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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AG</td>
<td>Auditor General</td>
</tr>
<tr>
<td>BFP</td>
<td>Budget Framework Paper</td>
</tr>
<tr>
<td>CAO</td>
<td>Chief Administrative Officer</td>
</tr>
<tr>
<td>DEC</td>
<td>District Executive Committee</td>
</tr>
<tr>
<td>DEO</td>
<td>District Education Officer</td>
</tr>
<tr>
<td>DIS</td>
<td>District Inspector of Schools</td>
</tr>
<tr>
<td>DSC</td>
<td>District Service Commission</td>
</tr>
<tr>
<td>ED</td>
<td>Education District</td>
</tr>
<tr>
<td>EFAG</td>
<td>Education Funding Agencies Group</td>
</tr>
<tr>
<td>EMIS</td>
<td>Education Management Information System</td>
</tr>
<tr>
<td>ESA</td>
<td>Education Standards Agency</td>
</tr>
<tr>
<td>ESC</td>
<td>Education Service Commission</td>
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<tr>
<td>ESCC</td>
<td>Education Sector Consultative Committee</td>
</tr>
<tr>
<td>ESIP</td>
<td>Education Strategic Investment Plan</td>
</tr>
<tr>
<td>ESSP</td>
<td>Education Sector Strategic Plan</td>
</tr>
<tr>
<td>ESWG</td>
<td>Education Sector Working Group</td>
</tr>
<tr>
<td>FY</td>
<td>Financial Year</td>
</tr>
<tr>
<td>GOU</td>
<td>Government of Uganda</td>
</tr>
<tr>
<td>INTOSAI</td>
<td>International Organization of Supreme Audit Institutions</td>
</tr>
<tr>
<td>IPF</td>
<td>Indicative Planning Figure</td>
</tr>
<tr>
<td>LG’s</td>
<td>Local Governments</td>
</tr>
<tr>
<td>LOU</td>
<td>Letter of Understanding</td>
</tr>
<tr>
<td>MOES</td>
<td>Ministry of Education and Sports</td>
</tr>
<tr>
<td>MOFPED</td>
<td>Ministry of Finance, Planning and Economic Development</td>
</tr>
<tr>
<td>MOPS</td>
<td>Ministry of Public Service</td>
</tr>
<tr>
<td>MQS</td>
<td>Minimum Quality Standards</td>
</tr>
<tr>
<td>OAG</td>
<td>Office of the Auditor General</td>
</tr>
<tr>
<td>PS</td>
<td>Permanent Secretary</td>
</tr>
<tr>
<td>RDC</td>
<td>Resident District Commissioner</td>
</tr>
<tr>
<td>SMC</td>
<td>School Management Committee</td>
</tr>
<tr>
<td>STP</td>
<td>Straight Through Process</td>
</tr>
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<td>Ug Shs</td>
<td>Uganda Shillings</td>
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EXECUTIVE SUMMARY

This Value for Money audit on the management of Universal Primary Education (UPE) Capitation Grant was conducted in accordance with Article 163 (3) of the Constitution of the Republic of Uganda as amended. This mandate is further amplified by Section 21 (1) of the National Audit Act of 2008 which requires the Office of the Auditor General to carry out Value for Money audits for purposes of establishing economy, efficiency and effectiveness in the operations of any Government Ministry, Department or Agency.

The Government of Uganda (G.O.U) introduced the School Facilities Grant (SFG) and the UPE Capitation Grant. SFG was meant to provide the necessary school infrastructure such as classrooms, houses for teachers, latrines and school furniture; while the UPE capitation grant was to provide for instructional/scholastic materials, co-curricular activities, and the management and administration of the schools. At the time of introducing UPE (1997), there were 2.2 million pupils in primary schools and the number had risen to 8.3 million pupils by 2010. G.O.U had spent Ug Shs.139 billion in capitation grant over the period FY 2006/07 to FY 2009/10.

Despite the increasing rate of pupil enrolment and the substantial investment in the UPE programme, there have been concerns about the high school dropout rate, the high Pupil to Book ratio (PBR), lack of minimal instructional materials, the high teacher and pupil absenteeism and the increasing number of candidates failing the Primary Leaving Examinations (PLE).

The Office of the Auditor General instituted a Value for Money audit to ascertain whether the funds required for the UPE Capitation grant are properly planned for, released, and accounted for, and whether schools were adequately facilitated with the appropriate number of teachers, classrooms and desks to enable the effectiveness of UPE capitation grant. The audit also sought to ascertain whether the beneficiary schools for the UPE capitation grants were properly supervised, monitored and evaluated at both the national and district/municipality levels.

---

1 MOES Education Abstract 2009
The audit was conducted in accordance with the International organization of supreme audit institutions (INTOSAI) auditing standards and guidelines as set out in the Office of the Auditor General VFM audit manual. Those standards require that the audit should be planned 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.

The audit covered the period 2006/2007 – 2009/2010 and was conducted in twenty three (23) Education districts (EDs) comprising of 18 districts and five (5) municipalities. Below are the major findings and recommendations that were made as a result of the audit:

**FINDINGS**

**Planning and Budgeting**
We noted that although the Ministry of Finance Planning and Economic Development (MOFPED) communicated UPE capitation grant Indicative Planning Figures (IPFs) in November of every year to districts/municipalities, Education Districts (EDs) were planning and budgeting for UPE capitation grant basing on IPFs but with unverified pupil enrolment.

**Funding**
It was observed through the scrutiny of release advice letters from PS MOES to PS MOFPED and interviews with senior staff in both Ministries that in some cases the PS MOES advised the PS/ST/MOFPED on the amounts to be released and in others there was no evidence of advice. We noted that in some instances the Ministry advised MOFPED even when EDs had not submitted annual work plans, budget requests and cumulative progress reports, and signed LOUs. We also noted that sometimes, the capitation grant released to EDs was contrary to the timing and amount as spelt out in the UPE guidelines.

We also noted that some districts delayed to submit accountability for funds released while others did not submit quarterly accountability during the Financial Year (FY) 2009/10. An analysis of accountabilities for the period from FY 2006/07 to FY 2008/09 could not be made due to the failure by the Ministry to avail records.
SUPERVISION, MONITORING AND EVALUATION

Monitoring and evaluation by MOFPED and MOLG

It was noted that no supervision, monitoring and evaluation was carried out by the internal audit and inspectorate department of MOFPED department on UPE activities. We also noted that the Ministry of Local Government (MOLG) conducted inspection visits on all Government programmes in the districts; however, there were no issues on UPE capitation grant raised in the reports.

Monitoring and evaluation by MOES

We noted that MOES periodically monitored and evaluated the performance of the UPE programme in specific districts and sometimes on special requests by high Government officials. However, M&E exercises were not scientifically selected and hence the results of the exercises could not generate representative information about nation wide performance of the programme. We also noted that in some instances no action was taken on the recommendations made to rectify areas of the weaknesses identified. We further noted that the guidelines on M&E did not state how often M & E should be carried out by the Ministry.

Supervision and Monitoring by Districts/Municipalities

An analysis of the inspection work plans and reports submitted by EDs to the Directorate of Education Standards (DES) during FYs 2008/09 and 2009/10 revealed that fewer EDs were preparing and submitting work plans and inspection reports. We also noted that prior to FY 2008/09, EDs were not reporting on a quarterly basis. However, this situation has now improved with the involvement of DES whereby inspection funds are directly released to EDs on a quarterly basis. A review of the quarterly monitoring and supervision reports by District Inspectors of Schools (DISs) in 8 EDs revealed that although monitoring and supervision was done, not all the schools were visited at least once in a term contrary to Section 7.4 of the UPE Guidelines of May 2007.

OTHER SUPPORT FACILITIES TO UPE CAPITATION GRANT

Availability of Teachers

An analysis of MOES Education abstracts on pupil to teacher ratio (PTR) revealed that at the national level there was one (1) teacher for every fifty five (55) pupils on average in the period 2006 to 2010 instead of fifty four (54). However, further analysis of PTR of individual districts
showed divergence from the national average ranging between 32 to 94 pupils per teacher (2006), 32 to 116 pupils per teacher (2007), 33 to 112 pupils per teacher (2008 and 2009).

**Availability of Classrooms**
An analysis of MOES Education abstracts on pupil to classroom ratio (PCR) revealed that at the national level there were seventy eight (78) pupils per classroom on average in the period 2006 to 2010 instead of fifty four (54). However, further analysis of PCR of individual districts showed divergence from the national average ranging between 28 to 156 pupils per classroom (2006), 29 to 153 pupils per classroom (2007), 27 to 148 pupils per classroom (2008) and 27 to 112 pupils per classroom (2009).

**Availability of School Desks**
Audit could not establish whether the required PDR of 3:1 had been achieved at national and district levels because the Ministry and districts did not have the stock of desks available in Government Primary Schools. However, in the schools visited, we noted that many pupils, especially in lower classes, did not have enough school desks and pupils were found seated on floors.

**PERFORMANCE OF PUPILS**

**Course Completion**
A trend analysis of the completion rate to P.7 as reported by the MOES revealed a performance rate of below 50% in academic years 2006, 2007, and 2008. In academic years 2009 and 2010, the completion rate was of 52% and 54%, respectively. This however is below the required 100% completion rate. The rate of school drop out over the academic years 2006 to 2010 fell from 5% to 4.3%.

**Performance of Pupils at Primary Leaving Examinations**
An analysis of the Primary Leaving Examinations (PLE) results for the academic years 2006 to 2010 revealed that most pupils were passing in Division 2 and Division 3. The number of pupils who failed was more than those who passed in Division 1 in all the years. Although the number of pupils who failed exams reduced in 2009 and 2010, the rate of reduction was low. Better performance was registered in 2010 and the worst results were noted in 2008.
RECOMMENDATIONS
Planning and Budgeting

- The EDs should sensitize the Sub-county/Division officials of their roles in regard to the verification of pupil enrolment figures from primary schools within their jurisdiction before they are submitted by head teachers to EDs, and the Sub-county/Division officials should be facilitated to carry out verification exercise as required by UPE guidelines.
- EDs should prioritize the activity of preparing annual work plans so as to ensure their timely submission to the Ministry.
- The school census exercises should be conducted in time for the results to be fed into the planning processes at all levels of UPE implementation.

Funding

- The Ministry should ensure that Education Districts comply with the terms and conditions in the Letter of Understanding to ensure timely preparation and submission of annual work plans, budgets and progress reports.
- The Ministry should champion the harmonization of the UPE guidelines governing the release of funds to districts with MOFPED’s policy of release of funds to ensure timely release of funds to EDs.
- The district education departments should ensure timely release of funds to schools in accordance with UPE guidelines to avoid disruption of school programmes/activities.
- School head teachers should ensure timely submission of UPE grant accountabilities to district education officers to enable timely processing and disbursement of funds to their schools.
- District Education officers should ensure timely submission of district UPE grant accountabilities to enable timely advice by PS MOES to PS/ST MOFPED on release of funds to districts.

