapter 206, section 10(1),(2)
\textsuperscript{11} Essential Medicines list for Uganda, EMLU, 2007, page 2
\textsuperscript{12} NMS stock replenishment policy as spelt out in Stores Management Operations Manual,
\textsuperscript{13} Essential Medicines list for Uganda, EMLU, 2007, page 2
Table 6: Analysis of percentage (%) of drug items with less than 4 months’ stock cover
(by Category)

<table>
<thead>
<tr>
<th>Category of stock</th>
<th>2008</th>
<th>2009</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of items</td>
<td>Nov</td>
<td>Dec</td>
</tr>
<tr>
<td>Core credit line drugs</td>
<td>17</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>Non core credit line drugs</td>
<td>41</td>
<td>54%</td>
<td>51%</td>
</tr>
<tr>
<td>Other priority list drugs</td>
<td>38</td>
<td>73%</td>
<td>73%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>32</strong></td>
<td><strong>58%</strong></td>
<td><strong>59%</strong></td>
</tr>
</tbody>
</table>

Sub-total

| **No data availed for 2007** | **No data availed for 2006** | **No data availed for 2005** |

Source: Raw data from weekly stores management Reports.

In table 6, it is clear that drugs were not replenished to ensure that stock levels did not drop below the four months buffer stock policy. Although the management explained that they were using Just in Time policy for items locally manufactured for efficient utilization of storage space and limited capital, this was not supported by the Stores Operational and Management Manual in use at the time of audit.

Stock status reports for 2005, 2006 and 2007 were not available to show the status during that period.

Generally, an average of 56% of all the stock categories fell below the four (4) months’ buffer stock during the eight months period between 2008 and 2009. Analytically, the shortages

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14 See glossary
15 See glossary
16 See glossary
17 Stock out rate for 109 credit line items was 30%, Minutes of the 29th NMS/MOH Technical review meeting, 2007
were: 71% from other priority list, 52% of core credit line drugs items and 44% from non core items list. 164 stock items are in the categorization.

These shortages were as a result of failure by the management to comply with the Stores Operational and Management Manual which required them to use spelt out scientific methods of ordering drugs and medical supplies. This problem stems from the high staff turnover which is not accompanied with speedy review of management tools in line with the current management thinking and practice; as well as inadequate planning.

The effect of this state of affairs is that the country is left vulnerable and unprepared to handle emergency drug requirement situations such as accidents, outbreaks of diseases etc. This could cost lives unnecessarily. Some of the drugs occasionally out of stock are malarial drugs which treat one of the diseases with leading causes of morbidity in the country at 38%, 33.6% and 26.1% in the years 2006, 2007 and 2008 respectively. This disease pattern accounts for 27 of the total 83 million diagnoses for the three years, representing 33% of total diagnosis\textsuperscript{18}.

2.2.2.3 \textbf{Stock level of drugs}

(i) \hspace{1em} \textbf{Stock at National Medical Stores}

NMS stock replenishment policy requires that the "stocking of trading stocks shall, as much as possible, be in such a manner that maximum stock held at any one time \textbf{should not exceed 1 year’s quantity}". This is to minimize stock-outs, total stock holding costs as well as overstay of drugs in the store. The inference is that, the maximum length of time a drug should be kept in the store is one year.

However, the team observed that NMS has been stocking drugs in excess of the one year’s requirement as illustrated in table 7:

\textsuperscript{18} MoH-Health Management Information System(HMIS)
## Table 7  Drugs and sundries stored in excess

<table>
<thead>
<tr>
<th>Item</th>
<th>Available pick quantity at date</th>
<th>AMC</th>
<th>Date of stock position</th>
<th>Approximate cover by stock on hand</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Core items.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AD Syringes 5ml+ Needle DISP. Detached.</td>
<td>4,058</td>
<td>200</td>
<td>28 Nov 2008</td>
<td>1.7 yrs</td>
</tr>
<tr>
<td>AD Syringes 2ml + Needle DISP. Detached</td>
<td>35,315</td>
<td>1,400</td>
<td>22 Dec 2008</td>
<td>2.1 yrs</td>
</tr>
<tr>
<td>AD Syringes 5ml+ Needle DISP. Detached</td>
<td>42,375</td>
<td>1,000</td>
<td>22 Dec 2008</td>
<td>3.6 yrs</td>
</tr>
<tr>
<td><strong>Non Core items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bendrofluazide 5mg tablets</td>
<td>5</td>
<td>28 Nov 2008</td>
<td>4.4 yrs</td>
<td></td>
</tr>
<tr>
<td>Erythromycin stearate 250mg</td>
<td>27,344</td>
<td>1,600</td>
<td>28 Nov 2008</td>
<td>3.6 yrs</td>
</tr>
<tr>
<td>Blades scalpel size 22</td>
<td>9,835</td>
<td>320</td>
<td>22 Dec 2008</td>
<td>2.5 yrs</td>
</tr>
<tr>
<td>Aminophylline</td>
<td>143,180</td>
<td>7,500</td>
<td>15 Jan 2009</td>
<td>1.6 yrs</td>
</tr>
<tr>
<td>Chloromphenicol 250mg</td>
<td>23,399</td>
<td>800</td>
<td>15 Jan 2009</td>
<td>2.4 yrs</td>
</tr>
<tr>
<td>Ranitidine 150mg</td>
<td>32,895</td>
<td>100</td>
<td>22 Dec 2008</td>
<td>27.4 yrs</td>
</tr>
<tr>
<td><strong>Other Priority List items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sheeting McIntosh red rubber 20m roll, 90 cm wide</td>
<td>69,504</td>
<td>10</td>
<td>22 Dec 2008</td>
<td>22.3 yrs</td>
</tr>
<tr>
<td>Albendazole 400mg scored</td>
<td>50,343</td>
<td>4,015</td>
<td>01 Aug 2007</td>
<td>1.1 yrs</td>
</tr>
<tr>
<td>Gentian violet BP 80, methylrosanilium 25G</td>
<td>20,511</td>
<td>600</td>
<td>01 Aug 2007</td>
<td>2.8 yrs</td>
</tr>
<tr>
<td>Catgut chr. 2/0 (M3.5), 75cm, N:30mm</td>
<td>10,671</td>
<td>800</td>
<td>01 Aug 2007</td>
<td>1.1 yrs</td>
</tr>
<tr>
<td>Mebendazole 100mg</td>
<td>51,501</td>
<td>3,500</td>
<td>20 Jan 2006</td>
<td>1.2 yrs</td>
</tr>
<tr>
<td>Needle infusion butterfly</td>
<td>227,188</td>
<td>16,000</td>
<td>20 Jan 2006</td>
<td>1.18 yrs</td>
</tr>
<tr>
<td>Quinine dl-Hcl 600mg/2ml</td>
<td>1,526,865</td>
<td>100,000</td>
<td>20 Jan 2006</td>
<td>1.2 yrs</td>
</tr>
<tr>
<td>Salbutamol</td>
<td>7,657</td>
<td>600</td>
<td>15 April 2005</td>
<td>1.1 yrs</td>
</tr>
<tr>
<td>Plaster adhesive zinc oxide 50m</td>
<td>59,875</td>
<td>3,000</td>
<td>15 April 2005</td>
<td>1.6 yrs</td>
</tr>
<tr>
<td>Nystatin pessary 100 000 i.u</td>
<td>9,413</td>
<td>400</td>
<td>15 April 2005</td>
<td>1.9 yrs</td>
</tr>
</tbody>
</table>

**Source:** Weekly Stores Management Reports

As evidenced in table 7, the most striking examples are Ranitidine 150mg (used in the treatment of ulcers) stocked to meet consumption for 27.4 years; Sheeting McIntosh red
rubber (used by mothers during birth) for 22 years; Bendrofluazide 5mg tablets for 4.4 years and Erythromycin stearate 250mg for 3.6 years.

According to the Ministry of Health, the national delivery pattern of mothers in public health units is as in table 8:

**Table 8 ** Deliveries in health centres for the years 2002 to 2009

<table>
<thead>
<tr>
<th>Months</th>
<th>Average Monthly deliveries</th>
<th>Annual total deliveries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>17,840</td>
<td>214,083</td>
</tr>
<tr>
<td>2003</td>
<td>21,886</td>
<td>262,633</td>
</tr>
<tr>
<td>2004</td>
<td>25,317</td>
<td>303,799</td>
</tr>
<tr>
<td>2005</td>
<td>29,567</td>
<td>354,799</td>
</tr>
<tr>
<td>2006</td>
<td>24,374</td>
<td>310,721</td>
</tr>
<tr>
<td>2007</td>
<td>33,481</td>
<td>425,014</td>
</tr>
<tr>
<td>2008</td>
<td>34,237</td>
<td>379,149</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2,250,198</td>
</tr>
<tr>
<td>Overall monthly average for 7 years</td>
<td></td>
<td>27,368</td>
</tr>
<tr>
<td>Overall Annual average for 7 years</td>
<td></td>
<td>321,457</td>
</tr>
</tbody>
</table>

Source: MoH—Health Management Information System (HMIS)

Each role of Sheeting McIntosh red rubber (of 20m roll, 90 cm wide) could facilitate in the delivery of 10 mothers. The whole stock could facilitate 695,040 deliveries which is equivalent to 2 years consumption. Yet based on NMS’ AMC the same stock can be enough to satisfy 22 years’ demand. The sales performance pattern of this sheeting rubber shows that only 22 roles were ordered between 2005 and 2008 and were fully supplied.

The cause of this, according to management, is policy change by MOH without due regard to its effect on NMS drug supply commitments, leaving the stock of certain drugs redundant in NMS; medical practitioners who prescribe alternative drugs to patients to consume, leading to a drop in demand for certain stock (see the case for Sheeting McIntosh red rubber above). There is also the problem of the procurement of drugs by NMS without due regard to the stocking policy; and the inability of NMS to use actual field data available with MOH for their drug estimates.
The effect of this laxity was non movement of certain stock and subsequent excessive expiry of drugs and medical supplies as evidenced by the quantities of stock of expired drugs within the stores of NMS then. Further, there was the loss of Government funds in the value of the expired drugs valued at shs. 6.7 billion destroyed in November 2008\textsuperscript{19} in addition to storage and destruction costs. For example, NMS hired 20 containers for the storage of expired drugs and had been paying Ushs 36m per month for the hire of the containers while shs. 764 million was spent in November 2008 to destroy the expired drugs. This expiry further denies the citizens the needed drugs for treatment.

(ii) **Stock at Health Centre Stores**

The Ministry of Health policy is that the essential medicines meant to satisfy the needs of the majority of the population and the drugs should always be available in adequate quantities and appropriate dose form. The Ministry of Health contends that constant availability of essential medicines in the health facilities will greatly assist in ensuring that patients receive optimum treatment of their health problems all the time. The essential medicines for anti malarial treatment include: Fansidar, First line drug for malaria (e.g. Chloroquine) and quinine\textsuperscript{20}. NMS is expected to have adequate stock of these drugs in order to supply health centres\textsuperscript{21}.

Analysis of the Ministry of health data tracking essential medicines for malaria is reflected in table 9 as follows:

**Table 9 Percentage of Health centres without anti-malarial drugs in the course of the month of 2006-2008**

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Annual totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>17%</td>
<td>22%</td>
<td>14%</td>
<td>20%</td>
<td>22%</td>
<td>26%</td>
<td>28%</td>
<td>21%</td>
<td>21%</td>
<td>24%</td>
<td>30%</td>
<td>18%</td>
<td>22%</td>
</tr>
<tr>
<td>2007</td>
<td>23%</td>
<td>8%</td>
<td>37%</td>
<td>23%</td>
<td>25%</td>
<td>29%</td>
<td>24%</td>
<td>34%</td>
<td>52%</td>
<td>16%</td>
<td>37%</td>
<td>68%</td>
<td>30%</td>
</tr>
<tr>
<td>2008</td>
<td>33%</td>
<td>23%</td>
<td>20%</td>
<td>21%</td>
<td>27%</td>
<td>26%</td>
<td>27%</td>
<td>16%</td>
<td>34%</td>
<td>35%</td>
<td>33%</td>
<td>34%</td>
<td>27%</td>
</tr>
<tr>
<td>2009</td>
<td>34%</td>
<td>42%</td>
<td>42%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>36%</td>
</tr>
</tbody>
</table>

**Monthly totals** 28% 17% 27% 22% 25% 27% 26% 53% 30% 32% 46% 28% 29%

**Source:** MoH-Health Management Information System (HMIS)

\textsuperscript{19} NMS expired drugs destruction records, November 2008
\textsuperscript{20} Essential Medicine List for Uganda, 2007, page 10 item 6.4.3
\textsuperscript{21} Essential Medicine List for Uganda, 2007, page 2
Health units which reported stock outs of anti-malarial drugs were 35% in 2007 up from 22% in 2006 and 27% in 2008. The highest stock out month was August 2007 in which 96% of the health centres reported stock out of anti-malarial medicine. This represents 2,613 out of 2,719 health centres which reported their stock status in that month.

Comparatively, the Malarial death rose from 4,252 in 2006 to 7,003 in 2007 and dropped to 4,211 in 2008, implying that there were 2,750 more malarial deaths during the year 2007, that is, 68% above usual. The month of August recorded the highest number with 1,286 deaths from an average monthly death rate of 430 in the three years. The diagrammatical representation is as per graph in figure 2:

**Figure 2** Malarial Death compared to anti-malarial drug stock-outs

![Graph showing Malarial Death compared to anti-malarial drug stock-outs](image)

**Source:** MoH-Health Management Information System (HMIS)

The stock outs were caused by the irregular supply of essential drugs by NMS; not supplying all drugs ordered by health units; and pilferage of drugs during drug distribution reflected in the Forensic audit commissioned by the Auditor General in 2007. Ineffective information sharing

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22 MOH-Health Management information system (HMIS)
23 Report of the forensic audit commissioned by the Auditor General in 2007
mechanisms between health centres, NMS and the Ministry of Health on Health Management Information such as drug usage and stocking positions.

Stock outs in health units make patients desperate and can resort to any available drugs in the market, regardless of the quality.

2.2.2.4 **Needs assessment in planning**

The estimation of drugs quantities for the trading stocks to procure during a procurement cycle should be done in a scientific and objective manner in order to avoid stock-outs, under stocking and minimize expiries\(^{24}\). This requires that by the time a delivery from the supplier is made; available stock should be enough to meet demands.

On the contrary, NMS did periodic projections based on only actual six months’ Average Monthly Consumption (AMC) as shown in table 10:

<table>
<thead>
<tr>
<th>Table 10</th>
<th>Average monthly drug projections</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Item</strong></td>
<td><strong>Available pick quantity at date</strong></td>
</tr>
<tr>
<td>Bandage Cotton</td>
<td>236</td>
</tr>
<tr>
<td>Amoxicillin</td>
<td>8,635</td>
</tr>
<tr>
<td>Chloroquine</td>
<td>1</td>
</tr>
<tr>
<td>Ferrous sulphate</td>
<td>0</td>
</tr>
<tr>
<td>Amoxicillin</td>
<td>3,472</td>
</tr>
<tr>
<td>Bandage Cotton</td>
<td>0</td>
</tr>
</tbody>
</table>

| No data availed for 2007 |
| No data availed for 2006 |
| No data availed for 2005 |

**Source: NMS Weekly Stores Management Reports 2008, 2009.**

Table 10 shows the available stock quantities on hand when AMC is computed. The computation of AMC is based on only the actual drugs that NMS was able to sell within the previous six months. This resulted in omission of customer orders not honored in all the procurement projections. The projections reflect only what NMS managed to sell based on the

\(^{24}\) NMS Stores Management Operations Manual page 7, item 1.7.1
existing stock and not total needs of customers as per their orders (that is, orders honored plus drugs out of stock). The improper needs assessment is reflected in the stock-outs and excessive stock balances of various drugs as per stores management report extract in Tables 5 and 6.

For example, on 15th January, 2009, AMC for Chloroquine (used in the treatment of malaria) was computed to be 500 units when the stock on hand was one unit which was even not enough to cover one day’s requirement of 16.7 units. In the case of Ferrous sulphate (which is used in blood-related treatments) and Bandage cotton (which is mainly used in emergency treatments), there was no stock on hand at all.

Furthermore, NMS, in some cases, supplied certain drugs in excess of ordered quantities. The cause of this is management’s lack of capacity and non compliance with the existing Stores Management and Operations Manual.

The resultant effect of drugs supplied in excess of health units’ requirements was expiry arising from inability to utilize all the quantity supplied. At the same time, drugs supplied to health units in deficient quantities led to the failure to meet the drug needs of the health units.

2.2.2.5 **Coordination between NMS and third parties**

Best practice requires that where two or more parties act towards the attainment of a common objective, there should be a Memorandum of Understanding (MOU) between the parties. The MOU in question should spell out the respective responsibilities of the parties concerning drug procurement.

In addition to the distribution of own drugs procured, NMS also stores and distributes drugs on behalf of third parties such as Global Fund, Center for Disease Control (CDC)/USAID, Malarial control Project, UNFPA, MoH, Leprosy and TB projects.

Despite serving common customers, the MOUs signed by the parties lack a joint procurement plan aimed at satisfying the customers. Plans to facilitate joint drug procurement planning, sharing stock position reports and annual national drug needs to avoid over or under supply to

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25 Refer to item 4.1.1 Para. 4
the common customer is lacking. The MOU mentions delivery of drugs, storage and payment of handling fees on delivery. An effort to coordinate procurement with 3rd parties has been advocated by the NMS management with the MOH promising to take it up.

The absence of coordination of joint procurements leads to the third parties delivering items that had already been stocked by NMS thus creating duplication as reflected in table 11:

Table 11  List of NMS items which are third party duplicated as at 15th Jan 2007

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Status of NMS Stock (months) as at 15.01.2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ciproflloxacin Tab 500mg</td>
<td>Equivalent to 1.2 months available</td>
</tr>
<tr>
<td>2</td>
<td>Penicillin, Benzathine benzyl 2.4MU/1.44g</td>
<td>1,600,000 (to expire 28/2/07) available.</td>
</tr>
<tr>
<td>3</td>
<td>Chloroquine 200mg base/5ml</td>
<td>Global Fund- Equivalent to 2 months available</td>
</tr>
<tr>
<td>4</td>
<td>Pyrimethamine 25mg+sulfadoxine 500mg</td>
<td>Equivalent to 7 months available</td>
</tr>
<tr>
<td>5</td>
<td>Chloroquine 150mg base</td>
<td>Equivalent to 0.8 months available</td>
</tr>
<tr>
<td>6</td>
<td>Water for injection 10ml</td>
<td>Equivalent to 2.3 months available</td>
</tr>
<tr>
<td>7</td>
<td>Acyclovir 5%</td>
<td>Equivalent to 10 months available</td>
</tr>
<tr>
<td>8</td>
<td>Chlorhexidine Gluconate 20% scrub</td>
<td>Equivalent to 2 months available</td>
</tr>
<tr>
<td>9</td>
<td>Oral rehydration salts for 1Lt, 27.9g</td>
<td>Global Fund Stock -Equivalent to 11months available</td>
</tr>
<tr>
<td>10</td>
<td>Acetylsalicylic acid 300 mg</td>
<td>Equivalent to 1 month available</td>
</tr>
<tr>
<td>11</td>
<td>Ketoconazole 200mg</td>
<td>Equivalent to 0.5 months available</td>
</tr>
<tr>
<td>12</td>
<td>Aciclovir, 200mg</td>
<td>Equivalent to 13 months available</td>
</tr>
<tr>
<td>13</td>
<td>Nystatin</td>
<td>4 months available</td>
</tr>
<tr>
<td>14</td>
<td>Praziquantel 600mg</td>
<td>Equivalent to 38 months available</td>
</tr>
<tr>
<td>15</td>
<td>Mebendazole, 100mg</td>
<td>Equivalent to .5 months available</td>
</tr>
<tr>
<td>16</td>
<td>syringe disp. hypodermic Luer 2ml</td>
<td>Injection Safety stocks for selected districts available</td>
</tr>
<tr>
<td>17</td>
<td>Syringe disp. hypodermic Luer 5ml</td>
<td>Injection Safety stocks for selected districts available</td>
</tr>
<tr>
<td>18</td>
<td>Wool cotton B.P. 500g</td>
<td>Equivalent to 2months available</td>
</tr>
<tr>
<td>19</td>
<td>Set infusion adult, 15-20 drops/ml, 120cm</td>
<td>Equivalent to 34months available</td>
</tr>
<tr>
<td>20</td>
<td>Gauze W.O.W hydrophilic 90cm x 50m</td>
<td>Equivalent to 1.5 months available</td>
</tr>
<tr>
<td>21</td>
<td>Cannula intravenous, with inj. port &amp; stopper 18G</td>
<td>GF Stock Equivalent to 16 months available</td>
</tr>
<tr>
<td>22</td>
<td></td>
<td>No data for 2008</td>
</tr>
<tr>
<td>23</td>
<td></td>
<td>No data for 2006</td>
</tr>
<tr>
<td>24</td>
<td></td>
<td>No data for 2005</td>
</tr>
</tbody>
</table>

Source: Annual Procurement Report, 2006/07
As seen in table 11, on 15th January 2007 when 3rd parties made deliveries, NMS had stock of praziquantel enough to last 38 months; Set infusion adult to last 34 months; Cannula intravenous to last for 16 months and Aciclovir to last 13 months. In all the four cases NMS had already stocked the same items above the allowable level of 12 months.

The cause of such gross duplications was the absence of clearly spelt out guiding terms for coordination on the supply of drugs in the MOU. Failure to jointly agree on the estimated national drug needs for the treatment of various diseases, which all the procurement parties would target to fulfill, leads to unfocussed and disproportionate stocking of drugs.

The effect is that NMS locked up their funds by stocking similar drugs to those later delivered by the 3rd parties. The funds would have been used to stock other drugs which were in short supply. The excess drugs delivered are prone to expiry yet people are dying in the countryside of treatable diseases. There is also wastage of financial resources in the storage and destruction costs associated with these expired drugs. NMS drug procurement planning is distorted by the unpredictable deliveries by third parties.

2.2.3 HANDLING OF EXPIRED DRUGS

2.2.3.1 Sources of expired drugs

The NMS policy is that only stocks that have at least three or more months of remaining shelf life shall be issued out for sale to customers. Stocks with less than 3 months remaining shelf life will only be issued upon customer request or after consultation with the customer who confirms that the drugs will be fully consumed before expiry.

However, a review of the expired drugs records submitted to the Ministry of health by 100 (one hundred) Government health centres country wide indicated that 46% of the expired drugs were delivered by NMS while the balance of 54% accounted for those donated directly to DHO and health centres and others procured from private pharmaceutical companies.
An analysis of the expired medical drugs destroyed by NMS in November 2008 reveals that 82% were third party supplies as analyzed in figure 4 below:

**Figure 3**  Analysis by source of 3rd party expired stock destroyed in November 2008 by NMS

The analysis of the expired drugs by disease type it treats reveals that 60% were for treatment of other diseases other than malaria. The reason for overstocking drugs of less common diseases was not explained.

The expiry of the drugs which expired in the NMS premises’ was a result of excess stocking of slow moving drugs procured by NMS and third parties. Third parties could simply be attempting to absorb donor funds through buying any drug just to fulfill accountability purposes. Drugs are also procured in excess as a result of improper coordination between NMS and third Parties.
2.2.3.2 **Storage of Expired Drugs**

According to the Ministry of Health Guidelines, expired drugs should be well kept and especially segregated from active medicines\(^{26}\).

However, the audit team established that, in many facilities countrywide, expired drugs were not well kept. The Director of Health services raised this concern in his communication to District Health Officers and Hospital Medical Superintendents in the circular dated 3\(^{rd}\) April 2008, “….. In many of the facilities, these expired items are not well kept or segregated from the active medicines”.

Expired drugs at Kabarole District Health Office were simply dumped in the open space outside the already filled up store as shown in the photo below. At Mbarara District headquarters, the expired drugs were stored in a container close to District Health Officer’s office without a defined programme of evacuation for destruction.

![Expired Drugs stores: Photo taken at Kabarole District Health office 19\(^{th}\) September 2008](image)

This is caused by inadequate health infrastructure facilities country wide, lack of prior planning and guidance from Ministry of health on actions to minimize expiries and handling of the already expired medical products.

\(^{26}\) Director of Health services guideline to District Medical Officers and Medical superintendents
The effect is that the expired drugs not properly stored could be causing immense environmental consequences with slow but long term effects. The possibility of expired drugs falling into the hands of wrong persons, who could re-cycle them after repackaging them, cannot be ruled out. This fear was sounded in the communication of the Ministry of Health Director of Health Services to District Health Officers and Medical Superintendents in the circular dated 3\textsuperscript{rd} April 2008, “….. leading to fears that some of these expired products may be mistakenly used”. This was confirmed when the National Drug Authority impounded 1,166kg of expired and substandard drugs being sold in illegal drug outlets in the eight eastern Districts of Soroti, Tororo, Bukeeda, Katakwi, Busia, Bukwo, Budaka and Nakapiripirit\textsuperscript{27}. 

2.2.3.3 **Retrieval and destruction of expired drugs**

According to NMS general guidelines on write-off of expired Drugs chapter 9, destruction of written off drugs should be done at least every six months. Ministry of Health has no clear guidelines on how long it takes expired drugs without destruction in health units.

Massive quantities of drugs were noted to have expired and had not been destroyed for years at NMS premises and Health centres country wide. NMS last destroyed a stock pile of the expiries in November 2008 after accumulation for over four years from July 2005 to June 2008. One hundred (100) health centers country wide had submitted list of expired drugs to the Pharmaceutical division of the Ministry of Health by the time of audit. The last nationwide destruction of expired drugs by the MOH was ten (10) years ago in 1993.

The status of how private health facilities handle their expired drugs was not established by this study. However, some of the medical superintendents of Referral hospitals indicated that certain private pharmacies donate drugs with short shelf life to government facilities with a hope that they would be consumed by the many patients before expiry.

The causes of non prompt destruction of expired drugs in public health units are: lack of capacity of health units to individually dispose off expired drugs because of strict environmental compliance requirements for destruction; lack of clarity on the responsible Authority for destruction of expiries in health facilities country wide; logistical difficulty in

\textsuperscript{27} New vision, Tuesday, 23rd June, 2009, Quarterly Drug inspection report, 2009
accessing the only Ministry of Defence facility in the country located in Nakasongola; and the high cost of destruction per tonne of drugs.

The responsibility for the retrieval of expired drugs from health facilities country wide is not clearly defined. All the 32 respondents interviewed point at either NMS or Ministry of Health as the authority responsible. Although the Ministry of Health carried out national retrieval and destruction ten (10) years ago, the officials say, it was based on the Ministry of Health assuming responsibility simply as a mother ministry responsible for health. NDA is responsible only for the drugs impounded by them during inspections up to one hundred (100) kgs. Any excess is the responsibility of the person whose drugs were impounded. All destruction must be done under the supervision of NDA.

There are also no clear guidelines and criteria designed to ensure drugs that expired in the up country health centres were retrieved for destruction.

The effect of these uncertainties and denial of responsibilities are that millions of shillings are spent on storage and remuneration of additional manpower to handle expired drugs storage; and there is also misuse of the space which could otherwise be beneficial for the storage of good drugs. Drug suppliers such as NMS, Donors and private pharmacies may utilize this lacuna to shift the responsibility for destruction to health facilities. There is the risk that desperate patients could be tricked into buying repacked expired drugs from illegitimate drug outlets after failing to get genuine drugs from government health centres. The environmental effect of these expired drugs could be taking a gradual toll on the country which will be detrimental in future.

2.3 CONCLUSIONS

2.3.1 MEETING CUSTOMERS’ REQUIREMENTS

2.3.1.1 Capacity to supply ordered quantities
As a result of failure to supply all the drugs ordered by health units, health workers are greatly frustrated as they cannot provide convincing explanations to the patients who come for treatment only to go back home untreated. Patients in the countryside who do not have
alternative treatment options, may buy drugs from any source regardless of its legitimacy or resort to traditional treatment.

2.3.1.2 **Certificate of drug non-availability**

Although the NMS management claims that they promptly issue certificates of non-availability this is contradicted by the officials in charge of the health centres. The actual situation remains to be investigated further.

2.3.1.3 **Response to Customers’ orders**

NMS does not have a clearly spelt out policy on the standard time it should take to process a customer order from receipt to delivery at customers’ District or personal collection from at NMS premises, yet it would be instill professionalism and efficiency in the process.

2.3.2 **PLANNING, NEEDS ASSESSMENT AND COORDINATION**

2.3.2.1 **Procurement Planning**

NMS has not been procuring drugs according to realistic annual procurement plans. The result of this is excessive stocking of slow moving drugs, just waiting to expire, while fast moving drugs are procured in insufficient quantities, creating stock outs.

2.3.2.2 **Buffer stock**

NMS does not comply with the replenishment policy in procuring drugs; as a result, they are not able to maintain buffer stocks to avoid stock outs. This has led to the failure by NMS to meet customer orders as placed according to the requirements of the health units’.

2.3.2.3 **Stock level of drugs**

NMS stocks some drugs in excess of the one year’s requirement while others are understocked. The result is the expiry of drugs and medical supplies as evidenced by the huge stock of expired drugs within health centres country wide and that which was destroyed by NMS. The expiry of the drugs further denies the citizens the needed drugs for treatment, or, worse still, exposes them to the hazards of utilizing the expired drugs unwittingly.
2.3.2.4 **Needs assessment in planning**

While NMS duly draws up the estimates of the drugs to be procured during the procurement cycle, in reality, their computation of AMC is based on the inaccurate data of actual drugs sold by NMS within the previous six months. Using this approach, the customer orders which are not considered in the estimates are left out from the computation in the projections of the drugs to be procured. Only the limited sales by NMS based on the existing stock, and not the total needs of the customers as per their orders are taken in account. NMS, therefore, does not keep enough stock of drugs to meet the customers’ continuous consumption needs. The in-put data for the needs assessment is, therefore, inaccurate. The effect is seen in the stock-outs and excessive stock balances of various drugs.

2.3.2.5 **Coordination in procurement of drugs between NMS and third parties**

The MOUs lack clear terms of coordination related to joint procurement planning. The omission has led to un-coordinated procurement of drugs which results in duplications of certain drugs in excess quantities, leading to the expiry of such drugs and causing avoidable storage costs. It also leads to inadequate provisions for the procurement of fast moving drugs in appropriate quantities; in which case, NMS fails to meet the demands of its clients.

2.3.3 **HANDLING OF EXPIRED DRUGS**

2.3.3.1 **Sources of expired drugs**

The most significant source of expired drugs is NMS, although half of the expiries are from other sources. Most of the expired drugs are not for the treatment of malaria. The rationale behind the overstocking of drugs of less common diseases, which ultimately expires, remains unclear.

2.3.3.2 **Storage of expired drugs**

In many health centres countrywide, expired drugs are not well-kept. These expiries end up in the hands of wrong persons, who re-cycle them after repackaging. This was confirmed by the National drug Authority inspection reports. The inadequate health infrastructure facilities country wide, lack of prior planning and guidance from the Ministry of Health on actions to be
taken to minimize the expiries and handle the already expired medical products is partly the problem.

2.3.3 Retrieval and destruction of expired drugs
Expired drugs both at NMS premises and at health centres country wide remained for an average of 6 (six) years without destruction, contrary to the recommended destruction period of after every six months following write off. The effect is that the expired drugs, if not properly stored, may cause environmental risks whose consequences might be immense, slow and long term. Besides, millions of shillings are spent on the storage and the remuneration of additional human resource to handle expired drugs. The space occupied by the expired drugs could also be better utilized to store good drugs.

2.4 RECOMMENDATIONS

2.4.1 CAPACITY TO SUPPLY ORDERED QUANTITIES

2.4.1.1 NMS should supply drugs in the quantities ordered by the health centres in compliance with the Act and avoid supplying drugs not ordered by health centres.

2.4.1.2 NMS should use appropriate data to procure the right type and quantities of drugs to meet customer requirements.

2.4.1.3 The management of NMS should put in place a system and develop staff capacity for collection, processing and use of appropriate data for decision-making and in conducting the needs assessments.

2.4.1.4 NMS should enhance the coordination between the procurement and stores departments to ensure that appropriate linkage is developed between stock replenishment and the procurement of drugs.

2.4.2 CERTIFICATE OF DRUG NON-AVAILABILITY

2.4.2.1 NMS should develop quick response mechanisms to avail the certificates of non-availability of drugs to health centres so that they may save lives by procuring drugs from alternative sources, which option can only be exercised after NMS has permitted them.
2.4.2.2 NMS should consider introducing an efficient and effective drug information inquiry desk to enable health centres to obtain information on the availability of drugs.

2.4.3 **RESPONSE TO CUSTOMERS’ ORDERS**

2.4.3.1 The NMS Management should develop a sales policy benchmarked to best practice in the industry to stipulate the time for processing and delivery of customer orders. This will eliminate unnecessary delays in the processing and delivery of drugs to health centres. It will also compel NMS staff to promptly process customer orders to avoid the negative effects of the delays.

2.4.3.2 NMS should consider opening regional centres from which customers could personally collect their individual orders. NMS would then concentrate on replenishing the regional stores periodically to ensure that no stock outs occur. This will enable NMS to be customer focused at the regional level, in line with their core value. At the national level the focus will then be concentrated on replenishing the regional centres as has been the normal practice.

2.4.4 **PROCUREMENT PLANNING**

2.4.4.1 NMS should place orders to suppliers well in time to ensure that stock is replenished timely for all categories of drugs and medical supplies.

2.4.4.2 NMS should develop strict monitoring mechanisms to ensure compliance with company policy, rules and regulations to reduce staff inefficiencies. This should be accompanied with intensive staff sensitization to enable them to appreciate the benefits of compliance and the consequences of non-compliance with the set company policies on the core objectives of NMS as stipulated in the Act.

2.4.4.3 NMS should enhance its capacity to generate annually estimates of national drug needs to guide them in procuring sufficient quantities to hold in stock and for use by other stakeholders in accordance with the NMS Act.

2.4.4.4 NMS should step up efforts to address the high staff turnover which reduces the capacity of the corporation to perform arising from staff being continuously on the learning curve, which affects performance. A reward and motivation policy put in place by the management is a step in the right direction.
2.4.5 **BUFFER STOCK**

2.4.5.1 NMS should revise and enforce the buffer stock policy to match the response time from suppliers so as to avoid stock outs. This would minimize the capital locked in idle stock for four or two months and release funds to stock other fast moving stocks.

2.4.5.2 NMS should prioritize drug procurement to ensure compliance with the stock replenishment policy and be in conformity with the requirements of the MOH policy on essential drugs as stipulated in EMLU, 2007. This policy requires that all items of medicine listed for health centre levels up to and including Hospitals be available at all times in NMS stores. This will save more lives which could be lost due to stock outs in health centres countrywide.

2.4.6 **STOCK AT NATIONAL MEDICAL STORES**

2.4.6.1 NMS should develop a market strategy for their stock of medical products to health practitioners in health centres in close collaboration with the Ministry of Health. It should take the form of sensitization programs to help them synchronize their choice of the health products which patients consume, in line with the drug procurement plan of NMS.

2.4.6.2 NMS should utilize the health and drug information from the MOH and other stakeholders. The MOH should endeavor to improve the capacity of Health Management Information System (HMIS) to gather and generate health and drug information that can be effectively shared by NMS and other stakeholders for appropriate health planning.

2.4.7 **STOCK AT HEALTH CENTRE STORES**

2.4.7.1 NMS and MOH collectively should advocate for NMS to be mandated and allocated funds directly to deliver all drugs to the various health centres according to EMLU, 2007 based on the disease information available with MOH. This will eliminate the diversion of funds to other non drug items by the health centres. It will also eliminate the complications arising from lack of capacity by the health units to generate drug procurement plans as well as remove unnecessary delays in the current drug ordering system. Health units could then order only drugs not automatically delivered by NMS due to exceptional disease circumstances unique to the health centres.
2.4.7.2 NMS should develop a regular practical drug distribution pattern in the regions so that health centres can predict delivery times to enable them plan for placing orders to match the NMS delivery pattern. This will eliminate stock outs in the health centres caused by irregular supplies by NMS.

2.4.7.3 NMS and MOH should enhance their information sharing mechanisms amongst the health centres, NMS and Ministry of Health on Health Management Information, particularly concerning drug usage and stocking positions. This will enhance informed planning by all parties.

2.4.7.4 NMS should streamline their distribution mechanism to seal the loopholes leading to the pilferage of drugs during distribution as reflected in the forensic audit report.

2.4.8 **NEEDS ASSESSMENT IN PLANNING**

2.4.8.1 The NMS management should ensure that all customer needs are catered for and that data from orders are used (both supplied and not supplied) in carrying out the needs assessments in procurement planning. This will ensure that NMS avoids stock-outs, under stocking and minimizes drug expiries.

2.4.8.2 The NMS management should institute controls to check non compliance with the Stores Management and Operations Manual. This will check the non-commitment of staff in the implementation of the existing manual. Prompt amendments should be made to operational manuals to make them relevant in addressing the current challenges instead of circumventing procedures to handle eminent challenges which are not provided for in the manual.

2.4.9 **COORDINATION BETWEEN NMS AND THIRD PARTIES**

2.4.9.1 The NMS management should champion the efforts to cause the parties to amend their MOUs to incorporate joint procurement planning and the sharing of stock position reports to encourage the stocking of drugs in adequate quantities. This will remove duplicate deliveries, expiries, stock deficiencies and enhance the coordination of procurement of drugs to satisfy the common customers.

2.4.9.2 Both parties should use national drugs needs to be provided by the quantification
committee of NMS as the basis for the procurement of drugs. They should apportion their procurement targets to fulfill the customers’ needs. This will address the concern of NMS regarding its drug procurement planning which has been hitherto distorted by the unpredictable deliveries by third parties.

2.4.9.3 NMS should advocate for the creation of a forum for all health practitioners and suppliers of drugs to health centres (NMS, Donors and private pharmacies) under the auspices of the MOH to discuss the challenges of drug supply and utilization at health centres. Issues such as excessive expiry of certain drug categories, responsibility for the safe management of expired drugs, national drugs needs assessment, etc could be addressed. At this point each supplier would know what share of the drugs market their sector controls/commands. This would help to control the influx of various types of drugs in health centres regardless of need and fix responsibilities for expiries appropriately. The effectiveness of the policy of availability of essential drugs at health centres could be discussed in light of frequent stock outs at health centres.

2.4.10 **HANDLING OF EXPIRED DRUGS**

2.4.10.1 NMS should undertake a study to establish the circumstances leading to the expiry of some of the drugs they deliver to health centres yet their deliveries are not of short shelf life.

2.4.10.2 NMS should request MOH to commission a study to establish why other organizations donate drugs directly to health centres for non-common diseases which later just expire. This will help to check the intention of dumping drugs destined for expiry into Uganda.

2.4.11 **STORAGE OF EXPIRED DRUGS**

NMS should use their representation in the Technical Review meeting chaired by MOH to advocate for MOH to develop planning guidelines on drug usage to minimize expiries and proper storage of the already expired medical products in health centres countrywide. This will also help to optimize the usage of the existing health infrastructures.

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28 Refer to figure 1, page 13, levels B &C
2.4.12 **RETRIEVAL AND DESTRUCTION OF EXPIRED DRUGS**

2.4.12.1 NMS could take up the responsibility of retrieval and subsequent destruction of the drugs delivered by them to the health centres as a matter of corporate social responsibility on the part of NMS, as the single major source of expired drugs in health centres countrywide. This would be in line with their core value: “corporate social responsibility” and “customer focus.” They could utilize their available transport system (return trip on delivery) and their proximity advantage to the Nakasongola Incineration point.

2.4.12.2 Health units should take up the responsibility for the destruction of those expired drugs procured and donated directly to them; or

2.4.12.3 NMS should appropriately share the cost for the destruction of expired drugs with the responsible third parties and the health units to destroy the expired drugs piled at the health units.

