OFFICE OF THE AUDITOR GENERAL

THE REPUBLIC OF UGANDA

MAKERERE UNIVERSITY

REPORT AND OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF MAKERERE UNIVERSITY FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2016

DECEMBER, 2016

OFFICE OF THE AUDITOR GENERAL

UGANDA

TABLE OF CONTENTS

LIST OF ACRONYMS

ACRONYM	MEANING
CAES	College of Agricultural and Environmental Sciences
CEDAT	College of Engineering, Design, Art and Technology
CEES	College of Education and External Studies
CEMAS	Centralised Education Management System
CHUSS	College of Humanities and Social Sciences
COBAMS	College of Business and Management Sciences
COCIS	College of Computing and Information Sciences
CONAS	College of Natural Sciences
DAP	Deposit Administration Plan
GoU	Government of Uganda
IDI	Infectious Disease Institute
MUBS	Makerere University Business School
NSSF	National Social Security Fund
PDE	Procurement and Disposal Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets
SIDA	Swedish International Development Cooperation Agency
TAI	Treasury Accounting Instruction
UGX	Uganda Shillings

REPORT OF THE AUDITOR GENERAL

ON THE FINANCIAL STATEMENTS OF MAKERERE UNIVERSITY FOR THE YEAR ENDED 30TH JUNE, 2016

THE RT. HON. SPEAKER OF PARLIAMENT

I have audited the accompanying financial statements of Makerere University for the year ended 30th June 2016. These financial statements comprise of the Statement of Financial Position as at 30th June 2016, Statement of Financial Performance, Statement of Changes in Equity, Cash flow Statement, together with other accompanying statements, notes and accounting policies.

Management Responsibility for the Financial Statements

Under Article 164 of the Constitution of the Republic of Uganda, 1995 (as amended) and Section 45 of the Public Finance Management Act, 2015, (as amended) the Accounting Officer is accountable to Parliament for the funds and resources of the University. The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the Public Finance Management Act 2016, and the Financial Management Guidelines for Public Universities, 2009, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility as required by Article 163 of the Constitution of the Republic of Uganda, 1995 (as amended) and Sections 13 and 19 of the National Audit Act, 2008 is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. The standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements as well as evidence supporting compliance with relevant laws and regulations. The procedures selected depend on the Auditor's judgment, including the assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the Auditor considers internal controls relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Except as discussed below, I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Part "A" of this report sets out my opinion on the financial statements. Part "B" which forms an integral part of this report presents in detail all the significant audit findings made during the audit which have been brought to the attention of management and form part of my Annual Report to Parliament.

PART "A"

Basis for Qualified Opinion

- **Mischarge of Expenditure – UGX.317,227,405**

  The University charged wrong expenditure codes to a tune of UGX.317,227,405 thereby misstating the balances in the financial statements. This practice undermines the importance of the budgeting process, as well as the intentions of the appropriating authority to instil budget discipline.

- **Un accounted for Funds – UGX. 882,316,616**

  A review of accountabilities revealed that UGX. 882,316,616 which was advanced to various staff to carry out several activities remained unaccounted for. There is uncertainty as to whether the amount in question was properly utilised for the intended purposes.

- **Completeness of Revenue from Grants and Investments**

  The University reported a total of UGX.38,415,795,141 as revenue received from 79 non-bilateral grants and also disclosed that it did not obtain any revenue from investments during the year under review. However, the list of projects I was provided had a total of 182 grants running within the university. Additionally, the University's published Annual report for 2015, puts the worth of running projects from grants at USD.50,000,000 in the year 2015, and that the University initiated an Endowment Fund in 2014 (Makerere University Endowment Fund), whose investment activities and revenues to-date, have not been disclosed in the financial statements. Under the circumstances, I cannot confirm the completeness and accuracy of the grants and investment revenues reported in the accounts.

- **Continued Payment of Salary to Retired Staff - UGX.386,790,968**

  The University delayed to delete 14 retired members of staff from the payroll and as a result continued to pay the retired staff salary totalling to UGX.386,790,968. However, there was no evidence of services provided by the retired staff.

- **Salary Over Payments – UGX.172,560,395**

  The University incurred salary overpayments to staff totalling to UGX.172,560,395. Under the circumstances, the amounts overpaid were irregular and are therefore recoverable. This amount has been included in the university financial statements under employee costs.

- **Revenue Collected from Short Courses - UGX.2,494,991,040**

  A total of UGX.2,494,991,040 was collected by various colleges from provision of short courses. However, I have not obtained evidence that management disclosed this amount in the financial statements, thereby understating the revenue and expenditure by the same amount.

- **Revenue from Tuition**

  It was noted that whereas the cash book puts revenue collected from tuition and functional fees at UGX.86,816,793,066, the financial statements reported a figure of UGX.87,946,425,729, creating an unreconciled variance of UGX.1,129,632,663. I was not provided with a satisfactory explanation regarding this discrepancy. Under the circumstances, I am unable to establish the accuracy of the revenue reflected in the financial statements.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements of Makerere University for the year ended 30th

June, 2016 are prepared, in all material respects, in accordance with Section 51 of the Public Finance Management Act, 2015 (as amended) and the Financial Reporting Guide, 2008.

Emphasis of Matter

Without qualifying my opinion further, I draw your attention to the following matter, which has been included in the University's financial statements;

- **Failure to Recognise Complete Stock of Outstanding Liabilities - UGX.72,497,514,218**

  Although the University's outstanding obligations stood at UGX.119,664,797,892 by close of the financial year, only UGX.47,167,283,674 was recognised in its Statement of Financial position and Statement of Outstanding Commitments, while the remaining UGX.72,497,514,218 is only mentioned/disclosed in additional notes.

John F.S. Muwanga
AUDITOR GENERAL

KAMPALA

27th December, 2016

PART "B"

DETAILED REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF MAKERERE UNIVERSITY FOR THE YEAR ENDED 30TH JUNE, 2016

This section outlines in detail the audit scope, audit findings, my recommendations and management responses in respect thereof.

1.0 INTRODUCTION

Article 163 (3) of the Constitution of the Republic of Uganda, 1995 (as amended) requires me to audit and report on the public accounts of Uganda and all public offices including the courts, the central and local government administrations, universities, and public institutions of a like nature and any public corporation or other bodies or organizations established by an Act of Parliament. Accordingly, I carried out the audit of the University to enable me report to Parliament.