SUPERVISION, MONITORING AND EVALUATION

Monitoring and evaluation by MOFPED and MOLG

- MOFPED should comply with the requirement in the UPE guidelines to ensure that it conducts monitoring and evaluation of UPE programme.
• Supervision, monitoring and evaluation activities of MOLG should be carried out to comprehensively cover activities of UPE programme in the districts as required by UPE guidelines.

Monitoring and evaluation by MOES
• UPE monitoring and evaluation guidelines should be reviewed to regulate how often the MOES should carry out M & E activity.
• MOES should review its M & E methodology so as to ensure that the districts in which M & E activities are done are scientifically selected to enable the generation of M & E results which will enable Government to make representative decisions on the UPE programme as a whole.
• MOES should take action on the recommendations made in the M & E reports so as to ensure successful implementation of UPE programme.

Supervision and Monitoring by districts/municipalities
• Chief Administrative Officers at the districts should ensure that the District Inspectors of Schools prepare and submit inspection work plans and reports to the Directorate of Education Standards (DES) at the Ministry.
• DES should not release inspection funds to EDs which fail to submit inspection work plans and reports to it in time.
• Districts should consider addressing the inadequacy of school inspectors and to train those in the newly created districts.

OTHER SUPPORT FACILITIES TO UPE CAPITATION GRANT

Availability of Teachers
• The Ministry and districts should use district PTRs to review the deployment of teachers to ensure equitable distribution of teachers in both urban and rural areas.
• The programme of payment of “hard to reach” allowances to teachers in hard to reach districts by the Ministry of Public Service should be improved to attract more teachers in such areas.
• MOES should systematically plan for the recruitment of primary teachers to match the increasing demand for primary teachers resulting from increased enrollment of pupils.
Availability of Classrooms
The Ministry should use district PCRs as a guide for planning and allocation of construction of classrooms in districts and schools, to avoid congestion of pupils.

Availability of School Desks
- Districts and schools should keep an inventory of school desks at both levels which should be submitted to MOES, to facilitate planning and allocation of school desks.
- The Ministry EMIS should initiate a process of capturing data on the availability of desks in schools, which should be used for planning for the procurement of desks, and the PDR should be reported on to aid decision making.

PERFORMANCE OF PUPILS

Course Completion
- Local Councils, School Management Committees, Parents-Teachers Associations and Head teachers should sensitize parents and encourage them to keep their children in school.
- The Ministry, Districts and Schools should enforce the UPE guidelines on stakeholders’ responsibility to compel parents to provide school lunch to their children.
- The provisions in the Education Act, Act 13 of 2008 section 5 requiring parents to enroll all children of school going age and Section 51 which imposes penalty for failure to enroll children for UPE should be enforced by Government.

Performance of Pupils at Primary Leaving Examinations
- The ministry should address the challenges of inadequate teachers, classrooms and desks as recommended above to create a conducive learning environment.
- School Head teachers should discourage pupil and teacher absenteeism at their schools to enable timely completion of syllabi and good preparation for exams.
- District inspectors of schools should intensify their inspection activities to curb vices that lead to poor performance at schools.
- EDs and the Ministry should investigate why registered pupils fail to sit for PLE exams.
- The Ministry should establish a mechanism of identifying pupils uniquely right from enrolment to completion so as to track and monitor retention and dropout rates.
CHAPTER ONE

INTRODUCTION

1.1 Motivation

Universal Primary Education (UPE) is a policy by the Government of Uganda intended to enable children of school going-age to enter and remain in school and successfully complete the primary cycle of education in order to achieve human development and poverty reduction. This initiative is in line with the Government Poverty Eradication Action Plan (PEAP) which aimed at achieving the Millennium Development Goals (MDG's) on education, which are: achieving universal primary education by the year 2015; and, promoting gender equality and empowering women, by the elimination of gender disparities in primary education, preferably by 2005, and at all levels of education not later than 2015.

To facilitate this policy, the Government of Uganda (G.O.U) introduced the School Facilities Grant (SFG) and the UPE Capitation Grant. SFG was meant to provide the necessary school infrastructure such as classrooms, houses for teachers, latrines and school furniture; while the UPE capitation grant was to provide for instructional/scholastic materials, co-curricular activities, and the management and administration of the schools. At the time of introducing UPE (1997), there were 2.2 million pupils in primary schools and the number had risen to 8.3 million\(^2\) pupils by 2010. G.O.U had spent Ug Shs.139 billion in capitation grant over the period FY 2006/07 to FY 2009/10.

Despite the increasing rate of pupil enrolment and the substantial investment in the UPE programme, there have been concerns about the high school dropout rate, the high Pupil to Book ratio (PBR), lack of minimal instructional materials, the high teacher and pupil absenteeism and the increasing number of candidates failing the Primary Leaving Examinations (PLE).

Two (2) VFM audits have been conducted in the past on primary education. The audits focused on SFG and Inspection of Primary Schools by MOES and reports were issued to Parliament in 2003 and 2009, respectively.

\(^2\) MOES Education Abstract 2009
It is against this background that a value for money audit was conducted in the management of UPE program focusing on the capitation grant to verify the challenges faced, investigate their causes and make recommendations to address them. In order to assess the effectiveness of the Capitation grant, this report also gives highlights on the performance of UPE support facilities, such as: availability of teachers, classrooms and desks; and the performance of pupils.

1.2 **Description of the Audit Area**

UPE program was introduced in January 1997 following the recommendations of the Government White Paper on education. Initially, Government was to meet the cost of primary education for four (4) pupils per family. This was expanded in 2002 to allow for the education of all children of primary school going age, regardless of the number per family.³

1.3 **Statutory Mandate**

The Education Act of 2008 Section 1 (C) gives full effect to the UPE policy of Government. The MOES is responsible for setting policies on all matters concerning education, including UPE. The UPE guidelines specify the roles and responsibilities of the stakeholders in the implementation of the UPE.

1.4 **Main Goal of UPE Capitation Grant**

The main goal of the UPE capitation Grant is to “provide the minimum necessary facilities and resources to enable Ugandan children of school-going age to enter and remain in school and successfully complete the primary cycle of education”.

1.5 **Main Objectives of UPE Capitation Grant**

The main objectives of the UPE capitation grant are: improving equitable access to basic education by removing the burden of paying school fees from the parents and enhancing of the quality of primary education by Government providing the necessary resources to run the schools.

1.6 **Components of UPE Capitation Grant**

There are 4 components provided for under the UPE capitation grant and these are:

i. **Extra instructional/scholastic materials**: these materials include: supplementary books for readers, teacher reference books, syllabi, lesson preparation books, ball pens, markers, teaching aids, slates, chalk, blackboards, teachers’ tables and chairs, maps, wall charts, globes and duplicating paper.

ii. **Co-curricular activities**: these activities include: games and sports, music, dance and drama activities, art and crafts and school clubs like debating clubs.

iii. **Management of the schools**: under this component, the items catered for include: class registers and refreshments for School Management Committees (SMC) and School Finance Committees (SFC) during monthly budget meetings.

iv. **Administration**: this component includes: head teachers’ travels and other miscellaneous expenses while on official school duties.

1.7 **Organization Structure for Managing of UPE Capitation Grant**

The UPE capitation grant is managed at two (2) levels, at the MOES level and the district level.

**At the MOES Level**

MOES sets policy on UPE. Politically, MOES is headed by the Minister of Education and Sports who is assisted by three State Ministers; technically, the MOES is headed by the Permanent Secretary (PS). Below the PS are three (3) Directors and these are: Director of basic and secondary education (in charge of UPE), Director of education standards (in charge of inspections) and Director of higher, technical and vocational education. Below the Directors, are Commissioners, Assistant Commissioners and other staff cadres as shown in *Appendix 1*.

**At the district level**

Politically, the Local Council 5 Chairperson is the head of the district assisted by the various Secretaries of Standing Committees of the District Council (DC) who are responsible for policy formulation, monitoring and supervision of the UPE program activities. Technically, the CAO is the Chief Executive Officer (CEO) of the district, assisted by the Deputy CAO (D/CAO) and various heads of departments, including head of education (District Education Officer-DEO). The education department in the district is responsible for the management of the UPE capitation grant together with primary school heads, School Management Committees (SMC), School Finance Committees (SFC), Parents Teachers’ Associations (PTA), parents and the community.
1.8 **Funding of UPE Capitation Grant**

UPE capitation grant is funded by the Government of Uganda (GOU) and supported by development partners. The total funding for the period 2006/2007 to 2009/2010 is shown in *table 1.*

**Table 1: Showing funding to UPE capitation grant; from FY 2006/2007 to 2009/2010**

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED AMOUNT (UG Shs)</th>
<th>AMOUNT RELEASED (UG Shs)</th>
<th>OUT-TURN (In percentage)</th>
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<td>2006/2007</td>
<td>32,826,559,000</td>
<td>30,761,651,000</td>
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<td>2007/2008</td>
<td>32,476,910,000</td>
<td>30,262,462,000</td>
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<td>2008/2009</td>
<td>41,010,000,000</td>
<td>38,959,501,000</td>
<td>95</td>
</tr>
<tr>
<td>2009/2010</td>
<td>41,008,531,000</td>
<td>38,958,105,000</td>
<td>95</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>147,322,000,000</strong></td>
<td><strong>138,941,719,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: MOES Actual Release Schedules

1.9 **Audit Objectives**

The audit objectives were: to ascertain whether the funds required for the UPE capitation grant are properly planned for, released, and accounted for; also to ascertain whether schools are adequately facilitated with adequate numbers of teachers, classrooms and desks for the UPE capitation grant to be utilized effectively; and to ascertain whether the beneficiary schools for the UPE capitation grants are properly supervised, monitored and evaluated at both the national and district/municipality levels.

1.10 **Audit Scope**

The audit was conducted in the MOES and focused on the management of the UPE capitation grant covering a period of four (4) FYs from 2006/2007 to 2009/2010. The audit also covered twenty three (23) EDs of which included eighteen (18) Districts of Kampala, Masaka, Mukono, Luwero, Wakiso, Kalangala, Gulu, Moroto, Bukwo, Mbale, Mbarara, Bushenyi, Bundibugyo, Kabale, Kabarole, Rukungiri, Arua, Nebbi, and five (5) Municipalities of Arua, Gulu, Masaka, Mbarara and Mbale.
CHAPTER TWO

METHODOLOGY

The audit was conducted in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) auditing standards and guidelines as set out in the Office of the Auditor General’s Value for Money audit manual.

Those standards require that the audit should be planned 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.

2.1 Sampling

The audit was conducted in twenty three (23) Education districts (EDs) comprising of 18 districts and five (5) municipalities and these were selected as explained below.

The EDs were chosen from the 6 education regions in the country that is central, eastern, north eastern, northern, south western and western. 16 districts and 5 municipalities with high pupil enrollment and Capitation Grant funding were selected and these are Kampala, Masaka, Mukono, Luwero, Wakiso, Mbarara, Bushenyi, Bundibugyo, Kabale, Kabarole, Rukungiri, Gulu, Moroto, Arua, Nebbi and Mbale. The municipalities included Arua, Gulu, Masaka, Mbarara and Mbale. In addition, 2 districts of Bukwo and Kalangala with low pupil enrollment were selected.