2.4.12.4 NMS should use their representation in the Technical Review meeting chaired by MOH, to advocate for a policy to stipulate the time frequency for the destruction of written off drugs in health centres. This will provide clear guidelines on how long the expired drugs could be kept in health units without destruction.

2.4.12.5 NMS should use their representation on the NDA board to advocate for NDA to stipulate alternative means of drug destruction which may be affordable for Health Units. This is to address the lack of capacity at the health units to individually dispose of expired drugs promptly in compliance with NEMA environmental requirements. It would also remedy the logistical difficulty in accessing the only Ministry of Defence facility in the country located in Nakasongola and the high cost of drug destruction per ton.

2.4.12.6 NMS should further use their representation on the NDA board to advocate for NDA to enhance their campaign in sensitizing the health units on the procedure for the destruction of expired drugs countrywide. This should clearly bring out the fact that destruction must be done by designated service providers supervised by NDA. This will clarify on the responsible Authority for the destruction of expiries in health facilities country wide.
3.1 INTRODUCTION

3.1.1 Motivation

This audit was motivated by the declining standards in schools in the country. The Primary Leaving Examination results indicate that the failure rate increased from 17% in 2006 to 22% in 2008. Legislators, while debating the Education Bill, expressed concern that education standards in rural areas had greatly declined due to “poor inspections.” [www.parliament.go.ug](http://www.parliament.go.ug) (October 2008).

Source:- UNEB released results.

3.1.2 Statutory Mandate

The MOES has the mandate to develop the standards to be used as a measure of performance in all schools in the country and to inspect regularly to ensure that these standards are adhered to. This is in accordance with the provisions in the Education Act 1970 which has now been repealed by the Education Act 2008.
In July 2001, an independent agency, the Education Standards Agency (ESA), was formed to carry out school inspection activities. The agency was expected to operate as an autonomous body, but the enabling legislation was never presented to Parliament for approval. In July 2008, following the enactment of the Education Act 2008, ESA was transformed into the Directorate of Education Standards (DES) in the MOES.

3.1.3 **Vision**

The MoES Vision is: "Quality Education and Sports for All."

3.1.4 **Mission statement of ESA**

“To provide a rational system of setting, defining and reviewing standards and quality of education and sports and to monitor the achievement of such standards and quality to ensure continually improved education and sports in Uganda.’

3.1.5 **Objectives of ESA**

The objectives of ESA are to:

a) Develop guidelines for operations in educational institutions.
b) Develop instruments and quality indicators for assessing standards.
c) Inspect and support supervision.
d) Report on the state of education and provide expert advice on education achievements.
e) Develop learning competencies for lower primary.
f) Develop quality indicators for School Management Committees, and Boards of Governors.

3.1.6 **Financing**

ESA is funded mainly by the Uganda Government under MOES and through the 5% UPE capitation dedicated to primary school inspections at local Government level. In the three Financial Years under audit (2005/06 to 2007/08), the following amounts were expended by MOES and ESA.
Table 1: Funding for inspection of schools for the period 2005/06 to 2007/08

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Expenditure of MoES (Ug Shs Billion)</th>
<th>Funding of ESA by MoES (Ug Shs Billion)</th>
<th>5% of UPE funds spent on inspection of schools (Ug Shs Billion)</th>
<th>Amount spent on inspection as a percentage of total MOES expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2006</td>
<td>60.6</td>
<td>0.8</td>
<td>1.6</td>
<td>3.96%</td>
</tr>
<tr>
<td>2006-2007</td>
<td>109.7</td>
<td>0.7</td>
<td>1.5</td>
<td>2.01%</td>
</tr>
<tr>
<td>2007-2008</td>
<td>140.4</td>
<td>0.8</td>
<td>1.5</td>
<td>1.64%</td>
</tr>
<tr>
<td>Total</td>
<td>310.6</td>
<td>2.2</td>
<td>4.6</td>
<td></td>
</tr>
</tbody>
</table>

Source: - Audited final Accounts, 2005/06 to 2007/08.
- UPE Capitation releases extracted from MOES planning section.

From Table 1, it was noted that there was a decline in the funding of inspection activities in the period under review, when compared to the trend of financing of the MoES. However, effective from FY 2008/09, the provision of the 5% UPE deducted for inspections ceased and the sector now has a shs.2.5 billion inspection fund for district inspection activities. These funds will be provided to the Districts in form of technical support and managed by the PS MOES.

3.1.7 Organizational Structure

Headquarters

The Ministry of Education and Sports is directly responsible for the setting of education standards and monitoring whether these standards are met as required. The body that managed this function for pre primary, primary, secondary and Business, Technical, Vocational Education and Training (BTVET) was ESA, for the period under review. The Director ESA reported to the Permanent Secretary. ESA had its headquarters at Kyambogo.

Regional Offices

ESA has 4 Regional Offices situated at Mbale for the Eastern Region, Gulu for the Northern Region, Mbarara for the Western Region) and Mpigi for the Central Region. Each region is headed by a Chief Principal Inspector, and has 10-12 specialized inspectors of languages, social sciences, mathematics, special needs and sports. The overall coordination of the
Agency’s operations, in terms of programs, advice and transmission of collated reports is done at the centre (HQ).

**District Inspectors**

Each District has its own staffing establishment of School Inspectors. They are employed by the Local Government and report directly to the District Principal Inspector of schools, who, in turn, reports to the District Education Officer and Chief Administrative Officer (CAO). The Local Government Act 1997, section 97 and 98 and the Education Act, require District Inspectors to report to the MOES periodically.

### 3.1.8 Audit Scope

#### 3.1.8.1 Audit objective

The audit was conducted to establish if inspections are carried out and whether they help enhance the standard of education in schools and make recommendations to address the challenges.

#### 3.1.8.2 Audit Scope

The audit was conducted on the Ministry of Education and Sports, with specific reference to the inspection of primary schools covering three financial years (2005/06 to 2007/08). The audit covered the DES headquarters at Kyambogo, the Regional DES Offices of Mpigi, Mbarara, Mbale and Gulu, Districts of Mpigi, Wakiso, Kayunga, Mbale, Mbarara, Bushenyi, Gulu, Masaka DA, Jinja, Gulu MC, Masaka MC and 49 schools within these districts.

### 3.2 FINDINGS

The audit observations are outlined below:-

#### 3.2.1 Legal Mandate of ESA

ESA is expected to be the lead Agency in ensuring the delivery of quality education services nationally.
The inspection function by the MOES was being conducted by ESA during the period under review. ESA was intended to be an autonomous agency responsible for carrying out inspections independently and reporting its findings to the Permanent Secretary of MOES for approval and follow-up on issues raised. The agency was established in 2001 with the objective of developing guidelines and assessing standards for operations in educational institutions. ESA was, however, not given adequate mandate. The legal and operational status of the ESA remained undefined and the enabling legislation was never presented to Parliament for approval. We noted further that the ESA consultancy report of 2000 that was to help to establish the entity was never approved and the management only selected a few of the recommendations made to guide its operations. Consequently, in July 2008 (after the amendment of the Education Act 2008); ESA was re-designated as one of the Ministry Directorates and its name changed from Education Standards Agency (ESA) to Directorate of Education Standards (DES).

The failure to give ESA autonomy was attributed to the improper procedures followed to give autonomy to the agency, which would require an Act of Parliament; but instead, a cabinet directive was used as a basis to form the agency.

In the absence of an Act of Parliament, the enabling laws and regulations to help the operationalisation of the entity were not developed thus weakening its performance as an independent Inspectorate arm of Government.

3.2.2 **Staffing Levels**

ESA had an authorized establishment of 68 inspectors in 2007. However, at the time of audit in 2008, 37 posts (54%) were vacant.

Interviews with key stakeholders revealed that the problem of understaffing was caused by the inability of ESA to motivate and retain its staff.

The resultant high inspector – school ratio at the national and regional levels made it practically impossible for ESA inspectors to regularly inspect all the schools, monitor and coordinate the district inspections.
3.2.3 **Inspections in Primary Schools**

i. **Full Inspections**

The Handbook for School Inspectors (Monitoring and Supporting Policy), requires a full inspection to be carried out once a year in every school.

ii. **Short/Routine Inspections**

The Handbook for School Inspectors (Monitoring and Supporting Policy), also requires that District Inspectors should develop a plan of action to ensure that every school receives one short inspection per term.

iii. **Follow-up Inspections**

As a follow-up initiative, the Handbook requires that once an inspection has been conducted, inspectors should conduct follow-up visits within 18 months to assist schools in implementing the recommendations and monitor their progress.

The audit revealed that short inspections were conducted in only 11% of the 49 schools visited. Furthermore, the districts visited had a total of 3,740 primary schools. Using the criteria of having 3 inspections per year per school, there should have been 33,660 inspections conducted per year. However, the review of individual, quarterly and annual reports in those districts revealed that 787(2%) inspections were made in 2005/2006, 657(2%) in 2006/07 and 1366(5%) in 2007/2008. A graphical presentation is shown in Graph 1.
In regard to follow-up and full inspections, we noted that no such inspections were carried out in all the 9 districts visited.

Furthermore, of all the 49 schools inspected, we found that despite 185 routine inspections and 134 flying visits having been carried out in these schools during the period under review, inspection reports were not presented for verification. The only entities which had reports were Gulu Municipal Council which had 18 routine inspection reports i.e. (9.73%) and 22 flying visits (inspection) reports (16.42%) and Jinja district whose inspectors had 33 flying inspection reports.

Irregular inspections were attributed to low staffing levels of inspectors, inadequate supervision and monitoring of inspectors and also inadequate provision of logistics to carry out the inspections.

Respondents from the interviews conducted indicated that inadequate inspections resulted into laxity in attendance by both teachers and pupils resulting in high levels of absenteeism among the teachers and pupils, conflicts in schools, teachers’ underperformance and low syllabus coverage hence poor performance in schools.
3.2.4 Dissemination of Inspection Findings and Reporting Frequency

An inspector is required to make a summary of observations immediately an inspection is carried out and to leave a copy at the school. From this, a consolidation of reports is made into monthly, quarterly and annual inspection reports which are distributed to stakeholders.

According to the School Inspectors’ Handbook, the Education Officer In-charge of Education in the Local Government is supposed to prepare and provide quarterly inspection reports which are consolidated into half-yearly and annual reports and disseminated to the Chief Executive and Council standing committees on Education.

The Chief Executive Officer is supposed to give out copies to ESA Headquarters, ESA regional offices and MOES. These reports are intended to provide input in policy formulation and planning at national level and data to the inspection data bank.

Districts and municipalities did not adequately prepare annual and quarterly reports as required above. Mbale district, having prepared 3 annual reports and 8 quarterly reports (2, 2 and 4 in 2005-2006, 2006-2007 and 2007-2008 respectively), is the only district out of 11 districts and municipal councils visited that prepared all annual and some quarterly reports on the inspections carried out, representing 9% of the districts and municipal councils visited. Only two of the eleven districts and Municipalities visited (18%) prepared annual reports to the executive over the period under review. These were Mbale (3 annual reports) and Mbarara (2 annual reports). No DES regional office prepared quarterly reports.

This was attributed to Inspectors’ failure to carry out any inspections thus making it impossible to prepare reports when inspections have not been done; and lack of awareness of the requirement to prepare these reports.

In the absence of these reports, MOES may formulate policies on schools without adequate information from the majority of the schools.

3.2.5 School Improvement Plan

According to the Framework for School Inspectors developed by ESA, inspections are supposed to culminate into the production of a School Improvement Plan (SIP). It is the
responsibility of the CAO, DEO, CCT, in liaison with DIS and Head teachers to assist schools in developing and implementing improvement plans aimed at addressing issues raised in the inspection report.

In all the schools visited, none had prepared a School Improvement Plan.

Schools had not prepared school improvement plans because head teachers lacked the skills to prepare them and, in addition, they had not been guided by the inspectors. 73% of the schools visited, reported that inspectors had not guided them on how to prepare SIP at the end of the inspection process.

In the absence of a SIP, the follow-up on recommendations becomes difficult.

**Management response**

According to DES, one of the major steps in the development of a SIP is evaluation (both internal and external) in order to identify key areas of strength and weakness; and what needs to be done for improvement. While external evaluation is provided by inspection, internal evaluation is done by the school community (DES developed and disseminated Self – Evaluation Tools to this effect). There are also other responsibility centers e.g. CCT, DEO, DIS, and Head teachers who should also be held accountable.

3.2.6 **Monitoring and Evaluation of Inspectors**

The Handbook for School Inspectors (Monitoring and Supporting Policy), requires District and Municipal Councils to develop an action plan for districts and municipal councils to monitor and evaluate the performance of inspectors annually.

Although 48% of DEO’s and chief executives interviewed stated that inspector’s performance was evaluated through a review of inspection reports, there was no evidence to confirm that inspectors were monitored and evaluated.

This was caused by lack of awareness on what is required of DEOs and CAOs to enable the enforcement of such procedures.
In the absence of proper monitoring and evaluation, weaknesses in the inspection process remained undetected.

3.2.7 **Inspection Work Plans**

The Handbook for School Inspectors (Monitoring and Supporting Policy), requires District Inspectors to develop annual and quarterly work plans to ensure that every school receives one short inspection per term.

We noted that 64% of Districts and Municipal Councils visited had prepared the annual work plans while 36% had not. 29% of those with annual work plans had not broken down their work plans into quarters.

The explanation given by the Inspectors for failure to prepare work plans was that inspection activities depend more on the amount of money made available by Local Governments and ESA regional offices. However, from our point of view, failure to prepare annual and quarterly work plans was due to the laxity of inspectors.

Inspections could, therefore, not be carried out in a planned manner in the absence of approved work plans.

**Management Response**

However, according to the Ministry of Education and Sports, whereas it was a big challenge during the period under review, the MOES registered marked improvement since the financial year 2008/09. With the institution of the “Inspection Cycle” and new Guidelines, the MOES hopes for a better performance.

3.2.8 **ESA Monitoring Quality of Service Provided by District Inspectors**

The Handbook for School Inspectors (Monitoring and Supporting Policy), required District Inspectors to work with ESA in partnership and collaboration. In addition, ESA had the responsibility for monitoring the quality of service provided by Inspectors at District level and building their capacity as provided by the Local Government Act of 1997, section 97 and 98.
There was limited supervision or monitoring by ESA in the Local Governments during the period under review. In addition, the evidence availed shows that there was very limited formal interaction between the ESA and the district inspectors in form of workshops, joint inspections or meetings during the period.

This was attributed to lack of monitoring capacity by ESA in terms of personnel, funding and logistics to enable the monitoring to reach the desired levels.

Limited partnership and collaboration between ESA and District Inspectors has affected the quality of service in inspections. The benefits that could have been derived from the joint efforts could not be realized and, therefore, the policies made by ESA for national development may not consider the findings from the district inspections.

**Management response**

DES attributed these shortcomings to the challenges stemming from inadequate authority to deal directly with the District/Municipal Inspectors of schools in accordance with the Local Government Act 1997. ESA, however, conducted capacity building activities and joint inspections, where Local Government Inspectors are brought on board using the Associate Assessors Model. ESA also instituted a District Focal Officer System for ease of coordination, partnership and collaboration.

According to DES, Primary Education is a decentralized service (Local Government Act 1997). Whereas DES has a role to play, the biggest responsibility lies mainly on the Local Government Inspectors of Schools.

3.3 **CONCLUSIONS**

3.3.1 **The Legal Mandate of ESA**

The absence of the enabling law at the time had a negative impact on the strategies designed to achieve the vision, mission and objectives of ESA which may have led to the decline in the education standards in primary schools.
3.3.2 **Staffing Levels**

With a low staffing level, the operations of the Unit could not have been conducted at desired levels since a number of schools were not inspected thus leading to poor education standards in schools.

3.3.3 **Inspections In Primary Schools**

The objectives of the inspections could not be attained in the event of inadequate inspections.

3.3.4 **Dissemination and Frequency of Reporting Inspection Findings**

In the absence of monthly, quarterly, half yearly and annual inspection reports, policy makers at the national level lacked the input of such reports from local governments to provide an input in planning and policy formulation.

3.3.5 **School Improvement Plan**

In the absence of SIP, subsequent inspections will have no basis of measuring the improvements made and the schools’ administrations may fail to mitigate the ever increasing challenges; and thus decline in the overall standards in schools.

3.3.6 **Evaluation and Monitoring of Inspectors**

In the absence of the required level of awareness of the evaluation process, the identification of weaknesses and strengths in the inspection process, which is critical in planning, implementation and reporting by inspectors cannot be done. The quality of the inspections done may therefore not measure up to the desired standards. The quality of education in the country and the minimum standards in schools would continue to be poor.

3.3.7 **Inspection Work Plans**

Coordinated and comprehensive inspections are not possible in the absence of approved work plans.
3.4 RECOMMENDATIONS

3.4.1 The Legal Mandate of ESA

- It is noted that the Education Act 2008 transformed ESA into a Directorate of Education Standards in the MOES. The legal status of the directorate is now defined and clear.

3.4.2 Staffing Levels

- For effectiveness in service delivery, DES should request to carry out a comprehensive human resource audit to meet the requirements from the ever increasing number of schools in the country. The current establishment is based on the 2001 consultant’s report whose considerations could have been overtaken by events. The MoLG, MoES and DES through the Ministry of Public Service, and the districts should advocate for the recruitment of adequate inspectors to ensure that the number of inspectors is in tandem with the population of schools.

- In addition, MOES should put systems in place to motivate and retain the inspectors.

3.4.3 Inspections in Primary Schools

- DES should regularly conduct workshops and seminars for all its staff, district inspectors and administrators to remind them of their roles in improving education standards so that planning and carrying out inspection on schedule becomes a habit. This would also enable continuous professional development of the inspectors.

- The Directorate should prepare and have a strategic plan for school inspections which should be properly costed. The strategic plan should have short, medium and long term strategies on improving inspections in schools in the country. Once the strategic plan is adapted, it should be reviewed annually and action points drawn to enable the achievement of the strategy.

3.4.4 Dissemination and Frequency of Reporting Inspection Findings

- Inspectors should provide an immediate feedback to every school inspected and an inspection report shortly after inspection.
• DES should compile and disseminate regular reports on the quality of education and the state of education standards to relevant stakeholders. This is the core objective for which the department exists therefore efforts should be made to ensure that the information given out is comprehensive and represents the population.

• DES should make it mandatory for inspectors at all levels (district, regional offices and DES headquarters) to prepare monthly, quarterly, bi-annual and annual inspection reports. These reports should be consolidated at the regional level as well as at the headquarters. Cross-cutting issues and those demanding the action or the attention of the stakeholders should be clearly highlighted in these reports.

• DES should create a data bank for all its inspection reports for easy storage and retrieval.

3.4.5 **School Improvement Plan**

Head teachers should be trained and guided by the inspectors on how to develop SIPs.

3.4.6 **Evaluation and Monitoring of Inspectors**

• DES, through the Ministries of Education and sports, and of Local Governments should develop operational guidelines for evaluating and monitoring inspectors. This will be in line with the Local Government Act of 1997, section 97 and 98 which gives powers to the DES to monitor and evaluate inspectors of districts.

• DES should train and equip district administrators with the skills of measuring the performance of inspectors.

• Evaluation and monitoring of inspectors should be done at specified intervals and should be properly documented. These intervals should be regular to improve inspector’s performance.

• Other key players in the primary school inspection system should be held accountable for their omissions or commissions. The directorate should liaise with District authorities to adapt results oriented methods of management.

3.4.7 **Inspection Work Plans**

The Directorate, together with the District inspectors, should develop annual and quarterly work plans to ensure that every school is inspected during the term and put control measures to ensure that work plans are prepared.
4 PENSION PROCESSING BY THE DEPARTMENT OF COMPENSATION: MINISTRY OF PUBLIC SERVICE

4.1 INTRODUCTION

4.1.1 Motivation

Pension is a very important component of the terms and conditions of service in the Public service. Public officers on retirement are entitled to receive pension that is commensurate with their ranks, salary and length of service. The payments should be prompt, regular and easily accessible to the pensioners. As stated in the Clients’ Charter and amplified in the Public Service Pension Management Information Manual, April 2000, new retiring officers should access the pension payroll within 6 months from the date of commencement of pension processing. On the contrary however, it takes on average 23 and 30 months for traditional civil servants and teachers respectively to access the pension payroll. These delays have resulted into the accumulation of pension arrears, which stood at Shs.128 billion at the beginning of the 2008/2009 financial year.

It is against this background that a Value for Money (VFM) audit was conducted in the Ministry of Public Service (MoPS), Compensation Department, to examine the time a retired officer takes to access his/her pension benefits; the underlying causes for the delay; and to make recommendations for improvement.

4.1.2 Description of the Audit Area

Pension is managed by the Department of Compensation in the Ministry of Public Service (MoPS). The Compensation Department handles the pension schemes for the traditional public service, the teaching service, the defence and the former employees of the defunct East African Community (EAC). MoPS operates a defined pension benefits scheme which is

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29 The Constitution of Uganda, Article 254 (1) and (3)
30 The MoPS Ministerial Policy Statement and budget estimates for 2009/2010

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computed on the basis of the annual salary before retirement and the total number of completed months of service, up to a maximum of 435 months\textsuperscript{31}.

4.1.3 **Mandate**

The Department derives its mandate from the 1995 Constitution of the Republic of Uganda (Article 254), which states that “A public officer shall on retirement receive such pension as is commensurate with his or her rank, salary and length of service; The pension payable to any person shall be exempt from tax and shall be subject to periodic review to take account of changes in the value of money; The payment of pension shall be prompt and regular and easily accessible to pensioners”. This mandate is amplified by the Pensions Act (CAP 281), Armed Forces Pension Act (CAP 298), The Public Authorities Provident Fund Act (CAP 291) and the Pension Policy.

4.1.4 **Vision and Mission**

The Compensation’s Department does not have a Vision and Mission of its own but shares that of MoPS.

**Vision**

“To develop a Public Service that is loyal, professionally competent, well motivated and facilitated to support the transformation of Uganda into a modern state”.

**Mission**

“To develop policies, systems and structures that facilitate efficient and effective public service performance for national development and improved quality of life in Uganda”.

4.1.5 **Objective**

The objective of the Compensation Department is “To ensure a fair, equitable, transparent and prompt system of computation and payment of pension and other terminal benefits”.

4.1.6 **Activities of the Compensation Department**

The activities include\textsuperscript{32}:-

- Receiving and approving pension and gratuity applications;
- Verifying and assessing pension and gratuity applications;

\textsuperscript{31} Pension regulation 25
\textsuperscript{32} The Public Service Pension’s Management Information Manual, April 2000
Paying pension and gratuities;

Other activities are:

- Budgeting for pension and gratuities;
- Receiving and maintaining pension records and data;
- Receiving and answering pension related inquiries and complaints;
- Providing technical support to other pension centres;
- Monitoring the pension performance of pension policies, programmes, and procedures to ensure that they meet desired objectives;
- Planning and executing pension and retirement awareness programs.

4.1.7 The Organisational Structure

The Ministry comprises the Minister of Public Service assisted by Minister of State for Public Service. MoPS has five entitled officers; Deputy Head of Public Service and Secretary for Administrative Reform, the Permanent Secretary (PS) who is the Accounting Officer and three Directors responsible for Human Resource Management (HRM), Efficiency and Quality Assurance (EQA) and Research and Development (R&D).

The mandate of the Ministry is implemented by nine Departments which fall under the three directorates. The Department of Compensation which falls under the directorate of Human Resource Management (HRM) is headed by a Commissioner.

4.1.8 Funding

The pension budget is entirely funded by the Government of Uganda (GoU). Funding for the three financial years under study was as follows:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Pension Releases</th>
<th>Total Shs.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Recurrent Shs.</td>
<td>Arrears Shs.</td>
</tr>
<tr>
<td>2006/07</td>
<td>78 billion</td>
<td>42 billion</td>
</tr>
<tr>
<td>2007/08</td>
<td>78 billion</td>
<td>186 billion</td>
</tr>
<tr>
<td>2008/09</td>
<td>78 billion</td>
<td>101 billion</td>
</tr>
</tbody>
</table>

Source: OAG analysis of IFMS Reports

Note: MoPS Ministerial Policy Statement and Budget estimate for 2009/2010
4.1.9 **Scope**

The study was carried out in MoPS, Compensation Department and focused on the time it takes the newly retired traditional public servants and teachers to access pension benefits. The study considered a period of three financial years from 2006/07 to 2008/09.

4.2 **FINDINGS AND CONCLUSIONS**

4.2.1 **Processing Time**

**Overall Processing Time**

The Public Service Pension Management Information Manual, April 2000 and the Clients’ Charter state that new retiring officers should access the monthly pension payroll within 6 months as shown below:

<table>
<thead>
<tr>
<th>No.</th>
<th>Activity</th>
<th>Processing Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Receiving and Approving (acknowledge) Pension Applications</td>
<td>2 weeks</td>
</tr>
<tr>
<td>2</td>
<td>Verifying and Assessing pension</td>
<td>1 month</td>
</tr>
<tr>
<td>3</td>
<td>Pension’s payment</td>
<td>3 months</td>
</tr>
<tr>
<td>4</td>
<td>Weekends (2 days* 4 weeks* 6 months)</td>
<td>1½ months</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>6 months</strong></td>
</tr>
</tbody>
</table>

A review of 135 files of the retired officers receiving pension revealed that it took on an average 23 and 30 months for the traditional civil servants and the teachers respectively to access the pension payroll from the time the pension process commenced in a three year period from 2006/07 to 2008/09 as detailed in table 3 below.
Table 3: Summary of analysis of pension processing time (months) for pensioners on the payroll

<table>
<thead>
<tr>
<th>Financial Years</th>
<th>Pension Categories</th>
<th>Teachers (Processing period in Months)</th>
</tr>
</thead>
</table>

Source: OAG examination of selected pension files

The teachers took longer (30 months) than the traditional civil servants (23 months) to access the pension payroll. Teachers take longer compared to the traditional civil servants because the traditional civil servants have access to information regarding pension procedures and therefore apply earlier. It was also noted that the teachers registration certificates have to be authenticated by the MoES before verification commences and this takes a longer time compared to that of the traditional civil servants.

The longest delay was noted during the financial year 2007/08 where traditional civil servants and teachers experienced delays of 28 and 38 months respectively. There was more improvement in the time taken to access pensions by traditional civil servants and teachers in the financial year 2008/09 compared to the financial year 2007/08.

Scrutiny of the internal assessment report on the “Process Analysis of the Pension Management System” also revealed that pension processing was taking on average two years and seven months. Interviews with the staff of MoPS involved in pension processing also confirmed that on average it takes between 2-3 years to process a pension claim.

The information availed by management on the Pension Information Management System (PIMS) revealed that there were a total of 31,497 pensioners (both traditional civil servants and teachers) entered in the system by the time of audit (24th March 2010).

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34 Procedure narrative for Pensions Assessment
Of these, 2,428 had not accessed the monthly pension payroll due to delays in the processing system.

Table 4: Traditional civil servants and teachers entered in the PIMS

<table>
<thead>
<tr>
<th>Status</th>
<th>Traditional servants</th>
<th>Civil Teachers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>On Payroll</td>
<td>17,721</td>
<td>11,348</td>
<td>29,069</td>
</tr>
<tr>
<td>Not on Payroll</td>
<td>1,938</td>
<td>490</td>
<td>2,428</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19,659</strong></td>
<td><strong>11,838</strong></td>
<td><strong>31,497</strong></td>
</tr>
</tbody>
</table>

Source: Extraction by Systems Analyst from PIMS, 24th March 2010

The above delays were attributed to the following:

**Communication of queries**
We observed that the MoPS lacked a communication strategy to promptly disseminate information on queries raised during pension processing to the Ministries/departments and applicants and thus delaying feedback. Action on queried files is suspended until the issues raised have been responded to by the relevant Ministries/Departments or retired officers. Queries are answered by retired officers only when they next visit MoPS because that is when they get to learn of the queries raised, which compounds the delay.

**Management response:**
The Ministry has improved communication with clients by setting up a pre-verification unit. MoPS currently runs awareness programmes on TV, radio and conducts sensitization visits in the districts.

Using a checklist, the cases of incomplete submissions are rejected at this level and handed back to the submitting officers. Any subsequent queries are submitted to the submitting accounting officers who are required to answer. Communication between MoPS and the Accounting Officers will further be strengthened.
Utilization of existing records
The MoPS maintains the personal files containing employment records for all public officers which may be used to commence timely pension processing. However, MoPS does not make use of these records. We noted that retiring officers are required to furnish copies of their records on application for pension, leading to delays to commence pension processing.

The interview with the pension association executive members confirmed that they are asked to furnish employment records because the HRM departments at both the MoPS and the mother ministries/departments do not maintain up-to-date records in the employee personal, files leaving the pensioners with only the option of traveling back to their homes to look for copies, which takes time, leading to delay.

Management response:
The verification and processing of a pension claim requires that a public officer has been in the post and active on payroll. We also need evidence that one has no outstanding debts with Government and that one is retiring on a pensionable status. In addition, the Ministry does not maintain central records on non-gazetted police, prison officers and teachers yet they constitute more than 50% of the Ministry’s clientele.

Record management system
The MoPS does not have a centralized file tracking and retrieval system where all pension file movements are recorded and monitored. This made the locating of pension files cumbersome and delayed decision-making during pension processing. Audit further revealed that action officers kept queried files in their offices until the pending queries/issues are resolved which compounds the problem of records management.

Pension Information Management System (PIMS)
The MoPS uses PIMS to manage its pension processes. We noted that the system could not be relied on to provide adequate information, such as names of persons approving, authorizing, assessing and the dates of approval, authorization, and assessment which could have been used to identify the staff who are not carrying out their duties on time.
and therefore institute timely corrective measures. This was evident in the financial year 2006/07.

In addition, the audit established that the system did not put to use the inbuilt check mechanisms of rejecting the processing of incomplete records making them prone to abuse. It is only in 2008 when the inbuilt checks were activated after the insistence and refusal of the Compensation Department to process incomplete records.

It was also noted that the PIMS entered pensioners who did not furnish bank details and those who did not qualify for monthly pension in a file referred to as "paying stations". These have not been separated to remove all those who do not qualify for payment. Qualifying pensioners who have not furnished bank details have also not been identified and informed to do so. This is prone to abuse.

Efforts to ascertain the PIMS’ design, cost and functionality were futile because management failed to locate the procurement file.

Discussion with management revealed that they have been upgrading the system (PIMS) due to its inefficiencies and, as a result, management are in advanced stages of procuring another processing system, Integrated Personnel and Payroll System (IPPS), to address the existing challenges.

Management response:
The situation was true for claims that were verified and approved before April 2008, when the process of verification, approval and tracking of claims by the HRM department was manual. Since then, all claims are verified, approved and assessed on line.

Workflow
Through audit observation and interviews of staff of the MoPS it was noted that the delay in pension processing was also caused by interruptions by pensioners. Pensioners move to various offices requesting for information on the current status of their claims which is not satisfactorily given at the inquiries desk. As a result, staff take time attending to pensioners even when they do not have the appropriate information.
Management response:
A one-stop centre was established to give clients information on the status of claims but they still move to offices. The centre will be strengthened to give all the necessary information to pensioners about the queries raised during verifications and payments.

Besides the general causes of delay to access the pensions’ payroll stated above, the audit also noted some specific causes associated with the various stages processing as described below:-

4.2.2 Receiving and Approving Pension Application Forms
Applications for pension should be received and acknowledged by the MoPS PS within 2 weeks from the date of receipt\(^\text{35}\).

From the selected files in the three year period (2006/07, 2008/09 and 2008/09), it took the PS an average of 13 months and 16 months to acknowledge pension applications of traditional civil servants and teachers, respectively, as shown in the following table:

<table>
<thead>
<tr>
<th>Financial Years</th>
<th>Pension Categories</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Traditional Civil Servants</td>
<td>Teachers</td>
</tr>
<tr>
<td>2006/07</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>2007/08</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>2008/09</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Average</td>
<td><strong>13</strong></td>
<td><strong>16</strong></td>
</tr>
</tbody>
</table>

Source: OAG analysis of selected pension files

The audit attributed the delay to acknowledge pension applications by the PS to lack of time limits allocated to sub activities carried out before the submission of application forms to the PS. The absence of time limits affects effective monitoring and supervision of

\(^{35}\) The Public Service Pensions Management Information Manual April 2000
the activities carried out by officers. Officers take time to file application letters and documents in a CP file (for traditional public servants) or subject matter file (for teachers).

**Management’s responses:**

*Setting of time limits for the sub activities carried out prior to the submission of application forms to the PS will be considered. Pension application forms are now submitted to the PS for approval every Wednesday and take one week to be signed.*

The delay to acknowledge pension applications resulted in the delay to commence the verification process in the HRM department and therefore affects the total processing time of pension claims.

**Conclusion**

The acknowledgement of pension applications is critical in pension processing. Delay therefore in acknowledging pension applications affects the time it takes to process pensions.

4.2.3 **Verification and Assessment of Pension claims**

Pension claims should be verified and assessed within 1 month from the date of acknowledgement.

The reviewed pension files did not indicate the dates and results of the verification exercise, making it difficult for the audit to establish how long files were taking to be verified. In addition, the dates of approval by C/HRM in the PIMS during the financial year 2006/07 were completely missing and in the financial years 2007/08 and 2008/09 could not be relied on because C/HRM was approving before acknowledgement by PS, which was found to be irregular.

However interviews of senior managers of MoPS and a review of the MoPS’ internal assessment report on the “**Process Analysis of the Pension Management System**” revealed that it was taking an average of 14 months to verify and assess pension files. Out of this, verification accounted for 12 months while assessment took 2 months.
The delay in the HRM department was attributed to the long verification time caused by slow response by the retired officers to the queried pension applications. Queries are mostly raised regarding the absence of letters of appointment, promotion or confirmation and the retired officers have to refer back to their mother ministries/departments for copies.

**Management response:**
MoPS has set up a pre verification unit which carries out initial checks of pension applications against a checklist and pensioners are immediately informed of any missing documents. This has reduced the queries raised during verification.

The audit further noted that apart from the role of verifying pension files, the HRM department also handles other core roles of recruitment, appraisal, promotion and training of staff in the entire public service and these take priority as compared to verification of pension files. Failure to give appropriate attention to pension verification, yet the Compensation Department is dependent on the HRM Department, delays the assessment process.

**Management response:**
The verification unit has been strengthened by recruiting additional staff to specifically handle pension verification in the HRM Department and produce monthly status reports on the number of cases received, verified and queried. The assessment unit also reports to C/Comp the cases received, assessed, sent to and queried by audit.

In addition a meeting between the departments of Compensation and HRM was convened to strengthen the verification activities and the two departments now meet monthly to review work progress and challenges.

The slow response to queries and paying less attention to the verification of pension files by the HRM Department leads to delayed assessment and eventual authorisation of access to the pension payroll.
Conclusion
MoPS delayed the verification and assessment of pension files and this had an impact on the whole pension processing time.

4.1.4 Payment of Pensions
Payment of Pension should be effected within 3 months from the time of authorization by the Commissioner of Compensation\(^36\).

We observed that it took on average 8 months and 9 months for traditional civil servants and teachers, respectively, in the financial years 2007/08 and 2008/09 to access pension from the date of authorization as shown in the table below:

<table>
<thead>
<tr>
<th>Financial Years</th>
<th>Pension Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Traditional Civil Servants</td>
</tr>
<tr>
<td>*2006/07</td>
<td>-</td>
</tr>
<tr>
<td>2007/08</td>
<td>9</td>
</tr>
<tr>
<td>2008/09</td>
<td>7</td>
</tr>
<tr>
<td>Average</td>
<td>8</td>
</tr>
</tbody>
</table>

*2006-07: Average time taken for pensioners to access the pensions payroll could not be determined due to missing data in the PIMS ie authorization dates.

Management attributed the delay to access the pensions’ payroll to insufficient funding under the defined benefit scheme which is entirely dependent on budgetary provisions from MoFPED which fell short of the funds requisitioned and therefore could not cater for the entire Department’s pension liability as shown in the following table:

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\(^36\) The Public Service Pensions Management Information Manual, April 2000
Table 8: Pension funding position for traditional civil servants and teachers in the financial years 2006/07- 2008/09

<table>
<thead>
<tr>
<th>Financial Years</th>
<th>Budget Submissions</th>
<th>Actual Release</th>
<th>Under funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td>98 billion</td>
<td>68 billion</td>
<td>30 billion</td>
</tr>
<tr>
<td>2007/08</td>
<td>102 billion</td>
<td>68 billion</td>
<td>34 billion</td>
</tr>
<tr>
<td>2008/09</td>
<td>102 billion</td>
<td>68 billion</td>
<td>34 billion</td>
</tr>
</tbody>
</table>

Source: Approved budgets and OAG analysis of IFMS Reports

Management response:

Releases from MoFPED have been falling short of the approved amounts in the budget and as a result pension reforms were initiated by MoPS in collaboration with other stakeholders towards the introduction of a contributory pension scheme.

The PS/ST has also promised to fully fund annual pension bills and officers will be paid their pension benefits as soon as they retire with effect from 1st July 2010.

Besides inadequate funding, audit revealed that MoPS’s method of budgeting for pension was wanting. Projections of pensioners likely to retire at a given period of time that forms the basis for budgeting were never made. Management arbitrarily estimates the pension figures that do not reflect the true financial requirement of pension the scheme. The analysis of the Ministry’s budgeted arrears figures for all pension categories, considering 2005/06 as a base year, showed inconsistencies due to failure by the MoPS to prudently forecast pension requirements.

For example, in 2005/06, the MoPS had opening balance of pension arrears of Shs.320.7 billion. Given the pension bill of Shs.108 billion and actual expenditure of Shs.100.4 billion in the same year, the closing arrears would have been Shs.328.3 billion. This closing balance is also the opening balance for 2006/07 which, if applied in the computation, results into closing arrears of Shs.323.3 billion for the year and not Shs.284.4 billion as reflected in the Ministry’s Policy Statement. Table 9 shows that the Ministry has been
under budgeting in the financial years 2006/07, 2007/08 and 2008/09 by Shs.38.9 billion, Shs.10.3 billion and Shs.34.4 billion respectively.

Table 9: Annual analysis of Arrears

<table>
<thead>
<tr>
<th>YEAR</th>
<th>2005/06 Billion Shs</th>
<th>2006/07 Billion Shs</th>
<th>2007/08 Billion Shs</th>
<th>2008/09 Billion Shs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrears</td>
<td>*320.7</td>
<td>328.3</td>
<td>323.3</td>
<td>202.5</td>
</tr>
<tr>
<td>Current Year pension bill</td>
<td>108</td>
<td>122</td>
<td>144</td>
<td>152</td>
</tr>
<tr>
<td></td>
<td>428.7</td>
<td>450.3</td>
<td>467.3</td>
<td>354.5</td>
</tr>
<tr>
<td>Actual Expenditure</td>
<td>100.4</td>
<td>127</td>
<td>264.8</td>
<td>192</td>
</tr>
<tr>
<td>Arrears c/f</td>
<td>328.3</td>
<td>323.3</td>
<td>202.5</td>
<td>162.5</td>
</tr>
</tbody>
</table>

Arrears as at Year End

<table>
<thead>
<tr>
<th></th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors’ Analysis</td>
<td>323.3</td>
<td>202.5</td>
<td>162.5</td>
</tr>
<tr>
<td>Ministry’s Budget Figure (Policy Statement)</td>
<td>284.4</td>
<td>192.2</td>
<td>128</td>
</tr>
<tr>
<td>Under Budgeting</td>
<td>38.9</td>
<td>10.3</td>
<td>34.5</td>
</tr>
</tbody>
</table>

*Assumption: Opening arrears of Shs. 320.7 in 2005/06 Policy Statement is correct.

Management response:

In preparing the estimate for pension budget, the assumptions used by the ministry include past performance for payment of death gratuities, the number of officers due to retire on mandatory grounds and the projected salary increases for the forthcoming financial year. Due to the budget ceilings given by MoFPED, pension is under provided for in the approved budget.