2.0 BACKGROUND INFORMATION

Makerere University was established in 1922 as a Technical School. The School, which was later renamed Uganda Technical College, opened its doors to 14 day-students who began studying Carpentry, Building, and Mechanics. The College soon began offering various other courses in Medical Care, Agriculture, Veterinary Sciences and Teacher Training. It expanded over the years to become a Center for Higher Education in East Africa in 1935. In 1937, the College started developing into an institution of Higher Education, offering Post-School Certificate Courses.

In 1949, it became a University College affiliated to the University College of London, offering courses leading to the general degrees of its then mother institution. With the establishment of the University of East Africa on 29th June, 1963, the special relationship with the University of London came to a close and degrees of the University of East Africa were instituted.

On 1st July 1970, Makerere became an independent National University of the Republic of Uganda, offering Undergraduate and Postgraduate Courses leading to its own awards.

The University currently offers not only day, but also evening and external study programmes to a student body of about 30,000 undergraduates and 3,000 postgraduates (both Ugandan and Foreign). It is also a very active centre for research and operates two (2) external campuses in Fortportal and Jinja since 2010. The University has since July 2011 become a Collegiate University, consisting of nine (9) Colleges and one (1) School, operating as semi-autonomous units of the University.

3.0 FINANCING OF THE UNIVERSITY

The University was financed by grants from the Central Government of UGX.115,056,452,013, grants from Foreign Governments of UGX.6,454,200,588, while UGX. 87,946,425,729 was collected as Non-Tax revenue/Education levies, and UGX.6,992,332,112 as other revenues. This brings total revenue that was available to the university to UGX.216,449,410,452 representing about 90% of the budgeted amount of UGX.239,424,418,796 for the year under review.

4.0 OBJECTIVES OF THE UNIVERSITY

The University has the following objectives;

- To improve organisational and operational efficiency;
- To improve and develop human resources;
- To create ability to mobilize and allocate resources better;
- To improve the University's capacity and quality in areas of teaching and learning;
- To enhance the University's capacity to conduct high-quality and relevant research;
- To improve the capacity and quality as well as relevance of the University's Services, and;
- To build new physical infrastructures to cater for more students and improve the quality of education.

5.0 AUDIT OBJECTIVES

The audit was carried out in accordance with International Standards on Auditing and accordingly included a review of the accounting records and agreed on procedures as was considered necessary. In conducting my reviews, special attention was paid to establish;

a. Whether the financial statements have been prepared in accordance with consistently applied accounting policies and fairly present the revenues and expenditures for the period and of the financial position as at the end of the period.

b. Whether all funds were utilized with due attention to economy and efficiency and only for the purposes for which the funds were provided.

c. Whether goods and services financed have been procured in accordance with the Government of Uganda Procurement regulations.

d. To evaluate and obtain a sufficient understanding of the internal control structure of the University, assess control risk and identify reportable conditions, including material internal control weaknesses.

e. Whether the management was in compliance with the Government of Uganda financial regulations.

f. Whether all necessary supporting documents, records, and accounts have been kept in respect of all activities, and are in agreement with the financial statements presented.

6.0 AUDIT PROCEDURES PERFORMED

The following audit procedures were undertaken;

a. Revenue

Obtained schedules of all revenues collected and reconciled the amounts to the cashbooks and bank statements.

b. Expenditure

The payment vouchers were examined for proper authorization, eligibility and budgetary provision, accountability, and support documentation.

c. Internal Control system

Reviewed the internal control system and its operations to establish whether sound controls were applied throughout the period audited.

d. Procurement

Reviewed the procurement of goods and services by the University during the period under review and reconciled with the approved procurement plan.

e. Fixed Asset Management

Reviewed the use and management of the University assets during the period under audit

f. Financial Statements

Examined on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessed the accounting principles used and significant estimates made by management; as well as evaluating the overall financial statement presentation.

7.0 AUDIT FINDINGS

7.1 Categorization of Audit Findings

The following system of profiling of the audit findings has been adopted to better prioritise the implementation of audit recommendations.

Table showing categorisation of findings

	Category	Description
1	High significance	Has a significant/material impact, has a high likelihood of reoccurrence, and in the opinion of the Auditor General, it requires urgent remedial action. It is a matter of high risk or high stakeholder interest.
2	Moderate significance	Has a moderate impact, has a likelihood of reoccurrence, and in the opinion of the Auditor General, it requires remedial action. It is a matter of medium risk or moderate stakeholder interest.
3	Low significance	Has a low impact, has a remote likelihood of reoccurrence, and in the opinion of the Auditor General, may not require much attention, though its remediation may add value to the entity. It is a matter of low risk or low stakeholder interest.

Accordingly, the table below contains a categorized summary of the findings that follow in the subsequent paragraphs of the report;

Table showing categorized summary of the findings

No.	Audit Finding	Significance
7.2	Mischarge of Expenditure	High
7.3	Doubtful Unpresented Cheques used in Bank Reconciliation	High
7.4	Unaccounted for Funds – UGX. 882,316,616	High
7.5	Revenue Collected from Short Courses - UGX.2,494,991,040	High
7.6	Revenue from Tuition	High
7.7	Budget Performance	High
7.7.1	Revenue Performance	High
7.7.2	Expenditure Performance	High
7.8	Outstanding Affiliation Fees - UGX.2,121,337,800	High
7.9	Completeness of Revenue from Grants and Investments	High
7.10	Non-inclusion of Domestic Arrears in the Consolidated Budget	High
7.11	Variances in unit/college budgets and consolidated amounts	Moderate

7.12	Failure to Recognise complete stock of Outstanding Liabilities	High
7.13	Payments of Salaries to staff Employed in other Institutions	High
7.14.1	Untitled Land	Moderate
7.14.2	Encroachment of University Land	Moderate
7.14.3	Vacant and undeveloped University land	Moderate
7.15	Litigation Against the University	High
7.16.1	Procurement from non-prequalified suppliers - UGX.2,325,210,584	High
7.16.2	Failure to Appoint Contract Managers	Moderate
7.16.3	Use of the wrong method of procurement	High
7.16.4	Unjustified Direct Procurement	High
7.16.5	Payment of Value Added Tax to Non-registered Suppliers	High
7.16.6	Payments to potentially non-tax compliant suppliers	High
7.16.7	Inconsistencies in Procurement Documents	High
7.17	Contract for Traffic Control management/Parking Fees	High
7.18	Continued payment of salary to Retired Staff - UGX.386,790,968	High
7.19	Salary Over Payments – UGX.172,560,395	High
7.20	Outstanding Rent Collections	Moderate
7.21	University Printery	Moderate
7.22	Status of prior year audit recommendations	Moderate

7.2 Mischarge of Expenditure

Paragraph 156 of the Treasury Accounting Instructions (TAI) Part I:Finance provides that funds available under one item or sub-item of expenditure may not be transferred to another item or sub-item, except on the authority of a reallocation, virement or warrant. In addition, Section 2.3.6 (xi) of the University's Finance Procedures Manual, 2014 provides that the University bursar is responsible for verifying that all entries made to each revenue and expense account have been properly allocated and that transactions represent activities that pertain to the purpose of the account.