2.2 Data Collection Methods

Various methods were used for collecting and analyzing data from the field and these included; document review, interviews and physical inspections.

Document review

Documents both at the Ministries, districts and municipalities were reviewed so as to obtain and enhance our understanding of the process management of the UPE Capitation Grant and also to obtain data which was compared with evidence got from interviews and physical inspections. See details of documents reviewed in Appendix 2.
Interviews
Interviews were conducted with senior officials in the Ministries of Education and Sports, Ministry of Finance, Planning & Economic Development, Ministry of Local Government, Uganda National Examinations Board, and the districts of: Kampala, Masaka, Mukono, Luwero, Wakiso, Mbarara, Bushenyi, Bundibugyo, Kabale, Kabarole, Rukungiri, Gulu, Moroto, Arua, Nebbi and Mbale. The municipalities included Arua, Gulu, Masaka, Mbarara and Mbale. The interviews were intended to obtain an understanding of the composition, funding, functions and challenges in the implementation of UPE. See details of officers interviewed in Appendix 3.

Physical Inspections
Physical inspection of some schools in the districts and municipalities were carried out with the objective of identifying and understanding the roles and responsibilities of various key players, activities carried out, systems and processes and the challenges encountered in the management of UPE capitation grant and suggest possible solutions to improve on the management of UPE capitation grant in Uganda. The inspections were also intended to establish and ascertain the state of the existing facilities, like: classrooms, furniture, scholastic materials, facilities for co-curricular activities and teachers’ quarters. Through inspections, the team was similarly able to see firsthand the seating arrangement of pupils in classrooms, some members of SMC and PTA and teachers in different schools.

2.3 Data Analysis
UPE Capitation Grant Work plans and performance reports of the sampled districts and municipalities were studied to establish whether the planned activities were carried out. Budgets and audited financial statements were scrutinized to establish whether the budgeted amounts for UPE Capitation Grant were adequately provided. Accounting documents were examined to establish whether the procedures and processes of recording and reporting for UPE Capitation Grant were being followed.

Primary teachers’ establishment structures of various districts, municipalities and primary schools were studied and compared with the existing staff to establish if there were any gaps. Required classrooms, desks, scholastic materials (text books) and teachers’ houses per district
and school, according to the schools’ grading, were compared with what was existing and the “Minimum Quality Standards” (MQS) ratios on education that is Pupil-Teacher Ratio (PTR) and Pupil-Book ratio (PBR) were computed and analyzed for the period 2006/2007 up to 2009/2010 to ascertain the trends over the years.

Responses from the interviewed officials were summarized and tallied on a data master sheet and results analyzed using frequency counts\(^5\).

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\(^5\) Frequency count is an enumeration of how often a certain answer to a specific question occurs.
CHAPTER THREE

ROLES AND PROCESS DESCRIPTION

3.1 ROLES AND RESPONSIBILITIES OF KEY PLAYERS
There are several key players in the management of UPE Capitation Grant both at the national, district, school and community levels as explained below:

Key Players at the National Level
Ministry of Education and Sports (MOES) ⁶
The main roles of the MOES in the implementation and management of UPE Capitation Grant, as specified in the guidelines of 2008 include: training and retraining of teachers, providing of instructional materials to schools in the form of pupils’ text books and teachers’ guides, contributing to the construction of basic school facilities, such as: classrooms, libraries and teachers’ quarters; and supervising, monitoring and evaluating the implementation of UPE Capitation Grant. Through the Directorate of Education Standards, MOES is required to monitor and assess the education standards in primary schools.

In addition, the Permanent Secretary (PS) of MOES advises the PS of the Ministry of Finance Planning and Economic Development (MOFPED) on releases for the UPE capitation grants to the Districts or Municipalities and to withhold any further releases of UPE capitation grants to non compliant and defiant Districts or Municipalities and informing all the key stakeholders accordingly. On a quarterly basis, the MOES must publish in the public media the UPE capitation grants transferred to each District or Municipality.

Ministry of Finance, Planning and Economic Development (MOFPED) ⁷
MOFPED communicates the UPE District/Municipality budget ceilings/ indicative planning figures (IPFs) in November each year and releases the quarterly grants as advised by MOES. MOFPED is required to carry out periodic monitoring visits of UPE schools and copies of all field monitoring reports are submitted to MOES on a quarterly basis.

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**Key Players at the District or Municipality Level**

**Local Authorities (LA’s)**
Under the leadership of the Chief Administrative Officers (CAOs), Local Authorities (LAs) are responsible for supervising the annual school census and ensure that duly filled and signed forms are submitted to MOES before 31st March every year. The LAs are also responsible for the receipt and consideration of IPFs from the MOFPED and the subsequent formulation of the education budgets which should be forwarded to MOES for review and consolidation into the national UPE budget before the end of April every year. LAs are then required to ensure that all UPE funds released to them are disbursed to the beneficiary schools within one (1) week after receipt and should not be retained on the UPE bank account for any other purposes. LAs are supposed to account to the PS/MOES on or before the last working day of the first month after the close of the quarter and the CAO is required to give a quarterly briefing on the implementation of the UPE program to the District Council (DC) through the District Executive Committee (DEC).

**Sub County Chiefs**
Sub County Chiefs represent the CAOs at the Sub County levels and are required to make termly visits to each primary school, implement the Local Authority (LA) bye-laws on UPE, supervise directly the annual school census activity carried out in March every year and keep a record of both pupil’s enrolment and attendance in the primary schools per month and the teachers in the Sub County. The Sub County Chief ensures proper use and accountability of UPE Capitation Grants by checking books of accounts and submits reports to CAOs office on quarterly basis; mobilizes parents and community to send their children to schools and retaining them there.

Sub County Chiefs are responsible for the monitoring of children’s attendance by visiting schools to ensure that school projects are being carried out according to the development plan of the Sub-Counties and Districts.

**District/Municipal Inspectors of Schools (DIS or MIS)**
These are responsible for: carrying out periodic inspection of schools to ensure quality teaching and learning within and outside the classrooms. The DIS or MIS are responsible for organizing quarterly briefings, workshops and seminars for teachers to enhance their competence and
quality of teaching. They also assist the DEO in evaluating the teachers’ and head teachers’ performance at the end of the academic year.

The DIS or MIS mobilize parents and communities to send their children to schools and retaining them there in liaison with other officers. They ensure that UPE Capitation Grants are put to proper use by following the laid down guidelines, monitor and ensure that the UPE buildings and scholastic materials distributed to the primary schools are put to proper use, and ensure that the education Minimum Quality Standards (MQS) as stipulated by the MOES Education Standards Agency (ESA) are maintained in the primary schools.

**Key Players at the School Level**

**School Management Committees (SMC)**

These are statutory organs at the school level and they represent Government. The successful implementation and management of UPE, therefore, greatly depends on them as they give schools overall direction and ensure that schools have development plans. They work as a link between the school and the community by ensuring that the schools draw out programs that attract the parents into schools; approving the school budgets annually; monitoring the finances of the school to ensure that resources are used for the maximum benefit of pupils’ learning; and reporting quarterly on the financial and operational status of the school programs to parents and community leaders. Although primary schools head teachers report to the District Education Officers (DEO), they work closely with the SMCs in the management of the Schools.

**Head teachers**

As the managers responsible for the schools and therefore in charge of the UPE program, head teachers are responsible for ensuring that schools start on time, account for all funds, scholastic materials and other school properties, like: desks, tables and school land. They supervise and inspect the teachers while performing their duties, mentor and train the teachers, design and allocate teaching time table at the beginning of each academic year or term, and sensitize, mobilize and work with the community and parents to send their children to school and retain them there.
Teachers
Teachers’ responsibilities, amongst several others, include: preparing of schemes of work and lesson plans for approval by the head teacher, providing all round education and exemplary behaviors to the pupils and contributing to the school improvement by full participation in staff meetings, community work as well as participation, with parents, in school related functions.

Parents and the community
These are responsible for sending their children of school going age to primary schools and support them to remain in the schools and complete the primary cycle of seven (7) years. The Community is also expected to participate in mobilization activities that support improved pupil learning both at home and in the school.

School Textbooks and Instruction Management Committee (STIMSC)
Between the financial years 2006/2007 and 2007/2008, the “School Textbook & Instructional Materials Selection Committees” (STIMSC) were constituted to handle Decentralized Instructional Materials Procurement (DIMP) affairs. The composition of the STIMSC was head teacher as the Chairperson, deputy head teacher, heads of subject departments, PTA & SMC representatives and the coordinating center tutor (CCT). The Committees were supposed to be sensitized by the LG before starting to work. The STIMSC was required to maintain a minute book containing meetings and the decisions taken. STIMSC were required to order from the Official Textbook Suppliers (OTS) appointed by their own Districts/Municipalities.

3.2 PROCESS DESCRIPTION
Planning and Budgeting
At the National Level
The UPE Capitation Grants to be sent to the Districts/Municipalities are determined by MOFPED and MOES basing on the pupil enrolment figures got from the annual school census conducted by MOES in March every year and sent to the Districts/Municipalities by November every year. Forms are sent to schools in March and filled forms are required to be returned to the Ministry within one month before the end of March.

At the District/Municipality Level
MOFPED communicates the UPE District/Municipality budget ceilings/IPFs through the national budget conference which is held in the month of November every year. Local Governments regional budget framework workshops (LGRBFP) are held as part of the budget consultative process at the Local Governments’ (LGs) level, where national policy issues and priorities to be considered while budgeting are communicated to LGs, as well as receiving and discussing the concerns raised by LGs on the IPFs sent to the Districts/Municipalities. Work plans and budgets are made using IPFs which are discussed and approved by the Standing Committee of Council and passed by the District/Municipal Council (DC/MC) before 31st day of August each financial year.

**Allocation of UPE Capitation Grants to Primary Schools**

UPE Capitation funds are determined and allocated to Districts/Municipalities and subsequently to the Primary schools by the MOES and MOFPED basing on pupil enrolment in the Districts/Municipalities and schools. In addition to a minimum threshold (also called fixed grant), which is Ug. Shs 100,000 per month amounting to Ug. Shs 900,000 for the nine (9) study months in a calendar year, each school is given a variable grant depending on the number of pupils in the school. Therefore, the total allocation per school is equal to: fixed grant plus variable grant.

**Release of UPE Capitation Grants By MOFPED to Districts/Municipalities**

The P/S MOES advises PS/ST/MOFPED on the UPE Capitation funds to be released to the Districts/Municipalities depending on: receipt of a satisfactory District/Municipal annual UPE budget (Form 4A), signing of a Letter of Understanding (LOU) between the District/Municipal Local Government and the MOES (Form 4B), and the submission of quarterly and cumulative progress reports (Forms 5A & 5B, 6) as well as budget requests (Form 7). The funds are released twice in every quarter, with one ninth (1/9th) of the annual UPE Capitation Grant budget released in the first month of the quarter to cover implementation during the first month when the District/Municipality is compiling the required reports for submission to MOES. The balance for the quarter is released in the second month of the quarter, and where the release is less than what the District/Municipality requested for, the MOES/MOFPED must give reasons.