Further analysis of the submissions made to both Parliament and MoFPED revealed that MoPS submitted different figures of arrears yet the two submissions are meant to be the same given the fact that the same situation is being reported on as shown in the table below:
Table 10: Arrears Submission to Parliament and MoFPED

<table>
<thead>
<tr>
<th>YEAR</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrears (Policy Statements)</td>
<td>320.7</td>
<td>284.4</td>
<td>192.2</td>
<td>128.0</td>
</tr>
<tr>
<td>Arrears Submission to MoFPED</td>
<td>282.1</td>
<td>298.0</td>
<td>254.4</td>
<td>100.3</td>
</tr>
<tr>
<td>Variance</td>
<td>38.6</td>
<td>-13.6</td>
<td>-62.2</td>
<td>27.7</td>
</tr>
</tbody>
</table>

The inconsistency in the figures casts doubt on the correctness and reliability of the ministry’s budgeted figures.

The executive members of the Uganda Government Pensioners’ Cooperative Society Ltd, an umbrella organization of pensioners, attributed the limited funding to failure by Government to provide for the pension fund in accordance with the Pensions Act, Section 7(1) which states that "all pensions, gratuities or other allowances shall be charged on and payable out of the Consolidated Fund without further appropriation than this Act". and as a result MoPS treats pension as a contingent rather than a commitment.

Further analysis of funds utilisation also revealed that the funds released by MoFPED to cater for the various pension categories were being diverted from one category to others. This delays the payment of pension in the category whose funds have been diverted, for example, in the period under review, management, diverted teachers’ pension of Shs.12 billion. According to the management such diversions are done to cater for payments of other pension categories. For example, Shs.3 billion was diverted from other categories to pay the traditional civil servants. Details as per the following table:
Table 11: Pension releases against the Actual Bank payments for Traditional Civil servants and Teachers for the financial years 2006/07 - 2008/09

<table>
<thead>
<tr>
<th>Traditional Civil servants</th>
<th>Financial Year</th>
<th>Actual Releases</th>
<th>Actual Payments</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td>40 billion</td>
<td>41 billion</td>
<td>(1 billion)</td>
<td></td>
</tr>
<tr>
<td>2007/08</td>
<td>41 billion</td>
<td>43 billion</td>
<td>(2 billion)</td>
<td></td>
</tr>
<tr>
<td>2008/09</td>
<td>41 billion</td>
<td>41 billion</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>122 billion</td>
<td>125 billion</td>
<td>(3 billion)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Teachers</th>
<th>Financial Year</th>
<th>Actual Releases</th>
<th>Actual Payments</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td>28 billion</td>
<td>23 billion</td>
<td>5 billion</td>
<td></td>
</tr>
<tr>
<td>2007/08</td>
<td>27 billion</td>
<td>23 billion</td>
<td>4 billion</td>
<td></td>
</tr>
<tr>
<td>2008/09</td>
<td>27 billion</td>
<td>24 billion</td>
<td>3 billion</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>82 billion</td>
<td>70 billion</td>
<td>12 billion</td>
<td></td>
</tr>
</tbody>
</table>

Source: Approved budgets and OAG analysis of IFMS Reports

Management response:

Monthly pension payments are the priority pension expenditures. Money was therefore moved from teachers’ monthly budget to beef up Traditional civil servants and UPDF widows where there were shortfalls.

Insufficient funds release by MoFPED coupled with improper budgeting, failure to comply with the Pensions Act and diversion of pension funds lead to limited funds available to settle pension bill, which in turn leads to delay to access pension as evidenced by the piled pension files in the accounts department which are pending payment.
Delay to access pension affects the retired officers’ livelihood thereby making them frustrated and some of them not accessing pension in their lifetime.

**Conclusion**
There is insufficient funding by Government towards the settlement of pension liability as it falls due, leading to accumulation of pension arrears.

**Effect of Delayed Processing of Pension**
The general delays stated above led to failure by retired officers to provide for themselves and their families leading to increased dependency burden, distress, frustration and demoralization.

**General Conclusion**
Delayed access to pension leads to the violation of the pensioners’ rights enshrined in the National Constitution, Article 254 (3) which states that, “the payment of pensions shall be
prompt, regular and easily accessible to pensioners.” and as a result Government in general and MoPS, in particular being viewed by the populace as inefficient and indifferent to the plight of pensioners.

4.3  
RECOMMENDATIONS

To reduce pension processing time, the audit recommends as follows:

4.3.1  
Overall Processing Time

- Management should consider developing a communication strategy that allows for prompt dissemination of information to Ministries/Departments and retired officers when queries are raised during the processing of pension claims so as to enable immediate action and follow up thus reducing on the processing time.

- The MoPS and HR sections of ministries/departments should keep existing employment records in the personal files up-to-date and use them when needed to commence timely pension processing instead of retired officers having to furnish the information.

- The MoPS should collaborate with MoES to have teachers registration certificates authenticated before pension applications are submitted to MoPS.

- Management should hasten the procurement and installation of the IPPS and should ensure that during the design, installation and testing phases, user requirements are taken into consideration and that the system has an integrated internal audit module.

- The MoPS should put in place a proper records management system which enables easy filing and retrieval of pension records whenever they are required and ensure that information is regularly entered in the PIMS so as to enable ease of monitoring of the staff involved in pension processing and to ensure that they execute their roles within the set time period so as to reduce on processing time.
• Delete all the pensioners on PIMS (paying stations) who do not qualify for drawing monthly pensions and notify the qualifying pensioners who have not yet furnished MoPS with bank accounts.

4.3.2 Receiving and Approving Pension Application Claims

• Management should set and enforce processing time limits for sub activities in the central registry within which officers should receive and forward application files to the Permanent Secretary (PS) for approval.

4.3.3 Verification and Assessment of Pension claims

• HRM departments at both MoPS and mother ministries/departments should maintain up-to-date employment records in employees’ personal files to avoid referring to retiring officers when letters of appointment, promotion or confirmation are required for verification.

• The Directorate of HRM in MoPS should reorganize its departments to ensure that all departmental activities are accorded appropriate attention and that they work in harmony to achieve the objectives of the Directorate.

• Management of MoPS should establish a specific pension information and query desk that should be equipped to attend to pensioners’ requests in order to avoid pensioners moving from one office to another searching for information and disrupting action officers.

4.3.4 Payment of Pension

• Management should expeditiously pursue the recommendations put forward towards establishing the contributory pension’s scheme which should address the recurrent under funding problem in the Department.

• MoPS should periodically make realistic projections during budgeting for pension and ensure that the same information is furnished to Parliament, MoFPED and other stakeholders to enhance the acceptability of budget requests and for better decision making.
• MoPS should prepare and present pension estimates to Parliament in accordance with the Pensions Act, Section 7(1) which requires pensions, gratuities and other allowances to be charged on and paid out of the Consolidated Fund without further appropriation. This will improve Government commitment and availability of pension funds.

• MoPS should continue persuading MoFPED to always release funds as approved by Parliament.

• MoPS should ensure that all pensioners are paid through the bank accounts so as to reduce the possibility of misappropriation of funds.

• MoPS management should spend pension funds in accordance with the Treasury Accounting Instructions (TAI’s) and Financial and Accountability rules and regulations that prohibit the diversion of funds.
5 PROVISION OF BASIC NEEDS TO PRISONERS BY UGANDA PRISONS SERVICE

5.1 INTRODUCTION

5.1.1 Background to the Audit:
This Value for Money audit on the provision of basic necessities by Uganda Prisons Service has been conducted in accordance with Article 163(3) of the Constitution of the Republic of Uganda. This mandate is amplified under Section 21(1) of the National Audit Act 2008 which requires the Auditor-General to carry out value for money audits for purposes of instilling economy, efficiency and effectiveness in the operations of any department or ministry.

Motivation:
The study was motivated by public concern about the provision of food, clothing and medical care to prisoners in Uganda. The prisoner population in Uganda has been on the increase over the past years from 9000\textsuperscript{37} in 2005 to the current 32,000\textsuperscript{38} prisoners in June 2009. This poses a challenge to the provision of basic necessities, which, ultimately affects the general living conditions of prisoners.

The provision of inadequate basic necessities to prisoners is a threat to their lives as they have no alternatives while in detention and are thus deprived of their basic human right to adequate wellbeing as well as to their personal liberty. They depend on the services provided by the government, through prison authorities. Besides, the rights of prisoners on remand, who are considered innocent until proven guilty, ought to be respected.

5.1.2 Description of the Audit Area:
The Uganda Prisons Service is charged with the management of 222 prisons in the country, accommodating 32,000 prisoners as at 30\textsuperscript{th} June 2009. 171 of the prisons were formerly under Local Government Administration (before the enactment of the Prisons Act 2006); while 51 were originally under the Central Government Administration. They are managed under 11

\textsuperscript{37} SIP II page 11 paragraph (d)
\textsuperscript{38} Ministerial Policy Statement, Ministry of Internal Affairs 2008/09 page 88.
administrative units, namely: Kampala Extra, Central, Southern, South-Eastern, Northern, North-East, Western, Eastern, North Western, South Western and Mid-Western.

Besides the major custodial functions, UPS also develops vocational skills, like: carpentry, tailoring, functional adult literacy, shoe making and formal and informal educational programmes. Other enterprises managed by UPS include: poultry, piggery, cultivation, beekeeping, handcrafts, brick making and printing services. These activities form part of the rehabilitation process of inmates while in prison and enable them to integrate into communities after serving their terms.

5.1.3 **Statutory Mandate:**

The Uganda Prisons Service is an autonomous body under the Ministry of Internal Affairs. It was established in 1896 as a branch of the Kings African Rifles and attained full autonomy in 1958 when the Prisons Ordinance, Rules and Regulations came into existence. The Prisons Ordinance, 1958 (Revised in 1964) together with Prisons Rules and Regulations made thereunder, continued to provide the legal framework for the operations of Prisons, till the Prisons Act 2006 came into force.

The Prisons Act (2006) was enacted in accordance with the provisions of the Constitution of the Republic of Uganda, Article 215, with the intention of establishing the Prisons Authority and the Prisons Council, under a unified Central/Local Administration Prisons of the Uganda Prisons Service and to bring the Act in line with effective humane, modern and universally acceptable standards.

The Act further requires the UPS to contribute to the protection of all members of society by providing reasonable, safe, secure and humane custody and rehabilitation of offenders in accordance with universally accepted standards.39

5.1.4 **Vision, Mission, Goals and Objectives:**

The Vision, mission, goals and objectives of the UPS as contained in its strategic plans are discussed as shown below:

**Vision:**

"UPS aspires to be a centre of excellence in providing human rights based correctional services within the African region."

39 Prisons Act, 2006 - Section 4(1)
**Mission Statement:**
"To provide safe, secure and humane custody of offenders while placing human rights at the centre of correctional programmes."

**The Core Values** of UPS are Professionalism, Reliability, Integrity and Openness.

**Strategic Objectives:**
- To enhance the safety and security of offenders, staff and the public.
- To foster human rights awareness and practice in the prisons.
- To promote the rehabilitation of offenders and reduce the incidence of crime.
- To enhance professionalism in the Service and strengthen management accountability.

5.1.5 **Major Activities:**
In its effort to realize its strategic objectives and to provide basic necessities to prisoners, UPS undertakes the following activities:-

(i) Promote the right to health, food, water, shelter and clothing for prisoners and staff through the renovation and construction of prisons and staff houses; the provision of uniforms and meals; improve water and sanitation facilities; and develop food security and quality assurance systems.

(ii) Recruit and train staff.

(iii) Provide health care services to prisoners and staff.

(iv) Prevent the spread of communicable diseases through establishment of isolation wards.

(v) Implement HIV/AIDS policies to prevent its spread; and support persons infected/affected by the disease.

(vi) Provide psychosocial support to prisoners through counseling.

(vii) Enhance Human rights awareness and practice among staff and prisoners.

(viii) Reduce the incidence of human rights violations through the establishment of human rights committees; disciplining staff who violate human rights; protection of whistleblowers; and implementation of recommendations from other bodies, like NGO’s and UHRC.

(ix) Promote and enhance productivity and self-sufficiency in the procurement of farm inputs, diversification of farm activities, and purchase of farm machinery.

(x) Utilise alternative dispute resolution mechanisms.
5.1.6 **Organisation Structure:**
The Prisons Authority is the top decision and policy organ of the UPS, with the Minister for Internal Affairs as its chairperson. Other members of the Authority include the Attorney General, Commissioner General (UPS), Deputy Commissioner General (UPS), Permanent Secretary Ministry of Public Service, a senior officer in charge of Personnel at UPS headquarters and two other persons appointed by the President. Below the Authority is the Prisons Council comprising top management of the service, with the Commissioner General (CG) as the chairperson. The CG is the Chief Executive of the organization and is charged with the day-to-day management of the UPS.

5.1.7 **Financing:**
The UPS is funded by the Government of Uganda and development partners, such as: the European Union, the International Committee for the Red Cross (ICRC), GTZ and internally generated revenue. The details of funds by source are summarized below:

**Table 1: UPS Funding for the period 2005/06 to 2008/09:**

<table>
<thead>
<tr>
<th>Source/Financial Year</th>
<th>2005/06 (Shs in bn)</th>
<th>2006/07 (Shs in bn)</th>
<th>2007/08 (Shs in bn)</th>
<th>2008/09 (Shs in bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GoU Funds</td>
<td>27.66</td>
<td>32.73</td>
<td>38.76</td>
<td>45.99</td>
</tr>
<tr>
<td>Donor Funds</td>
<td>2.11</td>
<td>4.13</td>
<td>1.86</td>
<td>0.72</td>
</tr>
<tr>
<td>Internally Generated</td>
<td>1.45</td>
<td>1.75</td>
<td>0.71</td>
<td>1.95</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>31.22</strong></td>
<td><strong>38.61</strong></td>
<td><strong>41.33</strong></td>
<td><strong>48.66</strong></td>
</tr>
</tbody>
</table>


5.1.8 **Scope:**
The report covers Four Years from July 2005 to June 2009. It focuses on the provision of basic necessities to prisoners. The audit covers 15 prisons (7%) in the four regions of Uganda which were selected using stratified random sampling method as described below: Northern region covered Arua, Lira and Gulu; Central region covered Kampala, Rakai, Mityana, and Wakiso; Eastern region covered Kumi, Jinja and Mbale; and Western region covered Kabale, Kyenjojo and Kasese.

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40 Basic necessities for purposes of this study will include; food, health care and clothing/bedding.
5.2 **FINDINGS**

5.2.1 **PROVISION OF FOOD AND WATER:**

5.2.1.1 **Adequacy of food:**

According to UPS Standing orders, the following authorised dietary scales are expected to be provided to prisoners in full and may not be varied without the authority of the Commissioner General except in the interests of the health of a prisoner and on the written authority of a Medical Officer. The prisoners are supposed to be served three meals a day, namely: breakfast, lunch and supper.

Table 2: Minimum Prisoners Food Requirements by Item and dietary scale:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>Scale per prisoner per day (Kgs)</th>
<th>Number of days</th>
<th>Annual Scale per prisoner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Posho</td>
<td>0.681</td>
<td>365</td>
<td>248.565</td>
</tr>
<tr>
<td>Beans</td>
<td>0.142</td>
<td>269</td>
<td>38.198</td>
</tr>
<tr>
<td>Ground Nuts</td>
<td>0.142</td>
<td>269</td>
<td>38.198</td>
</tr>
<tr>
<td>Meat</td>
<td>0.085</td>
<td>96</td>
<td>8.16</td>
</tr>
<tr>
<td>Cooking Oil</td>
<td>0.015</td>
<td>365</td>
<td>5.475</td>
</tr>
<tr>
<td>Salt</td>
<td>0.015</td>
<td>365</td>
<td>5.475</td>
</tr>
<tr>
<td>Sugar</td>
<td>0.0284</td>
<td>365</td>
<td>10.366</td>
</tr>
<tr>
<td>Fresh Vegetables</td>
<td>0.142</td>
<td>365</td>
<td>51.83</td>
</tr>
</tbody>
</table>

*Source: UPS Planning Unit.*

We noted in all the 15 prisons visited that Posho and beans are the only items served out of the minimum food requirements and dietary scale recommended in table 2 above. Other recommended items were not served at all. We observed that in 9 out of the 15 prisons like Kumi, Mutukula, Nدورwa, Jinja, Kitalya, Lira, Mubuku, Pece and Luzira Women, all the 3 meals were provided in the specified quantities while in Luzira Upper Prison, breakfast was being served but lunch and supper were combined. In 3 prisons including: Arua, Butiiti and Mityana, inmates were served only 2 meals (breakfast and lunch), denying prisoners supper. We noted that in Butiiti, this practice was discontinued in 2009/10 financial year after the intervention of the RPC. Breakfast is not served at all in Mbale prison. The interviews carried out during audit revealed that 42% (28 prisoners) of the 67 prisoners were satisfied with the quantity of food served while 58% (39 prisoners) felt the food was not enough.

The analysis of estimates of approved GoU funding for FY 2009/10 and current production levels, however, indicate that UPS has the capacity to provide all the food required to feed at least 30,000 prisoners in a year without any substantial funding gap. While the total food and
firewood requirements amount to Shs 21.27bn, GoU funding and UPS food production has also increased to Shs 21.62bn (Shs 17.27bn+Shs 4.35bn respectively) as illustrated in Table 3 below:

Table 3: Total Food and Firewood for the period 2009/10 in billion shillings:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>Scale per prisoner per day (Kgs)</th>
<th>Number of days</th>
<th>Annual Scale per prisoner</th>
<th>UNIT PRICE</th>
<th>AMOUNT</th>
<th>Total annual budget for feeding 30,000 prisoners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Posho</td>
<td>0.681</td>
<td>365</td>
<td>248.565</td>
<td>1,500</td>
<td>372,848</td>
<td>11,185,425,000</td>
</tr>
<tr>
<td>Beans</td>
<td>0.142</td>
<td>269</td>
<td>38.198</td>
<td>1,900</td>
<td>72,576</td>
<td>2,177,286,000</td>
</tr>
<tr>
<td>Ground Nuts</td>
<td>0.142</td>
<td>269</td>
<td>38.198</td>
<td>2,693</td>
<td>102,867</td>
<td></td>
</tr>
<tr>
<td>Meat</td>
<td>0.085</td>
<td>96</td>
<td>8.16</td>
<td>6,000</td>
<td>48,960</td>
<td>1,468,801,420</td>
</tr>
<tr>
<td>Cooking Oil</td>
<td>0.015</td>
<td>365</td>
<td>5.475</td>
<td>4,000</td>
<td>21,900</td>
<td>657,000,000</td>
</tr>
<tr>
<td>Salt</td>
<td>0.015</td>
<td>365</td>
<td>5.475</td>
<td>1,500</td>
<td>8,213</td>
<td>246,375,000</td>
</tr>
<tr>
<td>Sugar</td>
<td>0.0284</td>
<td>365</td>
<td>10.366</td>
<td>2,000</td>
<td>20,732</td>
<td>621,960,000</td>
</tr>
<tr>
<td>Fresh Vegetables</td>
<td>0.142</td>
<td>365</td>
<td>51.83</td>
<td>500</td>
<td>25,915</td>
<td>77,450,000</td>
</tr>
<tr>
<td><strong>Total (food for 30,000 prisoners)</strong> - annual requirements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20,220,312,420</td>
</tr>
<tr>
<td>Firewood/lumpsum - (assume Shs. 125.8m per month)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,509,600,000</td>
</tr>
<tr>
<td><strong>Total (food and firewood for 30,000 prisoners)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21,729,912,420</td>
</tr>
<tr>
<td>Food Grown on UPS Farms (2.9m kgs of posho @1,500)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,350,000,000</td>
</tr>
<tr>
<td><strong>Funds from GoU 2009/10 budget (Food and firewood)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17,274,918,000</td>
</tr>
<tr>
<td><strong>Available Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21,624,918,000</td>
</tr>
<tr>
<td><strong>Funding gap</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>104,994,420</td>
</tr>
</tbody>
</table>

Source: OAG analysis extracted from UPS records.

The current procurement practice is that food and other items, like salt, are procured centrally through the Quartermaster General’s Department but some upcountry prisons receive maize flour directly from suppliers contracted by the UPS headquarters. The practice is that the Quartermaster General receives maize grain from suppliers and prison farms for milling at the Flour Mill/stores in Kampala Industrial Area. Purchase of grain instead of maize flour was adopted to control the quality of food and the moisture content of the maize. About 28% (or 2,860,000kgs) of the food required (or 10,306,000kgs) is grown on the prisons farms while 72% (7,446,000kgs) is purchased utilising funds released by GoU. From the 2009/10 Financial Year, the production level is expected to increase to 50%.
Late deliveries from headquarters contributed to deviations in amount of food served to prisoners as OCs resort to borrowing or batter arrangements with private businessmen where both the quantity and quality of food is difficult to control. We noted further that documentation and accountability of farm produce was not satisfactory. Such a weakness can pose a risk of under-declaring farm produce by OCs, further compounding food shortages in prisons. Besides, laxity by management to verify deliveries and dishonest business practices like delivering less quantities of food items also reduces the amount of food available for serving prisoners as evidenced in picture 1 below.

Picture 1: A stone of 6kg was found in a sack of beans at Upper Prison, Luzira as they were preparing to cook. Photo taken on 3rd September 2009 at 11.18am. (OAG Photo).

We also noted that lack of prioritisation also impacts on the resources available for food as evidenced by the re-allocation of Shs 100m in 2007/08 FY from the vote intended for purchase of food, to Vehicle Maintenance (money that could have fed about 300 prisoners in that year).

Another cause of inadequacy of food in prisons is the practice of taking inmates to work on private farms rather than focusing their efforts on working on prison farms. This compromises production capacity and ultimately the amount of food available.
Failure to provide the recommended food rations implies that prisoners are not receiving reasonable quantities of food while they are in custody and their basic right to food is violated. This, consequently, leads to malnutrition.

**Management Response:**
Management further explained that serving combined meals (double meal) was caused by challenges of getting firewood, cooking utensils and water in some stations. Regarding Upper Prison in Luzira, management indicated that the problem will soon be sorted out as more boilers are being installed with assistance from the British Government. An officer has also been appointed at the rank of ACP to streamline the weaknesses identified in farm inspections.

Regarding the re-allocation of Shs 100m in the FY 2007/08 from food to vehicle maintenance, UPS management explained that this was done to ensure that prisoners are taken to court since there was a shortfall in the maintenance budget. Prisoners have other human rights to be observed apart from the right to food.

### 5.2.1.2 Quality of food and meal times:

Part 2 of the UPS Standing Orders requires that every prisoner shall be provided with food of nutritional value adequate for health and strength of wholesome quality, well prepared and served at usual hours by the administration\(^{41}\).

From the approved requirements and dietary scales, apart from *Posho* and beans which are served daily in all the 13 prisons visited, meat (for proteins and fats) was being served only once a year on Christmas, while groundnuts (proteins and fats) and sugar (for carbohydrates) are not served at all. According to management, UPS had started providing the sick and elderly with *mukene*, cooking oil, eggs and first class *posho* to prisoners in Fort-Portal, Luzira and Kigo prison on pilot basis. These do not cover all the sick and elderly throughout the country. Where such support is not extended, the sick only get vegetables and additional porridge. Charity organisations were also providing these items to the sick, especially those on HIV/AIDS treatment.

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\(^{41}\) UPS Standing Orders Part 2 Chapter 57 paragraph 9.
UPS also carries out poultry farming in Luzira. The products from these farms (eggs and chicken) are used to supplement the diet for sick inmates in Luzira prison. At the time of audit, UPS had about 550 heads of cattle in Isimba, Mubuku, Kiburara, Mutukula, Tororo and Fort-Portal mainly for beef purposes. On Christmas day, meat from culled animals from these farms supplemented by purchases made by UPS from private companies is distributed to the inmates. The Prisons service has vast land which is being taken by government for resettlement and investment purposes. This land is not being used for rearing of animals to provide an alternative source of animal protein for prisoners.

During field visits, we observed that 9 prisons, out of the 15 (representing 60%) had vegetable gardens to supplement their dietary requirements, depending on seasons, while 40% did not.

From the interviews conducted, 54% of the 63 prisoners indicated that the food served was of good quality, especially those who produce their own food and where food was served hot, 46% said the quality was not good highlighting bad taste/sour, bad colour of *posho*, hard beans (due to overstaying in stores), beans infested with weevils or unsorted beans as the main reasons affecting quality.

Regarding the time at which meals were served, we observed in all the 15 prisons visited that breakfast was being served between 7.00am - 7.30am, lunch between 12.00pm-2.00pm and evening meal served very early at 4.00pm to precede the nightly lock-up.
We also noted through inspections and interviews that the bad conditions under which the food is kept affects the quality of food. Some of the food overstays in stores as evidenced by the presence of bean-weevils (Picture 3 above). Rats also affect the quality of the food and prisoners complained that food is cooked without being sorted first.

Reasons advanced for variations from the standard of providing all the three meals at regular intervals as required included inadequate supply of firewood and disruptions in power supply, water shortages, limited cooking facilities, lock-up time of 4pm and food shortages which make preparation of food for all the inmates difficult as shown in the graph below.

![Reasons for serving meals outside normal hours](image)

Poor diet in prisons can contribute to ill health as individual prisoners may have peculiar food requirements and contracting opportunistic infections becomes easy. Basic food requirements like proteins, fats or vitamins required for proper growth, body immunity and energy are not attained. This further denies prisoners their basic right to food in spite of the fact that they are in confinement and depend on what is provided by prison authorities. Failure to provide quality food also encourages relatives to bring food (Picture 2 above) to prisons which may not be easy to regulate. The practice puts an additional responsibility on prison staff to check the food of possible poisoning or contraband items even when they may not have the necessary facilities for the purpose.
Management Response:
Management indicated that because of inadequate funds, high prisoner population, difficulty in getting water and firewood make it difficult for them to provide all the approved food requirements and dietary scales. However, cooking pots have been purchased and distributed and more will be purchased in the FY 2010/2011. They also stated that intensive poultry farming started in Luzira and will soon spread to other regions to address the dietary needs of the inmates.

5.2.1.3 Clean Water for Drinking:
UPS Standing Orders require that safe drinking water should be available to prisoners whenever it is needed\textsuperscript{42}.

We noted that in all the 15 prisons visited, 84% had access to clean drinking water whenever needed while 16% did not. Apart from the piped water available in some prisons (especially those in urban areas like Luzira, Lira, Kabale, Mbale, Mityana and Jinja), other sources where water is collected like streams/swamps are not protected from contamination especially in prisons in rural areas or those formerly under the Local Government Administration, for instance Mubuku, Butiiti, Pece, Kitalya and Apac. (Kitalya and Pece prisons received piped water in May and June 2009, respectively). To improve on the quality and make the water safe and clean for drinking, some of the prisons regularly boil water for drinking. Deviations were, however, observed in some of the stations where water scarcity prevailed and the practice of boiling water was not strictly being followed. There was no adequate provision for storage of water for drinking, save for some plastic drums and jerry-cans donated by ICRC in some of the prisons.

Non-compliance was attributed to mainly water scarcity, competing needs for firewood (like prioritising cooking food as against boiling drinking water), limited cooking utensils to boil water, lack of adequate water storage facilities and the distance prisoners walk to collect the water. We also noted that the UPS management had no systematic arrangement in place to harvest rain water to supplement existing water sources.

\textsuperscript{42} Prisons Act, 2006 – Section 69(2)
Failure to provide clean drinking water whenever required can lead to the spread of water borne diseases like typhoid, diarrhoea and cholera; the costs of treatment once an outbreak occurs notwithstanding. There is also a risk of losing lives.

5.2.2 HEALTH CARE:

5.2.2.1 Medical Examination:

(i) Admission to prison:
Every prisoner is to be examined by the Medical Officer (MO) on the day of admission (or as soon as possible after his/her admission) and in any case not later than the first working day after his/her admission and pending such examination, a prisoner will be kept separate from other prisoners if considered necessary until certified fit by the (MO) to be located with other prisoners. 43

Each prisoner is supposed to be weighed in ordinary prison dress without cap and shoes whether on reception and discharge (within 24 hours) or at any intermediate period. Weighing should also be done at intervals of 1 month during his/her prison life and a record kept in the prisoner’s weight book 44.

We evaluated the UPS activities regarding the admission of new prisoners or those who have been convicted to determine whether prisoners received the required screening and examination within the mandatory 24 hours. Despite the provisions of the Standing Orders regarding medical examination, of all prisoners on admission, we noted that the practice is not being observed. Prisoners’ measurements on admission and subsequent weights on monthly basis to monitor their state of health were not taken and no such records were available in prisoners’ weight book in the prisons we visited. Prisoners are mixed in wards without due consideration of their medical status.

(ii) Regarding work:
Regarding prisoners fitness to work, the MO is to record the state of health of each prisoner and whether fit for work or not. Until such time as the prisoner has been medically examined,

43 UPS Standing Orders Part 2 Chapter 3 paragraph 18
44 UPS Standing Orders Part 2 Chapter 20 paragraph 4
he/she shall so far as possible be kept apart from other prisoners.\(^{45}\) Prisoners are expected to be weighed on reception, at intervals of 1 month and on discharge. Standing Orders also provide that no prisoner shall be employed in the kitchen until the MO or Clinical Officer has noted in his/her record that he/she has been tested as a non-carrier of a disease and is fit for such work\(^ {46}\). All prisoners employed in the kitchen or in handling food must first be examined by the MO and passed as free from any infectious or contagious disease and thereafter examined every month.\(^ {47}\) Every prisoner so employed must be free from typhoid. A nominal roll is to be hung in a prominent position in the kitchen of each establishment showing the serial numbers and names of all prisoners employed in the kitchen together with due dates of medical examinations and inoculations.\(^ {48}\)

We were unable to obtain a nominal roll or certification confirming that cooks or those serving food had undergone medical examination.

(iii) Vaccination and Inoculation:

In addition, every convicted prisoner on admission is supposed to be vaccinated and given an initial inoculation; thereafter protection is renewed as often as the medical officer considers necessary according to prevailing guidelines. A record of vaccinations and inoculations is supposed to be kept in each prisoner’s record sheet.\(^ {49}\)

Vaccination and inoculation of convicted prisoners was not being carried out as required. The audit team was not able to obtain medical records/cards for the period under review to verify whether these functions were being carried out and documented systematically.

This lapse was caused by lack of medical facilities and limited medical staff in the prison service. Even where medical facilities and staff were available, there was no strict adherence to these requirements, an indication of lack of awareness, laxity in enforcement and lack of staff awareness regarding medical procedures required on admission. Some of the medical staff were not aware of these requirements. The situation is made worse by late admissions as

\(^{45}\) UPS Standing Orders Part 2 Chapter 20 paragraph 2  
\(^{46}\) UPS Standing Orders Part 2 Chapter 28 paragraph 9(i)  
\(^{47}\) UPS Standing Orders Part 2 Chapter 11 paragraph 2(i)  
\(^{48}\) UPS Standing Orders Part 2 Chapter 11 paragraph 2(ii)  
\(^{49}\) UPS Standing Orders Part 2 Chapter 20 paragraph 3
prisoners come from courts late in the evening beyond normal working hours when medical facilities are closed.

Failure to carry out medical examination and vaccination on admission impairs the ability of UPS to control the spread of contagious diseases in the already congested prisons in addition to exerting more pressure on available medical resources to treat diseases which would have otherwise been prevented. TB and respiratory tract infections like cough are among the common diseases treated in health facilities within the prisons, yet early detection through examination can improve management of these cases and reduce their spread.

From Graph 2 below, TB alone on average contributed to 19% of the reported deaths for the period July 2005 to June 2008. The state of prisoners’ health is not regularly monitored as initial and monthly weights are not taken and recorded as required. Delivering effective counselling, care and treatment of those admitted in a verminous condition, HIV/AIDS cases or those with the history of drug/substance abuse becomes difficult. Disease spread and ill-health if not well managed ultimately lead to death.

**Management response:**
The UPS management explained that lack of isolation facilities and limited access to laboratory diagnostic facilities make it difficult for them to implement those interventions. They also indicated that new prison rules have been drafted to operationalise the Prisons Act, 2006 and as such the requirement of examining convicted prisoners will no longer be necessary. Where coordination with the MoH is a pre-requisite, management will liaise with the responsible offices to implement some of the requirements.

The UPS management further informed us that screening prisoners has been successfully piloted at three prisons of Upper Luzira, Gulu and Katojo/Fort-Portal under a two year joint UPS/ICRC project. They also informed us that medical cards are used in these three prisons for the last 2 years.

5.2.2.2 **Availability of Medical Facilities in Prisons:**

Objective 15 of the UPS Policy Document requires UPS to provide optimal Primary Health Care services to all prisoners. Providing quality preventive remedial services to those under the care
of UPS shall be achieved by making available at every Institution the services of qualified Medical Officers who will provide prisoners with treatment of the same quality and standard as is affordable to those who are not imprisoned or detained.\(^{50}\) Rule 22(2) of the UN Standard Minimum Rules for the Treatment of Prisoners states that sick prisoners who require specialist treatment shall be transferred to specialized institutions or to civil hospitals. Where hospital facilities are provided in an institution, their equipment, furnishing and pharmaceutical supplies shall be proper for the medical care and treatment of sick prisoners, and there shall be a staff of suitable trained officers. Other key equipment shall be provided to prisoners for proper personal hygiene and cleanliness.

(i) **Existence and Functionality of Health Facilities and Medical Equipment:**

We examined the capacity of UPS in the delivery of health care services to prisoners regarding the institutional arrangements of health facilities and methods of managing drugs in the service. UPS operates Murchison Bay Hospital as a referral/district hospital for the entire service and it is recognised by the Ministry of Health (MoH) as a general/institutional hospital. The hospital provides support supervision to health units in other prisons countrywide which are its immediate referring units. This activity was not being implemented regularly. It also provides health care services to residents of Luzira Upper Prison, Kampala Remand, Murchison Bay Prison, Women Prison, UPS Training School, prison staff and their relatives with an estimated population of 5,000 people. In addition, the hospital provides free health care services to the neighbouring communities of Luzira, Mutungo, Kitintale, Butabika, Biina, Bugolobi, Nakawa and Industrial Area making a total catchment area of approximately 125,469\(^{51}\).

During audit, we observed that the health care provided in prison facilities across the country varies greatly. In 22\% of the 13 prisons visited there was no operational health unit, while 78\% had in-house health units. Those which were operational had no laboratory services to carry out investigations and the facilities were not matching with the standard of service expected in terms of physical infrastructure (see picture 4 below), equipment and skilled health cadres.

\(^{50}\) UPS Policy Document page 34.

\(^{51}\) Murchison Bay Hospital Work-plan 2008/09 paragraph 2.
The existing units treat minor illnesses and mostly rely on other public health facilities nearby to access medical services or refer patients to those institutions. We noted also that in some cases, prisoners walk long distances to access medical services. Apart from Murchison Bay Hospital, laboratories and other diagnostic facilities were lacking in prisons.

We noted that Murchison Bay Hospital refers specialist cases to Mulago Hospital on a daily basis. Not all patients recommended for referral/consultation are actually taken because of limited shared transportation between the prisoners and staff/escorts on the ratio of at least 1:3. This denies sick prisoners the opportunity of getting specialist consultation, delayed treatment which worsens their medical condition. The hospital has also made arrangements to engage visiting medical Consultants (Psychiatrist Consultant from Butabika National Mental Referral Hospital and Surgeons from Mulago National Referral Hospital) on a weekly basis to reduce on some of the referral cases. Investigations and admission cases in Mulago and visiting consultants are funded from the Murchison Bay Hospital budget.

Murchison Bay Hospital does not provide the minimum health care package such as surgical interventions and emergency obstetric care which are still referred to National Referral Hospitals. The theatre is not operational because the necessary minor facilities like electrical fittings, plumbing installations and painting are not done to make it functional. (See picture 5 and 6 below).
Evidence of leakage and hanging electric wire in the theatre. Photo taken on 17/07/09 at 1.47pm at Murchison Bay Hospital. (OAG photo).

Plumbing works have not been fixed to make the theatre operational. Photo taken on 17/07/09 at 1.37pm at Murchison Bay Hospital. (OAG photo).

This condition has continued to persist even when medical staff have been trained to carry out basic functions, surgical equipment and supplies were provided by donor agencies and are still lying idle in the stores since 2006 as shown in pictures 7 and 8 below. The value of the items donated to the hospital could not be easily ascertained as their corresponding costs were not recorded in the ledgers.

Some of the donated theatre equipment lying idle at Murchison Bay Hospital. Photo taken on 17/07/09 at 1.36pm at Murchison Bay Hospital. (OAG photo).

Boxes of sundry surgical supplies that have not been in use for over 10 years. Photo taken on 17/07/09 at 2.16pm at Murchison Bay Hospital. (OAG photo).

The UPS management indicated that plans have been made to have eleven (11) Health Centre IV’s at regional level to ease the management of referral cases. Accordingly, JLOS through sector wide planning is assisting in the construction of Gulu Health Centre IV, provide it with equipment and a functional laboratory. Nine (9) other Health Centres have been selected as Health
Centre III facilities to cover female prisoners. The UPS also plans to build health units in prisons which are far from established health facilities if districts do not provide health centres within the next 5 years. To ease referral management, plans are underway to procure a minibus under JLOS funding for the patients at Murchison Bay Hospital in 2009/10 FY.

(ii) **Availability of Drugs and Sundries:**

As far as the management of drugs and sundries is concerned, all medical drugs and sundries for the entire service are purchased centrally and distributed by Murchison Bay Hospital monthly. We noted that the delivery of drugs and sundries is associated with delays while the supplies are not enough to take care of the basic needs of these units. We also observed that the conditions in some health centres under which these items are managed are not good as they are characterised by extreme heat, inadequate ventilation or dampness. In some cases, old buildings housing stores leak and require renovation. Other key items recommended for issue to prisoners like washing soap are inadequate, while others like toilet paper, toothbrush/toothpaste are not issued in all prisons visited.

Our view is that the UPS policy of providing free medical services to non-prisoners and the neighboring community impacts adversely on the resources available considering that the prisoners have no alternative health care options since they are confined, and the fact that the MoH currently does not contribute to health care financing in the prisons service. Available data for each of the two years (2007/08 and 2008/09) shown in the graph below indicates that non-prisoners represent over 50% of the patients treated at Murchison Bay Hospital.

![Patients Treated At Murchison Bay Hospital (2007/08 - 2008/09)](chart.png)
This drains available resources in the Health Services Division generally and Murchison Bay Hospital (which also serves other prisons in the country), ultimately denying prisoners quality medical services.

We also noted that lack of sufficient staff and prioritisation of health care financing and timely intervention in carrying out repair works for key areas necessary in service provision was another contributing factor.

The overcrowded prison conditions and lack of resources to deliver adequate care aggravate the prisoners’ existing medical conditions. Chronic illnesses such as hypertension, diabetes, asthma, and heart diseases require regular monitoring and constant care to keep the diseases from escalating to crisis levels. With prisoners on longer remand period, coupled with the effects of old age while in detention, developing the diseases of the elderly like respiratory tract infections, ulcers and mental health problems may not be avoidable.

Furthermore, given limited medical facilities in prisons, monitoring and timely management of such conditions regularly becomes difficult. Failure to provide basic equipment like toothpaste can lead to poor oral health which complicates and compounds the ill effects of diseases like diabetes. Poor medical services in prisons compromises the well-being of inmates, threatens their basic right to life and the desired objective of providing quality preventive and remedial health services to prisoners becomes unattainable.

Failure to provide adequate, immediate and effective medical treatment by subjecting sick prisoners to walking long distances to seek medical attention does not only worsen their condition but also increases the spread of opportunistic infections leading to death; costs of transporting inmates to and fro, and additional expenditure on outside consultations notwithstanding.

**Management Response:**

During our discussions with the UPS management, it was stated that the MoH has agreed to incorporate Prison Health Units on the list of government benefiting units in the respective areas supervised by District Health Officers on the National
Drug Credit Lines effective from 2010/11 FY. This arrangement is expected to improve medical care in prison facilities.