I noted that at the Center level, expenditure amounting to UGX.317,227,405 was wrongly charged on item codes meant for other activities. Another UGX.364,786,685 was also wrongly charged on item codes meant for other activities at College level as shown below;

Table showing mischarge of expenditures at college level

College	Amount (UGX)
Academic Registrar's office	305,638,630
CEDAT	20,273,505
COBAMS	38,874,550
TOTAL	**364,786,685**

This practice undermines the appropriating authority and is an indication of weaknesses in budgetary controls. It further results into misrepresentation of balances in the financial statements to the extent of the mischarged expenditure.

In his response, the Accounting Officer attributed the anomaly to insufficient funding received by the University.

I advised that there is need to always adhere to the approved budget and follow recommended procedures, in the event a need for reallocation arises. In addition, management should streamline the budgeting process to ensure that funds are always allocated to activities in accordance with the university priorities.

7.3 Doubtful Unpresented Cheques used in Bank Reconciliation

Section 347 of the TAI Part I:Finance requires an Accounting Officer to follow certain procedures in respect of cheques that remain unpresented for longer than six months from the date on which they were drawn.

Examination of the bank reconciliations as at 30th June 2015 revealed that the university administrative units and project accounts disclosed several unpresented cheques worth UGX.2,357,847,241 that were more than 6 months old. Of this amount, UGX.401,868,143 relates to accounts at the centre, while UGX.1,955,979,098 relates to project accounts. There is a risk that cash and cash equivalents balance in the financial statements are misstated.

In response, the Accounting Officer explained that some of the cheques related to online payments that had been loaded to the payment system but not yet cleared, whose cheques cleared in the current financial year. However, during verification, the transactions had neither cleared nor been reversed. I further noted that online payments, ordinarily would not need all that time to clear.

I advised the Accounting Officer to follow up this omission with a view of depicting the true cash position for the university.

7.4 Unaccounted for Funds – UGX. 882,316,616

Paragraph 4.6.4 of the Makerere University Finance Procedures Manual, 2014 requires advances to be accounted for within fourteen (14) days of the completion of the activity and in any case not later than 60 days.

It was however noted that funds totalling to UGX. 882,316,616 advanced to university staff for implementing various activities were not accounted for by the time of concluding the audit. This comprised of the following;

Table showing unaccounted for funds

Details	Amount - UGX
Advances at the Center	151,408,687
Presidential Initiative on Science and Technology Projects	358,698,940
School of Law	68,820,541
College of Agriculture and Environmental Science	6,205,000
CONAS	6,800,000
COCIS	290,383,448
Total	**882,316,616**

In the absence of the relevant accountability documents, it was not possible to confirm that the funds were used for the intended purposes. It should also be noted that delayed accounting precipitates presentation of false accountabilities.

In his response, the Accounting Officer promised to follow up on all outstanding advances and where necessary, institute recovery measures, in case of total failure to account by the responsible staff.

I advised the Accounting Officer to strengthen controls over advances to staff and ensure adherence to the University policy regarding accountability for funds.

7.5 Revenue Collected from Short Courses - UGX.2,494,991,040

A total of UGX.2,494,991,040 was collected by various Colleges from provision of short courses. However, I have not obtained evidence that management disclosed this amount in the financial statements, thereby understating the revenue and expenditure by the same amount.

In addition, the University Council Policy on sharing of revenue from short courses requires Colleges to remit to the Centre, 20% of all total collections from short courses and retain 80%. Contrary to this, a total of UGX.493,998,208 was not remitted to the Centre, as shown in the table below;

Table showing revenue from short courses

College	Total collected on short courses (UGX)	Remitted to the centre (UGX)	Unremitted Amount (UGX)
College of Education and External Services	574,490,100	0	114,898,020
College of Humanities and Social Sciences	842,883,440	0	168,576,688
School of Law	137,617,500	5,000,000	22,523,500
College of Computing and Information Sciences	940,000,000	0	188,000,000
Total	**2,494,991,040**	**5,000,000**	**493,998,208**

The money remitted to the centre is critical since it would help the university cover general overhead costs and utility bills like water, electricity, and other wear and tear of university assets incurred from conducting the short courses.

The Accounting Officer explained that the colleges did not remit the Centre share of short courses revenue due to budgetary constraints.

I advised that there is need to always include the revenue and expenditures out of the short courses and to also adhere to the council requirement of sharing revenue from short courses in the agreed proportions. In addition, the outstanding amount should be recovered from the colleges.

7.6 Revenue from Tuition

It was noted that whereas the cash book puts revenue collected from tuition and functional fees at UGX.86,816,793,066, the financial statements reported a figure of UGX.87,946,425,729. This created an unreconciled variance of UGX.1,129,632,663. I was not provided with a satisfactory explanation regarding this discrepancy. Under the circumstances, I am unable to establish the accuracy of the revenue reflected in the financial statements.

In addition, I reviewed the revenue collection cycle and noted the following weaknesses;

- There is no clear trail to link a payment in the bank to the student ledger within the Integrated Tertiary Software (ITS) system; bank transactions are identified by student numbers whereas the ITS system uses student registration numbers.
- Payments in the bank made by cheques or in block have to be manually posted within the ITS system, creating room for unauthorized changes.

- There are no laid down controls in relation to manual postings within the ITS system.

The above weaknesses expose the University to a risk of revenue leakages. I advised management to review the revenue collection process with a view of enhancing the controls embedded to avoid revenue loss and to also undertake further reconciliations of the cashbook with the ledgers, to establish the cause of the discrepancy noted above.