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9 Local Governments Financial and Accounting Regulations
**Disbursement of UPE Capitation Funds by Districts/Municipalities to Schools**

The District/Municipality is required to disburse the UPE Capitation Funds to the Primary Schools within the first week of receipt of the funds from the center. UPE credits to schools are strictly by release and no credits should be mixed up. Precisely, no balances should be retained on any District/Municipality UPE account, to be mixed up with the subsequent releases without the express written authority from the MOES. See Appendix 4 for summary of flow of UPE Capitation Funds.

**Accountability Process**

At the District/Municipality Level

LGs are responsible for controlling the District/Municipal UPE Bank Account; receiving the UPE conditional grant transfers from MOFPED; and accounting for all UPE grant payments to schools under their jurisdiction. The CAO/TC is accountable for the safe keeping and proper expenditure of all UPE grants to the District/Municipality.

In addition to the normal quarterly submissions following the close of the FY (fourth quarter progress report and cumulative progress report), the District/Municipality must submit to the MOES by the last working day of July, the following: UPE bank statement for June (this must be reconciled with the cash book and must be consistent with the UPE cumulative progress report) and cheque returning unspent balances left on account to the Treasury addressed to the PS/MOFPED. Failure by any District/Municipality to comply with the above requirements, automatically results in withholding of further UPE releases.

At the primary school level

The school UPE bank account shall be opened and administered by the SMC chairperson and the head teacher. All amounts received from the district/municipality and payments are made through this account.

**Monitoring and Evaluation**

At the National Level

MOES, MOFPED, MOLG and the President’s Office are responsible for the monitoring and evaluation of UPE implementation at the national level. MOES visits the Districts/Municipalities periodically to:
- Verify compliance of activities with the UPE implementation guidelines.
- Appraise the Districts/Municipalities on the progress in UPE implementation.
- Provide or arrange support to the Districts/Municipalities, where this is necessary, to overcome problems.

MOFPED (Treasury inspectorate), MOLG (Inspectorate department), President’s Office (Resident District Commissioners) carry out periodic monitoring visits. The copies of all field monitoring reports should be submitted to MOES on a quarterly basis.

At the District/Municipality Level

The District/Municipality Inspector of Schools (DIS/MIS) working jointly with associate assessors\(^\text{10}\) conducts monitoring visits to the schools to assess: Value for Money, compliance with laid down guidelines, and financial accountability. The District/Municipality reports on these visits on a quarterly basis to the MOES, as part of the conditions for further releases. The release of monitoring funds is conditional on submission of District/Municipality budgets for monitoring activities to MOFPED. Termly comprehensive inspection reports should be produced by the inspectorate department of the district. The inspection reports should be comprehensive in a way that various aspects of the school as a place of learning should be clearly commented on. These aspects will include: the pupil-learning environment, the teacher-work environment, the school management environment, the availability and use of instructional materials and the quality of community participation and support to school programs.\(^\text{11}\)

\(^{10}\) Associate assessors; A pool of 10 individuals who are trained by the Ministry in each district and can be called on any time to join district/municipal inspectors to conduct monitoring and inspection of schools.

CHAPTER FOUR

FINDINGS

This chapter presents the findings and conclusions of the audit which have been arranged under the headings of planning and budgeting, implementation and monitoring.

4.1 PLANNING AND BUDGETING

According to Section 2.1 (a) of the UPE guidelines of May 2007, MOFPED is supposed to communicate capitation grant indicative planning figures (IPFs) to all districts in November every year. Section 2.1 (b) of the UPE guidelines of May 2007 requires the education districts (EDs) to plan and budget for the available funds as advised by MOFPED basing on pupil enrolment. Section 2.6 of the UPE guidelines of May 2007 requires that Sub-county / division local governments should be directly involved in the process with respect to the verification of pupil enrolment. Section 2.3.1 (b) of the UPE Guidelines of October 2008 requires the annual budgets to be submitted to the MOES for approval prior to the commencement of a new FY.

Through review of budget call circulars and interviews with senior staff in the MOES and the education officers in 17 out of 23 Education Districts (EDs) visited, it was noted that MOFPED communicated UPE capitation grant IPFs in November every year.

We also noted that EDs were planning and budgeting for UPE capitation grant basing on pupil enrolment and IPFs; however, the pupil enrolment figures were not verified by the Sub-county / Division Local Governments.

Through a review of Annual school census forms and interviews with head teachers in 23 education districts, it was noted that the pupil enrolment figures are directly submitted to the DEO/MEO without being verified by the sub-county/Divisional local government officials. Further review of the forms revealed that they lacked a provision for signature by the sub-county/Divisional local government officials upon verification of the pupils’ enrollment.

Through a review of the annual work plans and budgets in the 23 EDs visited, it was noted that although the annual work plans were prepared, there was no evidence of submission to the Ministry. Through a review of the first quarter advice letters for the FYs 2006/2007, 2008/2009 and 2009/2010 to MOFPED, we noted that the EDs did not prepare their annual work plans prior to the commencement of the FYs.
According to the Sub County/Division chiefs interviewed, the failure to verify pupil enrolment figures was because they were not informed of their duties and responsibilities by the EDs. They further explained that even if they had been informed, they would not have the facilitation to enable them to carry out the verification.

Because of the poor records archiving and retrieval at the Ministry, we were unable to access and verify the annual work plans submitted by EDS.

The failure by the EDs to submit annual work plans prior to the commencement of the FY was due to laxity and lack of prioritization of the preparation of the annual work plans.

Without involving the sub-county/Divisional officials in the verification of pupil enrolment, the likelihood of the head teachers inflating the pupil enrollment figures cannot be ruled out.

Failure to submit the annual work plans by EDs prior to the commencement of the FY affected the timely submission of supported release advices by the Ministry.

Ug Shs 663,385,649 spent on the annual schools census exercises in FYs 2006/2007 to 2009/10 as indicated in Table 2 below may not have achieved its intended objective of obtaining reliable data for planning.

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Financial Year</th>
<th>Amount (Ug Shs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2006/07</td>
<td>25,300,250</td>
</tr>
<tr>
<td>2.</td>
<td>2007/08</td>
<td>105,621,400</td>
</tr>
<tr>
<td>3.</td>
<td>2008/09</td>
<td>213,410,000</td>
</tr>
<tr>
<td>4.</td>
<td>2009/10</td>
<td>319,053,999</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>663,385,649</td>
</tr>
</tbody>
</table>

**Table 2 showing Expenditure on Annual School Census**

*Source: MOES IFMS extract*

**Management responses**

This is a function of the Local Authorities with the CAO/TC as the Accounting Officer. The Ministry of Education and Sports disseminated the guidelines and explained the roles of all stakeholders. Nevertheless, continuous engagement/dissemination will be possible using the communication and advocacy strategy.
which MOES is finalizing. A copy of this VFM report should be shared with the PS/MOLG for information and followup.

The facilitation of Sub county/Division officials to ensure that they carry out the pupil enrolment verification exercises as required by the UPE guidelines is also a function of the Local Governments/Authorities but subject to adequate funding provisions made by MOFPED.

In regard to the poor records archiving and retrieval, we concur and have this as a priority action when we transfer to the proposed more spacious offices, probably two years from now. In the meantime we are upgrading our EMIS through installation of new technologies (electronic link between the centre and districts).

Regarding the preparation of annual work plans, greater emphasis is to be placed on reminding EDs of their responsibility to ensure timely submission of Annual Work Plans.

The annual school Census can only be conducted when schools have opened for the New Year (February/March) and the data provided does actually inform the process of generating the IPFs that are reflected in the Annual Work Plans for the EDs. The MOES normally conducts selected validation of the Census results to enhance the reliability of the data collected.

4.2 FUNDING

4.2.1 Release of Funds to Education Districts

Sections 5.1 and 2.5.1 of the UPE Guidelines of May 2007 and October 2008, respectively, require the PS MOES to advise PS/ST/MOFPED on the funds to be released to the EDs depending on the fulfillment of the following conditions: receipt of a satisfactory District/Municipal annual UPE budget, the signing of a Letter of Understanding (LOU) between the District/Municipal LG and the MOES, and the submission of quarterly and cumulative progress reports as well as quarterly budget requests. The release should be twice in every quarter; 1/9 of the annual budget of UPE grant should be released in the first month of the quarter and the balance for the quarter released in the second month.
Where the release is less than that requested by the district/municipality, the MOES and MOFPED are supposed to give reasons for the underfunding.

Through scrutiny of release advice letters from PS MOES to PS MOFPED and interviews with senior staff in both Ministries, it was noted that in some cases the PS MOES advised the PS/ST/MOFPED on the amounts to be released, however, in others as shown in Table 3, there was no evidence of advice.

**Table 3 showing Amount released without advice by PS/MOES**

<table>
<thead>
<tr>
<th>FY</th>
<th>Month</th>
<th>Amount released by MOFPED (in Ug Shs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td>January</td>
<td>3,479,579,000</td>
</tr>
<tr>
<td></td>
<td>April</td>
<td>3,589,619,000</td>
</tr>
<tr>
<td>2007/08</td>
<td>July</td>
<td>2,706,409,000</td>
</tr>
<tr>
<td></td>
<td>August</td>
<td>4,387,973,000</td>
</tr>
<tr>
<td></td>
<td>June</td>
<td>147,493,000</td>
</tr>
<tr>
<td>2008/09</td>
<td>August</td>
<td>3,889,943,000</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>3,829,980,000</td>
</tr>
<tr>
<td>2009/10</td>
<td>March</td>
<td>6,684,611,000</td>
</tr>
<tr>
<td></td>
<td>April</td>
<td>12,589,399,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>41,305,006,000</td>
</tr>
</tbody>
</table>

It was also noted that in some instances the Ministry advised MOFPED even when EDs had not submitted annual work plans, budget requests and cumulative progress reports, and signed LOUs as shown in Table 4.

**Table 4: Showing Instances where MOES advised MOFPED to release funds without fulfillment of release conditionalities.**

<table>
<thead>
<tr>
<th>FY</th>
<th>QUARTER</th>
<th>AMOUNT (Billion)</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td>Q1</td>
<td>3,647,395,000</td>
<td>No work plans, budgets and LOUs signed.</td>
</tr>
<tr>
<td>2008/09</td>
<td>Q1</td>
<td>4,556,667,000</td>
<td>No work plans, budgets and LOUs signed.</td>
</tr>
<tr>
<td>2009/10</td>
<td>Q1</td>
<td>4,556,672,000</td>
<td>No work plans, budgets and LOUs signed.</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>12,760,734,000</td>
<td></td>
</tr>
</tbody>
</table>

Source: OAG Compilation from release advice letters to MOFPED from MOES
A review of releases to districts revealed that the manner in which funds were released was contrary to the UPE guidelines which required that funds be released twice in every quarter (1/9 of the annual budget of UPE grant released in the first month of the quarter and the balance of the quarter in the second month) as shown in **Appendix 5**. For instance in the first quarter of FY 2009/10 a ninth of the annual budget was Shs.4,556,503,444 and MOFPED released Shs.9,294,069,000 resulting into an over funding of Shs.4,737,566,000 in the first month of the quarter. In the second month of the same quarter, Shs.5,695,629,306 required was not released resulting into a net underfunding of Shs.958,063,000 for the quarter. We also noted a constant under funding of Shs.2 billion in each of the four years under review as shown in **Table 5**.