5.2.2.3 Availability of Medical Staff:

The UPS authority in consultation with the Health Service Commission is to appoint qualified MOs at every prison in the country (as detailed in 3.2.2 above) and be responsible for the health of prisoners and staff.\(^{52}\) The service shall address the special health concerns of certain offenders such as drug abusers, sex offenders and the mentally disordered, through preventive, rehabilitative and counselling programmes administered by qualified personnel.\(^{53}\)

The analysis of the approved medical staff structures against the actual positions filled for the period 2007/08 to June 2009/10 is shown in the graph below. (Figures for 2009/10 have been included as projection, since 46 additional positions had been advertised) at the time of audit. While staffing levels are progressively improving over the period, the numbers are inadequate compared with the prisoner population.

![Graph: Percentage of Filled Positions for UPS Health Services Division for the period 2007/08 to 2009/10](image)

*Analysis by OAG using data from UPS.*

During audit, we analysed the staffing patterns for the medical department to ascertain whether they were commensurate with existing workloads. We noted that UPS currently, employs 226 staff in the medical department (or 52%) out of 436 approved by the Ministry of Public Service (MoPS) in July 2007. A total of 94 are posted in Murchison Bay Hospital, Luzira against the approved structure which provides for at least 190 in the hospital while 127 are in

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\(^{52}\) Prisons Act 2006, S.26(2)  
\(^{53}\) UPS Policy Document page 34.
other health units countrywide and 5 at head-office. Key positions of qualified staff with knowledge of Psychiatry, Dentists and Obstetrics and Gynaecology remain vacant.

Lack of staff is caused by failure in recruitment as per approved structure by Ministry of Public Service, which UPS attributed to the limited financial resources. The UPS management indicated that the MoPS advised them to implement the approved structure for medical staff within the available wage allocation for 2007/08 FY. They also highlighted inadequate/absence of basic health infrastructure to enable staff apply their skills as a unique challenge in prisons. Accordingly, UPS has failed to attract and retain health workers resulting into high attrition rates.

The effectiveness of any health care system is largely dependent on staffing considerations. Because of existing staff gaps, basic functions like medical examinations on admission, weighing, ascertaining medical status and fitness of those to work as cooks or farm labourers are not being done. There is also a risk of exposing prisoners who are not medically fit, to hard labour. Staff gaps in the medical department have also led to uniformed staff performing clinical duties against the UPS regulations which prohibit uniformed staff from performing these functions. Besides, the practice denies them time to concentrate on their core duties further worsening the staff to prisoner ratio which stands at 1:9 instead of the recommended 1:3, additional costs of outsourcing specialists notwithstanding.

5.2.2.4 Management of Communicable Diseases:

A section of the prison hospital or room or ward in the hospital is supposed to be set aside to receive suspected cases. The MO will give directions as to the requirements for isolation of staff attending cases. If necessary, arrangements will be made by the OC to provide a mess within the prison for staff with the infection.\textsuperscript{54}

Field visits revealed that only 38% (i.e. 5) of the facilities inspected had a separate ward/room for TB patients but 62% did not have adequate space or separate rooms for such patients apart from those located at the regional centres with health units and/or in-house sick bays. Smaller units did not have provision for separate rooms for patients with suspected cases let alone facilities for testing and examining them. Prisoners were mixed regardless of their medical conditions in wards which were overcrowded. Medical staff also indicated that they did

\textsuperscript{54} UPS Standing Orders Part 2 Chapter 20 paragraph 9(c)
not have adequate protective gear and they have had no training in infection control for the last four years yet TB cases are prevalent in prisons and can spread easily, to both staff and prisoners given the fact that overcrowding in prisons at the time of audit stood at 212%.

Failure to separate prisoners is attributed to lack of medical staff to examine prisoners on admission and lack of space to carry out effective separation.

This further exposes prisoners to spread of contagious diseases like TB, skin related diseases mostly scabies, Upper Respiratory Tract Infections, eventually leading to death.

5.2.2.5 **Control of insects, rodents and vermin transmitting diseases:**

Officers in Charge of prisons are supposed to be acquainted with the requirements of the relevant sections of Public Health Act and ensure that all such requirements are observed by them. The Public Health Act provides for the prevention of the spread of disease by flies or other insects and the destruction and the removal of or the abatement of conditions permitting or favouring the prevalence or multiplication of the insects; destruction of rodents and other vermin and the removal or abatement of conditions permitting or favouring the harbourage and multiplication of rodents and other vermin.

The inspection of prisons facilities revealed that although the facilities and wards are old and have not been painted over time, they were kept clean most of the time except in isolated cases when water shortage was experienced. Disinfect/fumigation of wards was mainly done in Luzira prisons, where indoor residue spraying is done semi-annually. ICRC also provides fumigation powder (pyrethrum) to Luzira for killing lice and bedbugs in the wards.

We observed that of the 13 prisons inspected, only Luzira, Jinja and Lira had made provision for mosquito wire mesh in the ventilation spaces provided in the wards. In Arua for example, a swarm of mosquitoes was seen in the female wing and there was evidence of blood stains on the walls as confirmation that mosquitoes were common in cells at night.

We also observed that there was no clear method of preventing and controlling rodents as rats could easily enter stores as evidenced by rat droppings.

55 UPS Standing Orders Part 2 Chapter 20 paragraph 8
56 Public Health Act S.27 (i) and (j)
Failure to control the entry of insects, rodents and vermin was caused by lack of preventive/control measures and limited knowledge of existing guidelines and laws by the respective OCs.

![Graph Showing the common causes of death in Prisons for the period 2005/06-2008/09](image)

Analysis by OAG from data extracted from UPS records.

This results into a high incidence and spread of preventable diseases like malaria, and other water-borne diseases like diarrhoea which could otherwise be avoided with better control and preventive methods. 100% of the prisons visited reported that prisoners suffer from malaria and 11% of the deaths reported over a period of 4 years under audit were caused by malaria as shown in the graph above. Other insects if not sprayed regularly can lead to skin diseases or even anaemia as they can cause skin irritation and suck blood. Besides, rats are known carriers of bubonic plague.

5.2.3 **PRISONER’S CLOTHING AND BEDDINGS:**

5.2.3.1 **Uniforms:**

Every convicted prisoner is supposed to be provided with a complete set of clothing and equipment on admission, as laid down in the Standing Orders and he/she will be responsible for the safe keeping and care of these items. All such clothing and equipment are supposed to be clean and in a good state of repair at the time of issue.\(^57\) For ease of identification and for purposes of security in prisons, it is good practice that all prisoners be in uniforms provided by prisons authorities.

\(^{57}\) UPS Standing Orders Part 2 Chapter 3 paragraph 31
Prisoners employed in the kitchen are also supposed to be provided with aprons and hats specially made for the purpose and shall wear them at all times when they are on duty. A clean issue of aprons and hats shall be made daily. An officer detailed for duty in the kitchen shall wear an apron over his ordinary uniform clothing. The UPS Policy document also highlights the provision of optimal standards of welfare services and living conditions of prisoners.

We noted during audit that the requirement of providing at least 2 uniforms to prisoners is not adhered to. Even a single uniform is not available to some of the prisoners. At the time of audit, we noted that 38% of the prisons had provided all inmates with at least 1 uniform (mainly delivered in the 2009/10 financial year), while 62% could not provide all the prisoners with a pair of uniform. The graph below shows overall the uniforms issued by UPS to prisoners against the required number for the period July 2005 to June 2009.

Apart from 2005/06 when at least a pair of uniforms was provided, UPS has failed to provide 2 pairs of uniforms to each prisoner in the period under audit. Notably, in 2006/07 only 1.6% (or 470 uniforms) of 29,298 prisoners received uniforms, while in 2008/09 only 29% received as shown in the graph below.

Analysis by OAG from data extracted from UPS records.

58 UPS Standing Orders Part 2 Chapter 54 paragraph 9
59 UPS Policy Document page 24
The management of UPS is commended for instituting a method of purchasing clothing material which is sown in prisons (mainly in Upper prison, Luzira) and finished uniforms subsequently issued to prisons through the Quartermaster General’s office. Under this arrangement, UPS is capable of making the uniforms required for all the prisoners, staff and even other interested organizations, if business opportunities arise. The machinery and skills possessed are also intended to train and impart knowledge and rehabilitate the prisoners.

Audit inspections also revealed that the prisoners working as cooks or serving others were not provided with aprons or caps. Not all those working in gardens were provided with uniforms. They were either wholly dressed in their own clothes or partly in uniforms provided by UPS as shown in picture 9 below.

Audit observed that the condition is caused by poor prioritization and planning in providing basic necessities to prisoners as the uniforms should have been relatively cheaper given the fact that they are made in-house with substantial savings on labour, transport, business profits and other overheads if they had been tendered out to other suppliers.

As a result, prisoners cannot easily change to another set to wash dirty uniforms. Those working in outdoor fields are exposed to harsh weather conditions and besides their private clothing wear out fast. This compromises their personal hygiene and it is also a potential cause of disease. Prisoners do not receive any remuneration for work done as recommended, where
savings could be made to enable them replenish their belongings and start a new life with dignity and ease on discharge from prison.

5.2.3.2 **Beddings:**

In accordance with local and international standards, every prisoner is supposed to be provided with a separate bed and with separate and sufficient beddings.  

UPS does not provide beds, mattresses or blankets to prisoners. They sleep on the floor without mattresses and adequate blankets to cover themselves and get sufficient warmth. Picture 10 shows typical accommodation arrangements in UPS wards. However some sections of female prisons and few male wards were equipped with beds, mattresses and blankets with support from donor agencies and NGOs like ICRC and the Government of Germany as shown in picture 11 below.

![Picture 10: A male ward in Mubuku Prison Farm. Photo taken on 28/07/2009 at 11.09am. (OAG photo).](image)

![Picture 11: A ward in Luzira female section with beds and mattresses donated by the Government of Germany. Photo taken 16/07/09 at 11.24am. (OAG photo).](image)

Mats are provided mainly by ICRC for prisoners to sleep on but these are not enough to cover all prisoners. (This is an initiative improvised to alleviate the hard conditions of those who sleep on the floor, as there are not enough beds/beddings to cater for the basic accommodation requirements of prisoners). In prisons where donor support has not been received, OCs purchase blankets and local mats using internally generated funds at source, for instance, from the sale of farm produce. We also noted that no blankets have been purchased

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60 UPS Standing Orders Part 2 Chapter 57 paragraph 8
from the UPS budget and provided to prisoners for the period under review and preceding years extending to a decade. A total of 30,000 pieces of blankets have been purchased and have been distributed in the current financial year 2009/10 (September-October 2009).

Lack of beds and beddings was attributed to inadequate funds to purchase the necessary items. It is also evident that increased numbers of inmates in prisons and lack of sufficient space for beds also pose more challenges to the provision of the necessary items to make the living conditions of prisoners meaningful and humane. Consequently, the provision of separate beds with sufficient beddings appears to be a dream. Lack of prioritisation in planning for the provision of these basic needs cannot be ruled out as there was no proposal made in the previous budgets to procure these items.

Poor bedding facilities deny the prisoners their basic rights and services compatible with human dignity. This further aggravates the suffering and loss of self respect; and yet their basic human rights should not be taken away from them even in detention. Prisoners are not kept warm and comfortable and, accordingly, the objective of providing living conditions similar to those of normal life is also violated. Coldness also impacts on the prevalence of pneumonia cases as we observed in some of the places.

5.3 CONCLUSIONS

From the audit findings outlined above, the following conclusions were made to highlight the opinions formed during the course of the audit.

5.3.1 PROVISION OF FOOD:

5.3.1.1 Adequacy of food:
The UPS does not provide adequate food to all prisoners as required and at the right time. There is also inconsistency in serving food to prisoners as some prisons do not provide some of the planned meals to the inmates.

5.3.1.2 Quality of food and meal times:
The quality of food served to the prisoners is not wholesome as it cannot provide all the nutritional requirements stipulated in the approved food requirements and dietary scale.
5.3.1.3 **Drinking Water:**
The UPS has not put in place a clear system of providing clean drinking water; nor has it provide for proper water storage facilities which can be availed to all prisoners whenever required.

5.3.2 **HEALTH CARE:**

5.3.2.1 **Medical Examination and vaccination on admission to prison:**
The UPS does not examine all prisoners on admission. The service does not maintain inmate medical records for all essential screenings and examinations for purposes of follow-up, support supervision and timely management of illnesses. There is a higher risk of contracting infectious or communicable diseases in a prison setting. By not administering all mandatory screenings and vaccinations, the identification and control of contagious and chronic conditions becomes difficult.

5.3.2.2 **Availability of Medical Facilities in Prisons:**
Medical facilities too are inadequate to cater for the health care services of prisoners. Available facilities are inadequate and not maintained to function properly and offer the desired level of services comparable to those outside confinement. Grievances related to health care services and litigations; resulting from such omissions may not be avoided.

5.3.2.3 **Availability of Medical Staff:**
The staffing level in the Health Services Division is too low to deliver adequate medical services in all prisons. As a result, the individual and public health benefits accruing from timely and complete health assessments, as well as the cost savings resulting from early detection and treatment of prisoners are not achieved. This further raises the cost of providing health care services in the UPS.

5.3.2.4 **Management of Communicable Diseases:**
The systems of managing communicable diseases in prisons are inadequate. There is no provision for carrying out medical examinations to detect those illnesses on admission. The provision for the segregation of the sick in cells to prevent the spread of such illnesses are not satisfactory because of lack of the enabling facilities, medical staff shortages and limited medical supplies.
5.3.2.5 **Control of insects, rodents and vermin transmitting diseases:**

The UPS has no organised method of preventing insects, rodents and vermin from entering the prisons. Wards were not being disininfected to control the incursion of such vermin. As a result they spread diseases amongst prisoners.

5.3.3 **PRISONERS CLOTHING AND BEDDINGS:**

5.3.3.1 **Uniforms:**

The UPS does not provide enough uniforms to prisoners. This makes the identification of prisoners difficult. Moreover, torn clothes degrade and humiliate prisoners and detracts on their dignity. Accordingly, the objective of providing optimal standards of welfare and living conditions is not attained.

5.3.3.2 **Beddings:**

Prisoners are not provided with beds. Despite the efforts made by development partners and humanitarian agencies to provide blankets and mats, the UPS has not taken a leading role to fill the gap left by the development partners and humanitarian agencies in the provision of sufficient beddings to prisoners.

5.4 **RECOMMENDATIONS**

Based on the findings and conclusions reached above, the following recommendations aimed at addressing the existing deficiencies, have been suggested in light of the emerging policy which views prisons as places of correction and rehabilitation of the inmates for eventual reintegration into society. This affirms the fact that the rights of those arrested, detained or accused should be protected by prison authorities through the provision of appropriate basic necessities in all places of confinement.

5.4.1 **PROVISION OF FOOD:**

**Adequacy of food:**

5.4.1.1 The UPS should improve on farm inspections to ensure that all the food produced on prison farms is properly recorded, accounted for and availed to feed the prisoners with the appropriate amounts of food.
5.4.2 Prisons authorities should also liaise with other government agencies with a view of benefiting from the advisory services and accessing the requisite inputs to increase food production in prisons given the advantage of availability of cheap/free labour.

5.4.3 The UPS should also evaluate the benefits of strengthening other regional food centres/prison farms where maize mills and storage facilities exist to alleviate the shortages and cost of transporting food supplies from Kampala stores.

5.4.4 All convicts without serious security concerns should preferably be transferred to the nearest prisons with farms so as to boost food production in prison farms.

5.4.5 The practice of hiring out prisoners to work on private/individual farms should also be discouraged as it violates their rights and deprives the prison farms of essential human resource labour.

5.4.6 To reduce pressure on available resources, the UPS should take a leading role in addressing the challenge of increased prisoner population and high remand levels in prisons which currently stands at an average of 60%. This should be discussed with other stakeholders, including the Judiciary, DPP, and Local Authorities, with a view of improving on the pace of investigations and case management; as well as the promotion of other non-custodial methods of administration of criminal justice, such as the use of community service and other alternative sentences rather than imprisonment.

5.4.7 The UPS should identify dishonest suppliers who deliver less or sub-standard food supplies with a view of blacklisting them.

With increased food production the prison would be in position to enhance food security and provide all the recommended food requirements and dietary scale, (if local food production is increased to at least 50% from the current 30%).

Quality of food and meal times:

5.4.8 The UPS management should endeavour to provide the recommended food on the dietary scale in view of the current level of funding and farm production.

5.4.9 The production on prison farms should also focus on the diversification and growing of other relevant food crops which have been identified as essential for the provision of the minimum food requirements for the inmates. UPS should also prioritise projects like: poultry, fish farming, and beef/dairy production that would potentially provide the necessary food requirements for prisoners, given the available resources at their disposal.
5.4.1.10 Where marketing and production potential for the growing of cash crops has been identified, (for example sugar cane, simsim and cotton which are currently being grown), the benefits accruing from growing such cash crops on prison farms should be channelled in purchasing other items like groundnuts, meat, sugar or cooking oil and improving the quality of food served to prisoners as well as other aspects of their well-being.

5.4.1.11 The UPS management should also ensure that food stores are kept clean and old food stocks should be well prepared and protected free of weevils and other pests.

**Clean Water for Drinking:**

5.4.1.12 The UPS management should ensure that clean and safe water for drinking is provided all the time. The UPS should make provision for harvesting rain water to supplement existing sources. Good practices like water purification, currently done in some prisons could also be shared, adopted and applied elsewhere.

5.4 **HEALTH CARE:**

**Medical Examination and vaccination on admission to prison:**

5.4.2.1 The UPS should develop and implement a comprehensive and proactive arrangement to ensure that the assessment of the health of all inmates upon admission is carried out for timely prevention and subsequent management of diseases in prisons.

5.4.2.2 The staff at reception centres should in turn regularly report the results of such examination to higher levels in the service. Regular support supervision and systematic monitoring of such practices should be designed to ensure compliance.

5.4.2.3 The clinical staff and the OCs should also be sensitised on the need for continuous assessment and the benefits of such examination on saving on the costs of treatment.

5.4.2.4 The UPS management should also ensure that inmate medical records are properly and duly completed, regularly updated and routine checks and weighing are done to monitor the medical and health condition of prisoners.

**Availability of Medical Facilities in Prisons:**

5.4.2.5 While the policy of providing free medical services to the communities surrounding the prisons is well-intentioned, the UPS management should re-evaluate this arrangement with a view of concentrating their efforts and available resources to serving their primary target population -
the prisoners, until such a time when the MoH will take over/supplement health care provision in the prisons.

5.4.2.6 The UPS management should also prioritise key repair works to the theatre at Murchison Bay Hospital to increase the capacity and functionality of this facility.

5.4.2.7 To avoid the problems of essential drugs running out of stock, and to streamline management of prisoner treatment, the UPS should regularly review and adjust drug purchase plans, allocation portions and distribution consignments in consultation with all health units within the system.

**Availability of Medical Staff:**

5.4.2.8 Availability of qualified medical staff is paramount in accomplishing the goals of providing an effective health care delivery system in a prison setting. The recruitment of key medical staff should be prioritized to save on the cost of referral cases and increase preventive leverages by examining prisoners on admission, and at regular subsequent intervals.

5.4.2.9 The posting of medical staff to upcountry prisons should be rationalized and effected in line with the prisoner populations to be served to ensure that basic primary health care functions are attended to immediately as cases of illnesses are reported and complaints registered by prisoners are recorded. This will also reduce on the referral cases to Murchison Bay Hospital and other public health institutions within the various regions for minor and manageable illnesses.

5.4.2.10 Prisoners that may require special attention for instance those who have HIV/AIDS related infections, mental disorders or the pregnant, should be transferred to prisons with adequate staff and facilities for appropriate management and support.

**Management of Communicable Diseases:**

5.4.2.11 Initial screening of prisoners on admission, prevention and appropriate separation of the sick should be enforced to avoid the prevalence and spread of communicable diseases in prisons.

5.4.2.12 Isolation wards should be established in prisons to avoid the spread of contagious/communicable diseases.

5.4.2.13 To ensure that HIV prisoners get proper treatment, such prisoners should be referred to prisons that have medical staff, adequate facilities and counselling services. This should preferably be done with a view of promoting peer support, coping more responsibly with their condition and minimising new infections without denying their rights to participate in activities, like games and other rehabilitation work, with other prisoners during the day.
Management of insects, rodents and vermin:

5.4.2.14 The management should design and enforce better and practical methods of controlling the entry of insects, rodents and vermin in prisons as they are carriers of diseases. This will greatly reduce on infections leading to saving on the cost of treatment.

5.4.3 PRISONERS CLOTHING AND BEDDINGS:

Uniforms:

5.4.3.1 The UPS should exploit the advantage of having enough capacity, including equipment and skilled human resources, of making the uniforms in-house to be able to provide enough uniforms to prisoners.

5.4.3.2 The UPS management should also coordinate with other public sector institutions and regulatory agencies in procurement to secure business opportunities and utilize excess capacity to generate additional income for the procurement of clothing materials and maintaining the tailoring unit.

5.4.3.3 The UPS management should also make an analysis of its operational costs to identify potential savings and ascertain if it has maximized its ability to manage resources to meet the existing financial challenges.

Beddings:

5.4.3.4 The UPS management should take a leading role in providing prisoners with enough beddings instead of depending entirely on contributions from development partners and humanitarian agencies which are not enough to cover all the inmates.
6  PROJECT MANAGEMENT: A CASE STUDY ON EIGHT DEBT FUNDED PROJECTS

6.1  INTRODUCTION

6.1.1  MOTIVATION

The Auditor General’s Report of F/Y 2004/2005 highlighted a problem of low absorption of External Debt/loan by implementing agencies. A sum of Shillings Six (6) billion was paid out as commitment fees on loan amounts not drawn by beneficiary projects. The report further highlighted a problem of failure by Government to release the budgeted counterpart funding in full.

The Public Accounts Committee of Parliament (PAC) while discussing the OAG report of the financial year ended 30th June, 2005 recommended that Government should not get loans which it cannot absorb. The Committee directed that any Accounting Officer who does not absorb loans as agreed, should be charged for inefficiency and negligence.

The Committee further directed that Government should budget for all counterpart funds before procuring a loan.

The Office of the Auditor General embarked upon an independent evaluation of the Project performance in External Debt/loan utilization in an effort to determine the cause of low absorption of external debt and make recommendations to address the challenges.

6.1.2  BACKGROUND OF THE AUDITEE/STATUTORY MANDATE

In accordance with the provisions of Article 159 of the Constitution of the Republic of Uganda, Government may borrow from any source. Government shall borrow in a manner as authorized by or under an Act of Parliament.

Additionally, the Public Finance and Accountability Act, 2003 (PFAA) expounds upon the necessary measures in the control and management of public finances, including the
regulation of government borrowing. Under this Act, the management of the Consolidated Fund and the supervision and control of all the financial affairs of the Government is entrusted to the Ministry of Finance, Planning and Economic Development.

The Ministry of Finance, Planning and Economic Development is responsible for the borrowing of funds and monitoring of the projects funded by borrowed funds while the respective Line Ministries are responsible for managing and accounting for those funds.

6.1.3 **DEBT FINANCING**

IDA, ADF, IFAD, EIB and the NORDIC FUND are the major sources of external debt financing to Uganda. For the period from 2005 to 2008, debt funding of Ug Shs 5.069 trillion was received as indicated below:

**Table I: Debt Financing**

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Amount (Ug Shs’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/2005</td>
<td>1,755,702,792</td>
</tr>
<tr>
<td>2005/2006</td>
<td>889,837,068</td>
</tr>
<tr>
<td>2006/2007</td>
<td>1,906,748,498</td>
</tr>
<tr>
<td>2007/2008</td>
<td>517,562,784</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,069,851,142</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of Finance Planning and Economic Development

6.1.4 **AUDIT OBJECTIVE AND SCOPE**

**Audit Objective**

The audit objective was to examine the causes of low absorption of external debt by implementing agencies and make recommendations to address the challenges.

**Audit Scope**

The Audit was carried out in the Ministry of Finance, Planning and Economic Development and the relevant line ministries which hosted the projects. The audit focused on the financial years from 2004/2005 to 2007/08 and on eight (8) debt funded projects out of the fifty nine (59) projects implemented and whose closing dates were extended during the period under review.
Of the eight projects, four were funded by ADF, three were funded by IDA and one was funded by IFAD as shown in the table overleaf:

Table III: Project Funding

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>DEVELOPMENT PARTNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ADF</td>
</tr>
<tr>
<td>Northern Uganda Social Action Fund (NUSAF)</td>
<td>✓</td>
</tr>
<tr>
<td>Small Towns Water Supply and Sanitation</td>
<td>✓</td>
</tr>
<tr>
<td>Fisheries Development project,</td>
<td>✓</td>
</tr>
<tr>
<td>Road Development Program Phase 1,</td>
<td>✓</td>
</tr>
<tr>
<td>Road Sector Support Programme I</td>
<td></td>
</tr>
<tr>
<td>North West Smallholder Agricultural Project</td>
<td>✓</td>
</tr>
<tr>
<td>Vegetable Oil Development Project</td>
<td></td>
</tr>
<tr>
<td>Economic, Financial and Management Project (EFMP II)</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>4</td>
</tr>
</tbody>
</table>

6.2 FINDINGS

6.2.1 IMPLEMENTATION OF PROJECTS

For each debt funded project being implemented by Government, the effective and completion dates are clearly stated in the relevant financing agreement. The dates are set after both the Development partner and Government have carried out a detailed review of the economic, financial and technical requirements of the project and the key success factors agreed upon.

The eight (8) debt funded projects under study, had their completion dates extended due to the delays in achieving the critical development objectives (milestones). The commitment fees paid during the period under review amounted to Ug Shs 20.6 billion including penalties as shown in the table below:-
Table IV - Commitment Fees

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Amount paid in Billions of Shillings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/2005</td>
<td>6.4</td>
</tr>
<tr>
<td>2005/2006</td>
<td>5.5</td>
</tr>
<tr>
<td>2006/2007</td>
<td>4.4</td>
</tr>
<tr>
<td>2007/2008</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20.6</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of Finance Planning and Economic Development

The audit revealed that the DMFAS Accounting software used by MOFPED for external debt management did not produce information on penalties resulting from the low absorption of borrowed funds on an ongoing basis. According to MOFPED, the penalties are embedded in the commitment fees calculated by the system.

The study of the eight projects further revealed that the projects delayed for a period ranging from half a year to 5 years, and according to MOFPED, it is estimated that an amount of US$ 585,358 is to be paid as excess commitment fees as shown in the table below:

Table (V) - Delays and Excess Commitment Fees

<table>
<thead>
<tr>
<th>S/No</th>
<th>Project</th>
<th>Extended Period (Years)</th>
<th>Un-disbursed amounts (US $ and SDR)</th>
<th>Extra Commitment Fees (US $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Second Economic Financial Management Project</td>
<td>3</td>
<td>SDR 410,421</td>
<td>220,438.18</td>
</tr>
<tr>
<td>2</td>
<td>North Uganda Social Action Fund Project</td>
<td>1½</td>
<td>1,208,562</td>
<td>55,204.48</td>
</tr>
<tr>
<td>3</td>
<td>Small Towns Water Supply and Sanitation Development</td>
<td>6 months</td>
<td>1,805,254</td>
<td>12,281.63</td>
</tr>
<tr>
<td>4</td>
<td>Fisheries Development Project</td>
<td>2</td>
<td>11,867,655</td>
<td>49,428.64</td>
</tr>
<tr>
<td>5</td>
<td>Vegetable Oil Development Project</td>
<td>5</td>
<td>6,492,841</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>North West Small Holders Agricultural Project</td>
<td>3</td>
<td>2,064,854</td>
<td>158,153.15</td>
</tr>
<tr>
<td>7</td>
<td>Road Development Programme Phase 1</td>
<td>1½</td>
<td>6,075,725</td>
<td>89,312.70</td>
</tr>
<tr>
<td>8</td>
<td>Road Sector Institutional Support Technical Assistance Project (RSSTP)</td>
<td>3</td>
<td>4,411,240</td>
<td>534.98</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>585,358.76</strong></td>
</tr>
</tbody>
</table>

Source: Ministry Of Finance Planning Economic Development
The delays in implementation and low absorption of the external debt does not only cause loss of public resources as government has to meet the excess commitment fees and penalty on un-disbursed funds held on the loan accounts by the development partners but also leads to cost escalation such as increased future prices of goods and services due to inflation and extra administrative costs.

It was noted that the delayed implementation of projects was caused by the following factors:

6.2.1.1 **Counterpart Funding**

Each loan/credit financing agreement stipulates various categories of expenditure, coupled with percentages, to be financed by government (counterpart funding). Every financial year, counterpart funds have to be budgeted for and approved by Parliament for which a respective Accounting Officer of the line ministry is responsible (section 145 of the TAI refers).

The counterpart funds usually cater for the cost of operational activities which may include the day to day operations of a project such as field activities, monitoring and evaluation activities, payment of tax liability and maintenance of vehicles as stipulated in their respective financing agreements.

It was noted that Government did not honor its obligation of approving all counterpart funds as budgeted for by the PIUs/line ministries as shown below:

**Table VI- Analysis of Budget against approved estimates (2004/5 – 2007/8)**

<table>
<thead>
<tr>
<th>S/N</th>
<th>Project name</th>
<th>Budget '000' (Ug Shs)</th>
<th>Approved estimates '000' (Ug Shs)</th>
<th>(Shortfall) (Ug Shs)</th>
<th>% Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fisheries Development project</td>
<td>20,289,000</td>
<td>8,419,560</td>
<td>(11,869,440)</td>
<td>41%</td>
</tr>
<tr>
<td>2</td>
<td>North West Small Holders Agricultural project</td>
<td>13,277,800</td>
<td>5,517,542</td>
<td>(7,760,258)</td>
<td>42%</td>
</tr>
<tr>
<td>3</td>
<td>Vegetable oil Project</td>
<td>15,993,000</td>
<td>5,983,426</td>
<td>(10,009,574)</td>
<td>37%</td>
</tr>
<tr>
<td>4</td>
<td>Road Development programme phase I</td>
<td>19,160,000</td>
<td>14,767,091</td>
<td>(4,392,909)</td>
<td>77%</td>
</tr>
<tr>
<td>5</td>
<td>Road Sector Support Project</td>
<td>25,880,000</td>
<td>22,837,598</td>
<td>(3,042,402)</td>
<td>88%</td>
</tr>
<tr>
<td>6</td>
<td>Small Towns Water and Sanitation project</td>
<td>26,902,047</td>
<td>15,036,027</td>
<td>(11,866,020)</td>
<td>56%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>121,501,847</strong></td>
<td><strong>72,261,244</strong></td>
<td><strong>(48,891,602)</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Line Ministry Policy Statements*
It was further noted that Government did not honor its obligation of releasing in full the counterpart funds as per the approved estimates. It was noted during the review that only Shs12,765,421,421 out of the approved estimates of Shs57,525,217,000 in five projects was released by Government, which was only 22.2% of the total budgeted amount, as shown in the table below:

<table>
<thead>
<tr>
<th>S/N</th>
<th>Project Name</th>
<th>Approved estimates (Shs)</th>
<th>Actual G.O.U releases (Shs)</th>
<th>Under funding (Shs)</th>
<th>%ge releases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fisheries Development Project</td>
<td>8,419,560,000</td>
<td>417,153,842</td>
<td>(8,002,406,158)</td>
<td>5%</td>
</tr>
<tr>
<td>2</td>
<td>North West Small Holders Agricultural Project</td>
<td>5,517,542,000</td>
<td>1,762,171,024</td>
<td>(3,755,370,976)</td>
<td>32%</td>
</tr>
<tr>
<td>3</td>
<td>Vegetable Oil Development Project</td>
<td>5,983,426,000</td>
<td>3,895,222,555</td>
<td>(2,088,203,445)</td>
<td>65%</td>
</tr>
<tr>
<td>4</td>
<td>Road Sector Support Project (1)</td>
<td>14,767,091,000</td>
<td>4,834,065,000</td>
<td>(9,933,026,000)</td>
<td>32.7%</td>
</tr>
<tr>
<td>5</td>
<td>Road Development Program phase 1</td>
<td>22,837,598,000</td>
<td>1,856,809,000</td>
<td>(20,980,789,000)</td>
<td>8.1%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>57,525,217,000</strong></td>
<td><strong>12,765,421,421</strong></td>
<td><strong>44,759,795,579</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Financial Statements/Progress Reports

In relation to the budgeted funds, the Fisheries development project the North West Small Holders Agricultural Project and of the Road Sector Support Project received as low as 5%, 32% and 33% respectively (1) as shown in the table above. However, the Vegetable Oil Development Project received more than 50%.

According to MOFPED, government’s failure to remit the budgeted counter part funds is due to the inadequate government resources (Budget constraints) and prioritization of Government programmes. The failure of government to honor its obligation of providing the budgeted counterpart funding led to the following:

- The project commencement time was delayed because funds that were needed to kick start the activities were insufficient and this in turn resulted in failure to utilize debt funds.
A case in point is the Vegetable Oil Development Project, which could not take off without land which was supposed to have been purchased using counterpart funds. At the time of the audit, Government had not released the total budget for the purchase of the land.

- The implementation of project activities could not be on schedule and according to work plans due to failure by government to provide funds as planned which led to delays in project implementation.

A case in point was the Fisheries Development Project which could not secure the required land titles for the civil works in time because management did not have adequate counterpart funds. Negotiations with private land owners failed to materialize as planned. Consequently, the implementation of the civil works component was delayed for two years.

The failure of government to honor its obligation of providing the budgeted counterpart funding led to the failure of the projects to attain their intended objectives. This failure is also a violation of the funding agreement covenant and could lead to the suspension of project disbursements by the Development Partner and consequently stall project implementation.

6.2.1.2 **Diversion of Project Funds**

According to Treasury Accounting Instructions (TAI) 2003, Section 145, published estimates should contain estimated revenue and expenditure budgets of all debt funded projects which have been approved by Parliament. Any re-allocation has to be approved by the Permanent Secretary/ Secretary to the Treasury (ST), MOFPED. (Section 152 refs)

It was noted that four (4) out of the eight (8) projects had their counterpart funds amounting to Shs.3,174,454,821 diverted by the Ministries during the period under review as shown below:-
Table VIII: Diverted project funds (2004/05 to 2007/08)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approved estimates (Shs)</th>
<th>Amount diverted (Shs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisheries Development Project</td>
<td>8,419,560,000</td>
<td>1,815,533,963</td>
</tr>
<tr>
<td>North West Small Holders Agricultural Project</td>
<td>5,517,542,000</td>
<td>832,627,325</td>
</tr>
<tr>
<td>Vegetable Oil Development Project</td>
<td>5,983,426,000</td>
<td>164,619,537</td>
</tr>
<tr>
<td>Road sector support project (1)</td>
<td>14,767,091,000</td>
<td>361,673,996</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34,681,619,000</strong></td>
<td><strong>3,174,454,821</strong></td>
</tr>
</tbody>
</table>

Source: Auditor General’s Reports

Diversion of funds deprived the projects of the much needed operational funds leading to delayed project implementation. According to interviews carried out with the Project Coordinators and MOFPED staff, the diversion of funds is attributed to lack of direct control of counterpart funds by the project coordination units and mixing of project releases on the same account with line Ministries’ releases. The diversion of counterpart funds was also attributed to non-adherence to control procedures and financial indiscipline by government officials.

6.2.2 OPERATIONAL CONDITIONALITIES

The general conditions as set out in the loan agreements have to be adhered to before and during the project implementation. These agreements further set out the conditionalities that have to be met by either party. It was noted that some of the performance conditions set in the agreements took long to be fulfilled leading to delays in utilization of funds. Some projects were delayed for a period ranging from 2 to 7 years because of the difficulties the projects were experiencing in fulfilling the conditionalities. For example:-

- In some projects, the conditionality was fulfilled after 5 years as in the case of the Vegetable Oil Development Project, where it took the project 5 years to identify a private partner.
- The Credit component under the Fisheries Development project was delayed for more than 3 years and eventually cancelled and funds reallocated to another component within the project.
- In addition, the Fisheries Development Project loan agreement required that districts should provide evidence of land ownership at the sites where 30 fish landing centers and
21 fish market stalls were to be constructed/ rehabilitated before any civil works could commence which delayed the commencement of civil works under the project by 2 years.

- The Road Development Program was extended for a period of more than 7 years until the conditionality of establishing UNRA was fulfilled.
- In the case of Small Towns Water Supply and sanitation project, the project was extended for more than 7 years because of failure to acquire land title deeds.

The causes of failure to meet the conditionalities were attributed to the following:

- Lack of technical persons on the project implementation team to provide technical guidance on the tasks which are not easy to implement.
- Lack of commitment by some stakeholders.

The operational conditionalities affected the project implementation by delaying the start of the project and slowing down the rate of implementation.

6.2.3 **PROCUREMENT**

Section 34 sub-section 2 of the PPDA Act, requires the user department / Project Coordination unit to prepare work plans for procurement based on the annual approved budget which is submitted to Procurement and Disposal Unit in the Ministry for implementation.

We noted that the procurement units within the line ministries did not execute the procurement plans on schedule.

For instance, some projects were faced with delays ranging from three months to 12 months in the processing and awarding of contracts as shown below:-
Table IX: Delays in procurement

<table>
<thead>
<tr>
<th>Project name</th>
<th>Relevant components/items</th>
<th>Planned period of award</th>
<th>Actual date of award</th>
<th>Delayed by Months/Yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vegetable Oil Development Project</td>
<td>Oil Palm Support Component • Earth Moving Equipments</td>
<td>2004</td>
<td>4/9/2006</td>
<td>1 year and 8 months.</td>
</tr>
<tr>
<td>Small Towns Water and Sanitation Project</td>
<td>• Iganga Water supply • Construction of Ventilated Improved Pit (V.I.P) latrines in Nebbi District</td>
<td>22nd Nov, 2005</td>
<td>10th March, 2006</td>
<td>3 months</td>
</tr>
<tr>
<td>Road Sector institutional Support Project</td>
<td>Construction of Busega Mityana road</td>
<td>17th May 2003</td>
<td>14th Nov, 2004</td>
<td>1 year</td>
</tr>
<tr>
<td>North West Small Holder Agricultural Project</td>
<td>• Roads and bridges • Market construction • Water supply</td>
<td>March 2006</td>
<td>1st Nov. 2006</td>
<td>7 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>March 2006</td>
<td>July 2007</td>
<td>1 year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>March 2006</td>
<td>Aug 2006</td>
<td>5 months</td>
</tr>
</tbody>
</table>

Source: Project Aide memoirs and monitoring reports

We further noted that the most affected projects were those with civil works components involving construction/ rehabilitation work as shown above.

According to the interviews carried out with the MOFPED staff, the project managers, and the review of the Aide Memoirs, the delays in procurement were attributed to the slow pace at which the line ministries processed procurement documents. We further noted that the Contracts Committees within the ministries are composed of staff with relatively busy schedules and in most instances failed to meet on the regular basis.

In addition some of the accounting officers and officers involved in procurement are not very conversant with the PPDA Act. The delays in procurement were also a result of lack of experienced staff in handling specialized procurements and the time it takes in delivering information back and forth with donors.
6.2.4 **MONITORING AND EVALUATION**

The Project loan agreements require the borrower to maintain policies and procedures adequate to enable it evaluate on an ongoing basis all the debt funded projects. The loan agreement also stipulates the outputs and performance indicators each project should achieve. The policies and procedures require the existence of an institutional frame work, M & E units with adequate qualified staff, production of reliable and broadly adequate reports in a timely manner as amplified in the M & E manuals.

MOPED and the line ministries carry out the role of monitoring, evaluation and follow-up of debt funded projects.

According to the World Bank Independent Evaluation Group (WBIEG) report of 2007, it was reported that Uganda had a large number of uncoordinated monitoring systems at the sector and sub sector levels. This led to the creation of a National Integrated Monitoring and Evaluation System (NIMES) under the jurisdiction of the office of the Prime minister in 2006.