7.7 Budget Performance

7.7.1 Revenue Performance

A review of the statement of financial performance for the period ended 30th June 2016, indicated that out of the budgeted revenue of UGX.239,424,418,796 only UGX.216,449,410,452 (equivalent to 90% of the budget), was realized resulting in a shortfall of UGX.22,975,008,344. The worst areas being Non-Tax Revenues (NTR) which registered a shortfall of UGX. 14,998,313,747 and Grants from foreign governments also registering a shortfall of UGX.5,644,715,466, as detailed in the table below;

Table showing revenue performance

Account area	Budget 2015/2016 (UGX)	Actual as at 30th June 2016 (UGX)	Variance (UGX)
OPERATING REVENUE			
Grants from foreign governments	12,098,916,054	6,454,200,588	5,644,715,466
Transfers received from the Treasury (Wage)	72,482,973,172	72,482,973,171	1
Transfers received from the Treasury (Non-wage)	21,466,378,535	21,466,377,998	0
Transfers received from the Treasury (Development)	21,107,101,535	21,107,100,844	537
Non-Tax Revenues	102,944,739,476	87,946,425,729	14,998,313,747
Other Revenue	9,324,310,024	6,992,332,122	2,331,977,902
Total operating revenue	**239,424,418,796**	**216,449,410,452**	**22,975,008,344**

I explained to Management that this underperformance in revenue collection affects the ability of the University to implement its approved work plans.

The Accounting Officer in his response attributed the shortfall to a series of strikes from both students and staff that has discouraged a number of students from joining Makerere University and thus ending up in other Universities. In addition, the planned efforts to increase fees by 10% did not materialize, and the harmonization of fees for students from the East African region meant that students that had earlier been paying international rates had to pay local rates.

I advised the Accounting Officer to strengthen the budget formulation processes to ensure that accurate revenue projections are always made to minimize budget shortfalls, and to also consider taking steps to curtail the continued reduction in revenue collections.

7.7.2 Expenditure Performance

I noted that the University budgeted to spend UGX.239,424,418,796 during the year under review, but instead spent UGX.216,459,106,363 as detailed in the table below;

Table summarising expenditure performance

Account area	Budget 2015/2016 (UGX)	Actual as at 30th June 2016 (UGX)	Variance (UGX)
OPERATING EXPENSES			
Employee costs	159,087,864,292	134,703,404,514	24,384,459,778
Goods and services consumed	26,135,578,528	26,208,392,911	-72,814,383
Consumption of property, plant & equipment's	21,502,757,280	22,999,015,032	-1,496,257,752
Transfers to other Organizations	1,635,500,000	2,177,432,835	-541,932,835
Social benefits	2,000,000	0	2,000,000
Other expenses (scholarship and related expenses)	30,942,804,062	25,680,464,434	5,262,339,628
Domestic Arrears	117,914,634	4,690,396,637	-4,572,482,003
Total operating expenses	**239,424,418,796**	**216,459,106,363**	**22,965,312,433**

I noted that the University incurred over expenditures on several budget lines, including Good and services consumed, Consumption of property, plant & equipment, Transfers to other organisations and Domestic Arrears. I did not obtain any evidence that the reallocations or virements approved as required by law. I explained to management that this was irregular and affects implementation of planned activities.

The Accounting Officer in response explained that these were arrears from the previous year activities which were still ongoing by close of the financial year 2014-15. These include Internship, recess term and field work costs, and that the Transfer to other Government entities relates to funds for Infectious Disease Institute (IDI) that were not transferred during the period 2014-15 and had to be transferred during the financial year 2015-16.

I advised the Accounting Officer to always adhere to the approved budget and where need arises, to obtain approval prior to reallocations during budget implementation.

7.8 Outstanding Affiliation Fees - UGX.2,121,337,800

I reviewed the records of students registered by the university from various affiliated institutions and computed the affiliation fees payable and noted that the university was meant to receive UGX.2,121,337,800 from affiliated institutions as affiliation fees. However, the fees had not been remitted by the close of the audit. I did not obtain evidence that the University had sent demand notes to the institutions in question as part of its follow up action to obtain these fees. Failure to follow up and collect such revenues contributes to the revenue shortfalls experienced by the University.

The Accounting officer in his response promised to follow up the issue and ensure recovery is made from the various institutions.

I await the outcome of management's commitments.

7.9 Completeness of Revenue from Grants and Investments

The University reported a total of UGX.38,415,795,141 as revenue received from 79 non-bilateral grants in a memorandum statement to the financial statements, and also disclosed that it did not obtain any revenue from investments during the year under review.

However, the list of projects I was provided had a total of 182 grants running within the university. Additionally, the University's published Annual report for 2015 availed to me by the Accounting Officer, puts the worth of running projects from grants at USD.50,000,000 in the year 2015. In addition, the same published Annual Report shows that the University initiated an Endowment Fund in 2014 (Makerere University Endowment Fund), whose investment activities and revenues to-date, have not been disclosed in the financial statements. Under the circumstances, I cannot confirm the completeness and accuracy of the grants and investment revenues reported in the accounts.

I further noted that the university lacks comprehensive guidelines on the management of research projects and how they are to relate with the central administration. It was noted that these projects benefit from university facilities including space, laboratory equipment, utilities, and staff but do not contribute any funds to meet the university overhead costs.

I advised the Accounting Officer to consider enhancing the financial statements prepared by the University to reflect a holistic view of the University's financial performance so as to give the users of the accounts complete information about the affairs of the University. In addition, there is need to develop comprehensive guidelines to streamline the operations of research projects in the university.

7.10 Non-inclusion of Domestic Arrears in the Consolidated Budget

Section 3.2.5 of the Finance Manual 2014 states that based on the resources allocated, Units are required to prepare activity/output based budgets comprehensively detailing: output, performance indicators, and activities to achieve the output, inputs required and their costs. The unit budgets should be populated in the approved chart of accounts. The forecast of expense is based on experience and resources.

I noted that domestic arrears amounting to UGX.16,167,302,122 reported in the previous year's financial statements were not budgeted for during the year under review; however, the university spent a total of UGX.4,690,396,637 on previous years bills by the end of the year, without any approved reallocations. The practice distorts implementation of planned activities and implies that the university has no set criteria for meeting its liabilities.

The Accounting Officer explained that there was a cash flow issue where the budget for the year was inadequate to cover the arrears. However, arrears take the first call on the budget and that all units had been advised to endeavour to budget for domestic arrears in the subsequent years.

I explained to the Accounting Officer that there is need to review and enhance the commitment control system in order to curtail accumulation of arrears and for the existing arerars, these should always be included in the budget accordingly.