### Table 5 showing (Under) and Over funding of UPE Capitation grant to districts

<table>
<thead>
<tr>
<th>FY</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July</td>
<td>August</td>
<td>Oct</td>
<td>Nov</td>
<td>Jan</td>
</tr>
<tr>
<td></td>
<td>Shs''000</td>
<td>Shs''000</td>
<td>Shs''000</td>
<td>Shs''000</td>
<td>Shs''000</td>
</tr>
<tr>
<td>2006/07</td>
<td>0</td>
<td>(1,289,005)</td>
<td>125,996</td>
<td>(2,203,834)</td>
<td>(167,816)</td>
</tr>
<tr>
<td>(Under)</td>
<td></td>
<td>(1,289,005)</td>
<td>(2,077,838)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Over)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2007/08</td>
<td>(902,137)</td>
<td>413,237</td>
<td>166,603</td>
<td>(995,686)</td>
<td>47,316</td>
</tr>
<tr>
<td>Under</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008/09</td>
<td>(619)</td>
<td>(1,805,890)</td>
<td>1,775,234</td>
<td>(1,865,853)</td>
<td>699,068</td>
</tr>
<tr>
<td>Under</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009/10</td>
<td>4,737,566</td>
<td>(5,695,629)</td>
<td>5,833,523</td>
<td>(5,695,629)</td>
<td>(4,556,503)</td>
</tr>
<tr>
<td>Under</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Funding</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>: Underfunding</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Source: OAG Analysis of MOES release advices and MOFPED actual releases</td>
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</tbody>
</table>

In cases where the funds released were less than advised, there was no evidence to show that MOFPED had given reasons for the underfunding.

A further review of releases to the districts visited revealed that releases from MOFPED were made in the second month to the districts of Mbarara, Masaka, Mukono and third month for
Bushenyi district and not in the first month of the second and third quarters for the F/Y 09/10 as shown in Table 6.

**Table 6 Showing Releases To Selected Districts For 2nd & 3rd Quarter Of FY 2009/10**

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>FY</th>
<th>Date when funds should have been released by MOFPED (1ST MTH OF 2ND QTR)</th>
<th>Date of actual release by MOFPED</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSHENYI</td>
<td>2009/10</td>
<td>5-Oct-09</td>
<td>2-Nov-09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5-Jan-10</td>
<td>26-Mar-10</td>
</tr>
<tr>
<td>MBARARA</td>
<td>2009/10</td>
<td>5-Oct-09</td>
<td>2-Nov-09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5-Jan-10</td>
<td>4-Feb-10</td>
</tr>
<tr>
<td>MASAKA</td>
<td>2009/10</td>
<td>5-Oct-09</td>
<td>2-Nov-09</td>
</tr>
<tr>
<td>MUKONO</td>
<td>2009/10</td>
<td>5-Oct-09</td>
<td>2-Nov-09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5-Jan-10</td>
<td>4-Feb-10</td>
</tr>
</tbody>
</table>

Because of poor records archiving and retrieval at the Ministry, we were unable to access and verify some release advice letters relating to the releases shown in Table 3 above. There was no explanation from MOES and MOFPED as to why funds were released by PS/ST MOFPED to districts without advice from PS MOES.

The Ministry attributed the failure to abide by the UPE guidelines governing the release of funds to districts to MOFPED's policy of releasing funds according to what is available (operating a cash budget).

The release of funds by MOFPED to districts without advice from the Ministry may lead to non compliant and non beneficiary schools accessing UPE funds. This may also lead to under or over funding of UPE schools and misuse of public funds.

The failure by MOFPED to release UPE funds to districts according to the funds release pattern recommended in the UPE guidelines and delayed release of funds by MOFPED to districts as shown in Appendix 6 led to the disruption of school programmes, such as: the provision of scholastic materials, facilitation of co-curricular activities and management of the schools.
Management responses

Greater attention to be paid to eliminating any weaknesses or laxity observed. However, changes in the new reporting arrangements, introduced by MoFPED, (Through the OBT) require that the LoUs and/guidelines be reviewed.

Challenges also emerge when accountabilities and/or progress reports and work plans are not submitted in time by EDs. This causes late release of funds. Capitation grants like SFG are conditional grants. Where there are no work plans or progress reports, MoES cannot advise MoFPED to release funds to EDs/Schools. It should also be noted, however, that release performance of capitation grants by MoFPED has consistently been approximately 98% over the years, notwithstanding the submission of required work plans, progress, reports or signing of LoUs.

4.2.2 Disbursement of Funds to Schools

Sections 5.3(d) and 2.5.3(d) of the UPE Guidelines of May 2007 and October 2008 respectively, require the district/municipality Local Government to release the UPE grant to schools within the first week of receipt of funds from MOFPED.

Through review and analysis of releases from the district/municipality to the schools, it was noted that all the districts visited did not disburse funds to schools within the first week of receipt of funds contrary to the UPE guidelines as shown in Appendix 7. In the districts of Bushenyi, Mbarara, Masaka, Nebbi and Rukungiri, the average delay in disbursement of funds from the districts to the schools was 3 days, 4 days, 11 days, 14 days and 2 days, respectively. The longest delay, which was 55 days, was noted in Mbarara district for the November release in FY 2006/07.

Delay to disburse funds to the schools was caused by laxity of the district officials responsible for processing and transfer of funds to the school accounts. The longest delay (55 days) was attributed to schools being on holiday, in the month of December 2006, at the time of receipt of funds in the district account; these funds were withheld on the district account until the schools opened for the new term in February 2007.

The district finance department officials interviewed also attributed the delayed release of funds to some schools to delayed submission of accountabilities by school head teachers.
The delayed release of funds to schools disrupts the timely implementation of planned school activities, like: provision of scholastic materials, facilitation of co-curricular activities and management of the schools.

**Management responses**

There has been discussion between MoES and MoFPED to the effect that releases should be made directly to school accounts (STP) to eliminate delays already observed at the point of EDs remitting to schools. Piloting of this arrangement has delayed because MoFPED seems to have difficulty with getting all school A/C numbers set up on the financial management system. However, challenges have been observed in using the STP approach including: remittance of funds to accounts of non-existent schools when they close; or even enrolment numbers may fall or increase, and information is not immediately relayed. There are also administrative costs that have to be borne by the beneficiary schools which have to be defrayed from the meager provision of capitation grants to schools.

**4.2.3 Accounting for UPE Capitation Grant**

Sections 4.2(a) (iii) and 2.4(a) (iii) of the UPE Guidelines of May 2007 and October 2008 respectively, require the district/municipality to submit UPE accountabilities to the PS MOES on or before the last working day of the 1st month after the close of the quarter. Section 5.4 (d) of the UPE Guidelines of May 2007 requires automatic withholding of any further UPE release to districts/Municipalities which fail to comply with the above requirement.

Through review and analysis of the accountability returns submitted by the EDs to MOES for the FY 2009/10 as shown in **Table 7**, it was noted that on average EDs delayed by 11 days to submit accountabilities. We also noted that 12 (50%) out of the 24 EDs visited submitted accountabilities in time. Further analysis revealed that some districts did not submit quarterly accountabilities. Kampala and Bududa districts never submitted accountabilities at all yet they continued accessing UPE funds in all the quarters.
Table 7 Showing Quarterly Submission of Accountabilities by EDs in FY 2009/10

<table>
<thead>
<tr>
<th>EDS</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submitted in time</td>
<td>14 (58.4%)</td>
<td>15 (62.5%)</td>
<td>9 (37.5%)</td>
<td>9 (37.5%)</td>
<td>12 (49%)</td>
</tr>
<tr>
<td>Delayed</td>
<td>5 (20.8%)</td>
<td>1 (4.2%)</td>
<td>0 (0%)</td>
<td>4 (16.7%)</td>
<td>2 (10.4%)</td>
</tr>
<tr>
<td>Never submitted</td>
<td>5 (20.8%)</td>
<td>8 (33.3%)</td>
<td>15 (62.5%)</td>
<td>11 (45.8%)</td>
<td>10 (40.6%)</td>
</tr>
<tr>
<td>Total</td>
<td>24 (100%)</td>
<td>24 (100%)</td>
<td>24 (100%)</td>
<td>24 (100%)</td>
<td>24 (100%)</td>
</tr>
<tr>
<td>Average delay</td>
<td>12 days</td>
<td>1 day</td>
<td>0</td>
<td>31 days</td>
<td>11 days</td>
</tr>
</tbody>
</table>

Source: OAG analysis of ED accountability returns at MOES

An analysis of accountabilities for the period from FY 2006/07 to FY 2008/09 could not be made due to the failure by the Ministry to avail records. Management explained that the records had been archived and kept in a container away from the Ministry due to lack of space.

The Management of MOES attributed the non submission of accountabilities by some EDs to laxity of the officials. Audit also attributed non submission of accountabilities by Kampala and Bududa EDs to the failure by the Ministry to advise MOFPED not to release funds to the districts which had not complied with accountability requirements.

Failure to submit accountabilities in time will affect timely release of further UPE capitation grants to the EDs and, subsequently, to schools if the provision in Section 5.4 (d) of the UPE Guidelines of May 2007 is implemented.

Management responses

Timely submission of UPE grant accountabilities by schools and EDs to the Ministry is a function of the Local Government/Authorities. The Ministry will continue reminding all stakeholders of their responsibilities. However, the MoES will continue playing its advisory role with the desired vigilance to ensure compliance. For example, MoES raised (at MoFPED workshop on the OBT in 2009) issues regarding the introduction of Performance Form B to MoFPED and the implications or gaps arising there from.
4.3 SUPERVISION, MONITORING AND EVALUATION

4.3.1 Monitoring and Evaluation by MOFPED and MOLG

Section 7.2 (b) of the UPE Guidelines of May 2007 requires the inspectorate departments of MOFPED and MOLG respectively to periodically monitor and evaluate UPE implementation and submit monitoring reports to MOES on a quarterly basis.

Through interviews and review of consolidated reports from the internal audit and inspectorate department of MOFPED, it was noted that no supervision, monitoring and evaluation was carried out by this department on UPE activities.

A review of inspectorate reports from the MOLG revealed that inspection visits were carried out on all government programmes conducted by the districts. However, there were no matters relating to UPE capitation grant raised in the reports.