The objectives of NIMES were to create an umbrella M & E strategy within which the existing systems could be coordinated and harmonized and Government capacity to conduct and use the M & E strategy strengthened.

However, according to the report of the National M & E Technical Working Group, Subcommittee on NDP of May 2009 it was reported that, NIMES has yet to be fully implemented, and that the overall coordination frame work intended by NIMES, as a basis to harmonize and standardize procedures and practices has not been realized.

It was further observed that according to the RSISTAP Quality Assurance Group (QAG) report, M & E reports were not sufficiently sensitive to tracking progress through intermediate targets and benchmark. The benchmarks used in measuring progress are those which were formulated in terms of end results or outputs whereas project implementation is through phased process which requires intermediate benchmarks to monitor progress and to make adjustments as need arises.
We also noted from the Aide Memoirs and the reports that the M & E reports were often produced late.

From the documentation review and interviews conducted, we noted the causes of inadequate M & E as being:-

- Poor coordination among the key players in M & E.
- Lack of adequate facilitation for the M & E units.

The failure of key players in the M & E of debt funded projects to coordinate and harmonize their work and address the critical challenges in a timely manner led to failure of decision makers taking appropriate decisions/action in their annual planning and implementation processes.

6.2.5 PROJECT DESIGNS

Before the project is considered feasible and becomes operational, it is first scrutinized in detail through the project development cycle by Consultants/Experts by both Government and Donor to ensure that project designs meet the requirements for successful implementation.

However, we noted that 4 projects out of the 8 were subjected to modifications during implementation as a result of omissions in the design stage leading to delays in project implementation as shown below:-
Table X: Inappropriate Designs

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Initial design</th>
<th>Adjustment in the design</th>
<th>Time taken to adjust/Redesign</th>
<th>Impact on implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisheries Development Project</td>
<td>Lack of in house Engineer in the original design</td>
<td>Recruitment.</td>
<td>3 years.</td>
<td>Delays in procurement process and commencement of the civil works. Funds remained idle and later on reallocated.</td>
</tr>
<tr>
<td></td>
<td>Engaging a rural Micro-Finance Institution to administer a Credit revolving fund.</td>
<td>Cancelled.</td>
<td>3 years.</td>
<td>Protracted negotiations affected the pace of project implementation.</td>
</tr>
<tr>
<td>Vegetable Oil Development Project</td>
<td>Private Sector Contribution estimated at US$ 33.13 million</td>
<td>Revised to US$ 120 million</td>
<td>5 years.</td>
<td>Protracted negotiations affected the pace of project implementation.</td>
</tr>
</tbody>
</table>
| North West Small Holder Agricultural Project | To identify a Microfinance institution to administer a credit revolving fund | Adjusted the design to include carrying out capacity building and logistical support of the MFI  
  - Recruitment of an in house engineer | 3 years | For 3 years there was no activity in this component. |
| | Lack of an in house Engineer in the original design. | | 3 years | The production and approval of Rural infrastructure designs and BOQs was delayed for 3 years |
| Road Sector Institutional Support Technical Assistance Project | Creation of an agency under Executive Authority Board (EAB) | Creation of a Uganda National Road Agency | 2 years | Extension of project life for 7 years |

Source: Literature review by the auditors

It was noted that inappropriate designs affected those projects which had to implement credit components and those with components involving civil works.

The development of inappropriate project designs has been attributed to inadequate consultations by the line ministries at the design stage, coupled with lack of proper and detailed risk analysis by the Development committee in the MOFPED.
6.3 CONCLUSIONS

6.3.1 Counterpart Funding
Inadequate counterpart funding affected the implementation of project activities by slowing down the rate of project implementation.

6.3.2 Diversion of Project funds
Diversion of project funds deprived the implementing agencies of the resources needed to achieve the project intended objectives.

6.3.3 Operational Conditionalities
Some operational conditionalities affected the project implementation by slowing down the pace of implementation.

6.3.4 Procurement
Delays in procurements denies the projects inputs necessary for timely project implementation.

6.3.5 Monitoring and Evaluation
Without adequate M & E, project stakeholders are not able to identify the implementation difficulties and address them in time.

6.3.6 Project Designs
Inappropriate design derails project objectives and is costly to correct in terms of both time and financial resources.

6.4 RECOMMENDATIONS

6.4.1 Delays in Project implementation
- MOFPED and line ministries should ensure that Debt funded projects are implemented on schedule and according to work plans to avoid payments of excess commitment fees/penalties.
- The Accounting Officers and Project Managers who fail to absorb loans as agreed be reprimanded for inefficiency and negligence.
6.4.2 **Counterpart Funding**
- Government should budget for adequate counter-part funding requirements for all loans procured.
- MOFPED should give priority to debt funded projects by releasing all the amounts as per approved budgets to ensure compliance with the loan agreements.

6.4.3 **Diversion of Project funds**
- MOFPED should enforce compliance with the TAI and Financial and Accountability rules and regulations that prohibit diversion of funds.
- The Accountant General should carry out efficient checks including surprise inspections as stipulated in Sec 7(3)h of the PFAA-2003 to avoid diversion and mismanagement of project funds.
- Diverted project funds should be refunded by the responsible line Ministries.
- Accounting officers responsible for the diversion should be disciplined for their conduct.

6.4.4 **Operational Conditionalities**
MOFPED should carry out early warning studies in consultation with implementing agencies and the development partners to identify the causes and difficulties in fulfillment of the loan conditionalities and address them in the shortest possible time.

- MOFPED and line Ministries should equip PMU with technical persons who should provide technical guidance during Project implementation.
- All Project Stakeholders should be encouraged to show commitment at all levels during project implementation.

6.4.5 **Procurement**
- MOFPED and line Ministries should take action on procurement staff who do not implement procurement plans as scheduled.
- MOFPED should build capacity in all ministries through training of staff serving in the procurement and disposal units and ensure that the staff recruited are up to the task.
- All key stakeholders in the procurement process should observe the procurement plans set up by Contract Committees and procurement and Disposal units in the Ministries.
- Line Ministries should consider setting up sub contract committees and Procurement and Disposal units for projects.
6.4.6 Monitoring and Evaluation

- OPM should expedite the process of establishing and operationalising coordination frame work intended by NIMES, as basis to harmonize and standardize procedures and practices of M & E.
- There should be well established and functional M & E units with adequate and qualified staff who are well facilitated in the MOFPED, in the line ministries and at the Districts.
- OPM should analyze and consolidate their reports and produce a M & E report on all government projects and this should be regular.
- There should be an institutional arrangement for follow up based on the annual M & E report and having possible interventions available to act on when implementation is not progressing as planned.
- MOFPED should also consider providing information on commitment fees on an ongoing basis to avoid payment of excess commitment fees.

6.4.7 Project designs

- Line ministries should carry out wide consultations with the key stakeholders during the project design phase.
- The Development Committee in the MOFPED should also undertake detailed analysis of project design and risk before projects are approved.
- The Development Committee should be institutionalized and MOFPED should consider training members of the Committee in modern techniques of strategic planning such as computer based project design and also develop Hand books to guide them in their work.
7 SOLID WASTE MANAGEMENT IN KAMPALA

7.1 INTRODUCTION

7.1.1 BACKGROUND

Kampala is the capital city of Uganda. It is administered by an elected Council headed by a mayor, (LC V). The technical functions are carried out by a team of professionals headed by the Town Clerk (Chief Executive).

Kampala is a decentralized district administered under the Local Governments Act (1997). Kampala City Council is constituted of five administrative units (Divisions) namely:

- Central division
- Kawempe division
- Rubaga division
- Makindye division
- Nakawa division

Each division is a municipality with a fully fledged administrative unit. Kampala is approximately 198 sq Km with a night population of between 1.2 million to 1.5 million people. The day population is estimated at close to 3 million people of which 15.4% live in informal and unplanned settlements. 40% of the house-holds engage in urban agriculture which contributes a lot to the accumulation of waste ¹. (Solid Waste Management Strategy, December, 2002, as revised in 2006).

According to the SWMS, December, 2002, 70-80% of the garbage generated in the city is organic while the rest is inorganic comprising of glass, paper, metals construction and demolition waste as indicated in the waste stream on the following pie chart:
Waste represents a threat to human health if not handled or disposed of properly. It is a responsibility of every Local Authority, according to section 5 of the Public Health Act, Cap.281, to take all lawful, necessary and reasonably practical measures to safeguard and promote public health. It is also a duty of a local authority to maintain its area at all times in a clean and sanitary condition and prevent the occurrence of any nuisance² (Section 55 of the Public Health Act, Cap.281). In its definition of nuisance, Section 57 of the Public Health Act, Cap.281, includes un-collected garbage among others as being a public nuisance.

Section 3 (1) of the KCC Solid Waste Management Ordinance, 2000 refers to solid waste to mean garbage, refuse, trash and other materials or products including putrescible and non-putrescible waste, organic and inorganic waste, combustible and non-combustible waste, and liquid non-hazardous waste, but does not include hazardous waste or human body parts.

The collection, transportation and disposal of garbage is the responsibility of Kampala City Council (KCC) and its divisions according to section 17 of the KCC Solid Waste Management Ordinance, 2000. KCC is required through its agents, servants or licensed collectors to ensure that solid waste (Garbage) is collected and conveyed to treatment installations or approved disposal sites to the extent required to satisfy both public health and environmental conservation requirements.
Before 1996, Kampala City Council used to openly dump waste at various locations in Busega, Kinawataka, Bukoto, along Lugogo bypass, Wakaliga and Luzira among other places. The public strongly complained against the indiscriminate disposal of waste by KCC, which forced management to acquire land at Kitezi, Nangabo sub county Wakiso district to dispose of the garbage.

The rate of garbage generation, according to the SWMS of December 2002 and revised in 2006, based on the population in the city, was averaging 1 Kg per capita per day. This translated into 1,200 – 1,500 tonnes of garbage generated in a day. There has been increasing volume of solid waste generated in the city as a result of the growing urban population, concentration of industries in the city, poor behavior and consumption habits of residents and inappropriate waste management practices. Most of the un-collected garbage is found in slum areas of the city occupied by the majority poor. The problem of uncollected garbage does not exist in upscale residential places occupied by the more affluent members of society. In these places, garbage is collected by private collectors because the households can afford to pay collection fees. Such places include; Kololo, Naguru, Muyenga, Bugolobi, Ntinda and the city centre. Institutions such as; Universities, schools, hospitals, embassies, banks, hostels and some markets and bus parks also engage private collectors.

7.1.2 MOTIVATION

KCC and the divisions spent a substantial amount of money to the tune of Shs.10.4 billion on garbage collection, transportation and disposal in a period of five years from 2002 to 2007 which averaged to Shs.2.08 billion annually.

Despite the expenditure, the city remains chocked with un-collected garbage. Out of 1,200–1,500 tonnes of garbage estimated to be generated per day, only 400-500 tonnes was found to be collected giving a collection efficiency of approximately 40% according to SWMS, of December, 2002. This implies that 60% of the garbage generated daily is not collected and disposed which has resulted into a public nuisance. The presence of un-collected garbage all over the city puts the lives of dwellers to the risk of environmental and human health related problems such as diseases and air pollution in form of offensive smell.
The audit sought to ascertain why KCC and the divisions have failed to establish an efficient garbage collection, transportation and disposal system to solve the problem of un-collected garbage in the city and to make recommendations for improvement.

7.1.3 **MANDATE**

KCC and the five divisions are mandated under the Solid Waste Management Ordinance, 2000 and the Local Governments Act 2003 to collect, transport and dispose garbage generated in the city.

7.1.4 **ACTIVITIES**

The activities involved in waste management include:

a) Collection of garbage  
b) Transportation of garbage  
c) Disposal of garbage  
d) Organization of awareness campaigns on waste disposal  
e) Enforcement of the waste management ordinance clauses

7.1.5 **FUNDING**

The activities of waste management in KCC and the divisions are funded through Annual Budget allocation. In the period under review a total of Shs.10.4 billion was spent on garbage collection as shown in the following table.
Table Showing Amount Spent On Garbage Collection, Transportation And Disposal

<table>
<thead>
<tr>
<th>YEARS</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>DISPOSAL COSTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KCC</td>
<td>1,211,284,421</td>
<td>2,425,000,717</td>
<td>1,101,672,922</td>
<td>1,040,321,309</td>
<td>1,549,772,734</td>
<td>7,328,052,103</td>
</tr>
<tr>
<td>COLLECTION COSTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CENTRAL DIVISION</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>152,158,000</td>
<td>152,158,000</td>
</tr>
<tr>
<td>NAKAWA DIVISION</td>
<td>89,213,500</td>
<td>165,980,400</td>
<td>207,736,000</td>
<td>121,209,390</td>
<td>160,737,000</td>
<td>744,876,290</td>
</tr>
<tr>
<td>RUBAGA DIVISION</td>
<td>-</td>
<td>-</td>
<td>278,197,331</td>
<td>191,221,150</td>
<td>79,021,770</td>
<td>548,440,251</td>
</tr>
<tr>
<td>MAKINDYE DIVISION</td>
<td>137,943,780</td>
<td>189,487,420</td>
<td>216,023,046</td>
<td>391,632,787</td>
<td>228,007,733</td>
<td>1,163,094,766</td>
</tr>
<tr>
<td>KAWEMPE DIVISION</td>
<td>-</td>
<td>-</td>
<td>53,869,806</td>
<td>165,000,000</td>
<td>244,687,321</td>
<td>463,557,127</td>
</tr>
<tr>
<td></td>
<td>1,438,441,701</td>
<td>2,780,468,537</td>
<td>1,857,499,105</td>
<td>1,909,384,636</td>
<td>2,414,384,558</td>
<td>10,400,178,537</td>
</tr>
</tbody>
</table>

(-) figures not compiled due to missing records
Compiled by OAG from SWMS and Audited Divisional Financial Statements

7.1.6 SCOPE

This audit sought to ascertain the extent to which KCC and the divisions have established a solid waste management system to manage garbage collection in the city and make recommendations for improvement.

The audit was conducted in the five (5) divisions of Kampala-Central, Nakawa, Rubaga, Kawempe and Makindye. The study focused on garbage collection, transportation and disposal activities conducted by KCC and the divisions during the period of five (5) years from 2002 to 2007.

7.2 FINDINGS

7.2.1 PLANNING AND BUDGETING

International best practice require administrative units such as KCC and the divisions to collect data about the growth of waste in the city, analyze the factors contributing to the growth of waste such as population growth, industrial developments and changing consumption habits of residents to give accurate inputs for planning and budgeting purposes.
We observed that KCC and its divisions were not regularly updating their data base to reflect the changing environment in solid waste management.

In the absence an up to date data base, KCC and its divisions did not carry out a proper assessment of waste being generated in the city and therefore do not have well researched information on solid waste for proper strategic development and decision making.

We also noted that the data captured at the disposal site at Kiteezi is not regularly sent to Divisions, but sent to KCC for purposes of calculating monthly payments to the contractor managing the land fill.

Therefore, their plans and budgets were not realistic because they were not based on proper assessment of garbage generated per division and this resulted in failure of KCC to adequately address the challenges of garbage collection and disposal in the city.

**Management response**

During discussions with top management of KCC and Divisions, it was explained that the data base that existed was created on a sample basis and results extrapolated using population figures during a study carried out in 2002. The results of the survey helped in the development of the solid waste management strategy of 2002 which was revised in 2006.

Management also explained that they faced a challenge of implementing a strategy that had been overtaken by socio-economic events and that they were also facing challenges in up dating the database on a regular basis. Management further explained that efforts were being made to have all Divisional solid waste engineers meet together and discuss the challenges faced and provide common solutions to management.

### 7.2.2 DISPOSAL OF SOLID WASTE

Solid waste disposal typically involves the collection, transportation and finally covering the waste with soil. The performance audit considered compliance by KCC and the divisions with the existing rules, regulations and best practices on garbage disposal.
7.2.2.1 **Collection of Solid Waste**

To achieve effective collection, it was necessary for KCC to create awareness on collection of solid waste to the city residents and establish effective mechanisms of enforcing the waste management by laws in the city.

**Solid Waste Management Awareness**

According to the Solid Waste Management Strategy (SWMS) of 2002 Para.7, members of the public are supposed to be educated in matters of waste management such as; sorting/separation of waste according to their categories of organic and inorganic, efficient use of skips, waste recycling, home composting, waste minimization and adherence to waste management laws to increase collection coverage to 80% from 40%.

It was noted through interviews with households, market vendors and through documentary reviews that solid waste awareness campaigns were not conducted by KCC and the divisions. We were informed that little information about waste management was being exchanged during the Local Council (LC) meetings.

A review of work plans and expenditure patterns at the divisions did not reveal any evidence of solid waste management awareness campaigns conducted while the collection coverage had stagnated at an average of 40%.

It was also noted that most of the city dwellers are not aware of the provisions of the KCC (Solid Waste management) Ordinance, 2000. Efforts by KCC to translate the law into local dialects such as “Luganda” and sensitize the public did not take off as the program lacked management support.

There has been laxity by management and failure by KCC and the divisions to conduct public awareness campaigns as means of boosting KCC and divisional efforts in collection and disposal of solid waste. Solid waste management campaigns have not been viewed as a priority by Council during budgeting. The divisional health inspectors in all the divisions expressed dissatisfaction with the way the respective Councils were allocating funds to the solid waste section.
Lack of solid waste management awareness campaigns has led to unacceptable and prohibited waste management practices such as indiscriminate littering and disposal of garbage.

**Management response**

During discussions, KCC management explained that some awareness efforts were being made whereby vehicles with mounted loud speakers are used to disseminate information to the public about KCC’s daily collection programs, places where to dump garbage and when.

**Enforcement of the Solid Waste management by-laws**

According to section 20 (d) of the Solid Waste Management ordinance, 2000, it is an offence for a person to scatter or litter solid waste at any private or public property. Section 5 (1) of the ordinance also prohibits depositing of waste on private property, public street, roadside, or in a ditch, river, stream, lake, pond, channel or in a park, excavation or any other place where it may be or become a public health nuisance. Section 39 of the ordinance also imposes a fine not exceeding two currency points or imprisonment not exceeding six months for a person who commits an offence under the ordinance. The responsibility to enforce these rules and regulations rests with KCC and the divisions.

It was noted during inspections in all the divisions and through interviews with the five DHIs that KCC and the divisions were not enforcing the laws despite the existence of a fully fledged enforcement department.

"No dumping" signposts to curb unauthorized dumping have caught a blind eye of the perpetuators because of laxity by KCC and the divisions in the enforcement of the law.

Cases of illegal dumping of solid waste were noted at market places at Mulago, Nakawa, Kalerwe, Ntinda and Kikubo to have caused unnecessary suffering to the neighborhood through air pollution and blockage of the drainage system leading to floods.
Illegal dumping of garbage despite KCC signpost "No dumping" at Binaisa road, near Mulago hospital

Garbage Dumping in the drainage system along Kalerwe- Gayaza road

In addition the public was not sensitized on the bye-law and evidence of arrests made by the KCC enforcement department of persons violating the ordinance was not seen.

Lack of enforcement of the by-law has led to indiscriminate disposal of garbage and other hazardous practices such as burning of garbage in the city which is prohibited by law. Indiscriminate dumping of garbage has also led to the blockage of the drainage systems which has contributed towards the cause of epidemics such as cholera around the city slum areas and suburbs.
Management response
Management explained that the problem of enforcement was caused by inadequate capacity to enforce the by-laws and the failure to provide alternative garbage disposal means to the public by KCC. They further explained that KCC prematurely withdrew the use of skips and sometimes failed to collect garbage daily leaving the public with no alternative, but to indiscriminately dump garbage. They, however, noted that KCC and Divisions have acquired new refuse vehicles which will help them improve the collection efforts and that plans were underway to build capacity of the private collectors.

Working Conditions of Personnel in Garbage Collection
Section 1 of the SWM ordinance defines the protective clothing to be supplied to staff working in the collection, transportation and disposal of garbage which include; gumboots, industrial gloves, masks, overalls and head covers.

It was noted through interviews and physical observation that the staff involved in garbage collection, transportation and disposal are not supplied with protective clothing. Garbage collection workers, expressed dissatisfaction with the way management was handling matters concerning their working conditions. We observed that the refuse staff work under poor working conditions without protective gear such as; gumboots, industrial gloves, masks, overalls and head covers.

Management at the divisions has failed to procure protective clothing of the refuse collection workers despite the presence of the budgetary provision under the supply of goods and services. The lack of conducive working conditions affects staff morale which may in turn affect their performance at work.
**Wage Payment**
The staff involved in garbage collection are supposed to be paid by the 28\textsuperscript{th} of every month. The garbage collection workers complained about the late payment of wages by division authorities. This was further confirmed by the review of payment records of the divisions visited which revealed arrears of wages unpaid to refuse collection workers. In Nakawa, Makindye and Rubaga divisions the refuse collection workers spend between two-three (2-3) months without pay and these matters have been evidenced in the Auditor General’s Financial Audit Reports of earlier periods.

Delayed payment of salary affects the staff morale which in turn affect their performance at work.

**Management response**
Management explained that the situation has now improved. For example in Kawempe Division arrears of wages have been reduced from six (6) months to three (3) and that gumboots and other protective gear have been ordered. They however experienced a challenge of loss of the protective gear to workers who are casual and leave without notice.
Transportation of Garbage

This is a very critical element in the chain of activities of garbage disposal.

Vehicle Fleet for Garbage Collection

KCC and the divisions required on average 86-five tonnage lorries disregarding the private sector contribution to be able to collect and transport garbage from the city to achieve 100% performance, on the assumption that each vehicle makes 3 trips per day.

However, we noted that KCC and the divisions operated on average 35-five tonnage lorries which was 40% of the fleet required to enable prompt waste collections and disposal in the city as shown below:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>TOTAL</th>
<th>AVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Garbage to be generated (tons)</td>
<td>434,037</td>
<td>450,096</td>
<td>466,750</td>
<td>484,019</td>
<td>501,930</td>
<td>2,336,832</td>
<td>486,364</td>
</tr>
<tr>
<td>Required number of vehicles (100%)</td>
<td>79</td>
<td>82</td>
<td>85</td>
<td>88</td>
<td>92</td>
<td>426</td>
<td>85.2</td>
</tr>
<tr>
<td>Actual vehicles used (current)</td>
<td>32</td>
<td>36</td>
<td>34</td>
<td>32</td>
<td>41</td>
<td>175</td>
<td>35</td>
</tr>
</tbody>
</table>

Source of information: KCC Solid Waste Management Engineer

KCC and the divisions could not acquire the required number of vehicles due to poor performance in revenue collection during the period under review and also lacked a vehicle replacement policy. In the absence of the required number of vehicles to transport garbage, KCC and the divisions could not attain the 80% required garbage collection performance level.

Vehicle Maintenance

A good fleet management system is supposed to keep vehicles in good running condition to facilitate the daily collection and transportation of refuse.

Out of the required 85 refuse vehicles in the city, only 35 (40%) were operational at the time of audit. The Auditor General’s Financial Audits Reports had attributed poor vehicle maintenance to weak controls such as failure to inspect vehicles before and after repairs by a qualified Engineer.
In four divisions with exception of the Central Division, the Divisional Health Officers also expressed dissatisfaction with how KCC and the divisions were handling vehicle replacement, repairs and maintenance initiatives. The constant vehicle break down has led to accumulation of un-collected garbage to undesirable levels and this is evidenced by the presence of refuse which has taken more than one day without being collected. Worst cases were noted at market places in Nakawa, Kalerwe, Ntinda, Makindye and Kikuubo in central division.
Un-collected refuse on the skip at Kitintale, Nakawa division

Indiscriminate littering and disposal of garbage makes it difficult to regularly collect and dispose garbage. Some other prohibited refuse disposal methods such as burning garbage have also cropped up.

Indiscriminate garbage littering and disposal at Entebbe road flyover, Makindye Division

Management response
Management explained that KCC is seeking the services of a consultant who would come up with a fleet management system which would look into all fleet management aspects including replacement, handling and tracking of vehicles among others. They further explained that each division has acquired five (5) new specialized refuse trucks which compress and compact refuse for proper disposal.
Hiring of additional trucks would no longer be necessary once the vehicles are fuelled and in good running condition.

7.2.3 ENGAGEMENT OF PRIVATE GARBAGE COLLECTORS

It is an offence under section 20 (d & e) of the SWM Ordinance, 2000 to collect, transport, remove or dispose refuse for a fee or other consideration without a valid permit from the Council. The SWMS para 4.8 also recommended providing legal recognition of the private garbage collectors so that they become more organized and also ensure better working conditions for them.

We observed that a number of private garbage collectors like BINIT, Nabugabo, UPDEAL, NOREMA, HOME CLEAN, UCODEA and ESKOM were operating without permits from KCC. Although known to the divisional authorities, they had not signed agreements with the Council allowing them to operate contrary to the law. Despite the absence of the signed contracts, Kawempe division, at the time of the Audit in June 2007 had an outstanding amount of Shs.225,000,000 payable to contractors as follows:

<table>
<thead>
<tr>
<th>S/NO</th>
<th>CONTRACTOR</th>
<th>NO. OF MONTHS</th>
<th>AMOUNT (SHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NOREMA</td>
<td>10</td>
<td>75,000,000</td>
</tr>
<tr>
<td>2</td>
<td>HILLTOP</td>
<td>10</td>
<td>75,000,000</td>
</tr>
<tr>
<td>3</td>
<td>ESKOM</td>
<td>5</td>
<td>75,000,000</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>225,000,000</strong></td>
</tr>
</tbody>
</table>

We also noted that there is no mechanism put in place to regulate the activities of private collectors. The number of households and institutions visited by private collectors is not known to KCC and the divisions contrary to section Para. 4.8 of the SWMS.

It was further noted during interviews carried out with DHIs and during physical inspection of the garbage sites in the divisions and from the land fill at Kitezi that private Contractors/collectors were not managed and coordinated by KCC and divisions. This was also confirmed by the three (3) Directors of; UPDEAL, NOREMA and Nabugabo. We also noted that some of the private collectors have no capacity to collect and transport refuse to the landfill and instead deposit it at divisional collection sites.
A private collector dumping garbage at one of the Council sites at Kitintale, Nakawa division

This has been caused by failure of KCC to establish proper mechanism for regulating the operations of private garbage collectors. KCC failure to operationalize the provision of SWM ordinance regarding private sector participation delayed the provisions of establishment of a proper coordination between the divisions and private collectors.

Management response
Management explained that all the Divisional town clerks have been asked to register all private collectors who should be screened and those found eligible should be issued with licenses for collection of garbage. They also explained that the City was to be zoned and specific areas allocated to private collectors who will be responsible for proper collection of garbage in that area and guard against illegal collectors. They further explained that all the revenue collected by the private collectors in the pilot phase shall accrue to them and that KCC will benefit at a later stage when the scheme is rolled out.
7.2.4 SUPERVISION, MONITORING AND CONTROL OF SOLID WASTE MANAGEMENT ACTIVITIES

According to Section 17 of the SWM ordinance, 2000, either KCC or its agents, servants or licensed collectors are required to ensure that solid waste in the district is collected and conveyed to treatment installations or approved disposal sites to the extent required to satisfy both public health and environmental conservation requirements and as provided in the ordinance.

Section 20 (a) of the SWM ordinance, 2000 also requires that the various refuse generators should be correctly identified, categorized and mapped to enable determination of the revenue potential.

It was noted during interviews and documentary reviews that private collectors were not regularly collecting and conveying refuse to the disposal site at Kiteezi and instead deposit it at divisional collection sites.

Verification of refuse monthly reports to DMOs by DHIs did not reveal any information on the number of private collectors and their performance, with exception of central division. There are no records to indicate that supervision was done.

It was further noted that the garbage sites are not mapped making it difficult to plan and monitor the progress of garbage collection.

This was because KCC and the divisions were not supervising and monitoring the activities of private collectors due to lack of signed agreements and data on the number and capacity of private collectors. It was noted during inspection of institutions and households that private collectors enter into agreements with their clients without the knowledge of KCC and divisions for garbage collection, transportation and disposal.

The refuse gangs met at divisions were also not supervised daily and the DHIs attributed the problem to lack of fuel and the overwhelming number of garbage sites, some of which are illegally operated by garbage generators.
Failure by KCC and the divisions to adhere to SWM ordinance provisions governing the supervision of refuse collection, transportation and disposal procedures led to the absence of adequate supervision, monitoring and control mechanisms which has aggravated the problem of uncollected garbage.

An overflowing skip at Bishop Kihangire site at Kitintale, Nakawa division

Management response
Management explained that the solid waste engineers have been receiving garbage collection records from the landfill but have not been passing over the information to the Division Town Clerks. They further explained that garbage collection was at one time under the city engineer and in 1999 it was put under the district health department. This has created a problem in that whereas the health department is responsible for garbage collection, the refuse fleet including repairs, maintenance and fueling is controlled by the District Engineer. It becomes unfair to gauge the performance of the department that lacks full responsibility. They noted that in some countries, solid waste management stands as a fully fledged department.
7.3 **CONCLUSIONS**

7.3.1 **PLANNING AND BUDGETING**

Planning is a very important tool in management and properly developed plans which are supported by adequate and reliable data help management in coming up with realistic decisions, strategies and budgets to achieve organizational objectives or targets. Data when well interpreted provides information about the magnitude and scope of the challenge faced. KCC and the divisions failed to create a database on the variables concerning waste management and as a result most of the efforts put in the preparation of work plans and budgets and decisions undertaken, do not appropriately address the challenges faced in garbage collection and disposal.

The division budgets, especially on waste management were not based on proper assessment of garbage being generated and therefore could not provide enough funds for garbage collection, transportation and disposal.

Garbage collection, transportation and disposal has remained a big challenge to KCC and the divisions due to inappropriate strategies, budgets and decisions made due to lack of appropriate data among other reasons.

7.3.2 **GARBAGE DISPOSAL**

7.3.2.1 **Solid Waste Management Awareness**

Educational programs are a practical approach to enhancing public awareness in waste management. A sensitized public is very critical in the management of waste. KCC’s programs such as; separation of waste at source, site selection for refuse skips and land fill location, waste recycling, home compositing, litter clean-up campaigns, waste minimization, policing against illegal waste management and household hazardous waste management systems can not be successfully implemented without creating public awareness.

KCC and divisions failed to carry out solid waste management awareness campaigns and as a result the public has not appreciated the salient issues required of it in waste management.
Lack of public participation increases resistance of the people to embrace Council’s solid waste management programs and has also contributed to the Council’s failure of attaining the 80% targeted collection level.

7.3.2.2 **Enforcement of the Solid Waste Management by-laws**

The failure of KCC and the divisions to enforce the provisions in the Solid Waste Management ordinance, 2000 has resulted into the public to engage in illegal solid waste management practices. Practices such as indiscriminate dumping of garbage, burning of garbage and non sorting/separation of refuse hinder the operations of garbage collectors. Indiscriminate dumping of refuse in unauthorized sites leads to neglect of these sites by KCC and the divisions.

7.3.2.3 **Working Conditions of Personnel in Garbage Collection**

The staff involved in the collection, transportation and disposal of refuse is not provided with protective clothing and their wages are delayed. The poor working conditions coupled with delayed payment of wages affect staff morale and performance. KCC and divisions may fail to achieve their garbage collection, transportation and disposal targets if they are not supported by the staff directly involved on the ground.

7.3.2.4 **Transportation of Garbage**

KCC and Divisions lacked a fleet management system which would help them in the management of vehicle aspects such as replacement, repairs, maintenance and tracking to minimize on constant vehicle break down and safeguard against vehicle misuse.

7.3.3 **ENGAGEMENT OF PRIVATE GARBAGE COLLECTORS**

Coordination of the activities of various stakeholders, especially private collectors is very critical in solid waste management. Lack of a coordination mechanism affects the performance of private garbage collectors and this is manifested in failure by KCC to legally recognize the role of private sector participation.
7.3.4 **SUPERVISION, MONITORING AND CONTROL OF SOLID WASTE MANAGEMENT ACTIVITIES**

When the project or activity is supervised and monitored it is more likely that its objectives will be achieved. Any deviation from planned output should be identified and corrective measures devised. There is inadequate supervision and monitoring by KCC and divisions of the activities involved in solid waste management. Private collectors and refuse gangs are not supervised.

There is also lack of a control mechanism to review performance of garbage collection initiatives. Limited supervision, monitoring and control has led to poor performance registered by the divisions as evidenced by the presence of uncollected garbage in the city.

7.4 **RECOMMENDATIONS**

7.4.1 **PLANNING AND BUDGETING**

Planning is an important tool in general management of projects, government programmes and activities. It is essential to have plans that are based on realistic and reliable data and information. We recommend that:

7.4.1.1 KCC and divisions should recognize and analyze the factors contributing to the growth in waste to draw up appropriate annual strategies for waste management.

*Management response*

*KCC prepared a strategy for waste management in 2006 to cover a period of 10 years. Due to the ever changing waste environment, KCC is now compelled to address new challenges that have emerged and this may involve preparation of another strategy before the expiry of the current one so as to capture the salient issues as they develop.*

7.4.1.2 KCC and divisions should ensure that a database is created for all the variables on solid waste management such as the amount of garbage generated and collected, the composition of the solid waste stream, generators by geographical areas among others which should be updated
regularly to enhance the appropriateness of budgets and work plans to address the challenges faced in solid waste management.

**Management response**
The data base exists but shall be expanded to include generators by geographical area as recommended. The work plans to address the challenges faced in solid waste management shall be incorporated in the strategies to be formulated by KCC and updated annually or more regularly where appropriate.

7.4.2 \textbf{DISPOSAL OF SOLID WASTE}

**Solid waste management awareness campaign**

It is very important that the public is made aware of the good practices in solid waste management system. We recommend that:

7.4.2.1 KCC should design solid waste management awareness campaigns which should regularly be carried out to increase public awareness on matters of waste management such as sorting/separation of garbage, home composting, proper disposal practices, waste minimization and policing against illegal waste management practices.

**Management response**

KCC through the Government of Uganda received a credit from the International Development Association (IDA) to finance the Kampala Institutional and Infrastructure Development Project Phase I (KIIDP). Part of the credit will be applied to cover eligible payments under the contract for public relation and awareness services which is expected to cover a period of 2 years. A community sensitization strategy shall be embraced in the adopted strategy.

7.4.2.2 KCC should consider allocating adequate funds to solid waste management awareness campaigns during budgeting.
Management response
This shall be done as part of the budget for waste management. Added funding for servicing and operationalising of the new refuse plant needs to be harnessed from the Centre and prioritization of garbage management by Divisions needs to emphasized.

7.4.2.3 The programme for the translation of the KCC (Solid Waste Management), Ordinance, 2000 into local dialects should be revived to ease the dissemination of solid waste management awareness information.

Management response
This shall be done as soon as the financial situation of KCC improves and needs to be prioritized in the coming budget FY 2010/2011. It may also be carried out through the KIIDP project under the public relations services described earlier.

7.4.2.4 KCC should consider introducing waste management programmes to city schools.

Management response
A discussion between KCC and officials from the ministry of education and sports is necessary and shall be arranged soon. There is need to mainstream appropriate waste handling messages and other issues of environment into the school programs especially at primary level.

7.4.2.5 KCC should consider sensitizing other law enforcement agencies in the City and request them to join hands in the enforcement of the solid waste management ordinance.

Enforcement of the by-laws

7.4.2.6 KCC and the divisions should operationalize the SWM ordinance including the enforcement of the provisions using the already existing enforcement department.

Management response
KCC needs to prioritize and adequately budget for this activity.
7.4.2.7 The enforcement department of KCC should be restructured to include solid waste management enforcement as its core activity and ensure that the public complies with the provisions in the SWM ordinance.

**Management response**
KCC has professionalized its enforcement department. Policing against illegal waste practices now needs to be integrated and emphasized in the day to day assignment of City Law Officers. There is need to activate village courts to reprimand illegal dumpers that are caught in the different areas of the City.

7.4.2.8 The public should be sensitized on the provisions in the by-law and the role of the enforcement department in solid waste management as this will increase compliance and better solid waste management practices.

**Management response**
This shall be done as part of the public relations campaign explained earlier in 7.4.2.1.

7.4.2.9 Other organs of the Council such as the local Councils and parish chiefs should also be encouraged to enforce the provisions in the SWM ordinance.

**Management response**
This is being done and shall be improved when the public relations campaigns and awareness are ongoing.

**Working conditions of personnel in garbage collection**
7.4.2.10 Management at both KCC and divisions should exercise good budgetary discipline and prioritize the procurement of protective clothing to the refuse gang members to improve their working conditions and morale.

**Management response**
KCC understands that it is essential to provide the necessary tools to enable employees perform their duties. KCC shall soon prioritize provision of safety ware
and gear to those involved in actual implementation of projects. It shall come as a package separate from wage/salary.

7.4.2.11 Wages of staff involved in refuse collection and transportation should be paid in time to avoid unnecessarily staff dissatisfaction.

Management response
KCC endeavors to pay its employees on time. KCC also recognizes that it is only motivated and satisfied employees that can enable an organization to function effectively and efficiently.

Transportation of Garbage
A good fleet management system keeps vehicles in good running condition and ready to facilitate the daily collection and transportation of refuse. We recommend that:

7.4.2.12 KCC should develop suitable repair and maintenance policies to allow the regular repair and maintenance of vehicles with ease and this will reduce on the frequency of vehicle breakdown and the time vehicles spend in the garages.

Management response
KCC is in the final stages of preparation of a fleet management system and expects to implement it as soon as it has been approved by Council. From late December 2009, the current fleet has been beefed up by introduction of at least 35 – 40 new trucks. KCC shall endeavor to have this fleet functional in as far as resources are available.

7.4.2.13 KCC should provide for adequate annual budget provisions that will allow them accumulate funds needed to replace their fleet whenever they become old and worn out in accordance with the government vehicle replacement policy.

Management response
This shall be done through prioritization of fuel apportionment for garbage collection and transportation.
7.4.2.14 KCC and the divisions should establish the amount of fuel required by each vehicle type per trip of refuse collected and record the vehicle movements and the number of trips made in a day. This will help in making drivers accountable for the fuel given to them and will increase their efficiency.

Management response
This is being done and has proved helpful for planning and effective truck monitoring during waste transportation operations.

7.4.2.15 KCC and divisions should consider hiring private trucks as a stop gap mechanism in case of total vehicle breakdown and emergency cases.

Management response
This shall be considered though it is envisaged to be overtaken by events since KCC acquired new refuse trucks, in December 2009, under the Chinese Grant.

7.4.3 ENGAGEMENT OF PRIVATE GARBAGE WASTE COLLECTORS

7.4.3.1 KCC should develop a coordination mechanism that stipulates the specific roles and responsibilities of each stakeholder in order to improve their efficiency in waste management.

Management response
KCC shall set up a mechanism in which all private collectors working in a particular Division are known and programmed. The issue of demarcation of their operational areas and giving them working programmes on a regular basis where applicable is being considered.

7.4.3.2 All private collectors should be registered and authorized by Council to collect, transport and dispose garbage in accordance with Sections 17 and 20 of the Solid waste management ordinance, 2000.

Management response
All private collectors shall be registered and authorized by KCC. They will all be required to obtain a trading license from KCC, in addition to other statutory
requirements. KCC will develop guidelines in a bid to control private collectors from compromising Council’s efforts and roles. All unauthorized collectors shall be stopped from operating in a bid to control illegal waste management practices normally exhibited by unauthorized groups.

7.4.3.3 KCC and divisions should consider establishing solid waste management work groups at each administrative level that should regularly meet to review performance and develop SWM strategies that match the current trends in development.

Management response
This shall be considered and incorporated in the waste strategies to be formulated.

7.4.4 SUPERVISION, MONITORING AND CONTROL OF SOLID WASTE MANAGEMENT ACTIVITIES

7.4.4.1 KCC and divisions should develop a proper supervision, monitoring and control mechanism stipulating the specific roles and responsibilities of each stakeholder. This will enable easy supervision, monitoring and control of garbage collection, transportation and disposal.