7.11 Variances in unit/college budgets and consolidated amounts

Section 3.2.6 of the Makerere University Finance Procedures manual 2014 requires that when all Unit budgets are approved and submitted, the University Bursar should review the budgets in detail to ensure that the appropriate amount was budgeted for and that the total amount budgeted does not exceed the amount of resources allocated to the unit overall. All the units' budgets are then consolidated to derive the University-wide annual budget.

Review of a sample of budgets from units/Colleges revealed gross differences between the approved college figures and the figures included in the consolidated Budget 2015/16 as unit budgets. A case in point is the college of Education External studies which did not have an approved budget but the consolidated university budget provided UGX.2,812,968,452 to it. Furthermore, I noted that a number of colleges which had contract staff did not provide for them under employee costs in the budget. This could have resulted from failure to operationalise autonomy in budget preparation by the colleges. Under the circumstances, the consolidated budget of the University may not depict a true picture of the priorities of the colleges and the units.

The Accounting Officer explained that the University budget process is consultative and the Colleges submit their draft budgets to management. These budgets are reviewed in consultation with the Units to fit within the University resource envelope. This resource is normally inadequate and a number of items and amounts are normally significantly reduced to fit within the resources available. The approved budgets are then submitted to the units for implementation.

I advised Management to ensure that the budgeting process is streamlined and well coordinated and communicated to all units so that the consolidated university budget presents a true picture of the requirements of the University.

7.12 Failure to Recognise complete stock of Outstanding Liabilities

I established that the University's position of liabilities/outstanding obligations stood at UGX.119,664,797,892 by close of the financial year, as shown in the table below;

Table showing outstanding liabilities

Category	Amount (UGX)
Staff Incentives	37,716,594,521
Pension Arrears	3,234,002,946
In house retirement Benefits	18,840,025,398
Deposit Administration Plan	12,985,465,902
Deposit Administration Plan Interest	17,697,851,065
Un remitted Deposit Administration Plan 2013 -2015	2,890,682,806
Suppliers and Pending Vouchers	4,060,730,076
Regulators	4,320,640,618
External examiners	1,019,822,287
Recess term	64,710,000
Internship to Colleges	670,520,440
Teaching claims	2,340,401,035
Funds not remitted to Presidential projects	4,900,000,000
Funds not remitted to Centre for Research in Transportation Technology	8,923,350,798
Total	**119,664,797,892**

I also noted that the bulk of these payables have remained outstanding for quite a long time. The continued accumulation of outstanding obligations could result in reputational risks, as well as incurring more expenses in form of ligation costs in case the service providers and staff opt to take legal action.

Further noted was that the university only included UGX.47,167,283,674 as Total Liabilities in its Statements of Financial position and Outstanding Commitments, while the remaining UGX.72,497,514,218 is only mentioned in additional notes as it relates to incentive arrears, funds not remitted to presidential projects, among others. The Accounting Officer explained that this amount could not be included in the total liabilities, as it is non statutory. However, I did not find this explanation satisfactory, given that the university, indeed has to clear these liabilities and this has been one of the causes of the frequent strikes at the University.

The Accounting Officer in his response explained that the outstanding obligations arose due to inadequate funding and that they had been submitted to Government for consideration and funding. He further explained that Government had taken over the deposit administration plan debt and interest to the tune of UGX.30.68 Billion. Of this amount, so far UGX.10 Billion has been paid and the balance of UGX.20.68 billion would be paid in July 2017. In addition, as a long term solution, Management has proposed to the University Council and Government that fees paid by private students should be increased to enable the University meet the Unit cost of running the programmes.

I advised the Accounting Officer to continue liaising with all the relevant stakeholders to ensure that the outstanding obligations are settled without further delay so as to avoid unnecessary legal costs. In addition, those charged with Governance should ensure that policies set for the university can be met by the available and projected revenue streams.

7.13 <u>Payments of Salaries to staff Employed in other Institutions</u>

General rules on payment of salaries Sub-section B-a 12 of the Uganda Public Service Standing Orders 2010 provides that the Payment of a salary to a Public officer shall be stopped immediately the officer ceases to render services to Government under whatever circumstances including death.

Review of the University payroll revealed instances of staff under full employment by the university, were also fully employed by other institutions. There is a risk that such staff do not provide outputs commensurate to the needs of the university.

The Accounting Officer stated that this matter had come to the attention of Management and that relevant College Principals have been instructed to verify whether the output expected of them have been delivered. Further inquiry would be made by the Human Resource Directorate to verify their existence as full-time staff in other private Universities.

I await managements' outcome in this regard. I have also advised the Accounting Officer to ensure that the University strengthens its staff performance monitoring/measurement systems, to ensure that all employees provide the expected level of services, as per their terms of engagement.

7.14 <u>Land Management</u>

A review of the Fixed Assets register and the Land inventory for Makerere University revealed that the University has land in different parts of the country. The following observations were made during the review;

7.14.1 Untitled Land

It was noted that the University management had not secured titles for the following pieces of land;

Table showing the particulars of untitled University Land

s/no	Location of the Land	Acreage	Audit Remarks
1	Land at Kasangati located along Gayaza road before Kasangati Health Centre	Approximately 2.96 acres	The Land is utilized by the school of Public Health and is untitled.
2	Buyana farmland located in Mpigi	Approximately 322 acres	The Land is untitled. It is partly used as farm land, for staff housing, and as a forest reserve.
3	Land at kibaale	Approximately 100 acres	Untitled. It is used as a forest reserve

Under the circumstances, there is a risk that the University can lose this land to encroachers if it remains untitled.

The Accounting Officer explained that boundary opening for the above pieces of land had been carried out by Surveyors and the report was presented to the University Estates and Works Committee of Council. Management was advised to budget and prioritize the issue of processing the land Titles. However, funds have not been secured yet due to cash flow challenges. This matter will be prioritized as cash flow improves.

I advised management to expedite the process of acquisition of the Certificates of Title for all University land.

7.14.2 Encroachment of University Land

I noted that the ownership of the land in; Katanga, Bwaise, Makindye, and Kabanyoro is threatened by encroachment. A review of the land inventory further revealed that there are subsisting court cases between Makerere University and the various encroachers. The likely cause of the encroachment is delayed development of the land due to budgetary constraints faced by the university. Refer to the Table below for details;

Table showing the particulars of the land that is encroached on

SN	Location of the land	Plot	Acreage	Audit comments
1	Katanga along North Kitante road	1-47	Approximately 31 acres	There are squatters on the University land and there is an ongoing court case against the scatters. The land is vacant and undeveloped by the University.