According to officials from MOFPED inspectorate department, supervision, M & E was not done because this was not their mandate. They further stated that they carried out inspection of secondary schools only and sometimes inspected primary schools on special request. However, audit noted that the mandate regarding this function is spelt out in Section 7.2 (b) the UPE Guidelines of May 2007.

Lack of supervision, M & E of UPE Implementation by MOFPED Inspectorate department, leads to failure to identify implementation challenges of the UPE programme, thus failing to provide timely remedial action.

Management responses

Management agrees with the audit observation, but probably the office of the Rt. Hon. Prime Minister should be notified of the omissions to facilitate this office (of Rt Hon. PM) to co-ordinate the various MDAs in executing their responsibilities.

4.3.2 Monitoring and Evaluation by MOES

Section 7.2(a) and Section 8.1 (viii) of the UPE Guidelines of May 2007 and October 2008 respectively require MOES to periodically monitor and evaluate districts/municipalities by verifying compliance of activities with the UPE implementation guidelines, appraising the
districts/municipalities, on the progress in UPE implementation and providing or arranging support to the districts/municipalities, where necessary.

Through interviews with MOES officials and review of M & E reports by MOES, audit noted that MOES periodically monitored and evaluated the performance of the UPE programme in selected districts and sometimes on special requests by high Government officials. Audit further noted that the districts chosen for the M & E exercises were not scientifically selected and hence the results of the exercise could not generate information on the nationwide performance of the programme.

Audit also noted that in some instances no action was taken on the recommendations made to rectify the areas of weaknesses identified. For example, a recommendation by DES to conduct a comprehensive survey of all primary schools in the Karamoja sub region to corroborate the annual school census with information contained in the EMIS database regarding district specific enrollment figures and number of teachers was not effected by the Ministry.

Audit further noted that the guidelines did not state how often M & E should be carried out by the Ministry. Absence of specific time frame of carrying out M & E may result in M & E being done on an adhoc basis.

**Management responses**

Monitoring and evaluation (M&E) is done continuously, including during the Annual Sector Performance Reviews. The Ministry periodically conducts joint monitoring exercises/visits together with the Education Development Partners. Reports generated from these exercises are used during discussions at the Annual Education Sector Performance Review Workshops. The MOES will, in future invite OAG, to participate in these Review Workshops and share the findings of Reports for VFM audits and recommendations in M & E reports and Sector reviews incorporated into the Aide Memoires under the responsible office or institutions.

Actions on the recommendations made in the M&E reports, are done both for activities conducted by the Education Planning and Policy Analysis Department
(EPPAD) and the Directorate of Education Standards (DES). The former conducts joint monitoring exercises after zoning the entire country on the basis of education activities.

4.3.3 Supervision and Monitoring by Districts/Municipalities

Section 7.4 of the UPE Guidelines of May 2007 require the districts/municipalities to develop annual monitoring visit work plans providing for each school to be visited at least once a term of the school year (3 times a year) by the district/municipal Inspector/Education officers.

Section 7.3 of the UPE Guidelines of May 2007 requires districts/municipalities to carry out supervision and monitoring visits to schools to assess: evidence of expenditure, compliance with guidelines and financial accountability. These visits should be reported quarterly, as part of the conditions for continued release of funds.

An analysis of inspection work plans and reports submitted by EDs to Directorate of Education Standards (DES) during FYs 2008/09 and 2009/10 revealed that few EDs were preparing and submitting work plans and inspection reports every quarter. In FY 2008/09, an average of 30 EDs (25%) out of 118 EDs prepared and submitted inspection work plans to DES and 33 EDS (30%) submitted inspection reports. In FY 2009/10, an average of 7 EDs (6%) out of 118 EDs prepared and submitted inspection work plans to DES and 24 EDS (21%) submitted inspection reports. The details of quarterly performance in this regard are as indicated in Table 8.

Table 8 Showing Analysis of inspection work plans and reports submitted by EDs

<table>
<thead>
<tr>
<th>FY</th>
<th>2008/09</th>
<th>Average</th>
<th>2009/10</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inspection</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work plans</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td></td>
<td>13 (11%)</td>
<td>31 (26%)</td>
<td>36 (31%)</td>
<td>38 (32%)</td>
</tr>
<tr>
<td>Reports</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>56 (53%)</td>
<td>34 (29%)</td>
<td>26 (22%)</td>
<td>17 (14%)</td>
</tr>
</tbody>
</table>

Source: OAG analysis of submission of inspection work plans and reports to DES

We also noted from the above analysis that on average, more inspection reports were submitted compared to work plans. For example in FY 2008/09, an average of 33 inspection
reports were submitted compared to 30 work plans and in FY 2009/10, 24 reports were submitted as compared to 7 work plans.

We also noted that prior to FY 2008/09 EDs were not reporting on a quarterly basis, however, this situation improved while DES was still involved with direct release of inspection funds to EDs on a quarterly basis.

A review of quarterly monitoring and supervision reports by District Inspectors of Schools (DISs) in 8 EDs revealed that although monitoring and supervision was done, not all the schools were visited at least once in a term contrary to Section 7.4 of the UPE Guidelines of May 2007. Further scrutiny of the reports revealed that assessments were made on evidence of expenditure, compliance with guidelines and financial accountability. Schools were facing challenges of late release of UPE funds, late submission of accountabilities, nonexistent School Management Committees, failure to approve school budgets by SMC, poor record keeping, limited display of mandatory notices (funds released, enrollment figures, number of staff) by head teachers, teacher/pupil absenteeism and high drop-out rates.

Management at DES explained that the failure to prepare and submit inspection work plans and reports was due to laxity by the district inspectors of schools who were not under the direct control of DES, but under the CAO, and this makes it difficult to enforce the submission of work plans and reports. Management further explained that inspectors, especially those in the newly created districts, were not trained due to limited funding of the directorate.

Management at EDs attributed the failure to carry out inspection visits of every school at least once in a term, and compile quarterly reports, to inadequate funding by districts and the ministry, and limited human resources to enable them carry out school inspections.

The failure to carry out regular inspection of all schools and compile quarterly reports hampered EDs’ ability to assess the compliance of schools with expenditure and other UPE guidelines and financial accountability. The absence of quarterly inspection reports denied districts and schools an opportunity to solve the challenges faced in the implementation of the programme.
Failure by DISs to prepare and submit inspection work plans and reports to DES impairs DES’s ability to monitor and evaluate the progress of the UPE programme due to insufficient information from EDs.

**Management responses**

Management agrees with the audit observation since responsibility rests with CAOs at the EDs as the Accounting Officers for decentralized services, including primary education, to ensure that District Inspectors of Schools prepare and submit inspection work plans and reports to the DES.

Inspection funds are now sent directly to the Local Governments by MOFPED. The Ministry will continue to monitor and advise MOFPED whenever any stakeholder reneges on responsibilities. In addition, the external and internal audit sections of the Local Governments should be more vigilant in supporting Local Governments to execute this function.

DES in the interim has trained and recommended the use of associate assessors, comprising retired educationists, to plug the gap created as a result of inadequate inspectors.

### 4.4 OTHER SUPPORT FACILITIES TO UPE CAPITATION GRANT

#### 4.4.1 Availability of Teachers

According to the Ministry Minimum Quality Standards (MQS) on teachers, a class of fifty four (54) pupils should have one (1) teacher, commonly referred to as “Pupil to Teacher Ratio” (PTR) of 54:1.

An analysis of MOES Education abstracts on pupil to teacher ratio revealed that at the national level there was one (1) teacher, for every fifty five (55) pupils on average in the period 2006 to 2010 instead of fifty four (54). This was a presumably good performance compared to the national target as shown in **Table 9**.
Table 9: Showing national average PTR between 2006 and 2010.

<table>
<thead>
<tr>
<th>Year Details</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Pupil Enrolment (a)</td>
<td>6,668,931</td>
<td>6,777,675</td>
<td>6,871,588</td>
<td>7,185,584</td>
<td>7,196,922</td>
<td>6,940,140</td>
</tr>
<tr>
<td>Available Gov’t Teachers (b)</td>
<td>126,990</td>
<td>127,694</td>
<td>124,595</td>
<td>123,901</td>
<td>124,851</td>
<td>125,606</td>
</tr>
<tr>
<td>PTR (a/b)</td>
<td>53</td>
<td>53</td>
<td>55</td>
<td>58</td>
<td>58</td>
<td>55</td>
</tr>
</tbody>
</table>

Source: OAG compilation from MOES-Education Abstracts

A trend analysis of the PTR revealed that the ratio had increased from 53 in the years 2006 and 2007 to 55 in the year 2008 and then 58 in the years 2009 and 2010. However, further analysis of PTR of individual districts showed divergence from the national average ranging between 32 to 94 pupils per teacher (2006), 32 to 116 pupils per teacher (2007), 33 to 112 pupils per teacher (2008 and 2009) as shown in Table 10.

Table 10 Showing Districts with the Highest and Lowest PTR

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Lowest PTR (best)</th>
<th>District</th>
<th>Highest PTR (poor)</th>
<th>District</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>32:1</td>
<td>Kalangala</td>
<td>94:1</td>
<td>Kitgum</td>
</tr>
<tr>
<td>2007</td>
<td>32:1</td>
<td>Kalangala</td>
<td>116:1</td>
<td>Kaabong</td>
</tr>
<tr>
<td>2008</td>
<td>33:1</td>
<td>Kalangala</td>
<td>112:1</td>
<td>Kaabong</td>
</tr>
<tr>
<td>2009</td>
<td>32:1</td>
<td>Kalangala</td>
<td>112:1</td>
<td>Kotido</td>
</tr>
<tr>
<td>2010*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

*The education abstract for 2010 had not been compiled at the time of Audit (February 2011)

Source: MOES-Education Abstracts

Although Kalangala had the lowest PTR, presumably the best district with the lowest PTR, the district is composed of islands in Lake Victoria and with a relatively low population and school enrolment.
Management attributed the highest PTR in Kitgum, Kaboong and Kotido to un-favorable working conditions in the districts, such as: poor infrastructure and amenities.

Further analysis of PTR of 13 schools visited in the 7 districts also indicated a divergence from the national target ranging from 19 to 64 pupils per teacher. Nagalama mixed P.S-Mukono (52:1), Rwentuha P.S-Bushenyi (41:1), St. Aloysius P.S-Mbarara (42:1), Katojo Biharwe P.S-Mbarara (33:1), Kigezi High P.S-Kabale (36:1), Nyamiyaga P.S-Kabale (19:1) and Rwere P.S-Kabale (40:1). The poorly performing schools included: Orawa P.S-Arua (61:1), Jiako P.S-Arua (64:1), Nebbi P.S-Nebbi (57:1), Agwok P.S-Nebbi (60:1), Bubirabi-Mbale (64:1) and Nyondo Dem. P.S-Mbale (55:1).

Audit attributed the high PTR to inadequate recruitment of primary teachers by the districts which could not match the high demand of teachers caused by increased pupil enrolment in the country.