Management response
Kampala district, just like any other districts in Uganda, is a decentralized district administered under the Local Governments Act (1997). The City Council is constituted by the Headquarter (HQ) under which are 5 administrative units (Divisions), namely: Central, Kawempe, Lubaga, Makindye and Nakawa whereby each division is a municipality with a fully fledged administrative unit. The Headquarter essentially is a policy, coordination, and supervision institute. The HQ mainly handles the waste disposal while the divisions mainly handle waste collection and transportation.

7.4.4.2 All authorized garbage sites in the divisions should be mapped to allow proper planning, supervision, monitoring and control of the activities at these sites.
Management response
KCC shall map all authorized waste collection centres in all Divisions to enable better planning, supervision, monitoring and control of the activities of these centres. That shall also facilitate the provision of recognized alternatives to the community/public and may check the prevailing illicit dumping that happens in several spots in Divisions.

7.4.3 A copy of the computer generated garbage collection data at the landfill should be regularly submitted to respective divisions and information therein brought to the attention of Town Clerks to help them plan and control performance.

Management response
The records at the landfill are regularly distributed to all the 5 KCC Divisions to enable them check performance vis-à-vis resources invested in waste collection and transportation.

7.4.4 Supervision, monitoring and control of garbage activities should not only be left to divisions, but also should involve other lower administrative units such as local Councils and village parishes.

Management response
KCC has embarked on involving the public and local Councils in the management of waste. KCC intends to have this as a sustainable system and to include activities therein in its future budget processes. KCC believes that the more the public is aware of the challenges in solid waste management, the more they are willing to help.
8 REGULATION AND ENFORCEMENT OF STANDARDS BY UGANDA NATIONAL BUREAU OF STANDARDS (UNBS)

8.1 INTRODUCTION

8.1.1 MOTIVATION

Uganda National Bureau of Standards (UNBS) is a government parastatal charged with the formulation of standards for quality assurance and control of consumer products on the Uganda market. The body is responsible for ensuring consumer protection, public health and safety, industrial and commercial development and international trade among others. The Bureau is, therefore, mandated to protect the public against substandard, hazardous (harmful), and underweight goods. According to the audited financial statements, total funding to the Bureau increased by 33% from 5.3 billion in 2005/06 to 8.0 billion in 2007/08 in an effort to facilitate the implementation of the above mandate.

However, despite the above mandate and facilitation, there are persistent press reports and a general public outcry about substandard, hazardous and counterfeit goods on the Ugandan market. Goods ranging from Consumer goods, Capital goods, Household goods, Agricultural Inputs, Drugs and Pharmaceuticals are sometimes substandard. A survey carried out by the National Association of Professional Environmentalists (NAPE) on the impact of hazardous products on health and environment in Uganda in the towns of Entebbe, Kampala and Mukono revealed that the local market had been flooded with thousands of products containing deadly chemicals such as melamine in milk, mercury in cosmetics and pesticides among others. According to the Report, cosmetics, creams, oils contained harmful chemicals which damage the liver and lungs as well as affect the reproductive system. The chemicals cause bone malformation, poor brain development, cancer and death, in some instances. They also cause infertility, by disabling sperms from swimming to the egg for fertilization, and prevent the development of limbs in a foetus. In some women, the chemicals caused loss of hair and skin bleaching as shown in the picture below:
In addition, pesticides cause tumours and affect the human immune system, lungs and liver. Gramovone pesticide, used for controlling weeds, destroys fingers and nails when inhaled or during contact with the skin. A doctor at the Mulago School of Public Health confirmed that the Hospital was already receiving medical cases linked to the substandard products, such as bathing soap with mercury, dry battery cells, electrical products, food stuffs and drinks, electronic products and textiles/footwear.

A Senior Analyst and Head of Chemistry Laboratory at UNBS acknowledged the presence of substandard goods on the market but said that while the Bureau was doing everything within its means to reduce the problem, it was not adequately facilitated.

The audit, therefore, sought to ascertain whether UNBS was performing its role of regulating and enforcing product standards to the satisfaction of its stakeholders.
8.1.2 **Background**

Uganda National Bureau of Standards (UNBS) is a statutory organization under the Ministry of Tourism, Trade and Industry established by The Uganda National Bureau of Standards Act of Parliament No.1 of June 1983 (Cap. 327) and became operational in 1989. This was aimed at enhancing the competitiveness of local industries and promoting quality, safety of goods/services and fair trade. The UNBS headquarters are located at Nakawa Industrial Area with regional offices in Lira, Mbale, Jinja, Kampala and Mbarara. The Bureau is responsible for Standards development, Quality assurance, Testing and Metrology.

In 1993, the Department of Weights and Measures in the then (former) Ministry of Commerce was merged with UNBS. This merger added the function of legal Metrology to the Bureau's already existing Industrial Metrology function.

8.1.3 **Mandate**

The mandate of UNBS is derived from Section 3 of the 1983 UNBS Act of Parliament (CAP327) and The Weights and Measures Act 1964 (CAP 103). The mandate is twofold;

(i) **Promotional** - Promoting and facilitating trade and Industries and promoting the quality and competitiveness of locally manufactured products.

(ii) **Regulatory** - Enforcing standards to protect consumers and ensuring fairness in trade.

8.1.4 **Vision**

The UNBS vision is: “To be a leading institution of International repute in the provision of standardization services.”

8.1.5 **Mission**

The UNBS mission is: “To enhance National Development through the application of standards in Trade, Industry and Consumer Protection”

8.1.6 **Uganda National Bureau Standards Objectives**

The Uganda National Bureau Standards (UNBS) is charged with the responsibility of enhancing national development through the application of standards and has the following objectives:
To promote the quality of goods and services produced in Uganda

To enhance the competitiveness and export capabilities of local industry and products.

To protect the health and safety of the public against hazards related to locally manufactured and imported products.

To protect consumer interests and ensure fairness in the market place.

To maintain an internationally traceable National Measurement System.

8.1.7 **The Bureau’s Funding**

Being a government parastatal, UNBS is funded mainly through government grants. Other sources of funding for the entity include donations (Donor funding) and the locally generated revenue from verification/laboratory analysis fees. The funding of UNBS at the time of the audit stood as tabulated below for the years under review:

**Table 1 showing UNBS sources of funding for the period 2005/06 to 2007/08**

<table>
<thead>
<tr>
<th>FUNDING</th>
<th>2005/06 (000')</th>
<th>2006/07 (000,000')</th>
<th>2007/08 (000')</th>
<th>TOTAL (000')</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt Grants (UGX)</td>
<td>3,811,900</td>
<td>3,830,001</td>
<td>4,774,641</td>
<td>12,416,542</td>
</tr>
<tr>
<td>Donations (UGX)</td>
<td>180,470</td>
<td>174,676</td>
<td>49,550</td>
<td>404,696</td>
</tr>
<tr>
<td>Verification/Lab Analysis Fees (UGX)</td>
<td>1,340,200</td>
<td>1,620,532</td>
<td>2,076,206</td>
<td>5,036,938</td>
</tr>
<tr>
<td>Fuel Marking</td>
<td></td>
<td>1,140,181</td>
<td></td>
<td>1,140,181</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5,332,570</strong></td>
<td><strong>5,625,209</strong></td>
<td><strong>8,040,578</strong></td>
<td><strong>18,998,357</strong></td>
</tr>
</tbody>
</table>

*Source: Audited Accounts and UNBS Progress reports*

8.1.8 **Scope**

The audit focused on inspection by UNBS of goods both locally manufactured and imported into the country with the aim of ascertaining whether the Bureau is effectively performing its role of controlling the influx of sub-standard goods onto the Ugandan market. Other areas such as Legal Metrology which enforces Weights and Measures Act of 1964 were also considered. The Audit was conducted on, UNBS which is a parastatal under the Ministry of Tourism, Trade and Industry (MoTTI).

The audit covered the UNBS headquarters at Nakawa-Kampala, being the main administrative unit and contact point, five Regional Offices of Kampala, Mbale, Mbarara, Lira and Jinja, being
the location points of UNBS in the country. It also covered the major border entry points and ICDs managed by UNBS such as Malaba, Busia, Entebbe Airport and Mutukula, which account for over 80% of Uganda's imports. Rwakhakha and Katuna were included to establish the volume of activities at the unmanaged entry points. The three financial years of 2005/06, 2006/07 and 2007/08 were considered to establish the trend of performance over the period.

8.2 FINDINGS

INTRODUCTION

The findings are summarized from primary source data and documentary reviews and presented in tables, graphs and photographs.

8.2.1 Inspections of Goods

UNBS Annual activity plans detail a number of expected inspections for the various inspection activities to be carried out on both locally manufactured and imported goods.

However, a review of UNBS annual performance reports for the period 2005/06 to 2007/08 revealed that the Bureau did not achieve some of its planned inspection activities as shown in the table below:

**Table 2 Showing Planned And Actual Inspections Carried Out by UNBS Between 2005/06 and 2007/08**

<table>
<thead>
<tr>
<th>Activity</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned</td>
<td>Actual</td>
<td>Variance</td>
</tr>
<tr>
<td>Calibration services</td>
<td>500</td>
<td>311*</td>
<td>(189)</td>
</tr>
<tr>
<td>Product Certification</td>
<td>370</td>
<td>356*</td>
<td>(14)</td>
</tr>
<tr>
<td>Import Inspection</td>
<td>12,000</td>
<td>8,151*</td>
<td>(3,849)</td>
</tr>
<tr>
<td>Factory inspections</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Market surveillance</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lab Analysis tests</td>
<td>2,950</td>
<td>2,404*</td>
<td>(546)</td>
</tr>
<tr>
<td>Standards Development</td>
<td>202</td>
<td>78*</td>
<td>(124)</td>
</tr>
<tr>
<td>Verification of weights and measures</td>
<td>510,000</td>
<td>425,125*</td>
<td>(84,875)</td>
</tr>
</tbody>
</table>

* Extracts from UNBS Annual Ministerial policy statements and Budget framework papers figures are for 10 months July 2005-April, 2006 and July, 2006-April, 2007.
** UNBS Annual reports figures are for 11 months July 2007-May, 2008

The above table shows the various inspection activities undertaken by UNBS. It reflects the performance of the Bureau for the period 2005/06 to 2007/08. Further analysis of the information contained in the above table shows that UNBS was unable to meet most of its planned inspection activities as presented here below:

**Import Inspection**

12,000 import inspections were planned in the FY 2005/06 but only 8,151 were actually carried out leaving 3,849 inspections undone, representing 32% for the ten months performance figures reviewed. In 2007/08 14,500 import inspections were planned but only 11,548 were conducted leaving 2,952 consignments uninspected, representing 21%. A trend analysis of this activity over the period under review shows that whereas the UNBS management plans (budgets) for this activity were on the increase year after year, the actual performance still fell below targets for the entire period under review.

This was a result of setting targets without due consideration to prior year’s actual performance and/or change of management priorities during the course of the year. For instance, in the FY 2006/07, a target of 12,500 inspections was set yet the actual performance in FY 2005/06 was only 8,151 inspections. Such a target was unrealistic.

**Local Factory Inspections**

68 local factory inspections were planned for the year 2006/07 but only 42 were carried out, representing an achievement of 62%. In 2007/08 the inspection target was raised to 150, but the Bureau only managed 84 inspections, representing 56% total local factory inspections in that year. From the above analysis, management appears to have placed little emphasis on local factory inspections, yet this is a vital activity in as far as ensuring the quality of locally manufactured goods is concerned.

According to the management, this downward trend was because most of the substandard commodities were imported products and not locally manufactured commodities. However, it is important to note that Uganda has numerous factories and the industrial sector is steadily growing at a rate of 9.1% by FY 2007/08 (Background to the Budget 2009/10). Annual Statistical Abstracts of the Uganda Bureau of Statistics for the period 2006-2008 indicate a
39% increase in Uganda’s industries over the period that is, from 150 establishments in 2006 to 209 in 2008.

**Verification of Weights and Measures**

510,000 scales were planned to be verified in the FY 2005/06 but only 425,125 were actually verified, leaving 84,875 undone. This was attributed to management shifting its emphasis from verification of weights and measures to import inspection activities since the majority of substandard commodities were majorly imports at the time. However, it was noted that although the management surpassed its targets in 2006/07 and 2007/08, its planning figures were declining (ie.510,000 for 2005/06. 250,000 for 2006/07 and 235,000 for 2007/08). This implies that the Bureau operated below its potential since it had exhibited ability to verify 425,125 scales in 2005/06. This downward trend is shown in the line graph below:

![Planned and actual verification of weights and measures by UNBS](#)

We observed that UNBS planned for few inspection activities considering the huge unexpected increase in the volume of goods that were imported into the country during the period under review. According to the Uganda Bureau of Statistics Annual Statistical Abstract for 2008, Uganda’s imports increased in terms of value by 77% over the period that is, from US$ 2,557,308M in 2005/06 to US$4,525,859M in 2007/08 due to the increasing demand for commodities created by the increasing population (growth rate of 3.1%).

However, the Bureau registered positive performance in the FY 2006/07 in the areas of calibration, standards development, product certification and laboratory tests as it managed to surpass its planned inspections.
The inability on the part of the management to meet its inspection targets, according to the audit team, was attributed to the following factors: Unmanaged entry points, the focus by management on revenue generation and classification of goods for inspection as explained here below:

**Unmanaged Entry Points**

Field visits revealed that UNBS was not represented at 141(92%) ICDs out of 154 and 19 (79%) Border entry points out of 26 which led to insufficient inspections. The management attributed this underrepresentation to limited capacity in terms of human resources and logistics.

**Focus on Revenue Generation**

The interviews conducted with various staff, office correspondences and reports perused by the audit team revealed that the UNBS management placed much emphasis on generating revenue internally from the verification of weights and measures, laboratory analysis tests, calibration of equipment and product certification other than providing or rendering services to the public, which is contrary to the mission, goals and objectives for which the organization was established.

The performance of some staff and or Regional Offices was rated according to the amount of revenues generated as evidenced by the monthly performance reports from Regional Offices and the job description of the officer in-charge Weights and Measures Department. This was further evidenced by the estimates prepared on the basis of expected revenue and not number of equipment or areas inspected.

This was attributed to inadequate funding to UNBS. According to the UNBS Management, since the start of its operations it has never received any financial support towards development expenditure during this period and had to rely on internally generated funds to be able to acquire some of the critically needed laboratory and office equipment.

UNBS further explained that revenue generation is a consequential outcome and an indirect product which increases with the volumes of activities performed. For example, certification is
demand driven by local manufacturers seeking for certification to access better markets which is a promotional and at the same time indirectly consumer protection aspects of UNBS.

The management also attributed the emphasis on revenue to huge budget shortfalls the Bureau was experiencing and the fact that AIA accounted for 36% of its budget.

**Non-inspection of low risk goods/Classification of goods for inspection**

According to the UNBS staff interviewed, goods imported or locally manufactured were classified as high risk or low risk goods. High risk goods were those goods that were considered sensitive and likely to cause direct harm to the public hence were given high priority while low risk goods were those that were considered less harmful and inspection was optional (at the discretion of the inspector). Examples of goods categorized as high risk were processed food stuffs, motor vehicle tyres, rectified (neutral) spirits, electrical items, and fuel among others. The audit team noted that non-inspection of goods on account of having been classified as low risk goods limited the Bureau’s ability to meet its planned inspections. The fact sheets collected from the field in this regard provide testimony to this fact.

The management attributed this to the fact that risk analysis is a process practiced internationally to effectively target resources where they are needed most. UNBS can consider sampling on the low risk goods depending on the availability of additional staff in the inspections and other resources e.g Laboratory consumables or reagents, relevant standards, logistics such as space.

**8.2.2 Staffing Levels and Deployment**

In order to mitigate the influx of substandard goods on the market, it is good practice that UNBS deploys at all border entry points in the country and it should have a documented policy on recruitment. In addition, the UNBS approved staff establishment details out the total number and categories of staff required to effectively execute the UNBS mandate.

However, the audit revealed that 249 out of 457 approved positions in the staff establishment were not filled; staff was not deployed at all entry points. Here below are the factors responsible for the above development, according to our analysis:
Under staffing: A review of the approved staff establishment revealed that UNBS current staffing levels stands at 208 staff as opposed to the required 457 staff. This represents only 46% of the required staff.

Further analysis of the establishment placed the level of technical staff at 153 as shown in the table below:

**Table 3 Showing UNBS’ Approved Technical staff Establishment**

<table>
<thead>
<tr>
<th>Number of staff by Dept./Division</th>
<th>Staff Compliment</th>
<th>Projected Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality assurance Department</td>
<td>72</td>
<td>150</td>
</tr>
<tr>
<td>Legal Metrology Department</td>
<td>36</td>
<td>112</td>
</tr>
<tr>
<td>Testing Department</td>
<td>25</td>
<td>74</td>
</tr>
<tr>
<td>Standards Development Department</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Quality Management Department</td>
<td>01</td>
<td>04</td>
</tr>
<tr>
<td>National Metrology Laboratories</td>
<td>08</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>153</strong></td>
<td><strong>382</strong></td>
</tr>
</tbody>
</table>

Source: Annual Management Reports

The above table shows a total number of 153 inspectors recruited out of the expected 382 inspection staff, creating a staffing gap of 229, representing a 60% deficit in technical staff enrolment. This variation, according to the management was attributed to lack of funds to facilitate the recruitment of additional staff to fill the existing vacancies. This led to an overload on the existing staff to effectively execute its mandate thereby creating a loophole in its inspection activities and an avenue for the entry of substandard goods into the market. Contrary to management’s take on under-funding, the Bureau’s funding in relation to employee cost over the period under review steadily grew as is presented in the graph below:
Graph 1 Showing Government grants to UNBS during the period 2005/06 to 2007/08

<table>
<thead>
<tr>
<th>Years</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005/06</td>
<td>3,811,900,001</td>
</tr>
<tr>
<td>2006/07</td>
<td>3,830,001,000</td>
</tr>
<tr>
<td>2007/08</td>
<td>4,774,640,802</td>
</tr>
</tbody>
</table>

Source: OAG analysis of UNBS Audited final accounts for the relevant periods

From the graph above, UNBS funding (Government grants) steadily grew from 3.8 billion in 2005/06 to 4.7 billion in 2007/08, representing a 25% increase over the period. The management made an effort to increase staff from 151 to 184. However, the Institution has not yet attained the optimal staff level. According to our analysis, the management priorities in the allocation of funds to its various functional areas was not clear as most heads of departments interviewed expressed dissatisfaction with the budgetary formulation and implementation.

Staff Recruitment and Deployment:
An interview with the UNBS Human Resource Manager revealed that the Bureau staff recruitment was demand driven. In this case staff was deployed according to volume of activity at the respective work stations. This was also attributed to understaffing as the Bureau did not have adequate staff to deploy at all existing work stations.

The demand driven recruitment method leaves the purportedly less busy areas unattended hence insufficient inspections. For instance, boarder entry points as Lwakhakha and Suam in the East, Oraba in West Nile and Ntoroko in the West have no single UNBS staff. This contributes to the entry of substandard goods into the Ugandan market.
8.2.3 **URA Green Channel Clearance Systems**

The UNBS Mandate as provided for in its 1983 Act of Parliament and the Import Inspection and Clearance Regulations of 2002 require the Bureau to inspect all goods.

However, the audit team found that sometimes UNBS did not inspect goods cleared under the Green Channel System. Under this system, goods imported by reputable and tax compliant URA clients were assessed for taxes and permitted to proceed to the market with minimum delay.

The management of UNBS admitted that Green channel is a problem to them. To mitigate this, management was in the process of securing a service provider to inspect goods from their point of origin before dispatch to Uganda (PVOC). In addition, management requested URA to allow them connectivity into their ASCYUDA system to enable fast tracking of consignments destined for Uganda.

8.2.4 **Inspection Of Goods At Owner’s Premises**

According to UNBS Inspection procedures that spell out the inspection process, goods are supposed to be in the custody of the Bureau until the completion of their testing.

However, the audit revealed that the Bureau at times lost custody of goods before testing as a result of release to owners premises.

Management attributed the following to be the cause of this scenario:

**UNBS’ incapacity to test goods at entry points**

Field visits and interviews conducted revealed that UNBS did not have adequate testing facilities (laboratories and equipment) as well as warehouses at entry points. As a result of this setback, UNBS released some goods to their final destinations (Owners Premises) where they would eventually carry out the testing. However, the practice led to goods going to the market without being inspected as follow up became a problem given UNBS staffing position and communication gaps between the border points and head office, hence leading to the entry of substandard goods into the Ugandan Market.
According to UNBS, it is important to note that conditional release is an international phenomena meant to facilitate trade while ensuring consumer protection. It is better to improve the management of this process rather than completely eliminating it from the inspection process.

8.2.5 **Enforcement Of Standards**

The mandate of UNBS as derived from Section 3(f) of the 1983 UNBS Act of Parliament (CAP327), the Weights and Measures Act 1964 (CAP 103) and the Import Inspection and Clearance Regulations,2002 require the Bureau to enforce standards in the protection of the public against harmful ingredients, dangerous components, shoddy material and poor performance.

The audit however, found that the Bureau was unable to effectively enforce standards. The management attributed this to the following:

Obsolete and inadequate law: The current legislation governing UNBS is obsolete as it did not provide deterrent penalties for manufacturers or importers of products which do not comply with the set standards. For instance, Section 26 (1 and 2) of the UNBS Act, 1983 provides penalties ranging from fines of Shs.10,000 to a maximum of Shs. 30,000 or imprisonment ranging from 12 Months to a maximum of 24 months or both such fine and imprisonment. The penalties provided for under this law are non deterrent considering the value of goods involved which is normally in terms of millions or billions of shillings.

The same Law is inadequate as it does not cover counterfeit goods, does not allow the Bureau to prosecute offenders directly and is pegged to the existing standards alone.

**Existence Of Other Regulators**

There exist other bodies or organizations in Uganda charged with the responsibility of enforcing standards. Such bodies include: Ministry Of Health, National Drugs Authority (Drugs), Ministry of Agriculture (Agric products), Dairy Development Authority (Dairy products) Ministry of Works (roads and construction materials), among others. This, therefore, created a conflict in mandates and /or roles in such a way that it was not clear at what point the Bureau was required to intervene.
To overcome this setback, management has made efforts to sensitize the regulators to assume their enforcement role so that the Bureau concentrates its resources on areas not covered by other regulators.

8.3 **CONCLUSION**

8.3.1 **Inspection Of Goods**

The Bureau has not effectively managed all entry points, focused on revenue generation and has not inspected goods categorized as “low risk goods”. Consequently, it has not achieved its planned inspection activities thereby creating a loophole for the entry of substandard goods onto the Ugandan market.

8.3.2 **Staffing Levels and Deployment**

UNBS staffing levels are far below its human resource requirement as its approved staff establishment reflects a staff compliment of only 208 staff representing 46% of the required 457 staff. In addition, deployment was done, depending on the need at the time.

As a result, UNBS lacks capacity to manage all entry points, ICDs and cannot cope with the URA Green channel system. The available workforce is overstretched and therefore not effective in curbing the entry of substandard goods onto the market.

8.3.3 **The Green Channel Clearance System**

The Green Channel Clearance System limits UNBS Inspection activities as their staff is sometimes not given the opportunity to inspect goods cleared under such a system. Although it allows quick processing of entries, it makes inspection of goods difficult since the profiles currently used in the selection do not have provisions for quality evaluation. As such, the other institutions responsible for evaluating safety and quality are unable to effectively do their work since they are not catered for in the profile. Besides, URA is not obliged to hand over goods to UNBS for quality inspection after tax assessment.

However, this system should not be a problem for UNBS, if its staffing levels were able to match the rate at which goods are received and cleared by the URA system above. The
System should not stop them from exercising their mandate under the law. This is creating a
tleeway or an avenue for sub-standard goods to enter the Ugandan market.

8.3.4 **Inspection Of Goods At Owner’s Premises**

UNBS is not able to inspect all goods imported into the country at the entry points as required
and neither is it able to follow up and test/inspect all consignments released under seal to
owners. This inability to follow up on all consignments leads to goods entering the market
untested.

8.3.5 **Enforcement Of Standards**

UNBS enforcement arm has not been able to effectively curb the entry of sub-standard goods
into the Ugandan market due to the nature of the laws that govern it. These laws are non-
deterrent, inadequate, and are pegged to existing standards only. Besides, the inactive nature
of the—would be other government agencies tasked with the enforcement of standards also
compounds the problem.

8.4 **RECOMMENDATIONS**

8.4.1 **Inspection Of Goods**

UNBS management should ensure that all entry points are managed. Priority should be given
to inspection activities as opposed to revenue generation and should as much as possible carry
out random tests on goods profiled as low risk or design a system that will ensure better
classification and hence capture of more goods for inspection. This will ensure the safety of
consumers, attainment of planned inspections and minimize the influx of substandard goods
into the country.

8.4.2 **Staffing Levels And Deployment**

The issue of low staff levels requires an increase in the number of staff by management,
especially technical staff/inspectors from the various disciplines such as food science,
chemistry, toxicology, electrical engineering, metrology, laboratory analysis, among others. In
this way, a significant improvement will be registered in inspections as all entry points will be
effectively managed by competent staff capable of making independent and informed decisions.

The management should take advantage of the increasing budgetary remittances from the Central government to match the required staffing levels as par its approved staff establishment.

8.4.3 **Green Channel Clearance System**

The UNBS management should coordinate with URA to ensure that the goods cleared under the Green Channel System are tested for quality and conformity with standards before release to the market. There is also need for the management to enhance collaboration with the counterpart institutions in neighbouring countries regarding the trans-boundary movement of hazardous consumer products. Establish pre-shipment verification protocols with countries from where goods originate and ensure control of porous borders. This will ensure that all goods entering into the country are inspected.

The Bureau should also implement the Harmonised System (HS) codes with the technical nomenclature of products by URA to ease communication of the profiles. In the short run, the management should ensure that all entries (imported goods) have got UNBS clearance, that is, the UNBS import clearance certificate should form part of customs document.

8.4.4 **Inspection Of Goods At Owner’s Premises**

In order to minimize cases of loss of custody, the management should strengthen or streamline this system to ensure that all consignments released to owners are followed up and inspected. It should also set up mini laboratories at entry points or expedite testing activities by reducing on the time lag between receipt of samples and provision of test results.

In addition, Surveillance activities should be stepped up as a matter of urgency and public awareness should be created as regards the risk/dangers of substandard consumer products on the market, how to identify them and how to deal with them at the various levels of society. This will assist in detecting and withdrawal from the market of substandard products that enter the market as a result of gaps in the above system or porous/unmanaged borders.
8.4.5 Enforcement Of Standards

UNBS should petition/lobby Parliament and other stakeholders to amend the existing governing legislation (laws) in order to introduce/ incorporate deterrent penalties for manufacturers or importers of non conforming goods as well as give it the mandate to handle counterfeit goods.

The Bureau should also decentralize its market and industrial surveillance activities to its Regional offices in order to expand or widen its coverage and hence perfect its enforcement activities.

There is also need for concerted and vigilant efforts by government (UNBS and sister institutions), the private sector and civil society organizations to monitor and report the presence of substandard and potentially harmful consumer products on the Uganda market. Such products should be explicitly prohibited from entering the country or conditioned and controlled by individuals or institutions qualified to handle them.
9  PASSPORT PROCESSING BY THE PASSPORT CONTROL DEPARTMENT: MINISTRY OF INTERNAL AFFAIRS

9.1  INTRODUCTION

9.1.1  MOTIVATION

Article 29 (2C) of the Constitution of the Republic of Uganda, states that, “Every Ugandan shall have the right to a passport or other travel document”. It is therefore a constitutional right for every Ugandan to have a passport and the main objective of the Passport Control Department is to issue travel documents expeditiously. The processing of passports by the Passport Control Office (PCO) takes longer period, with an average delay of 9 - 30 days at Ministry headquarters and regions respectively than the stipulated ten working days or fourteen calendar days. This has resulted into the public being dissatisfied with the service rendered by the government in this regard.

The audit sought to ascertain the magnitude of the delay in the processing of passports and to examine the underlying causes of the delays and suggest to the management recommendations that could improve its performance and reduce the days taken to process passports.

9.1.2  DESCRIPTION OF THE AUDIT AREA

The Ministry of Internal Affairs (MIA) and, particularly, the Directorate of Citizenship and Immigration Control (DCIC), is responsible for the issuance of passports in Uganda. Other documents, such as: Certificates of identity, Conventional travel documents and temporary movement permits are also issued by the Directorate.

The approval and printing of passports is centralized at the Ministry headquarters in Kampala, also referred to as the issuing office, but the issuance of application forms and the distribution of processed passports is decentralized to regional and district immigration offices. There are four (4) regional offices (Mbale, Fortportal, Gulu and Kampala) and ten other passport issuing centres at the districts (Mbarara, Masaka, Mubende, Hoima, Masindi, Lira, Arua, Mityana,
The Passport Control Office in the Citizenship Control Department coordinates all the activities regarding the processing of passports. Some Ugandan Embassies and High Commissions abroad, such as those in South Africa and the United Kingdom, also process and issue passports to Ugandans abroad.

9.1.3 **Mandate**

The Ministry of Internal Affairs (MIA) and the Directorate of Citizenship and Immigration Control derives its mandate to issue, monitor and ensure safe custody of Ugandan Passports from the Constitution of the Republic of Uganda under Article 15, the Uganda Citizenship and Immigration Control Act (Cap.66) and Statutory Instruments No.15 and 16.

9.1.4 **Vision**

The vision of the Directorate of Citizenship and Immigration Control is: “Smooth, lawful stay and movement of persons in and out of Uganda”

9.1.5 **Mission**

The mission of the Directorate of Citizenship and Immigration Control is:

“Provision of quality services to Ugandans and foreign nationals who enter and move out of Uganda”

9.1.6 **Objectives of the directorate**

The strategic object of the Directorate pertaining to the issuance of passports include:

- To increase the pace of processing immigration documentation.
- To improve the control and facilitation mechanism for exit and entry into Uganda.
- To improve the method of identifying both citizens of Uganda and foreign nationals.
- To set up training programmes and develop a curriculum for the Directorate.
- To install communication at Headquarters and border posts.

9.1.7 **Activities in the directorate**

The following activities are undertaken in the directorate regarding the issuing of Passports:

- Issuing of application forms
- Receipt of application forms
- Interviewing applicants
• Verification of citizenship
• Printing and signing Passports
• Delivery of Passports
• Supervision of staff
• Motivation and appraisal of staff
• Training and coaching of staff
• Development of the data base for all passport categories
• Carrying out customer feedback surveys
• Developing a Directorate website
• Creation of customer care centres

Other activities at the directorate include:

• Improvement of the quality of service delivery and building confidence among the public through effective public relations strategies
• Training staff in relevant performance fields to improve efficiency and effectiveness in service delivery
• Provision of communication equipment to link the border posts and the Ministry Headquarters
• Motivation of staff through awards and rewards
• Improvement on non-tax revenue collection
• Renovation of dilapidated office blocks
• Provision of transport facilities, utilities and logistics for all immigration staff
• Acquisition of appropriate ICT hard and software
• Coordination and monitoring of all the immigration posts in the country
• Computerization of all the registers of the Directorate
• Establishment of a website for the Directorate, to strengthen public relations

9.1.8 Funding

The activities of MIA and the DCIC are funded through government budget support. The Ministry received and spent an average of Shs.4.1 billion per annum on the DCIC as follows:
Table 1: Annual Directorate expenditure

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>AMOUNT SPENT ON DCIC (SHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td>4.1 billion</td>
</tr>
<tr>
<td>2007/08</td>
<td>4.2 billion</td>
</tr>
<tr>
<td>2008/09</td>
<td>3.7 billion</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>12 billion</strong></td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>4 billion</strong></td>
</tr>
</tbody>
</table>

The Passport Control Office contributed Shs.3.01 billion (2006/07), Shs.3.37 billion (2007/08) and Shs.3.45 billion (2008/09) in Non Tax Revenue (NTR) from passport fees totaling to Shs.9.83 billion in the period under review as illustrated in the bar graph below:

Source: Audited Financial Statements of the MIA

9.1.9 **Scope**

The audit sought to:

- Ascertain the number of days taken by the Immigration and Passport Control Department to process a passport.
- Ascertain the average delay in the processing of passports.
- Identify the causes of delay in processing passports and
- Suggest recommendations that could help the management to mitigate the causes of the delay.
The audit focused on the processing of Passports by the Department of Passport Control Office, Directorate of Citizenship and Immigration Control in the MIA in three financial years from 2006/07 to 2008/09. It covered the Ministry headquarters and seven (7) of the thirteen (13) regional/district immigration offices: Mbarara, Fort portal, Masaka, Mubende, Jinja, Gulu, and Mbale.

9.2 FINDINGS AND CONCLUSIONS

9.2.1 PROCESSING OF PASSPORTS

The Processing of a passport, according to the DCIC, takes ten working days and each section having a standard time allocated within which to perform its responsibilities as follows:

<table>
<thead>
<tr>
<th>SECTION</th>
<th>NUMBER OF DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>RECEIVING</td>
<td>1</td>
</tr>
<tr>
<td>PCO</td>
<td>1</td>
</tr>
<tr>
<td>PRINTING (STRONG ROOM)</td>
<td>4</td>
</tr>
<tr>
<td>DELIVERY (FRONT DESK)</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>10</strong></td>
</tr>
</tbody>
</table>

The above criterion applies to both new issues and renewals.

NEW ISSUES

9.2.1.1 Overall Performance

The audit evaluated the total time it takes to process a passport through the whole process from receiving and approval of application forms to the delivery of passports to clients. It was noted that the processing of passports generally delayed with an overall average delay of 24 days in 2006/07, 25 days in 2007/2008 and 13 days in 2008/09. There were delays at both the Ministry Headquarters and regional/district offices.

The processing of passports at the Ministry Headquarters registered average delay of 13 days in 2006/2007 and 11 days in 2007/2008. Great improvement was noticed in FY 2008/2009 which registered an average delay of 2 days. There were instances when individual passports were processed within less than the standard time of 10 days during FY 2008/2009. This
Improvement was mostly attributed to the introduction of the new passport pre-payment system introduced in September 2008, where applicants are required to pay in advance before approval of application forms. This is intended to increase applicants’ commitment and response time on matters regarding their applications.

The regional performance (all regions/district combined) registered an average delay of 34 days in 2006/2007, 39 days in 2007/08 and an improvement to 24 days in FY 2008/2009.

Jinja was the poorest performing region/district followed by Masaka and Fort Portal. Mbarara district performed well. The good performance in Mbarara region/district was attributed to effective communication by the immigration officer who uses his personal mobile phone to either call or send short messages to applicants when their passports are ready.

The detailed performance of regional/district offices and the Ministry Headquarters is illustrated in the following graph:

**Bar graph showing delays at Headquarters, Regions/districts and Overall Performance**

Source: OAG analysis of Passport dates from registers at Headquarters and regional/district offices

NB: 0 means “no records were availed to the audit team”
An analysis of the delays in Gulu and Mubende districts for FY 2006/07 and 2007/2008 could not be performed due to poor record keeping at the stations during the period.

9.2.1.2 **Sectional Performance**

The audit also evaluated the time it takes to process a passport at different sections of the production process. Each section has got a standard time within which to perform its activities. However, it was not possible to analyze the performance of all sections due to poor record keeping which was characterized by failure to record files in the registers and lack of dates on some entries. Sectional performance was analyzed as described below:

**Delays from Receipt of Application Forms to Printing**

It takes a maximum of 6 working days from the date of receipt of an approved application form to the printing of a passport.

The audit revealed that the processing of application forms to the printing of a passport was taking longer than the stipulated time. The delays averaged from 21 days in FY 2006/07, 25 days in FY 2007/08 and 11 days in FY 2008/09. The audit revealed that regional/district offices were experiencing longer delays on an average of 31 days in 2006/07, 36 days in 2007/08 and 16 days in 2008/09.

For example, Jinja registered an average delay of 10 days in FY 2007/08 while Masaka posted average delays of 87 and 65 days during FYs 2006/2007 and 2007/2008 respectively. The delays at the Ministry Headquarters were 10 days in FY 2006/2007, 13 days in FY 2007/08 and 5 days in FY 2008/2009. The good performance for the head office during 2008/2009 is attributable to the introduction of the new passport prepayment system.

The duration of delay from application form processing to the passport printing stages is summarized in the following table:
Delays from receipt of application forms to passport printing (days)

<table>
<thead>
<tr>
<th></th>
<th>2006/7</th>
<th>2007/08</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEADQUARTERS</td>
<td>10</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>GULU</td>
<td>*</td>
<td>*</td>
<td>10</td>
</tr>
<tr>
<td>JINJA</td>
<td>30</td>
<td>100</td>
<td>52</td>
</tr>
<tr>
<td>MBALE</td>
<td>18</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>MBARARA</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>MASAKA</td>
<td>87</td>
<td>65</td>
<td>14</td>
</tr>
<tr>
<td>MUBENDE</td>
<td>*</td>
<td>*</td>
<td>3</td>
</tr>
<tr>
<td>FORT PORTAL</td>
<td>17</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td>REGIONAL AVERAGE</td>
<td>31</td>
<td>36</td>
<td>16</td>
</tr>
<tr>
<td>OVERALL AVERAGE</td>
<td>21</td>
<td>25</td>
<td>11</td>
</tr>
</tbody>
</table>

*Records not maintained
Source: OAG Compilation from Passport registers at Headquarters and regional/district offices

Management response:
There has been an improvement in this area and the passports at the headquarters are issued out within 10 working days. However, for the upcountry in issuing stations, the time is still beyond ten days because there are delays from banks upcountry in issuing the returns to the applicants, and also due to the fact that the officers have to travel to the headquarters for processing and collection of the ready passports. Regional Immigration officers have to first accumulate a sizeable number of applications for 2 or 3 days before making an economic journey to the headquarters. The problem is exacerbated by inadequate logistics at the regional/district offices.

Delivery of Passports
The delivery section is supposed to deliver passports to clients within four working days from the date of receipt of the printed passports from the printing room by the front desk to the date of handover to clients.

It was noted that there were delays in delivering the passports to the clients, with an average of three days in FY 2006/7, one day in FY 2007/08 and three days in FY 2008/09. At the Ministry Headquarters, Passports were delivered to the clients on an average of two and three days before the due delivery dates in 2007/08 and 2008/09 respectively. However, regions/districts performed more poorly compared to the headquarters. Clients received their
passports after longer delays averaging three days after the due delivery dates in 2006/07 and 2007/08. In 2008/09 it was noted that clients received their passports on an average of eight days after the due delivery dates.

The nature of the delay in the delivery of passports is summarized in the table 5 below:

### Delays in delivery of Passports

<table>
<thead>
<tr>
<th></th>
<th>2006/7</th>
<th>2007/08</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEADQUARTERS</td>
<td>3</td>
<td>-2</td>
<td>-3</td>
</tr>
<tr>
<td>GULU</td>
<td>*</td>
<td>*</td>
<td>1</td>
</tr>
<tr>
<td>JINJA</td>
<td>4</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>MBALE</td>
<td>-3</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>MBARARA</td>
<td>0</td>
<td>-3</td>
<td>-3</td>
</tr>
<tr>
<td>MASAKA</td>
<td>2</td>
<td>-4</td>
<td>29</td>
</tr>
<tr>
<td>MUBENDE</td>
<td>*</td>
<td>*</td>
<td>6</td>
</tr>
<tr>
<td>FORT PORTAL</td>
<td>12</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>REGIONAL AVERAGE</td>
<td>3</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>OVERALL AVERAGE</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

*Records not maintained

**Management response**

It is not possible to keep passports in the delivery office (front desk) for 4 days after production due to lack of storage facilities. The problem that is experienced is the failure of applicants to collect their passports. A surcharge should be imposed on all those applicants who fail to collect their passports on time, after due notification.