2	Makindye land located on Lukuli hill	14, 45 and 57	Approximately 14 acres	There is some encroachment by one of the neighbors and there is a court case against the encroachers on the land.
3	Kabanyolo land located in Wakiso district after Gayaza Trading Centre	67, 85	Approximately 85 acres	There is encroachment with some neighbors extending into the University however the Audit noted that a court case had not been instituted against the encroachers, to protect the University's land.
4	Land at Katalemwa along Gayaza road after Mpererwe Trading Centre	-	Approximately 31 acres	There is encroachment towards Mpererwe Trading centre. There is no evidence that management had instituted a court case against the encroachers to safeguard the University's land just like in other cases.
5	Bwaise near the Northern Bypass	-	Approximately 4.95 acres	The land is titled however one of the neighbors is extending his activities in the university land and there is an ongoing case by the University against the encroacher

In his response, the Accounting Officer explained that the University had launched a master plan for developing its various pieces of land, and that Makerere University Holdings Company Ltd which was established by the University Council as an investment arm of the University was sourcing for investors starting by developing the University Guest House into an International Hotel and Conference center. In addition, there are plans to develop the Kololo land into upscale apartments and Hotel facilities. The investment advisor was recruited and progress is under way.

Furthermore, management stated that regarding the land in Katanga and Makindye, these were in courts of law and the University had not been able to utilize the land under the circumstances. For the katalemwa land, a teaching hospital has been planned under the College of Health Sciences. The process to secure funds is underway and the land will be utilized, however, boundary pillars were installed. On Bwaise land, due to the current financial situation, the land has not been utilized and the University has taken legal action against the encroachers.

I advised management to consider making plans for the development of vacant land after disposition by court of the pending land disputes in order to prevent further encroachment. Management is further advised to follow up pending cases before courts of law.

7.14.3 Vacant and undeveloped University land

The University has prime pieces of land for which there are no current or near future plans for development. These include the following;

- The Land at Buyana located in Mpigi - approximately 322 acres: Whereas a portion of the land is used as farm land, for staff housing and partly as a forest reserve, most of the land is vacant and undeveloped.
- Land at Makindye comprised in plots 14, 45 and 57 - approximately 14 acres: A portion of the land is used for a residential commercial structure while the rest of the land is vacant and undeveloped.

The presence of undeveloped University land is attributed to budget constraints but this exposes the plots to encroachment if they remain undeveloped.

In response, the Accounting Officer explained that the University had launched a master plan for developing its various pieces of land.

I advised management to expedite the implementation of the master plan to avoid a risk of loosing the land in question.

7.15 LITIGATION AGAINST THE UNIVERSITY

- **Cases concluded/lost by the University**

The university was sued and it lost in a number of cases for which court awards were given to the successful parties. However, a number of them remain unpaid. I further noted that cases lost by the University were arising from claims of entitlement to pension, unpaid salary arrears, decisions of dismissal from University service, suspension and expulsion of students and breach of contract, most of which appear avoidable.

Under the circumstances, there is a risk that the unpaid judgment creditors may attach the University's property.

Further noted was that, the university has 47 cases which are ongoing in different courts of law, however, these cases have not been disclosed in the financial statements.

In response, management explained that the University had not been able to clear all court awards and pension claims due to cash flow and budgetary constraints. And those cases arose from labour disputes against the University involving delayed payments of retirement benefits. For students, cases arose from disciplinary actions that students get dissatisfied with. The other cases largely arise from service providers whose payments delay due to cash flow constraints.

I advised the Accounting Officer to ensure that the university undertakes a wholistic analysis of the causes of the court cases with a view of determining possible remedies to mitigate such situtations and avoid recurrence. I further advised management to expedite clearance of judgement creditors.

7.16 PROCUREMENT ANOMALIES

7.16.1 Procurement from non-prequalified suppliers - UGX.2,325,210,584

Section 8.2 of the Procurement and Disposal Manual, 2014 requires that pre-qualifications be conducted prior to the issue of an invitation to tender in order to identify potential suppliers who are qualified to deliver goods or services.

Contrary to this requirement, the University procured services and paid UGX.2,325,210,584 from various suppliers who were not prequalified for supply as detailed below;

Table showing procurments from non prequalified suppliers

College/unit	Amount - UGX
At the Centre	2,143,902,795
CONAS	53,859,221
CEES	84,886,471
Academic Registrar's Office	42,562,097
Total	**2,325,210,584**

It should be noted that several prequalified suppliers existed in the University's database. The rationale for using non-prequalified suppliers while ignoring those on the prequalified list could not be understood. Use of non-prequalified suppliers raises the risk of procuring services from incompetent providers. Prequalification also shortens the sourcing cycle, an advantage one would lose if they chose to use non-prequalified providers.

In response, the Accounting Officer indicated that all suppliers had been shortlisted, however, on verification of the prequalified list these were missing.

I advised the Accounting Officer to always use prequalified suppliers for supplies or services as provided for in the university manual.

7.16.2 <u>Failure to Appoint Contract Managers</u>

Regulation 51(1) of the Public Procurement and Disposal of Public Assets (Contracts) Regulation 2014 provides that, the Accounting Officer or a person appointed by the Accounting Officer from the user department shall manage the Contract.

However, the audit noted that user departments were not formally nominating Contract Managers with appropriate skills and experience as Contract Managers to the Accounting Officer for appointment. Furthermore, there were no contract management plans prepared, approved and executed for this purpose. Some of these contracts were quite huge, for instance, the Construction of the proposed Research Centre for the College of Health Sciences. This was attributed to failure by the head PDU to provide the requisite guidance to the Accounting Officer. Failure to appoint Contract Managers exposes the university to a risk of obtaining inferior goods or services and implementing contracts with terms differing from those agreed.

The Accounting Officer explained that Contract Managers were appointed for the procurements identified. However on further examination during verification, there was no evidence of formal appointment of contract managers by the Accounting Officer.

I advised the Accounting Officer to ensure that contract managers are always duly appointed and contract management plans prepared and approved to guide execution.

7.16.3 <u>Use of the wrong method of procurement</u>

Regulation 6(4) of the Public procurement and Disposal of Public Assets (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) 2014 provides that the choice of procurement method shall be in accordance with the thresholds specified in Guidelines issued by the Authority. Paragraph 1 of the PPDA Guideline 1/2014 on Thresholds for procurement method provides that;

- Open domestic bidding or International bidding shall be used if the estimated value of the works exceeds UGX.500,000,000, and;

- Restricted Domestic Bidding or Restricted International Bidding shall be used if the estimated value of works is greater than UGX.200,000,000 but does not exceed UGX.500,000,000.