The failure to attain the requisite PTR by districts and schools affects pupils’ performance in class resulting from inadequate attention the pupils receive from teachers. The teachers are overwhelmed by the number of pupils in a class.

**Management responses**

The Ministry uses district PTR during the deployment of teachers, but this has changed with the recent approval by Cabinet of a new formula for teacher recruitment, which ensures equitable deployment, whereby at least each class has a teacher. The Ministry of Public Service (MOPS) is responsible for the design and implementation of the “hard to reach” programme which attracts teachers in hard to reach districts, and recently, Cabinet approved new geographical (hard to reach) areas and also redefined the scope to include secondary, TVET and tertiary institutions. MoES will nevertheless continue interfacing with MoPS and other stakeholders on this matter.

**4.4.2 Availability of Classrooms**

According to the Ministry Minimum Quality Standards (MQS), each classroom should have fifty four (54) pupils, also known as Pupil to Classroom Ratio (PCR) of 54:1.
An analysis of MOES Education abstracts on pupil to classroom ratio (PCR) revealed that at the national level there were seventy eight (78) pupils per classroom on average in the period 2006 to 2010 instead of fifty four (54) as shown in Table 11.

**Table 11: Showing national average PCR between 2006 and 2010**

<table>
<thead>
<tr>
<th>Year Details</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Pupil Enrolment (a)</td>
<td>6,668,931</td>
<td>6,777,675</td>
<td>6,871,588</td>
<td>7,185,584</td>
<td>7,196,922</td>
<td>6,940,140</td>
</tr>
<tr>
<td>Available Gov't Classrooms (b)</td>
<td>85,902</td>
<td>86,306</td>
<td>88,410</td>
<td>91,668</td>
<td>95,134</td>
<td>89,484</td>
</tr>
<tr>
<td>PCR (a/b)</td>
<td>78</td>
<td>79</td>
<td>78</td>
<td>78</td>
<td>76</td>
<td>78</td>
</tr>
</tbody>
</table>

**Source: OAG compilation from MOES-Education Abstracts**

A trend analysis of the PCR revealed that the ratio had increased from 78 in the year 2006 to 79 in 2007. It stagnated at 78 in the years 2008 and 2009 and dropped to 76 in 2010. However, further analysis of PCR of individual districts showed divergence from the national average ranging between 28 to 156 pupils per classroom (2006), 29 to 153 pupils per classroom (2007), 27 to 148 pupils per classroom (2008) and 27 to 112 pupils per classroom (2009) as shown in Table 12.

**Table 12: Showing Districts with the number of pupils in a classroom**

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Lowest PCR (best)</th>
<th>District</th>
<th>Highest PCR (poor)</th>
<th>District</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>28: 1</td>
<td>Kalangala</td>
<td>156:1</td>
<td>Pader</td>
</tr>
<tr>
<td>2007</td>
<td>29: 1</td>
<td>Kalangala</td>
<td>153:1</td>
<td>Pader</td>
</tr>
<tr>
<td>2008</td>
<td>27: 1</td>
<td>Kalangala</td>
<td>148:1</td>
<td>Koboko</td>
</tr>
<tr>
<td>2009</td>
<td>27: 1</td>
<td>Kalangala</td>
<td>112: I</td>
<td>Kaabong</td>
</tr>
<tr>
<td>2010*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

*The education abstract for 2010 had not been compiled at the time of Audit (February 2011)*
Source: MOES-Education Abstracts

Although Kalangala had the lowest PCR, presumably the best district with the lowest PCR, the district is composed of islands in Lake Victoria and with a relatively low population and enrolment in schools.

Further analysis of PCR of 12 schools visited in the 7 districts also indicated a divergence from the national target ranging from 24 to 478 pupils per classroom. A PCR of 478:1 was noted in Agwok P.S in Nebbi district with an enrollment of 956 pupils, where there were only two complete classrooms and ten others were under construction. Only 4 schools (33%) were performing well and they included: St. Aloysius P.S-Mbarara (24:1), Katojo Biharwe P.S-Mbarara (41:1), Kigezi High P.S-Kabale (36:1) and Nyamiyaga P.S-Kabale (47:1). The majority of schools (67%) had more than the requisite number of pupils in a classroom and they included: Nagalama mixed P.S-Mukono (72:1), Rwentuha P.S-Bushenyi (62:1), Orawa P.S-Arua (175:1), Jiako P.S-Arua (122:1), Nebbi P.S-Nebbi (98:1), Agwok P.S-Nebbi (478:1), Nyondo P.S-Mbale (59:1) and Rwere P.S-Kabale (58:1).

Audit attributes the high PCR to inadequate planning for the classrooms construction by the MOES so as to match the increasing pupil enrollment.

The failure to attain the requisite PCR by schools leads to congestion of pupils in the classrooms as shown in Picture 1 and this affects pupils’ concentration and performance.
Management responses
The Ministry uses district PCR during allocation for construction of classrooms. The challenge, however, is in securing appropriate/adequate funding from MoFPED. Almost five years ago, funds for classroom construction (under the SFG Program) were shifted to financing salary increment for primary school teachers and never returned during subsequent financial years, as had been envisaged. Besides, other competing demands, including: sanitary facilities (latrines) and teachers’ houses have emerged. The PRDP has also impacted, negatively, on the available funds to the sector for classroom construction.

4.4.3 Availability of School Desks
According to the Ministry Minimum Quality Standards (MQS), three (3) pupils should use one (1) desk, also known as Pupil to Desk Ratio (PDR) of 3:1.
Audit could not establish whether the required PDR of 3:1 had been achieved at the national and district levels because the Ministry and districts did not have the stock of desks available in Government Primary Schools. However, in the schools visited, we noted that many pupils, especially in lower classes, did not have enough school desks and pupils were found seated on floors. For example, in Orawa P.S in Arua district all pupils in P.1 were found seated on the floor, in Jiako P.S in Arua district 6 pupils shared a desk in P.1, Bubirabi P.S in Mbale district and, Nebbi P.S in Nebbi district 5 pupils shared a desk in P.3.

Audit attributes the high PDR to inadequate planning for procurement of desks so as to match the increasing pupil enrollment.

The failure to attain the requisite PDR by schools leads to pupils squeezing themselves on desks and others sitting on the floor as shown in Picture 2 and this affects pupils’ concentration and performance.

**Picture 2 showing pupils at Bubirabi Primary School seated on the floor due to limited school desks**

![Photograph by OAG staff](image-url)
Management responses
The Local Governments and schools will be urged to keep an inventory of school desks. The local authorities have the discretion to determine how to utilize the resources availed to them on the basis of need. They may choose to invest in the construction of classrooms, teacher houses or furniture. Once the new EMIS technologies are fully installed, the stock of furniture will be maintained on the system.

4.5 PERFORMANCE OF PUPILS
We also analyzed the performance of pupils as a whole in order to assess the effectiveness of the UPE capitation grant. We carried out a trend analysis of performance indicators which are directly related to the effectiveness of the grant as reported by MOES as follows:

4.5.1 Course Completion
According to the UPE guidelines of October, 2008, Section 1.2, the main goal of UPE is to provide the minimum necessary facilities and resources to enable all Ugandan children of school going age (6+Years) to enter and remain in school compulsorily and complete the primary education cycle.

A trend analysis of the completion rate to P.7 as reported by the MOES revealed a performance rate of below 50% in academic years 2006, 2007, and 2008. In academic years 2009 and 2010, the completion rate was of 52% and 54%, respectively. This however is below the required 100% completion rate as shown in Figure 1.
Figure 1: Showing Completion rate to P.7 over the years 2006 to 2010

A further analysis of the MOES performance indicators revealed that the low completion rate to P.7 was caused by the school dropouts as shown in Figure 2.
The rate of school dropout over the academic years 2006 to 2010 fell from 5% to 4.3% as shown in Table 13.

**Table 13: Showing school dropout rates over the years 2006 to 2010**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of drop outs</td>
<td>368,147</td>
<td>372,234</td>
<td>376,366</td>
<td>380,544</td>
<td>362,115</td>
</tr>
<tr>
<td>%age of drop out</td>
<td>5.0</td>
<td>4.9</td>
<td>4.7</td>
<td>4.5</td>
<td>4.4</td>
</tr>
</tbody>
</table>

The School head teachers interviewed attributed the high number of school dropouts to: the use of pupils by parents as a source of production labor; early marriages; failure by parents to send children to school; and lack of provision of lunch by parents, among other reasons.

**Management responses**

Since management of SMCs, Local Councils and head teachers is a Local Government’s/Authorities’ function, they are directly involved in ensuring that LCs, SMCs and head teachers sensitise and encourage parents to keep their children in school.
school. The MOES will continue to remind them accordingly and reinforce their efforts through communication and advocacy initiatives.

4.5.2 Performance of Pupils at Primary Leaving Examinations

An analysis of the Primary Leaving Examination (PLE) results for the academic years 2006 to 2010 revealed that most pupils were passing in Division 2 and Division 3. The number of pupils who failed was more than those who passed in Division 1 in all the years. Although the number of pupils who failed exams reduced in 2009 and 2010, the rate of reduction was low. Better performance was registered in 2010 and the worst results were noted in 2008. Detailed performance is shown in Figure 3.

Figure 3: Showing PLE performance over the years 2006 to 2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Division 1</th>
<th>Division 2</th>
<th>Division 3</th>
<th>Division 4</th>
<th>Failed</th>
<th>Missed Exams</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>31,969</td>
<td>192,757</td>
<td>90,060</td>
<td>47,817</td>
<td>56,603</td>
<td>24,348</td>
</tr>
<tr>
<td>2008</td>
<td>17,024</td>
<td>154,796</td>
<td>138,778</td>
<td>63,765</td>
<td>89,308</td>
<td>22,092</td>
</tr>
<tr>
<td>2009</td>
<td>32,840</td>
<td>196,948</td>
<td>121,390</td>
<td>67,301</td>
<td>70,266</td>
<td>22,378</td>
</tr>
<tr>
<td>2010</td>
<td>42,195</td>
<td>220,819</td>
<td>109,757</td>
<td>58,935</td>
<td>58,668</td>
<td></td>
</tr>
</tbody>
</table>

We also noted that registered pupils were missing exams; yet government paid for their registration (PLE fees). From 2006 to 2009 a total of 97,417 pupils missed PLE exams, resulting in a loss of Shs.974,170,000 by Government as shown in Table 14.
Table 14 showing amount lost by Government

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missed Exams</td>
<td>28,599</td>
<td>24,348</td>
<td>22,092</td>
<td>22,378</td>
<td>97,417</td>
</tr>
<tr>
<td>Fee per pupil</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Loss (Ug.Shs.)</td>
<td>285,990,000</td>
<td>243,480,000</td>
<td>220,920,000</td>
<td>223,780,000</td>
<td>974,170,000</td>
</tr>
</tbody>
</table>

Source OAG analysis of MOES PLE Payments to UNEB

Through interviews and document review, the low performance at PLE exams was attributed to absenteeism of both pupils and teachers, limited scholastic materials in schools, and inadequate classrooms, teachers and desks as explained earlier.