9.2.1.3 **Renewals**

Renewed passports are expected to be delivered to the applicants within four (4) days after the printing of the passports. The delays in renewals could not be analyzed from the time of printing the passport to its delivery to the clients due to the poorly maintained renewals’ register which had many missing entries and or booking dates.

The analysis of renewals at the regional/district immigration offices was also impossible due to lack of separate registers for renewals and new issues.
In the period under review, it took an average of 12, 4 and 3 days in 2006/07, 2007/08 and 2008/09, respectively to deliver renewed passports to applicants. The failure to adhere to the stipulated delivery time caused an average delay of eight (8) days in 2006/07. However, improvement was noted in 2007/08 where there was no delay and in 2008/09 renewed passports were on average delivered to clients before the stipulated delivery time as shown in table 6 below:

Table 6: Delays in the delivery of renewed Passports

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Average days taken to deliver renewed passports</th>
<th>Average delay (Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>2007/08</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>2008/09</td>
<td>3</td>
<td>-1</td>
</tr>
</tbody>
</table>

Source: OAG Compilation from Passport registers at Headquarters

Management response

Two new records staff have been recruited to help streamline the renewals register. All files that are taken out of the registry are recorded.

9.2.1.4 Exceptional Cases

It was noted that there were some isolated cases where the processing of passports had taken a very long period of more than ten years. The issuing of passports on these files had been delayed for an average of 14, 18 and 17 years during 2006/07, 2007/08 and 2008/09 Financial Years. The application forms had been submitted between 1980 to 2004 and the passports printed during 2006/07, 2007/08 and 2008/09 Financial years. These applications had been submitted before the introduction of the new passport prepayment system when the commitment of the clients was very low.

It was further noted that the delivery section still had un-collected passports which had been processed at least six months prior to the audit. In October 2008, the last recorded date, un-collected passports totaled 1,155.
The section did not have an up-to-date figure of un-collected passports at the time of audit (September 2009). It was also not clear whether the applicants are notified when the passports are ready.

**Management response:**

Before the introduction of the new system of prepayment for passports, there was lack of commitment by applicants who would take longer to respond to queries or pick up the processed passports.

Some applicants are confused by illegal middlemen who prolong the passport process in preference to charging them exorbitant fees. We have issued strong instructions to the police to arrest all those middlemen/agents who hang around immigration offices and take advantage of innocent applicants.

9.2.2 **CAUSES OF THE DELAYS IN PROCESSING OF PASSPORTS**

The causes of the delays in the processing of passports can be traced throughout the entire processing cycle. The following causes were identified during the audit:

9.2.2.1 **Verification of Citizenship**

The verification of applicants’ citizenship at the receiving section relies on the recommendations of the various local administrators and government agencies comprising of chairpersons of Local Council (LC I) to LC.III), the District Internal Security Officers (DISO), the Criminal Investigation Department (CID) and the Resident District Commissioner (RDC).

At the receiving section, DCIC performs additional verification procedures such as interviewing the applicant; considering physical features such as facial complexion and skin colour, among others. The procedures are time consuming and lead to congestion and clients queuing for a long time. All the staff interviewed confirmed that the verification methods used are time consuming and render the exercise long because of the unconventional methods used.

**Conclusion:**

The use of unconventional citizenship verification methods delays the interviewing exercise and the subsequent processing of application forms. This in turn affects the time taken to submit approved application forms to the strong room for passport printing.
Management response:
Extra checks are performed to ensure that the right people get the passports. The Verification process does not go by physical features and facial complexion alone, it also involves a combination of several other verification aspects such as putting to the applicant additional questions during interview. The lack of National Identity Cards farther prolongs the verification exercise.

9.2.2.2 Information Technology
There was limited use of IT in the processing of passports. The activities such as: registration of application forms, forwarding of files to the PCO and to the printing room, registration of the printed passports and the delivery of passports to clients are performed manually. In the strong room, the printing and indexing of passports is computerized. Tagging, writing, stamping and registration activities are carried out manually.

Immigration officer capturing application files
We noted that the Department has not embraced the use of IT in its work processes. We noted that 62% of the staff, interviewed possessed IT skills but only 9% were using IT in their work situations.

Conclusion:
The Passport Control Office has not embraced the use of IT in the passport processing cycle and this continues to hamper the attainment of the objective to increase the speed of processing passports and other immigration documentation set by the directorate.
Management response:
The Ministry computers are not networked to link all passport issuing centres in the country. A local area network exists at the headquarters and some immigration offices such as that of the director and the commissioner are linked to the passport printing room. The IT skills of staff will be harnessed to help improve the passport production process.

9.2.3 Handling of Queried Applications
The applicant is supposed to be notified of the query by telephone. We noted that 90% of the queried applicants are verbally notified when they make follow up on their applications at the front desk. It is only 10% of the applicants who are advised on phone. This facility is only available at the Headquarters in Kampala but not available in all the up-country stations. The verbal communication of the queried application forms to clients affects the client response time and hence the delays in the process.

In its efforts to reduce the incidence of queried application forms, the Directorate has embarked on public awareness campaigns where television and radio programmes have been introduced to enlighten the public on matters and procedures concerning the acquisition of passports and other travel documents. Information and educational materials have also been introduced and a Public Guide to Uganda Passport procedures (2009) was published with the assistance from Justice Law and Order Sector (JLOS). The Directorate has also established a website (www.immigration.go.ug) to strengthen public relations.

Conclusion:
The PCO lacks the efficient communication facilities required to increase efficiency in the modern business environment which in turn hampers the business-client feedback mechanism, which is very important in effective service delivery.

9.2.4 Records Management
We noted that the recording, filing and retrieval of client files at the central registry was not properly done. Some files are brought or taken out of the registry without being recorded. We also observed that entry into the registry is not restricted. It is accessible to every member of staff including the support staff as well as to the clients.
According to the Officer-in-charge of the central registry, the problems in the registry are due to uncoordinated recording and filing activities between his section and the receiving section and the lack of storage space which leads to haphazard storing of records. He further explained that the registry still stores old records of as far back as the 1930s when the first passport was issued in Uganda.

The audit inspection found the central registry overwhelmed by the huge volume of records/files which were not properly stored. Records/files with effect from 2001 to date were still lying on the registry floor.

Records/files fully packed in central registry

Records/ files kept on the registry floor due to lack of storage space

Poor records management affects the location and retrieval of records/files during the processing of passports hence causing delays in the processes. Most affected is the renewal of old passports where the client’s file has to be retrieved before the approval of application forms. Also affected are new applications whose records have been queried, and also new cases where a family maintains one file.

Out of the 216 files under renewals category which were requested from the central registry for up-country stations, only four files were retrieved and availed for audit after searching for two weeks.

A project to computerize the registers had begun with the central registry whereby the scanning of files had commenced. At the time of audit in September 2009 the project had stalled due to implementation challenges.
Conclusion
The Directorate has not established a proper record management system and this affects the processing time of passports especially when the decisions to approve application forms depend on reference information that has to be retrieved.

Management response
There is a register for booking files leaving the registry. The filing system in the registry is inadequate due to the limited storage space. Files from the year 2005 to date are not on shelves. Attempts to request for more storage space from the Ministry of Public Service did not yield results. The Ministry has embarked on an exercise of scanning records of files from 2001 to date. The exercise, however, is slow due to lack of heavy duty scanning machines. Two records assistants have also been recruited to increase on the manpower.

9.2.2.5 Staff Working Conditions
Staff commitment and concentration towards work was very low which in turn affects the speed of processing passports.
It was noted that the flow of work during the processing of passports was affected by the poor staff working conditions. When members of staff were interviewed about their working conditions, they cited the problems of office accommodation, transport, communication and poor remuneration. We also noted that immigration officers were using very old furniture both at the regions/districts and at head office. All the visited regions/districts were housed in old and dilapidated central government buildings constructed a long time ago. Most of the immigration officers in the PCO at head office are also housed in old structures built during the colonial times.

Staff at the head office also complained of air pollution caused by tobacco fumes from the adjacent tobacco factory which is a health threat to their lives.

Another concern of the staff was that they are only provided with one pair of uniforms whereas they are expected to be in uniform from Monday to Friday yet they have to wash in between the working days.
We noted that all the 7 regional/district immigration offices visited, lacked transport facilities. Officers have to travel to headquarters in Kampala by public means, using their personal
funds, to deliver clients’ application forms and collect the processed passports for onward delivery to owners. The Department of Citizenship Control is allocated only one (1) vehicle, which is mainly used to collect blank passports and embossed passports from B.O.U and MoFPED, respectively.

We noted that it is difficult to conduct inspection visits satisfactorily in the whole country using one vehicle.

Dissatisfaction was also expressed by staff against being financially marginalized; citing the fact that despite the annual revenue contribution of Shs.3.01 billion (2006/07), Shs.3.37 billion (2007/08) and Shs.3.45 billion (2008/09) from passport fees collection alone, their working conditions remained poor.

**Conclusion:**
The audit findings from the staff interviews affirmed that the directorate did not adequately address the working conditions of staff as stated in its objectives of providing transport facilities, utilities and logistics for all immigration staff, renovating dilapidated office blocks, motivating staff through awards and rewards and coordinating and monitoring all the immigration posts in the country.

**Management response:**
The Ministry acknowledges the observations made, but mitigation measures are constrained by the government budgeting system. The Ministry of Finance, Planning and Economic Development allocates a budget ceiling beyond which a ministry cannot make budget provisions. Plans are underway to provide staff with uniforms.

**9.2.3 OVERALL EFFECT OF DELAYED PROCESSING OF PASSPORTS**
The overall effect of delayed processing of passports is the dissatisfaction of the public who may resort to other means of acquiring passports such as using middlemen who request for illegal and exorbitant processing fees.
9.2.4 **GENERAL CONCLUSION**

The time taken to process passports was generally longer than the expected time and this was mainly as a result of the bottlenecks in the system which mostly affected up-country regions/districts.

The improvement at the headquarters can further be extended to achieve a shorter passport processing time if the Ministry removed most of the bottlenecks hampering the efficient operation of production process.

9.3 **RECOMMENDATIONS**

9.3.1 **Verification of Citizenship**

The MIA should address the challenges and iron out the setbacks affecting the completion of the National Identification Project which, when completed will reduce on the time immigration officers take during the citizenship verification exercise.

9.3.2 **Information Technology**

- The MIA should take advantage of the existing Passport software used in the printing section and existing computer networks in all the sectional offices to computerize the passport processing cycle to reduce on the time taken to process passports.

- The MIA should tap the IT skills possessed by the staff, which has not been exploited to increase staff efficiency at work.

- The staff that lack IT skills should be trained and refresher courses regularly carried out to enable them to increase their efficiency in the processing of passports.

9.3.3 **Handling of Queried Applications**

- The MIA should improve on its communication strategy and feedback mechanisms to enable clients to respond quickly to the queries raised during processing application forms.
• The MIA should focus on the implementation of their budgets and monitor the budgetary Performance to ensure that the objectives of the their policy statements are achieved.

• The MIA should develop a sustainability plan to enable it to support its newly introduced public awareness programmes in the media. This will create awareness among the clients regarding the processes involved in the timely acquisition of a passport.

• The published passport guidelines should be distributed to all passport processing centers and be well displayed to enable the public to understand and appreciate the passport procedures.

9.3.4 **Records Management**

• The project to computerize the central registry should be revived and completed to improve on records management.

• The Directorate should harmonize the recording and filing procedures between the central registry and the application receiving section to allow for the proper management of records.

9.3.5 **Staff Working Conditions**

The MIA should develop a strategy to improve staff welfare and working conditions so as to improve on their efficiency in performing their duties.

The MIA should implement its reward strategy whereby the best performing regions/districts or individual staff are recognized and rewarded to increase institutional and staff motivation and commitment at workplaces.
10.1 INTRODUCTION

10.1.1 Background to the Audit
The Performance audit on the NUSAF1 Project has been conducted in accordance with Article 163 (3) of the Republic of Uganda, and section 21(1) of the National Audit Act 2008. The audit focused on the management of the Northern Uganda Social Action Fund Project, in the 29 districts of Northern, West Nile, North East and Eastern Uganda where it was implemented.

10.1.2 Motivation
Uganda faces considerable challenges in meeting its poverty eradication objectives to reduce absolute poverty to less than 10% of the population by the year 2017. Geographical desegregation of poverty dynamics suggests that one third (33.3%) of the chronically poor are resident in Northern Uganda.

The Northern Uganda Social Action Fund (NUSAF) was developed by the Government of Uganda after realizing that despite the significant gains in reducing poverty recorded throughout most of Uganda, the North had continued to lag behind and indeed fallen further into poverty. NUSAF strived to improve the livelihood of people of Northern Uganda, by empowering communities in 29 districts to enhance their capacity in their own value systems.

The NUSAF project was jointly funded by the World Bank and GOU to a tune of US$120m equivalent to Uganda shillings One hundred and eighty billion (shs180b). By December 2008, the project had funded a total of 9,324 sub projects.

However, in spite of this high level intervention, there arose widespread complaints regarding the mismanagement of the project which threatened the project’s ability to fully achieve its objectives.
Statistics on Poverty trends (UBOS 2008) indicated that there was a proportionately increasing difference in the poverty gap index between the Northern region and other regions; 60.7% of the population in the North still lives below the poverty line while Eastern 35.9%, Western 20.5% and Central 16.4%.

The Office of the Auditor–General carried out a Value for Money Audit to: assess the operations of the NUSAF Project in empowering Communities and improving their livelihoods; identify the challenges and their causes. The Audit provides possible recommendations that would address the challenges that were faced under the NUSAF Project.

10.1.3 **Description of the Audit Area**

The NUSAF Project was one of the services in the PEAP undertaken by the Government of Uganda, aimed at reducing poverty levels and increasing the standard of people living in rural areas. The Objective of the project was to empower rural communities and improve the livelihoods of vulnerable groups such as women, People living with HIV, the youth in war affected areas of the North and Eastern Uganda.

The Project started in February 2003, under the Office of the Prime Minister. Funding for the programme comprised IDA funding by World Bank and counterpart funding by the Government of Uganda.

The implementation of the Project was divided into five (5) regions, namely; West Nile region, comprising the districts of Arua, Nebbi, Moyo, Yumbe and Adjumani; Acholi Region, comprising Gulu, Amuru, Kitgum and Pader; Teso Region – Soroti, Katakwi, Pallisa, Kumi, Bukeeda, Amuria, Kaberamaido and Budaka; Lango Region – Lira, Amolator, Apac, Oyam and Dokolo and; Karamoja region-Moroto, Kotido, Nakapiripirit, Abim and Kaabong.

The Project strived to improve the livelihood of people of Northern Uganda by empowering communities in 29 districts by enhancing their capacity to systematically identify, prioritize and plan for their needs within their own value systems.
The nuclear of NUSAF institution was the community that would serve their own community. Sub-projects were formed according to identified community needs that were categorized in the following components; Community Development Initiative (CDI), Vulnerable Group Support (VGS), Community Reconciliation and Conflict Management (CRCM) and Institutional Development.

10.1.4 **Statutory Mandate**

The Northern Uganda Social Action Fund operated under the Office of the Prime Minister. This office which is mandated to lead Government business in Parliament is responsible for the coordination and implementation of government policies across ministries, departments and other public institutions, including policy and management issues. The Office is also responsible for the pacification and development of Northern Uganda, Luwero Triangle and Karamoja Region. The NUSAF Project came into existence following the signing of a Development Credit Agreement between the Republic of Uganda and the International Development Association (IDA) on 7th August 2002.

10.1.5 **Mission Statement**

The Northern Uganda Social Action Fund shares the Office of the Prime Minister’s Mission, that is “To instill and maintain efficient and effective systems in Government that enable Uganda to rapidly develop”

10.1.6 **Vision Statement**

The Northern Uganda Social Action Fund shares the Office of the Prime Minister’s Vision, that envisions “A public sector which is responsive and Accountable in steering Uganda towards Rapid Economic Growth and Development”

10.1.7 **Goal**

To “Empower communities in Northern Uganda’s 29 districts, located in the North and East, by enhancing their capacity to systematically identify, prioritize and plan for their needs within their own value systems, while implementing sustainable development initiatives that improve socio-economic services and opportunities, thereby contributing to improved livelihoods”
10.1.8 **Objectives**

- To Strengthen community participation, leadership development and encourage sustainable utilization and mobilization of natural resources.
- To Improve quality and access to social services and community-initiated infrastructure.
- To Provide and facilitate support to vulnerable groups, especially the youth, women and people infected and affected by HIV and conflict.
- To Support community reconciliation and conflict management through local institutions and Civil Society Organizations (CSOs).
- To provide institutional support to build capacity to manage the Project, disseminate information, monitor and evaluate activities as well as strengthen the local government institutions that provide technical support to the Project.

10.1.9 **Activities**

- Promoting awareness, by disseminating information through education and communication to the communities.
- Participatory micro planning done through situational analysis, needs and resource identification.
- Sub-Project formulation and selection of CPMCs.
- Desk and Field Appraisals of Sub-Projects.
- Approval of Sub Projects.
- Building and enhancing the capacity of communities and other stakeholders through training.

10.1.10 **Organizational Structure**

At the National level, is the National Steering Committee that oversees the implementation of the programme. NUMU is headed by an Executive Director (ED), assisted by four Directors: The Director of Programmes, The Director of Systems, Directorate of Finance and Administration and The Chief Internal Auditor.
10.1.11 **Financing**

The NUSAF project was funded by the Government of Uganda (10%), and the World Bank International Development Association (IDA) (90%). Details are summarized below:

**Table: 1 Funding to NUSAF Project**

<table>
<thead>
<tr>
<th>Source/Financial Year</th>
<th>IDA Funds (USD)</th>
<th>GoU Funds (Shs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>15,729,595</td>
<td>-</td>
</tr>
<tr>
<td>2005</td>
<td>23,381,056</td>
<td>-</td>
</tr>
<tr>
<td>2006</td>
<td>30,511,394</td>
<td>-</td>
</tr>
<tr>
<td>2007</td>
<td>36,075,455</td>
<td>7,773,183,784</td>
</tr>
<tr>
<td>2008</td>
<td>12,679,110</td>
<td>258,200,317</td>
</tr>
<tr>
<td>2009</td>
<td>1,839,920</td>
<td>221,701,596</td>
</tr>
<tr>
<td><strong>Total Amount</strong></td>
<td><strong>120,216,530</strong></td>
<td><strong>8,253,085,697</strong></td>
</tr>
</tbody>
</table>

Source: OAG Analysis of NUSAF Financial Reports

10.1.12 **Audit Scope**

The Value for Money audit was carried out on the Northern Uganda Social Action Fund (NUSAF), a project under the Office of The Prime Minister. The audit focused on Vulnerable Group Support (VGS) and the Community Development Initiative (CDI) components of the project.

The study covered a period of five (5) years from July 2004 when the project activities commenced to January 2009.

Thirteen (13) out of the twenty nine (29) Districts in Uganda were sampled for the Audit. The sampled districts include; Arua, Nebbi and Yumbe in the West Nile region; Gulu, Kitgum, in the Acholi region; Lira and Apac in the Lango region; Soroti, Pallisa and Katakwi in the Teso region; Kotido and Moroto and Nakapiripirit in the Karamoja region.
10.2  **FINDINGS**

10.2.1  **Sub-project Funding**

The NUSAF Financial Manual requires that funds released to Sub-projects should be consistent with the terms and conditions of the Subproject contract. Accordingly funds were to be transferred to Subprojects based on the amount stated in the budgets and disbursement requests from the Subprojects.

The Director of Programmes was responsible for managing the Project budget and adjusting budgets according to sector requirements.

The audit revealed that 20% of the 2,650 CDI (i.e. 530) Subprojects that were audited received funds above the requested amount.

It further established that 10% of the 5,306 VGS Subprojects i.e. 531 received funds above sub-project requests. Below are the details:
## Table: 2 Funding to Community Development Initiative Subprojects

<table>
<thead>
<tr>
<th>District</th>
<th>No. of CDI Sub Projects</th>
<th>NUSAF Budgeted Amount (shs)</th>
<th>Total Amount Disbursed</th>
<th>Amount Disbursed above the Budget</th>
<th>Excess funds Returned</th>
<th>Total Funding above the Budgets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjumani</td>
<td>33</td>
<td>1,290,454,335</td>
<td>1,304,276,460</td>
<td>13,822,125</td>
<td>-</td>
<td>13,822,125</td>
</tr>
<tr>
<td>Apac</td>
<td>251</td>
<td>8,282,607,445</td>
<td>8,411,660,018</td>
<td>129,052,573</td>
<td>-</td>
<td>129,052,573</td>
</tr>
<tr>
<td>Arua</td>
<td>363</td>
<td>12,912,830,645</td>
<td>13,063,222,140</td>
<td>150,391,495</td>
<td>20,838,575</td>
<td>129,552,920</td>
</tr>
<tr>
<td>Gulu</td>
<td>116</td>
<td>4,194,856,145</td>
<td>4,199,887,521</td>
<td>5,031,376</td>
<td>-</td>
<td>5,031,376</td>
</tr>
<tr>
<td>Kaberamaido</td>
<td>46</td>
<td>2,098,858,568</td>
<td>2,114,325,851</td>
<td>15,467,283</td>
<td>-</td>
<td>15,467,283</td>
</tr>
<tr>
<td>Katakwi</td>
<td>180</td>
<td>7,250,443,600</td>
<td>7,290,111,109</td>
<td>39,667,510</td>
<td>5,357,619</td>
<td>34,309,893</td>
</tr>
<tr>
<td>Kitgum</td>
<td>100</td>
<td>4,326,914,033</td>
<td>4,421,699,504</td>
<td>94,785,471</td>
<td>-</td>
<td>94,785,471</td>
</tr>
<tr>
<td>Kotido</td>
<td>165</td>
<td>7,019,670,196</td>
<td>7,064,113,175</td>
<td>44,442,979</td>
<td>-</td>
<td>44,442,979</td>
</tr>
<tr>
<td>Lira</td>
<td>210</td>
<td>8,383,015,814</td>
<td>8,438,906,135</td>
<td>55,890,321</td>
<td>-</td>
<td>55,890,321</td>
</tr>
<tr>
<td>Moroto</td>
<td>116</td>
<td>5,000,498,408</td>
<td>5,098,553,747</td>
<td>98,055,348</td>
<td>-</td>
<td>98,055,348</td>
</tr>
<tr>
<td>Nakapiripirit</td>
<td>93</td>
<td>3,699,482,883</td>
<td>3,715,602,185</td>
<td>16,119,301</td>
<td>-</td>
<td>16,119,301</td>
</tr>
<tr>
<td>Nebbi</td>
<td>125</td>
<td>4,377,642,509</td>
<td>4,405,043,195</td>
<td>27,400,686</td>
<td>22,647,895</td>
<td>4,752,791</td>
</tr>
<tr>
<td>Pader</td>
<td>83</td>
<td>3,502,235,520</td>
<td>3,647,851,710</td>
<td>145,616,190</td>
<td>41,863,997</td>
<td>103,752,193</td>
</tr>
<tr>
<td>Pallisa</td>
<td>283</td>
<td>9,798,135,274</td>
<td>9,866,541,116</td>
<td>68,405,842</td>
<td>-</td>
<td>68,405,842</td>
</tr>
<tr>
<td>Soroti</td>
<td>210</td>
<td>5,698,949,675</td>
<td>5,762,622,581</td>
<td>64,572,906</td>
<td>-</td>
<td>64,863,997</td>
</tr>
<tr>
<td>Yumbe</td>
<td>75</td>
<td>2,514,176,008</td>
<td>2,562,925,507</td>
<td>50,912,845</td>
<td>121,789</td>
<td></td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>2,650</strong></td>
<td><strong>99,277,682,877</strong></td>
<td><strong>100,324,787,675</strong></td>
<td><strong>1,047,104,798</strong></td>
<td><strong>141,620,931</strong></td>
<td><strong>905,483,867</strong></td>
</tr>
</tbody>
</table>

*Source: OAG Analysis of NUSAF Disbursement Trackers*
Table: 3 Funding to Vulnerable Group Support Subprojects

<table>
<thead>
<tr>
<th>District</th>
<th>No. of VGS Sub Projects</th>
<th>NUSAF Budgeted Amount</th>
<th>Total Amount Disbursed</th>
<th>Over funding</th>
<th>Returned funds</th>
<th>Total Over Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjumani</td>
<td>196</td>
<td>2,74,108,148</td>
<td>2,082,954,597</td>
<td>8,846,449</td>
<td>-</td>
<td>8,846,449</td>
</tr>
<tr>
<td>Apac</td>
<td>649</td>
<td>6,506,356,111</td>
<td>6,556,243,645</td>
<td>49,887,534</td>
<td>-</td>
<td>49,887,534</td>
</tr>
<tr>
<td>Arua</td>
<td>377</td>
<td>4,344,439,719</td>
<td>4,354,215,783</td>
<td>9,776,064</td>
<td>6,080,000</td>
<td>3,696,064</td>
</tr>
<tr>
<td>Gulu</td>
<td>495</td>
<td>7,240,871,453</td>
<td>7,255,357,573</td>
<td>14,486,120</td>
<td>-</td>
<td>14,486,120</td>
</tr>
<tr>
<td>Kaberamaido</td>
<td>164</td>
<td>2,204,598,949</td>
<td>2,231,755,438</td>
<td>27,156,489</td>
<td>-</td>
<td>27,156,489</td>
</tr>
<tr>
<td>Katakwi</td>
<td>171</td>
<td>1,696,609,670</td>
<td>1,760,753,539</td>
<td>64,143,869</td>
<td>28,774,057</td>
<td>35,369,819</td>
</tr>
<tr>
<td>Kitgum</td>
<td>644</td>
<td>7,956,990,384</td>
<td>8,000,020,608</td>
<td>43,230,224</td>
<td>-</td>
<td>43,230,224</td>
</tr>
<tr>
<td>Kotido</td>
<td>70</td>
<td>740,641,481</td>
<td>747,607,166</td>
<td>6,956,685</td>
<td>-</td>
<td>6,956,685</td>
</tr>
<tr>
<td>Kumi</td>
<td>308</td>
<td>2,694,847,832</td>
<td>2,779,644,836</td>
<td>84,788,004</td>
<td>-</td>
<td>84,788,004</td>
</tr>
<tr>
<td>Lira</td>
<td>503</td>
<td>5,356,629,526</td>
<td>5,368,143,678</td>
<td>11,514,152</td>
<td>-</td>
<td>11,514,152</td>
</tr>
<tr>
<td>Nakapiripirit</td>
<td>53</td>
<td>426,595,535</td>
<td>431,095,535</td>
<td>4,500,000</td>
<td>-</td>
<td>4,500,000</td>
</tr>
<tr>
<td>Nebbi</td>
<td>276</td>
<td>2,383,743,200</td>
<td>2,389,275,384</td>
<td>5,532,184</td>
<td>-</td>
<td>5,532,184</td>
</tr>
<tr>
<td>Pader</td>
<td>305</td>
<td>3,834,736,691</td>
<td>3,860,066,764</td>
<td>7,075,850</td>
<td>18,194,223</td>
<td></td>
</tr>
<tr>
<td>Pallisa</td>
<td>416</td>
<td>3,005,512848</td>
<td>3,010,836,848</td>
<td>5,324,000</td>
<td>-</td>
<td>5,324,000</td>
</tr>
<tr>
<td>Soroti</td>
<td>261</td>
<td>3,191,192,734</td>
<td>3,210,947,196</td>
<td>10,754,462</td>
<td>-</td>
<td>10,754,462</td>
</tr>
<tr>
<td>Moyo</td>
<td>126</td>
<td>1,085,492,977</td>
<td>1,098,266,448</td>
<td>12,773,471</td>
<td>-</td>
<td>12,773,471</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>5,306</strong></td>
<td><strong>57,139,614,015</strong></td>
<td><strong>57,537,338,861</strong></td>
<td><strong>397,722,846</strong></td>
<td><strong>49,110,553</strong></td>
<td><strong>348,612,293</strong></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>7,956</strong></td>
<td></td>
<td></td>
<td><strong>1,444,827,644</strong></td>
<td><strong>190,731,484</strong></td>
<td><strong>1,254,096,260</strong></td>
</tr>
</tbody>
</table>

Source: OAG Analysis of NUSAF Disbursement Tracker

Over funding of Subprojects was attributed to lack of effective internal audit function which did not have an internal audit manual to guide the staff working in this department. For instance, the internal audit department did not pre-audit payments.

In addition the study revealed that NUSAF had designed an excel spread sheet known as “subproject tracker” for purposes of managing funds disbursed to the sub projects. The audit was not availed with evidence of independent review of the system, implying that errors could not easily be identified\detected and addressed in a timely manner.

As a result, 1,061 sub projects out of 7956 subprojects both CDI and VGS in tables 2 and 3 above, received funds above the budgeted amounts totaling to Shs.1,444,827,644 out of which Shs.190,731,484 was recovered leaving a balance of Shs.1,254,096,160 without proper justification rendering the expenditure wasteful.
Management Response
Management attributed the over funding of Subprojects to multiple tranching of subprojects funds using a manual system both at the district and NUMU which led to errors. They stated further that they later installed and operated a computerized SUN Accounting System in March 2008 which helped minimize the human errors. Secondly, management relied on District Trackers for Accountability and tracking sub project disbursements in the absence of a computerized accounting system. These District Trackers also had limitations in terms of tracking errors.

10.2.2 MAINTENANCE OF FINANCIAL RECORDS BY SUBPROJECTS
NUSAF subprojects were supposed to maintain a simple cash book and to utilize standard accounting forms. Prior to the sub-project launch, CPMC\CSO members were supposed to be trained to ensure consistency and compliance with NUSAF procedures. Training was to be conducted for five days. The purpose of the training was to assist in upholding transparency and accountability in the delivery of project activities.

The audit revealed that 70% of the subprojects in a sample of 642 i.e 449 CDI sub projects, did not maintain a Cash book and did not make use of the standard accounting forms.

The poor record keeping was caused by inadequate training of subproject members and lack of followup training regarding financial matters. Illiteracy among the Subproject members also affected the ability of members to maintain financial records.

In the absence of proper financial records at the CDIs, it was difficult to verify, reconcile and update the financial information of the sub projects by NUMU and NDTO which led to the over funding of sub projects.

10.2.3 PROCUREMENT PROCEDURES
The procurement was based on the following procedures:

1. The community placing adverts in public places (Local bidding).
2. Sending invitations to at least three firms (Local shopping).
3. Direct contracting (Direct Selection of a contractor among the community)
4. Community participation using their own equipments and tools.

For effective community participation in procurement, the communities were required to constitute Community procurement committees comprising five members, which were responsible for the procurement of all the goods and services required in the implementation of the sub projects.

The study ascertained that, out of the 642 CDI Subprojects visited 60% i.e 385 did not have Community Procurement committees, while only 40% ie 257 had constituted Community Procurement committees.

The audit further revealed that 50% i.e 128 out of the 257 CDI’s which had constituted procurement committees did not follow procurement guidelines.

This was due to inadequate training of the members of the Subprojects at the pre-launch. 75% of the committee members interviewed at the sub projects were of the view that procurement was not adequately covered during training.

Failure to follow the Community Based Procurement Guidelines led to the escalation of the cost of the sub projects and failure to attain economy.

10.2.4 **SUPERVISION AND MONITORING OF CIVIL WORKS**

Under the Community Development Initiative component, supervision was essential for ensuring quality control and the cost effectiveness of sub-projects.

The NUSAF district technical officer and the District Engineer were responsible for conducting Supervision and monitoring of the civil works under construction on a monthly basis to ensure quality control and the cost effectiveness of sub-projects. In addition the Community Based Procurement and Stores Manual required that for all construction work, certification would be done at every stage by the relevant sector specialist before payment was made.
The documentation review and the interviews conducted during the field study revealed that only 33% of the 642 CDIs i.e. 212 of the Subprojects were monitored by the NDTO on a monthly basis.

The audit also revealed that only 5% of the 642 CDIs i.e. 32 Subprojects were supervised and monitored by the District Sector Specialist/District Engineer. It was further established that 80% out of the 642 CDIs i.e. 514 Subprojects did not have payment certificates attached to payment vouchers.

Documentation review and interviews revealed that the staffing gaps and laxity of the sector specialists (District Engineers) and NDTO’s, were the cause of inadequate supervision of civil works.

Verification of civil work revealed that lack of proper supervision of the civil work resulted into poor quality civil works of the sub projects. The audit ascertained that 54% of the buildings had cracked floors, 26% had walls with cracks, 10% had broken windows and 10% had broken doors.

Lack of close supervision of the civil work resulted into poor quality civil works of the sub projects; as was in the case of Panyangara health Centre in Kotido District where a staff house was plastered but without a verandah and appeared deserted.

**Figure: 3 Poor quality Civil Works**

![Figure: 3 Poor quality Civil Works](image)

*Source: OAG Field Inspections*
10.2.5 **COMPLETION OF SUBPROJECTS**

The time limit for completion of community Subprojects was set at twelve months. The audit revealed that out of 642 CDI projects, only (31%) i.e. 199 sub projects were completed in time while 69% i.e. 443 were not completed on schedule.

The audit established that the average completion time for construction of CDI sub projects during the NUSAF project lifespan was 27 months as reflected in the graph below.

**Table: 5 Completions of CDI Subprojects**

<table>
<thead>
<tr>
<th>Financial Years</th>
<th>Planned</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004/05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005/06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006/07</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007/08</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** OAG Analysis of NUSAF Progress Reports

The delays in completion of sub projects was attributed to delays in disbursement of funds to sub projects, non adherence to procurement guidelines and lack of proper monitoring and supervision by Technical experts.

The delay in completion of the sub projects led to the extension of NUSAF project life, additional administrative costs and cost escalation.
10.2.6 **DISBURSEMENT OF FUNDS TO SUBPROJECTS**

At the Sub-project launch, an initial deposit in form of a cheque was supposed to be given as the first tranche of funding to start the project.

The audit revealed that the transfer of funds to some subprojects was not done at the launch. Through document review, it was noted that in the year 2004/05, disbursements to subprojects were done on average 10 months after the launch (2005/06; 6 months, in 2006/07; 5 months, and in 2007/08; 7 months).

As a result of delays in the disbursement of funds, the Subprojects could not complete their activities on schedule and according to their work plans.

10.2.7 **SUBMISSION OF ACCOUNTABILITIES**

To ensure full accountability for the funds remitted to each district and other implementing Agencies, funds were supposed to be transferred to Subproject in tranches upon receipt of accountabilities for the previous release.

The audit found that 40% of the 642 CDIS i.e. 257 of the sub projects received more than one tranche prior to submission of previous accountabilities.

The study further revealed that accountabilities for funds received by subprojects were not submitted in accordance with project norms. For instance according to the Auditor General’s report of NUSAF for the year ended 30th June 2008, the age analysis of the advances revealed that an amount of Shs.262,506,090 had been outstanding for more than twelve months.

The audit further revealed that out of the total of 2,322 CDIs sub projects, 20% i.e 475 sub projects had not submitted accountabilities amounting to Shs.2,607,315,491 at the close of the project in September 2009 as shown below.
Table: 4 Proportion of subprojects that did not submit accountabilities

<table>
<thead>
<tr>
<th>District</th>
<th>No. of CDI Sub Projects</th>
<th>No. of Subprojects with Un Submitted Accountabilities</th>
<th>Percentage of Un Submitted Accountabilities</th>
<th>Amount of Un Submitted Accountabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjumani</td>
<td>33</td>
<td>3</td>
<td>9%</td>
<td>2,502,500</td>
</tr>
<tr>
<td>Apac</td>
<td>251</td>
<td>52</td>
<td>20%</td>
<td>163,270,712</td>
</tr>
<tr>
<td>Arua</td>
<td>363</td>
<td>20</td>
<td>5%</td>
<td>33,880,246</td>
</tr>
<tr>
<td>Gulu</td>
<td>116</td>
<td>18</td>
<td>15%</td>
<td>26,569,887</td>
</tr>
<tr>
<td>Katakwi</td>
<td>180</td>
<td>25</td>
<td>13%</td>
<td>23,297,582</td>
</tr>
<tr>
<td>Kitgum</td>
<td>100</td>
<td>15</td>
<td>15%</td>
<td>68,977,283</td>
</tr>
<tr>
<td>Kotido</td>
<td>165</td>
<td>37</td>
<td>22%</td>
<td>285,864,832</td>
</tr>
<tr>
<td>Kumi</td>
<td>201</td>
<td>129</td>
<td>64%</td>
<td>102,560,987</td>
</tr>
<tr>
<td>Lira</td>
<td>210</td>
<td>23</td>
<td>10%</td>
<td>80,742,677</td>
</tr>
<tr>
<td>Nakapiripirit</td>
<td>93</td>
<td>28</td>
<td>30%</td>
<td>225,334,546</td>
</tr>
<tr>
<td>Nebbi</td>
<td>125</td>
<td>18</td>
<td>14%</td>
<td>44,524,226</td>
</tr>
<tr>
<td>Pader</td>
<td>83</td>
<td>45</td>
<td>54%</td>
<td>117,235,323</td>
</tr>
<tr>
<td>Pallisa</td>
<td>283</td>
<td>47</td>
<td>16%</td>
<td>37,873,545</td>
</tr>
<tr>
<td>Yumbe</td>
<td>75</td>
<td>10</td>
<td>13%</td>
<td>47,402390</td>
</tr>
<tr>
<td>Moyo</td>
<td>44</td>
<td>5</td>
<td>11%</td>
<td>10,015,468</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,322</strong></td>
<td><strong>475</strong></td>
<td><strong>20%</strong></td>
<td><strong>2,607,315,491</strong></td>
</tr>
</tbody>
</table>

**Source:** OAG Analysis of NUSAF Disbursement Trackers

The Failure of Subproject members to follow disbursement procedures and submit Subproject accountabilities on time was attributed to inadequate training and mentoring of the members of the Subproject on financial matters and high illiteracy rate among members.

The delays by sub-projects members to present accountability affected the liquidity of NUSAF and consequently affected timely completion of Subprojects. For instance Acholi Community water supply project in Moroto District was abandoned after sinking pipes as shown below:
COMMISSIONING OF COMPLETED SUBPROJECTS

The CAO is required to organize relevant sectoral experts or consultants appointed by NUMU to evaluate the completed sub projects\facility on the basis of technical performance, evaluate the extent to which the construction or equipment functions were satisfactory, the extent of use of the facility or service and analysis of the number and composition of people benefiting from the sub project.

The audit noted that out of the 449 completed sub projects, 30% i.e 135 were not commissioned and were not functional because they lacked basic facilities, of which 50% i.e 67 Health centers lacked medical equipment and staff houses, 30% i.e 41 were classroom blocks which needed furniture and 20% i.e 27 teachers, houses which did not have toilets and bathrooms and therefore were using school facilities instead.

The Audit also revealed that out of 449 completed CDI subprojects, 60% i.e 270 were completed and functional. Districts of Teso and west Nile regions, namely: Arua, Soroti, Pallisa and Nebbi were noted to have Community Development Initiative subprojects that were of good quality civil works and beneficial to the communities.
An example of such properly completed project is Ciforo Youth skills training centre in Adjumani District in which training activities were going on as shown below:

**Figure: 4 Complete and functioning project**

![Complete and functioning project](image)

**Source:** OAG Field Inspections

However, some projects were incomplete and of the 213 Incomplete CDI Subprojects, 60% i.e. 128 were from the Education Sector which comprised Classroom blocks, Teachers houses; Dormitories, Laboratories and Community Halls. 20% i.e. 43 were from the Water Sector, comprising Boreholes and Piped water supply systems. 5% was from the Road Sector i.e. 11 incomplete sub projects, which are feeder Roads, Bridges and Culvert installations, 15% i.e. 32 were from the Health sector, including Maternity Wards, Out Patient Department and Medical Staff house.