However, it was noted that contrary to above Guidelines, the University used restricted domestic bidding for the procurement of services for the construction of the proposed research Centre, college of health sciences, whose contract price was UGX.4,611,361,603 under procurement reference MAKS/WKS/15-16/00016. No justification or approval was provided to support the departure from the law. In this regard, management did not comply with provisions of the law and I cannot confirm that they secured the best bid.

In response, the Accounting Officer stated that this was a donor funded procurement with tight deadlines within which to commit the funds or risk losing the money. And that the Principal Investigator had requested that they are handled expeditiously in view of the tight deadlines hence the urgency of the procurement.

I advised the Accounting Officer to always ensure that adequate procurement planning is undertaken, to avoid situations that force the university to deviate from approved procurement procedures.

7.16.4 Unjustified Direct Procurement

Section 85(2) of the Public procurement and Disposal of Public Assets Act, 2003 (as amended) states that direct procurement shall be used to achieve efficient and timely procurement, where the circumstances do not permit a competitive method.

Contrary to the above provision, it was established that the University used direct procurement method for goods and services worth UGX.1,667,874,727 with no proper justification. The circumstances that could not permit a competitive method were not provided by management. Details are shown in table below;

Table showing direct procurements undertaken without justification

Procurement Ref No.	Subject of procurement	Contract value - UGX
Mak/SPLS/2015-16/00013	Request from DICTS for supply and installation of additional hotspot solution	419,979,350
Mak/CONS/2015-16/00001	consultancy Services for the proposed construction of the perimeter fence for Makerere University Main	581,462,700

	Campus	
Mak/SRVCS/2015-16/00022	Procurement of medical insurance for 46 MasterCard Foundation Scholars at Makerere University.	25,724,980
Mak/SPLS/2015-16/00043	Supply of 3 brand new Toyota land cruiser for College of Health Sciences	640,707,697
	Total	**1,667,874,727**

I explained to the Accounting Officer that use of direct procurement method limits competition and exposes the University to a risk of acquiring services at non-competitive rates.

In response, it was explained that the service providers had previously been awarded contracts for the first phases and performed them to the satisfaction of the University hence the use of the direct procurement method to ensure continuity, compatibility and to save time. I advised the Accounting Officer to always ensure that all procurements are done in accordance with the law.

7.16.5 Payment of Value Added Tax to Non-registered Suppliers

Section 7(1) of the Value Added Tax Act, 2014, stipulates the conditions necessary for a taxable person to be registered to pay Value Added Tax (VAT).

Verification of a sample of suppliers revealed that several suppliers were not registered with URA as taxable persons in respect of VAT during the period under audit. I noted that these suppliers were paid amounts inclusive of VAT totalling to UGX.54,013,481. I explained to management that paying VAT to non-registered suppliers amounts to a financial loss to government since the same is not remitted to URA.

In response, management explained that at the time of bidding for the procurements, these suppliers and contractors had submitted hard copies of their VAT Registration certificates and that during the evaluation processes, PDU verified and confirmed that the three firms appeared among tax payers with Tax Identification Numbers (TINs) registered and listed on the PPDA website. However, on verification with the URA web portal, I noted that though the suppliers have TIN numbers, they were not registered for VAT.

I advised the Accounting Officer to ensure that adequate due diligence is always undertaken by the procurement unit to establish the tax status of all sucessful bidders and stop the practice of paying VAT to non VAT registered suppliers.

7.16.6 **Payments to potentially non-tax compliant suppliers**

Regulation 17(1) of the Public Procurement and Disposal of Public Assets (Evaluation) Regulations, 2014 requires the evaluation committee at the preliminary examination to verify the accuracy, validity, and authenticity of the documents submitted by a bidder. In addition, they are also required to determine if the bidder fulfilled the obligations to pay taxes and social security contributions in Uganda.

A detailed review of the tax status of suppliers revealed that one supplier who had been paid a total of UGX.540,593,982 in the year under review had no approved Tax Identification Number (TIN) that would indicate their tax registration status and payments. This implies that Government is doing business with a supplier who is potentially not tax compliant and as a result Government could be losing the much need revenue.

I advised the Accounting Officer to ensure that proper due diligence is done on each contract award winner before any contracts are concluded.

7.16.7 **Inconsistencies in Procurement Documents**

Section 85 of the PPDA regulations upholds the principle of competition and section 117(2) requires an entity to secure at least three bids in a request for quotation method.

A review of accountability documents from COBAMS and CEES revealed that three purportedly different companies shared the same Tax Identification Number (TIN) and telephone contacts. It should be noted that a TIN is a unique number allocated to a specific company; the three companies shared the following company details:

- Company TIN number no: 1002422906
- Telephone contacts: +256772695666 and +256703871383

It was further noted that the details on the bidding documents were not consistent with the details of the prequalified list. In addition, the same companies would bid for the same procurements. This is an indicator of the same person floating three different bids for the same procurement thereby eroding competition. It is also possible that these documents were prepared by staff of the university to provide accountability for air supply. In the year under review, a sum of UGX.131,374,423 had been paid to the respective companies. Under the circumstances, the above actions point to a fraudulent action.

In response, management confirmed that these companies had submitted different TIN numbers during the prequalification stage. I advised the Accounting Officer to follow up the procurements in which the above three companies were involved to rule out any fraudulent actions.

7.17 Contract for Traffic Control management/Parking Fees

Makerere University entered into a contract with a company to collect parking fees in April 2014. It was noted that whereas the financial proposal of the company put the remittance to the University at UGX.365,148,000 per annum, the same was never captured in the contract. Instead the contract provided for remittance of 60% of all the collections.

During the year under review, the company only remitted UGX.179,694,240 as parking fees for the year. It should be noted that the University has no mechanism whatsoever to confirm how much is collected by the service provider given that at the collection points payments are made in cash and no controlled receipts are utilised by the firm. I noted that although, the contract provided for automation of the parking system, this has not been fully implemented.

This is an indicator of poor contract management and monitoring by those responsible and a breach of contract by the contractor for non-adherence to the terms and conditions of the contract.

I advised management to monitor the implementation of this contract with a view making good any breach of contract by the Contractor.

7.18 Continued payment of salary to Retired Staff - UGX.386,790,968

Paragraph 4.10.1 of the Makerere University Finance Manual requires management to update the payroll and delete all the retired employees on the payroll.