**Management responses**

MoES is only constrained by the resource envelope which cannot finance the plans/requirements that are put to MoFPED.

Together with the Ministry of Public Service, implementation of Performance Agreements is underway starting with Head teachers, which is an objective approach for assessing their performance.

The Education Service Commission has recently made appointments in the Directorate of Education Standards, which will enhance its efficiency and effectiveness in overseeing this function in collaboration with the District Inspectorate. Inspections are supposed to be conducted every term and reports issued to enable follow-up.

The automatic promotions policy was one such measure to ensure primary school completion. However, good performance in examinations or preferably provision of quality education is conditioned by several other factors such as the entire infrastructure for teaching and learning, sanitary conditions or facilities, instructional materials, teacher availability, time on task and, most importantly, attainment of specific competencies by learners, some of which may not be examinable. Nevertheless, Local authorities and school authorities should be held directly answerable for any wastages arising from non-completion or failure to
appear for examinations when the MoES has already paid UNEB based on registered candidates.
CHAPTER FIVE

CONCLUSIONS

The following conclusions are drawn from the findings made in the previous chapter:

5.1 **PLANNING AND BUDGETING**
Key players in the planning process did not adhere to the UPE planning and budgeting guidelines and this may hamper efforts to produce realistic and timely educational planning figures at school, district and national level.

5.2 **FUNDING**

5.2.1 **Release of Funds to Education Districts**
Failure to abide by the UPE guidelines on release of funds to districts disrupts the implementation of the UPE programme in the district.

5.2.2 **Disbursement of Funds to Schools**
Failure to abide by the UPE guidelines on disbursement of funds to schools disrupts the timely implementation of the UPE programme at the school level and this may affect the overall performance of pupils.

5.2.3 **Accounting for UPE Capitation Funds**
Failure by districts to account for UPE funds in time may lead to delayed release of funds for the subsequent quarters, which in turn hampers the day to day running of schools and may ultimately affect pupils’ academic performance.

5.3 **SUPERVISION, MONITORING AND EVALUATION**

5.3.1 **Monitoring and Evaluation by MOFPED and MOLG**
Monitoring and evaluation of UPE implementation was not done by MOFPED thus creating a gap in the feedback process which ultimately affects planning and control of the UPE programme by
MOFPED. The M & E carried out by MOLG was not adequate to bring out the issues concerning the UPE programme.

5.3.2 Monitoring and Evaluation by MOES
Absence of a specific guideline on how often M & E should be conducted by MOES, makes the carrying out of this activity arbitrary thus rendering M & E of the UPE programme inadequate.

Failure to take action on the recommendations made through M & E may result in the recurrence of identified challenges, which affects the implementation of UPE activities.

5.3.3 Supervision and Monitoring by districts/municipalities
Supervision and monitoring of the UPE programme was not regularly carried out by districts/municipalities. The lack of regular supervision and monitoring by the districts and municipalities limits the identification of UPE implementation problems at schools for remedial action.

5.4 OTHER SUPPORT FACILITIES TO UPE CAPITATION GRANT

5.4.1 Availability of Teachers
Although the national average figure indicates a PTR of 55:1 compared to the MQS of 54:1, the number of teachers in some districts is still low and this affects the academic performance of pupils under the UPE programme.

5.4.2 Availability of Classrooms
There are more pupils in a classroom than required by the ministry’s minimum quality standards. Pupils are congested in classrooms and this affects their performance and, as result, the Programme may fail to provide and maintain quality education as a basis for promoting the necessary human resource development.

5.4.3 Availability of School Desks
The Ministry has not captured information on the availability of school desks in schools and this hampers its ability to adequately plan for procurement and allocation of desks amongst schools.
5.5 PERFORMANCE OF PUPILS

5.5.1 Course Completion

The pupils’ completion rate is still very low and if this challenge is not addressed, Government will not attain the MDG goal on education: of ensuring that all children, boys and girls alike, are able to complete a full course of primary schooling by 2015.

5.5.2 Performance of Pupils at Primary Leaving Examinations

The performance of pupils at primary leaving examinations is not good and if not improved Government’s mission to eradicate illiteracy while equipping every individual with basic skills and knowledge for national development will not be achieved.
CHAPTER SIX

RECOMMENDATIONS

From the findings and conclusions made in the previous two chapters, the following recommendations which are aimed at addressing the weaknesses noted in the management of UPE capitation grant can be drawn:-

6.1 PLANNING AND BUDGETING

- The EDs should sensitize the Sub-county/Division officials of their roles in regard to the verification of pupil enrolment figures from primary schools within their jurisdiction before they are submitted by head teachers to EDs.
- The Local Governments/Authorities should prioritize and earmark funds for the facilitation of Sub county/Division officials to ensure that they carry out pupil enrolment verification exercises as required by UPE guidelines.
- The Ministry should establish a proper system of records management so as to ensure prompt retrieval of documents whenever requested by all stakeholders.
- EDs should prioritize the activity of preparing annual work plans so as to ensure their timely submission to the Ministry.
- The school census exercises should be conducted in time for the results to be fed into the planning processes at all levels of UPE implementation.

6.2 FUNDING

6.2.1 Release of Funds to Education Districts

- The Ministry should ensure that Education Districts comply with the terms and conditions in the Letter of Understanding to ensure timely preparation and submission of annual work plans, budgets and progress reports.
- The Ministry should champion the harmonization of the UPE guidelines governing the release of funds to districts with MOFPED’s policy of release of funds to ensure timely release of funds to EDs.
• The Ministry should establish a proper system of records management so as to ensure prompt retrieval of documents whenever requested by all stakeholders and government officials.

6.2.2 Disbursement of Funds to Schools
The district education departments should ensure timely release of funds to schools in accordance with UPE guidelines to avoid disruption of school programmes/activities.

6.2.3 Accounting for UPE Capitation Funds
• School head teachers should ensure timely submission of UPE grant accountabilities to district education officers to enable timely processing and disbursement of funds to their schools.
• District Education officers should ensure timely submission of district UPE grant accountabilities to enable timely advice by PS MOES to PS/ST MOFPED on release of funds to districts.
• The MOES should adhere to its role of advising MOFPED of any ED which does not comply with UPE guidelines on accountability.

6.3 SUPERVISION, MONITORING AND EVALUATION

6.3.1 Monitoring and Evaluation by MOFPED and MOLG
• MOFPED should comply with the requirement in the UPE guidelines to ensure that it conducts monitoring and evaluation of UPE programme.

• Supervision, monitoring and evaluation activities of MOLG should be carried out to comprehensively cover activities of UPE programme in the districts as required by UPE guidelines.

6.3.2 Monitoring and Evaluation by MOES
• UPE monitoring and evaluation guidelines should be reviewed to regulate how often the MOES should carry out M & E activity.

• MOES should review its M & E methodology so as to ensure that the districts in which M & E activities are done are scientifically selected to enable the generation of M & E results which
will enable Government to make representative decisions on the UPE programme as a whole.

- MOES should take action on the recommendations made in the M & E reports so as to ensure successful implementation of UPE programme.

6.3.3 **Supervision and Monitoring by Districts/Municipalities**

- Chief Administrative Officers at the districts should ensure that the District Inspectors of Schools prepare and submit inspection work plans and reports to the Directorate of Education Standards (DES) at the Ministry.
- MOFPED should not release inspection funds to EDs which fail to submit inspection work plans and reports to it in time.
- Districts should consider addressing the inadequacy of school inspectors and to train those in the newly created districts.

6.4 **OTHER SUPPORT FACILITIES TO UPE CAPITATION GRANT**

6.4.1 **Availability of Teachers**

- The Ministry and districts should use district PTRs to review the deployment of teachers to ensure equitable distribution of teachers in both urban and rural areas.
- The programme of payment of “hard to reach” allowances to teachers in hard to reach districts by the Ministry of Public Service should be improved to attract more teachers in such areas.
- MOES should systematically plan for the recruitment of primary teachers to match the increasing demand for primary teachers resulting from increased enrollment of pupils.

6.4.2 **Availability of Classrooms**

- The Ministry should use district PCRs as a guide for planning and allocation of construction of classrooms in districts and schools, to avoid congestion of pupils.

6.4.3 **Availability of School Desks**

- Districts and schools should keep an inventory of school desks at both levels which should be submitted to MOES, to facilitate planning and allocation of school desks.
• The Ministry EMIS should initiate a process of capturing data on the availability of desks in schools which should be used for planning for the procurement of desks and for decision making.

6.5 PERFORMANCE OF PUPILS

6.5.1 Course Completion

• Local Councils, School Management Committees, Parents-Teachers Associations and Head teachers should sensitize parents and encourage them to keep their children in school.
• The Ministry, Districts and Schools should enforce the UPE guidelines on stakeholders’ responsibility to compel parents to provide school lunch to their children.
• The provisions in the Education Act, Act 13 of 2008 section 5 requiring parents to enroll all children of school going age and Section 51 which imposes penalty for failure to enroll children for UPE should be enforced by Government.

6.5.2 Performance of Pupils at Primary Leaving Examinations

• The ministry should address the challenges of inadequate teachers, classrooms and desks as previously recommended above to create a conducive learning environment.
• School Head teachers should discourage pupil and teacher absenteeism at their schools to enable timely completion of syllabi and good preparation for exams.
• District inspectors of schools should intensify their inspection activities to curb down the vices that lead to poor performance at schools.
• EDs and the Ministry should investigate why registered pupils fail to sit for PLE exams.
• The Ministry should establish a mechanism of identifying pupils uniquely right from enrolment to completion so as to track them and monitor retention and dropout rates.

John F. S. Muwanga
AUDITOR GENERAL

KAMPALA

28th March, 2011
GLOSSARY OF KEY TERMS

**Grants**\(^{12}\): Includes annual recurrent and capital grants from Government, salaries and wages, capitation and instructional materials.

**Universal Primary Education (UPE)**\(^{13}\): The provision of basic education to all Ugandan children of primary school-going age (6 years and above). In providing UPE, the following must be guaranteed: Access, Equity, Quality and Relevance of education to the Government and the people.

**Components of UPE capitation Grant**\(^{14}\): There are 4 components of UPE Capitation Grant namely;
- Extra Instructional/Scholastic materials
- Co-curricular activities
- School Management and,
- Administration

**Millennium Development Goals**: These are the eight (8) goals that all the 191 UN member states agreed to try to achieve by the year 2015 at the Millennium Summit in May 2000. The United Nations Millennium Declaration was signed in September 2000 committing world leaders to combat poverty, hunger, disease, illiteracy, environmental degradation, and discrimination against women. The MDGs are derived from that Declaration, and all have specific targets and indicators.

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\(^{12}\) The Education (Pre-Primary, Primary and Post-Primary) Act, 2008 Page 6.


\(^{14}\) UPE Capitation Grant; Planning and Implementation Guidelines for Districts and Urban Councils, May 2007, Page 5