Failure to complete CDI Subprojects in time was attributed to delays in disbursement of Subproject funds, non adherence to Procurement Guidelines regarding civil works and lack of effective supervision and monitoring.
### Table: 6 Number of Incomplete CDI’s subprojects by districts

<table>
<thead>
<tr>
<th>District</th>
<th>Number of CDI Sub Projects</th>
<th>Number of Complete Sub Projects</th>
<th>Number of Incomplete Subprojects</th>
<th>Percent age Of In Completion</th>
<th>Funds Spent on Incomplete Subprojects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arua</td>
<td>99</td>
<td>89</td>
<td>10</td>
<td>10%</td>
<td>264,673,513</td>
</tr>
<tr>
<td>Apac</td>
<td>125</td>
<td>57</td>
<td>60</td>
<td>48%</td>
<td>2,065,684,326</td>
</tr>
<tr>
<td>Gulu</td>
<td>40</td>
<td>30</td>
<td>10</td>
<td>35%</td>
<td>232,972,482</td>
</tr>
<tr>
<td>Pallisa</td>
<td>20</td>
<td>17</td>
<td>3</td>
<td>15%</td>
<td>282,679,278</td>
</tr>
<tr>
<td>Kitgum</td>
<td>35</td>
<td>27</td>
<td>8</td>
<td>22%</td>
<td>328,134,785</td>
</tr>
<tr>
<td>Kotido</td>
<td>70</td>
<td>44</td>
<td>26</td>
<td>37%</td>
<td>1,110,852,315</td>
</tr>
<tr>
<td>Moroto</td>
<td>75</td>
<td>34</td>
<td>41</td>
<td>54%</td>
<td>2,545,963,364</td>
</tr>
<tr>
<td>Nakapiripirit</td>
<td>48</td>
<td>19</td>
<td>18</td>
<td>37%</td>
<td>712,265,019</td>
</tr>
<tr>
<td>Kumi</td>
<td>35</td>
<td>23</td>
<td>12</td>
<td>34%</td>
<td>245,828,270</td>
</tr>
<tr>
<td>Lira</td>
<td>30</td>
<td>20</td>
<td>10</td>
<td>33%</td>
<td>300,258,788</td>
</tr>
<tr>
<td>Nebbi</td>
<td>15</td>
<td>13</td>
<td>2</td>
<td>13%</td>
<td>38,000,000</td>
</tr>
<tr>
<td>Katakwi</td>
<td>40</td>
<td>11</td>
<td>12</td>
<td>30%</td>
<td>794,854,546</td>
</tr>
<tr>
<td>Soroti</td>
<td>10</td>
<td>9</td>
<td>1</td>
<td>10%</td>
<td>85,874,359</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>642</strong></td>
<td><strong>449</strong></td>
<td><strong>213</strong></td>
<td><strong>33%</strong></td>
<td><strong>9,008,041,045</strong></td>
</tr>
</tbody>
</table>

**Source:** OAG Field inspection and analysis of NUSAF Progress reports

The incomplete CDI sub projects meant that they were unsuccessful and did not achieve the purpose for which they were intended and the expenditure on such sub projects was wasteful.

#### 10.2.9 PERFORMANCE OF VGS SUBPROJECTS

Vulnerable Group Support Subprojects were expected to be operational in order for the vulnerable groups to develop, manage and ensure sustainability of the subprojects.

The audit revealed that out of the 1,048 VGS Subprojects, 64% i.e 667 of VGS Subprojects implemented by the communities operated for an average of (8) eight months and later closed.
Below are the details:

### Table: 7 Number of Unsuccessful VGS Subprojects by districts.

<table>
<thead>
<tr>
<th>District</th>
<th>Number of VGS Sub Projects</th>
<th>Number of Functional VGS Sub Projects</th>
<th>Number of Unsuccessful VGS Subprojects</th>
<th>Percentage of Unsuccessful VGS Subprojects (%)</th>
<th>Funds Spent on the Unsuccessful VGS Subprojects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arua</td>
<td>160</td>
<td>84</td>
<td>76</td>
<td>48%</td>
<td>490,751,419</td>
</tr>
<tr>
<td>Gulu</td>
<td>90</td>
<td>42</td>
<td>48</td>
<td>53%</td>
<td>564,668,522</td>
</tr>
<tr>
<td>Kitgum</td>
<td>120</td>
<td>30</td>
<td>90</td>
<td>75%</td>
<td>1,071,340,941</td>
</tr>
<tr>
<td>Moroto</td>
<td>163</td>
<td>32</td>
<td>131</td>
<td>80%</td>
<td>1,606,004,812</td>
</tr>
<tr>
<td>Nakapiririt</td>
<td>100</td>
<td>22</td>
<td>78</td>
<td>78%</td>
<td>1,158,611,389</td>
</tr>
<tr>
<td>Katakwi</td>
<td>70</td>
<td>30</td>
<td>40</td>
<td>57%</td>
<td>453,290,290</td>
</tr>
<tr>
<td>Nebbi</td>
<td>60</td>
<td>21</td>
<td>39</td>
<td>65%</td>
<td>359,228,494</td>
</tr>
<tr>
<td>Lira</td>
<td>110</td>
<td>37</td>
<td>73</td>
<td>66%</td>
<td>1,134,713,308</td>
</tr>
<tr>
<td>Pallisa</td>
<td>50</td>
<td>37</td>
<td>13</td>
<td>26%</td>
<td>108,128,000</td>
</tr>
<tr>
<td>Soroti</td>
<td>40</td>
<td>21</td>
<td>19</td>
<td>48%</td>
<td>151,654,350</td>
</tr>
<tr>
<td>Apac</td>
<td>85</td>
<td>25</td>
<td>60</td>
<td>71%</td>
<td>501,589,058</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,048</strong></td>
<td><strong>381</strong></td>
<td><strong>667</strong></td>
<td><strong>64%</strong></td>
<td><strong>7,599,980,583</strong></td>
</tr>
</tbody>
</table>

**Source:** OAG Data Analysis and Field inspections

Audit inspections found that districts in Teso region had VGS Subprojects performing fairly well, followed by west Nile region. However, VGS Subprojects in Karamoja region performed poorly.

The Audit also revealed that the Category of VGS Subprojects that performed fairly well were the Vocational Skill Training, which involved Carpentry, Metal Fabrication, Tailoring, Leather Workshop among others.

**Sub-projects involved in Income generating activities like Diary Farming, Cattle restocking, Piggery, Goat Rearing and Bee keeping performed poorly. An example of such is kajoko Youth animal Traction in Pallisa District where 36**
members changed the project to heifer rearing but without records of the members signing for the heifers.

**Figure: 5**  
Income generating activities

![Image of a woman with a cow, source: OAG Field Inspections](image)

Out of the 667 Unsuccessful VGS 60% i.e. 400 were involved in Income Generating activities, 20% i.e. 133 were Vocational Skill Training, 10% i.e. 67 were Time and Labour saving Technologies, 5% i.e. 33 were Family Support Activities, and 5% i.e. 33 Counseling Activities.

During the Interview, the reasons given for the unsuccessful VGS Subproject were: (49% i.e. 327) due to project mismanagement, (13% i.e. 87) due to members disintegrating or relocating, (22% i.e. 147) due to death of Animals and 16% i.e. 107 due to items (Tools or Animals) being shared amongst members. This affected the ability of members to sustain the VGS subprojects hence affecting the overall goal of the VGS component which was to use targeted interventions in a participatory, equitable and sustainable manner in improving the social livelihoods of the members of the subprojects.
Poor Performance of Vulnerable Group Support Subprojects was attributed to inadequate Monitoring and Supervision, inadequate Field Appraisals, poor Community participatory Appraisal & Training, ineligible Subproject group composition, projects not launched and inadequacies in approval process of Subprojects.

Most vulnerable Group Support subprojects operated for less than a year and as such there were no long term benefits to members from the Subproject which failed. An example of such projects is Gborogborocu borehole in Yumbe District where the borehole broke down and it appears the community is not capable of repairing it.

**Figure: 6 Short lived project**

![Short lived project](image)

*Source: OAG Field Inspections*

As a result of short lifespan and existence of incomplete sub projects, the community did not benefit from the services they were expected to receive from the Shs.16,608,021,628 incurred on these sub projects.
10.3 **CONCLUSION**

From the audit findings above, the following conclusions have been made in light of the study carried.

10.3.1 **Maintenance Of Financial Records By Subprojects**
In the absence of proper financial records at the CDIs, it was difficult to verify, reconcile and update financial information of the sub projects by NUMU and NDTO which led to over funding of sub projects.

10.3.2 **Procurement Procedures**
Failure to follow the Community Based Procurement Guidelines led to sub projects cost escalation and failure to procure with due regard to economy.

10.3.3 **Civil Works**
Lack of close supervision of the civil work resulted into poor quality civil works of the sub projects.

10.3.4 **Completion of Subprojects**
- The delay in completion of the sub projects led to the extension of the NUSAF project life, extra administrative costs and cost escalation.
- The incomplete CDI sub projects meant that they were unsuccessful and did not achieve the purpose for which they were intended and the expenditure on such sub projects was wasteful.

10.3.5 **Disbursement of Funds to Subprojects**
- Over funding of sub projects to the tune of Shs.1,254,096,160 without proper approvals rendered the expenditure nugatory.
- The delays by sub-projects to present accountability affected the replenishment of funds and consequently affected timely implementation of Subprojects.
10.3.6 **Submission of Accountabilities**
By the close of the NUSAF1 project, accountabilities for Shs.2,606,315,491 had not been submitted.

10.3.7 **Commissioning of Completed Subprojects**
As a result of delays in the disbursement of funds, the Subprojects could not complete their activities on schedule and according to their work plans.

10.3.8 **Performance of Vgs Subprojects**
As a result of short lifespan and existence of incomplete sub projects, the community did not benefit from the services they were meant to receive out of the Shs.16,608,021,628 incurred on the sub projects.

10.4 **RECOMMENDATIONS**

In light of the above findings and conclusions the following recommendations have been made to facilitate the implementation of NUSAF II developed to consolidate the gains of NUSAF I.

10.4.1 **Budgeting and Budgetary Control**

Independent checks should be done, on data entered into the accounting package/Disbursement tracker, to ensure that the funds disbursed to subprojects are in accordance with subprojects budgets and disbursement requests, where discrepancies exist, immediate remedial steps should be taken by NUMU and the CAO’s.

10.4.2 **Maintenance of Financial Records By Subprojects**

- The NUSAF Management Unit should ensure that cash books and standard accounting forms are kept by Subprojects. NUMU should computerize all data regarding Subproject budgets and funding. The information should be captured in the accounting package and reports produced monthly for reconciliation with the districts.

- The Office of the Prime Minister through NUMU should ensure adequate training of
the Community Subproject Members on financial matters, to enable Subproject members to gain skills to prepare and keep accounting records like simplified cashbooks and standard accounting forms.

10.4.3 **Procurement Procedures**
- NUSAF Management Unit and NDTO’s should ensure that subproject Procurement Committees are constituted and members adhere to set procurement guidelines.
- NUMU should ensure that the Community Procurement Committee members are adequately trained and able to implement procurements as per guidelines.

10.4.4 **Civil Works**
- District Engineers/Sector Specialists should carry out adequate monitoring of Civil Works on a monthly basis, and ensure that the Payment Certificates are issued at every stage of completion before payment is made.
- OPM through NUMU and the NUSAF District Technical Officers should encourage sector specialists to carry out effective Supervision and Monitoring of Subproject.

10.4.5 **Completion of Subprojects**
OPM should institute a study to re-assess the incomplete sub projects and those not commissioned with a view to re-activate them under NUSAF II. This should aim at addressing the underlying causes of non-completion and commissioning with the view of salvaging the loss that arose from earlier resources injected and ensures that the community benefits from the intended services envisaged from the subprojects.

10.4.6 **Disbursement of Funds to Subprojects**
OPM through NUMU ensures that Initial Disbursement of Funds to Sub projects be done at the launch of the sub project.

10.4.7 **Submission of Accountabilities**
NUMU should also institute measures to ensure that CPMC Members make timely submission of accountabilities.
10.4.8 **Commissioning of Completed Subprojects**

The CAO should promptly organize relevant sectoral experts or consultants appointed by NUMU to evaluate completed sub projects so as to commission them to enable people benefit from the sub project as intended.

10.4.9 **Performance of Vgs Subprojects**

NUSAFA District Technical Officers and sector specialists should carry out adequate field appraisal on all completed projects and encourage community participation so that the projects are sustainable and serve the purpose for which they were intended.
11 PROCUREMENT AND DISTRIBUTION OF RELIEF ITEMS IN THE OFFICE OF THE PRIME MINISTER

11.1 INTRODUCTION

11.1.1 Motivation

Uganda has suffered various naturally triggered and man-made disasters over a long period of time. These have caused loss of lives and property. For instance:

- The floods that variously hit the Eastern and Northern parts of the country from July 2007 to November 2007 affected close to 3 million people and most particularly, the Teso sub-region (in the districts of Soroti, Katakwi, Kaberamaido, Amuria, Kumi and Bukeeda) and displaced over 300,000 people (50,000 households).\(^{61}\)

- The landslides that hit several Sub-Counties in Mbale district in October 2007, where over 5,000 families were left helpless, 36 schools damaged and a total of 142 Kms of roads washed away.\(^{62}\)

- The armed conflict in the Northern part of the country between the Government of Uganda and Lords Resistance Army for over 20 years, which forced close to 1.7 million people into camps of Internally Displaced Persons (IDP’s), especially in the districts of Apac, Amuru, Gulu, Kitgum, Pader, Oyam and Nebbi.\(^{63}\)

In responding to the above disasters, there were public concerns about the untimely and insufficient relief food supplies (maize flour and beans) delivered to the affected persons.

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\(^{61}\) Progress report to top management on government intervention in the flood affected areas and post flood activities, by MOSRDP&R dated 22\(^{nd}\) February 2008.

\(^{62}\) Disaster report of Mbale district Ref: CR/105/2 dated 7\(^{th}\) November 2007.

\(^{63}\) OPM records.
It is against this background that the Office of the Auditor General deemed it imperative to conduct a value for money audit in this area to ascertain the challenges and/or problems affecting the procurement and distribution of food relief items and provide possible recommendations to improve the operations of OPM-DDMR in responding to disasters.

11.1.2 Description of the Audit Area
The audit was conducted in the Office of the Prime Minister (OPM) with specific emphasis on the Department of Disaster Management and Refugees (DDMR). DDMR is responsible for settlement of disaster victims, restoration of lives and provision of food relief items.

11.1.3 Mandate of DDMR
In accordance with the provisions of Article 108 A (2) of the Constitution of the Republic of Uganda, OPM is mandated to lead Government business in Parliament, be responsible for co-ordination and implementation of Government policies across ministries, departments and other Public institutions.

11.1.4 Vision, Mission, Objectives and Activities of DDMR

Vision
DDMR derives its vision from that of OPM which is:
“A public sector, which is responsive and accountable in steering Uganda towards rapid economic growth and development”.  

Mission
The mission of DDMR is:
“To save lives and livelihood as well as minimize vulnerability levels of the people of Uganda against disasters”.  

64 http://opm.go.ug/index.php
Objectives Of DDMR

The objectives of DDMR are:

- To assist disaster victims in restoration of their normal lives within the shortest possible time.
- To reduce disaster vulnerability levels of the society and alleviate human suffering against disasters.
- To implement and coordinate Government and Non-Government programs on disaster management.
- To create local capacities for planning, implementing and monitoring disaster management programs such as emergency relief.
- To contribute to national poverty eradication by ensuring that the IDPs and other disaster victims regain minimum levels of production.
- To establish a minimum state of early warning system and disaster preparedness as means of mitigating and responding promptly to disasters.

Activities of DDMR

The following activities are carried out by OPM/DDMR in order to achieve the above objectives:

- Planning and budgeting for disasters
- Disaster risk analysis
- Assessment of situations after the occurrence of disasters
- Coordination of disaster management programs
- Procurement of food relief items
- Receipt, storage and distribution of food relief items
- Monitoring and evaluation of disaster management programs

Funding of DDMR

DDMR is funded by the Government of Uganda (GOU) and supported by donor contributions. The total funding for the period 2005/2006 to 2008/2009 is as shown below:

---


<table>
<thead>
<tr>
<th>Financial Year (FY)</th>
<th>Approved budget (Shs)</th>
<th>Supplementary Budget (Shs)</th>
<th>Revised budget (Shs)</th>
<th>Releases (Shs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005/06</td>
<td>638,864,472</td>
<td>3,402,080,000</td>
<td>4,040,944,472</td>
<td>4,040,944,472</td>
</tr>
<tr>
<td>2006/07</td>
<td>1,442,040,000</td>
<td>0</td>
<td>1,442,040,000</td>
<td>1,269,837,000</td>
</tr>
<tr>
<td>2007/08</td>
<td>1,836,250,000</td>
<td>25,565,926,850</td>
<td>27,402,176,850</td>
<td>27,402,176,850</td>
</tr>
<tr>
<td>2008/09</td>
<td>613,633,342</td>
<td>8,577,265,224</td>
<td>9,190,898,566</td>
<td>9,190,898,566</td>
</tr>
<tr>
<td>Total</td>
<td>4,530,787,814</td>
<td>37,545,272,074</td>
<td>42,076,059,888</td>
<td>41,903,856,888</td>
</tr>
</tbody>
</table>

Source: GoU IFMS System

11.1.6 Organization Structure

DDMR is headed by a Commissioner who reports to the Permanent Secretary (Accounting Officer of OPM). The Commissioner is assisted by 2 Assistant Commissioners heading disaster management and refugees sections respectively.

11.1.7 Audit Objective

This audit was conducted to ascertain the challenges affecting the procurement and distribution of relief food items by OPM/DDMR and provide possible recommendations that will improve the operations of OPM/DDMR in responding to disasters.

Specific audit objectives

The specific audit objectives were:

a) To ascertain the time taken by OPM/DDMR to respond to disasters.

b) To ascertain how OPM/DDMR was assessing disaster needs.

c) To ascertain how disaster activities are coordinated by OPM/DDMR.

d) To ascertain how disaster activities are funded.

e) To ascertain how food relief items are procured.

f) To ascertain how the distribution and allocation of food relief items was done.
11.1.8 **Audit Scope**


11.2 **FINDINGS**

11.2.1 **Disaster Response Time**

International standards on disaster response and preparedness require that when disaster occurs, within the first 48 hours (i.e. 2 days) of the occurrence of disaster, immediate response (i.e. food relief items) should be provided to the affected people to save lives.\(^{67}\)

The audit revealed that in some cases response time to districts or areas that were affected by disasters far exceeded the international standard of 48 hours (i.e. 2 days). It took OPM an average of 1,176 hours (i.e. 49 days) to respond to some disasters. In the 21 districts studied, only 10% (i.e. 2 districts) had prompt response while 57% (i.e. 12 districts) had food relief items delivered to the affected people after the recommended 48 hours (i.e. after 2 days). 33% (i.e. 7 districts) had no record of the time it took to deliver food relief items. There are districts, such as Mbarara, where it took 10,416 hours (i.e. 434 days) to deliver food relief assistance.

The delays were attributed to OPM’s inability to maintain an adequate stock of emergency food relief items in the stores. For example, at the time the floods hit the Teso region on 24\(^{th}\) August 2007, there were only 112,000 kgs of maize flour which could feed 250,000 people (i.e. 72%) out of 348,000 affected people in the whole region for only one day. In addition, available beans (258,000 kgs) could only feed 322,500 people (i.e. 93%) out of 348,000 affected people in the whole region for one day. There was also inadequate staffing at DDM, leading to the staff getting overwhelmed at times of disaster. Two officers, namely the ACDMR and the PDMO, are responsible for handling disaster related activities at

\(^{67}\) *Sphere Minimum Standards on Humanitarian Aid*
OPM and coordinating emergency relief programs in the field. It was further noted that lack of reliable data to forecast the occurrence and effect of disasters led to inappropriate decisions being taken regarding the procurement and distribution of food relief items. The centralized procurement and storage of emergency food relief items in Kampala also contributed to the delays in the delivering of the food relief items to the disaster affected areas.

The inability by OPM to offer immediate response after the occurrence of disasters led to starvation and deterioration in the living conditions of the victims who were already living below the poverty line in the country side.68.

Management response

Affirmed that there are delays in responding to disasters and that there is no emergency standby fund to cater for emergencies. However, OPM and MOFPED have completed a Bill for the establishment of a National Emergency Standby Fund due to be tabled in Cabinet and Parliament.

Once established, this will be used to maintain adequate minimum stock of emergency food relief items.

On staffing, the Department of Disaster Management was being upgraded to a Directorate and would soon recruit eight more professional staff.

Furthermore, OPM was encouraging Local Governments to include a budget line for emergencies in their annual budgets.

11.2.2 Disaster Needs Assessment

OPM/DDMR is responsible for ensuring that a multi-sectoral and multi-skilled comprehensive disaster needs assessment involving all the relevant institutions of government (i.e. line ministries), development and humanitarian partners, affected communities and the Civil Society Organizations is carried out to ascertain the disaster

magnitude and the financial requirements needed. OPM/DDMR is supposed to produce a comprehensive disaster needs assessment report.

We noted that although only a few districts (14%) attempted to prepare preliminary disaster reports, the reports did not show information on key issues such as: number of persons affected, damage suffered, the quantified financial and other resources required.

During the interviews with the CDMR, it was explained that failure by OPM/DDMR to prepare comprehensive disaster needs assessment reports was due to inadequate staffing at OPM. The two officers, namely the ACDMR and the PDMO, who are responsible for handling disaster related activities at OPM could not coordinate emergency relief programs in the field and also prepare the comprehensive reports at the same time.

The absence of comprehensive disaster needs assessment reports led to delayed response in providing required food relief assistance and also affected the mobilization of the required resources from the various sources, such as the supplementary budget.

11.2.3 Coordination Of Disaster Activities

OPM/DDMR chairs monthly national platform meetings for disaster preparedness and management. In these meetings, decisions are taken on how the various agencies will intervene/respond to the disaster in question to avoid duplication of resources. The ACDMR and the PDMO are responsible for mapping out the areas of operation of the various humanitarian agencies. The various agencies are supposed to present field reports to OPM/DDMR indicating what food relief items they procured and how they were distributed to the disaster affected people. DDMR is supposed to produce monthly reports on the coordination and implementation of emergency humanitarian activities in the country.

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69 OPM Staff schedule of duties as at 1st July 2006, Page 40.
The mapping details for the various humanitarian agencies that were operating in the 21 districts studied were not availed for verification. We further observed that NGO’s did not submit their work plans and field activity reports to OPM/DDMR. It was noted from OPM’s internal audit report of 10th January 2008 that the NGOs operating in flood hit North and Eastern Uganda were not regularly reporting to OPM/DDMR on their field activities.71

Failure by NGO’s to submit their work plans and field activity reports to OPM/DDMR was attributed to attitudinal belief that NGO’s are accountable to those they seek to assist only.

The inability of OPM/DDMR to map out areas of operation for various humanitarian agencies also led to the concentration of NGOs in urban centers at the expense of rural areas where food relief assistance was needed.

**Management response**

The Northern Uganda Data Centre (NUDC) under OPM has mapped out areas of need in Karamoja region, Eastern, and Northern Uganda, while other parts of the country will be covered. Humanitarian agencies are required to register with NUDC before embarking on any activity in the country.

The Disaster Management Technical Working Group (DMTWG) annually draws an inter-agency work plan and strategic action plan for all humanitarian agencies.

Management reported that NGOs are submitting monthly reports to DMTWG but do not include financial information.

11.2.4 **Allocation of Food Relief Items to Disaster Victims**

World Food Program (WFP) guidelines specify the minimum daily ration of 450 grams of cereals and 80 grams of pulses per person per day for 3 months in a disaster hit area.

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71 OPM Internal audit memo dated 10th January 2008.
It was revealed that the food relief items delivered by OPM/DDMR in 7 out of the 21 districts could not meet the minimum daily ration as shown in table 4 and 5 below:

Table 2: Showing under delivery of food relief items to affected districts in the financial year 2007/2008.

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>AFFECTED POPULATION</th>
<th>MINIMUM REQUIREMENT</th>
<th>DELIVERIES BY OPM</th>
<th>DEFICIENCY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>COLUMN 1</td>
<td>COLUMN 2</td>
<td>COLUMN 3</td>
<td>COLUMN 4</td>
</tr>
<tr>
<td>Katakwi</td>
<td>72,000</td>
<td>2,916</td>
<td>518</td>
<td>237</td>
</tr>
<tr>
<td>Kumi</td>
<td>19,536</td>
<td>791</td>
<td>141</td>
<td>150</td>
</tr>
<tr>
<td>Amuria</td>
<td>84,000</td>
<td>3,402</td>
<td>605</td>
<td>284</td>
</tr>
<tr>
<td>Kaberamaido</td>
<td>26,064</td>
<td>1,056</td>
<td>188</td>
<td>29</td>
</tr>
<tr>
<td>Bukedea</td>
<td>44,778</td>
<td>1,814</td>
<td>322</td>
<td>216</td>
</tr>
<tr>
<td>Soroti</td>
<td>101,832</td>
<td>4,124</td>
<td>733</td>
<td>347</td>
</tr>
<tr>
<td>Lira</td>
<td>350,828</td>
<td>14,209</td>
<td>2,526</td>
<td>273</td>
</tr>
<tr>
<td>Average</td>
<td>99,863</td>
<td>4,044</td>
<td>719</td>
<td>219</td>
</tr>
</tbody>
</table>

Source: District reports and central stores ledgers
Column 5 of table 2 is translated into the likely number of people who were not served with food relief items in Table 3 below:

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>AFFECTED POPULATION</th>
<th>No. of People not supplied</th>
<th>Average number of people not supplied both maize flour and beans</th>
<th>People Supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>POSHO</td>
<td>BEANS</td>
<td>Number</td>
</tr>
<tr>
<td>1 Katakwi</td>
<td>72,000</td>
<td>66,148</td>
<td>64,583</td>
<td>65,366</td>
</tr>
<tr>
<td>2 Kumi</td>
<td>19,536</td>
<td>15,827</td>
<td>16,806</td>
<td>16,316</td>
</tr>
<tr>
<td>3 Amuria</td>
<td>84,000</td>
<td>77,012</td>
<td>73,611</td>
<td>75,312</td>
</tr>
<tr>
<td>4 Kaberamaido</td>
<td>26,064</td>
<td>25,358</td>
<td>25,278</td>
<td>25,318</td>
</tr>
<tr>
<td>5 Bukedea</td>
<td>44,778</td>
<td>39,457</td>
<td>39,306</td>
<td>39,381</td>
</tr>
<tr>
<td>6 Soroti</td>
<td>101,832</td>
<td>93,259</td>
<td>95,139</td>
<td>94,199</td>
</tr>
<tr>
<td>7 Lira</td>
<td>350,828</td>
<td>344,099</td>
<td>344,722</td>
<td>344,410</td>
</tr>
<tr>
<td></td>
<td>699,038</td>
<td>661,160</td>
<td>659,444</td>
<td>660,302</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>99,863</strong></td>
<td><strong>94,4515</strong></td>
<td><strong>94,206</strong></td>
<td><strong>94,329</strong></td>
</tr>
</tbody>
</table>

Source: OAG analysis

Using Katakwi to explain the figures above:

From table 2, deficiency is 2,679,000kgs and 465,000kg for posho and beans respectively. Using the minimum daily ration of 450gm(0.45kg) and 80gms(0.08kg) for posho and beans respectively, it means for the 3 months (90 days), number of people (x) & (y) for posho and beans respectively likely not to have been served is:

For Posho 2,679,000; 0.45*90days*x= 2,679,000.
Thus x= 2,679,000/(0.45*90)= 66,148 people

For beans 465,000; 0.08*90days*y= 465,000.
Thus y= 465,000/(0.08*90)= 64,583 people
Average no. of people not served = \( (66,148+64,583)/2 = 65,366 \) people. In percentage terms, \( (65,366/72,000)*100 = 90.8\% \)

Through interviews with the CDMR and stores assistant, it was explained that the dispatch/allocation of food relief items from the central stores to disaster hit areas was based on the availability of resources.

Provision of inadequate food relief items led to malnutrition and starvation of the affected people.

**Management response**

Management said that other funding modalities are being used to respond to disasters; for instance, the institution of the Peace Recovery Development Plan (PRDP) and Northern Uganda Social Action Fund (NUSAIF).

11.3 **CONCLUSIONS**

From the above findings, the following conclusions were made to highlight the opinions observed during the course of the audit.

11.3.1 **Disaster Response Time**

Delayed access to food impinges on the survival of the persons affected by disaster.

11.3.2 **Disaster Needs Assessment**

In the absence of an initial assessment of the disaster situation, OPM could not have a clear analysis of the threats to life and whether an external response was required and if so, the nature of the response.
11.3.3 **Coordination of Disaster Activities**

Without regularly updated and shared information on coordination and implementation of emergency humanitarian activities, it becomes difficult to identify emerging problems and priorities and to address them in a timely manner.

11.3.4 **Allocation of Food Relief Items to Disaster Victims**

Failure by OPM/DDMR to allocate food relief items to the disaster affected people, in accordance with WFP minimum ration daily allocation, could lead to starvation and death.

11.4 **RECOMMENDATIONS**

From the above findings and conclusions, we wish to make the following recommendations which are aimed at addressing the weaknesses observed in the procurement and distribution of food relief items by OPM/DDMR:

11.4.1 **Disaster Response Time**

- OPM/DDMR should maintain adequate minimum stock of emergency food relief items to enable prompt response to disasters.
- OPM should consider increasing on the number of staff in the DDMR with the objective of improving performance in the area of disaster management including the effective supervision and monitoring of staff in the Department.
- OPM/DDMR should develop and regularly up-date a disaster trend database to enable realistic forecast of disasters requirements. This should include the establishment of a minimum state of early warning and disaster preparedness as a means of mitigating and responding promptly to disasters.
- OPM should consider procuring food relief items from the suppliers nearest to a disaster affected area so as to be able to meet distribution targets and schedules.
11.4.2  **Disaster Needs Assessment**

The staffing needs should be addressed as mentioned in 11.2.2 above.

11.4.3  **Coordination of Disaster Activities**

- The areas of operation for the various humanitarian agencies should be clearly mapped out to improve on coordination and fair distribution of assistance to disaster victims.
- OPM/DDMR should enforce the existing disaster management coordination system whereby all humanitarian agencies and line ministries should work together to avoid the duplication of resources and overconcentration in a particular area or group of people.
- Humanitarian agencies should be encouraged to prepare monthly reports on the implementation of their activities and present them to OPM/DDMR. OPM/DDMR should ensure that such reports are widely distributed so as to contribute to transparency and accountability and allow for lessons to be learned across programs and agencies.

11.4.4  **Allocation of Food Relief Items to Disaster Victims**

OPM/DDMR should establish a framework to ensure the mobilization of adequate resources so as to assist disaster victims restore to their normal lives within the shortest possible time.
<table>
<thead>
<tr>
<th>TERM</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Classification</td>
<td>This refers to annual sales, lost sales and increase or decrease in market demands as follows:</td>
</tr>
<tr>
<td></td>
<td>A Category is items that contribute 80% of sales turnover</td>
</tr>
<tr>
<td></td>
<td>B Category is items that contribute 15% of sales turnover</td>
</tr>
<tr>
<td></td>
<td>C Category is items that contribute 5% of sales turnover</td>
</tr>
<tr>
<td></td>
<td>D Category is items that are specific for NMS Kampala branch and other special requirements.</td>
</tr>
<tr>
<td>Accreditation</td>
<td>A formal Recognition that a body is competent to carry out specific tasks.</td>
</tr>
<tr>
<td>Action Officers</td>
<td>Means officers carrying out pension processing activities.</td>
</tr>
<tr>
<td>Assessment</td>
<td>Means confirmation of bio-data, employment history and the calculation of a pensioner’s benefits.</td>
</tr>
<tr>
<td>Bail:</td>
<td>Security, usually a sum of money, exchanged for the release of an arrested person as a guarantee of that person's appearance for trial.</td>
</tr>
<tr>
<td>Buffer stock</td>
<td>The minimum relief food stuffs (maize flour and beans) level that should be kept in the stores at all times to cater for any emergency that may occur.</td>
</tr>
<tr>
<td>Calibration</td>
<td>The set of operations which establish, under specific conditions, the relationship between values indicated by the measuring instrument or measuring system or values represented by a material measure, and the corresponding known values of a measure.</td>
</tr>
<tr>
<td>Cereals</td>
<td>Maize flour</td>
</tr>
<tr>
<td>Certification</td>
<td>Procedure by which a third party gives written assurance that product, process or service confirms to the specific requirements.</td>
</tr>
<tr>
<td>Codex Alimentarius</td>
<td>WHO/FAO Commission for food standard Commission Inspection conformity evaluation by observation and judgment accompanied as appropriate by measurement, testing or gauging.</td>
</tr>
<tr>
<td>Community Service:</td>
<td>A scheme whereby a person who has committed a minor offence is sentenced to perform unpaid work instead of being sent to prison. This work should be of benefit to the general public/community.</td>
</tr>
</tbody>
</table>
Confidential Personal file  Means a restricted file containing employment information of confidential nature about a public officer.

Contributory pension scheme  Means a pension plan in which the participating employees are required to support the plan with contributions.

Convicted Prisoner  A prisoner under a sentence of a court or a court-martial.

Core credit line drugs:  These are items that are “a must have” in all Health Centres in Uganda; they are also items that are used up to Level II Health Centres. They were also making part for the List of items agreed upon by the MoH to supply under the Credit line arrangements (financial year 2008/2009 and back).

Court  Any court or authority entitled to pass a sentence in a criminal case or to order a person to be detained in custody in any case.

Defined benefit scheme  Means the pension plan in which MoPS pays a specified monthly benefit on retirement that is predetermined by a formula based on the retiring officer’s earnings history, tenure of service and age.

Disaster  A serious disruption of the functioning of society, causing widespread human, material or environmental losses which exceed the ability of the affected society to cope with using its own resources.

Disaster management  The administrative decisions and operational activities that pertain to the various stages of a disaster at all levels, that is to say, international, national, community and individual.

Disaster response  The provision of assistance or intervention during or immediately after a disaster has occurred to meet life preservation and basic subsistence needs of the people affected. It can be immediate, short-term or protracted duration.

District  Means a highest administrative division managed by a local government.

Emergency  This involves activities aimed at saving lives and property after the occurrence of a disaster. It involves among other activities the assessment of the magnitude and scale of disaster and its effects.

Entitled Officers  Means officers in Public Service whose emoluments are paid directly from the Consolidated Fund.
| **Essential drugs** | Drugs listed in Essential Medicines list for Uganda, EMLU, 2007. |
| **Food items** | This is relief support in form of maize flour and beans. |
| **Food relief** | This is the assistance in form of food (maize flour and beans) that is given to any disaster affected people or society who are unable to feed themselves using their own resources. |
| **Green Channel** | A URA clearance system where imports are not inspected at the Clearance system - border. |
| **Humanitarian agencies** | These are non-government organizations which are involved in the assisting people affected by disasters. |
| **ISO 9000** | A set of International Standards describing and specifying requirements for Quality Management Systems. |
| **ISO/IEC 17025** | International Standards specifying the general Requirements for the competence of testing and Calibration laboratories. |
| **Mapping** | The process of allocating places of operation to various humanitarian agencies. |
| **Matooke** | A mashed plantain meal. |
| **Metrology** | Science of Measurement (applied to ensure accuracy and precision of measuring tools and instruments). |
| **Mukene** | A fast-swimming smallish fish (of ray-finned fish species) mainly found in Lake Victoria. It is usually dried and mixed in sauce. |
| **Native Service forms** | means pension forms designed during the colonial days to be filled by indigenous public officers and are still in use. |
| **Noncore credit line drugs:** | These are items that **may** be needed at Health Centres in Uganda; A Health Centre II may function well without them; They were also making part for the List of items agreed upon by the MoH to supply under the Credit line arrangements (financial year 2008/2009 and back). |
| **Obsolete items** | Are defined as items which have not been sold for more than 3 years, and have been declared by the NMS inventory team as obsolete on a case by case basis. |
| **Operation Q** | Section of UNBS responsible for market surveillance (Standard Enforcement in the market place). |
**Other priority lists**
Refers to any product that does not belong to the priority products, e.g. Medical Instruments, Orthopedic supplies, Slow moving stock, etc.

**Pension**
Means a steady and regular income paid to a person, usually after retirement or end of service rendered to the Public Service under legal or contractual terms.

**Pensioner**
Means a person who has retired and collecting pension.

**PHC products**
All products requested for by Health Centres that are not part of those supplied under the Credit Line arrangement.

**Pick quantity**
Means the quantity of drugs available for sale at a given point in time.

**Posho**
A local dish which is a cornmeal product and a staple starch component. It is commonly made from maize flour and water, and varies in consistency from porridge to a dough-like substance.

**Priority lists**
Priority products refers to the “Core products”, the “Non Core products” and the “PHC products”.

**Prisoner**
A person duly committed to custody under warrant or order of court exercising criminal jurisdiction or by order of court.

**Processing time**
Means the time clients have to wait for services to be delivered.

**Public Officer**
Means any person holding or acting in office in the Public Service.

**Public Service**
means service in any civil capacity of government, the emoluments for which are payable directly from the Consolidated Fund or directly out of monies provided by Parliament.

**Pulses**
Beans

**Quality**
Degree to which inherent characteristics fulfils requirements.

**Quality Assurance**
Part of quality measurement focused on providing confidence that quality requirements will be fulfilled.

**Quality Audit**
Systematic, independent and documented process for obtaining Audit evidence and evaluating it objectively to determine the extent to which audit criteria are fulfilled.
<table>
<thead>
<tr>
<th><strong>Quality Mgt</strong></th>
<th>Management system to direct and control an organization with system regard to quality.</th>
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</thead>
<tbody>
<tr>
<td><strong>Remand</strong></td>
<td>The act of sending an accused person back into custody to await trial (or the continuation of the trial).</td>
</tr>
<tr>
<td><strong>Rodents</strong></td>
<td>An animal having sharp front teeth for gnawing. Rats, mice, squirrels, woodchucks, and beavers are all included in this group.</td>
</tr>
<tr>
<td><strong>Standard</strong></td>
<td>Document, established by consensus and approved by recognized body, that provides, for common and repeated use, rules, guidelines or Characteristics for activities of their results aimed at the achievement of optimum degree of order in a given context.</td>
</tr>
<tr>
<td><strong>Standardization</strong></td>
<td>The activity of establishing, with regard to actual or potential Problems, provision for common and repeated use, aimed at the achieving of the optimum degree of order in a given context.</td>
</tr>
<tr>
<td><strong>Stock-cover(in months)</strong></td>
<td>Means the estimated number of months the stock of drug available on hand can sustain customer demands before it runs out of stock.</td>
</tr>
<tr>
<td><strong>Technical Committees</strong></td>
<td>A team of experts and stakeholders mandated to develop in a specific area/field.</td>
</tr>
<tr>
<td><strong>Terminal benefits</strong></td>
<td>Means monies that a public officer is entitled to, as a result of termination of services that they have rendered to the public service.</td>
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<tr>
<td><strong>Third Parties</strong></td>
<td>Are development partners under specific health programmes from whom NMS receives medical supplies for storage and distribution to health facilities in accordance with delivery schedules prepared by MOH.</td>
</tr>
<tr>
<td><strong>Traditional public Officers</strong></td>
<td>Means officers in the public service, other than defense and teaching service.</td>
</tr>
<tr>
<td><strong>Vaccination</strong></td>
<td>An injection of microorganisms, such as bacteria or viruses administered to induce immunity or to reduce the effect of associated infectious diseases.</td>
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<tr>
<td><strong>Verification</strong></td>
<td>Means checking documents for completeness and authenticity.</td>
</tr>
</tbody>
</table>
Vermin

These are small animals or insects such as rats or cockroaches, flies, crickets, mosquitoes, beetles, butterflies, or bees, similar arthropod animals, such as spiders, centipedes, or ticks that cause harm, are troublesome, destructive, annoying, or injurious to health.