Contrary to above, it was observed that there were delays in payroll deletions of 14 former members of staff of the university, who had retired as far back as 2004 but continued being paid salaries, hence occasioning a loss of UGX.386,790,968.

Although the Accounting Officer explained that these related to normal salary payments to staff who had retired but given new contracts, on further examination during the verification, there was no evidence of subsequent contracts offered.

I advised Management to always ensure prompt deletions of staff who have left service in future and to initiate recovery steps of the funds paid as salary after the staff had exited service. The Accoutning Officer is further advised to investigate these cases so as to rule out collusion by staff and the beneficiaries.

7.19 Salary Over Payments – UGX.172,560,395

Section (B-a) of the Public Service Standing Orders, 2010 requires salaries to be paid correctly, in accordance with the approved salary structure for the Public Service.

However, a reconciliation of the amounts paid as salaries on the payroll, salary payment registers, monthly payslips, staff extracts from the Output Budgeting Tool (OBT) and the amounts paid out as confirmed on the Makerere University Bank of Uganda salaries account bank statements, revealed that there were salary overpayments to staff totalling to UGX.172,560,395. This can be attributed to laxity on the part of personnel officers, and absence of a verification mechanism before salaries are eventually paid. Under the circumstances, the amounts overpaid were irregular and are therefore recoverable.

The Accounting Officer explained that these payments related to salary arrears to staff and that the affected staffs are still with the University and the recovery for the same is on-going. However, verification revealed that there were no claims of arrears for the identified staff.

I advised management to strengthen controls for processing of salaries to include proper verifications of payrolls before payments are effected, to avoid salary overpayments. In addition, a recovery of these funds should be instituted henceforth.

7.20 Outstanding Rent Collections

I reviewed the contracts for the supply of food to students and noted that the providers' did not remit rent worth UGX.122,880,000 as provided for in the contracts. I explained to management that the University risks losing the much-needed revenue due to non-collection of the Non-Tax Revenue.

The Accounting Officer in his response promised to follow-up the matter and recover unpaid funds at source. I await the outcome of management's commitments.

7.21 University Printery

The University operates a Printery, which is used to generate internal revenue. However, a review of their operations revealed the following anomalies;

7.21.1 Redundant Machinery

A review of the financial statements for the Financial Year 2015/2016 revealed that the Printery has redundant machinery with a net book value of UGX.240,385,256. This machinery has remained redundant for more than three years. It is not clear whether the depreciation rate provided matches the fall in value given that there is no usage.

In addition, the Printery was designated as a service unit to the university, which meant that its role is to provide all printing related services to all university units. However, it was noted that in many instances, the university management opted to source for printing services elsewhere making the printery assets redundant. Prolonged retention of idle assets can lead to obsolescence of the assets. Besides, the rationale for sourcing for services elsewhere is not justified since the printery as a service unit is expected to provide cheaper services in addition to remitting 10% of the profit to the Centre.

I advised the University Management to consider revitalizing the Printery unit by fully utilizing its potential and to centralise all printing services.

7.21.2 Non-remittance of PAYE and WHT

In the year under review, a total of UGX.22,670,502 was withheld from various atff of the University Printery and its suppliers in respect of PAYE and Withholding tax, but had not been remitted to the tax body by the time of the audit (November, 2016). This omission exposes the university to a risk of paying penalties and interest on the amount unpaid from the due date until the date when payments are made.

I advised Management to ensure that they remit all the taxes due to the tax authority without further delay to avoid payment of penalties.

7.21.3 Lack of a Strategic Plan

I observed that the unit operates using a 5-year strategic plan; however, the most recent expired in 2014. This implied that the unit was operating without a long-term focus. In addition, a review of the strategic plan of 2009-2014 showed that the unit planned to increase its profit to at least UGX.200 million by 2012 and to UGX.500 million by 2015; however, this was not achieved as the units net profit was UGX.65,134,174, and UGX.45,491,550 in 2015 and 2016, respectively. They also planned to increase the operational capacity from 40% in 2009 to 80% by end of 2015; this was also not achieved. Under the circumstances, the unit performed below expectations over the last strategic period and has not appraised itself to come up with new strategies to achieve its stated objectives. The unit risks having a gradual decline culminating into minimal or no operations.

I advised the Accounting Officer to consider initiating steps towards compilation of a new strategic plan while utilising lessons learnt from the past period, for better management of the Printery.

7.22 Status of prior year audit recommendations

The following was the status of the implementation of prior audit recommendations;

No	Audit Issue	Audit Recommendation	Comment On Implementation Status
1	Non-Disclosure of Donor Grants	The Accounting Officer was advised to make a complete disclosure of all donor funding received by the University, in line with the requirements of Section 43(1) of the PFMA, 2015 that requires that all expenditure to be incurred by Government on projects which are externally financed, in a financial year have to be appropriated by Parliament.	Partially implemented in 2015/16
2	Management of	The Accounting Officer was	**Partially implemented**

No	Audit Issue	Audit Recommendation	Comment On Implementation Status
	pension liabilities	advised to continue liaising with all the relevant stakeholders to ensure that the obligation is settled without further delay with a view of saving the government from unnecessary legal costs.	The pension liabilities were submitted to government together with other liabilities for assistance and indeed government has so far taken over Ugx.30 billion. Ugx.10 bn was settled as per MoU.
3	Transfers to Personal Bank Accounts – UGX.776,009,229	Management to desist from such practices and adhere to the requirements under the Treasury Accounting Instructions.	Repeated in 2015/16
4	Leasing of University Land at Kololo	The Accounting Officer advised to always adhere to the requirements under the Law, while disposing any University asset. For completeness and full disclosure, the disposal of such a strategic asset should in future be disclosed and reported on accordingly.	Settled out of court. The land remains Makerere University Land under leasehold tenure system. A caveat was lodged on the land.
5	Staffing Gaps	The Accounting Officer advised to liaise with the concerned stakeholders, to ensure that the University's staffing matters are addressed.	**Not implemented**
6	Management of Payables	The Accounting officer advised to ensure clearance of obligations with the creditors and also cease the practice of over committing government in line with the requirements under the commitment control policy of government.	**Repeated in 2015/16**
7	Mischarge of expenditure at College Level – UGX.115,883,144	Management to always adhere to the approved budget, and follow recommended procedures, in the event a need for reallocation arises. In addition, management should also streamline the budgeting process to ensure that funds are always allocated to activities in accordance with the college priorities	Repeated in 2015/16
8	Student Debtors who are Finalists UGX.1,278,893,775	The Accounting Officer advised to ensure the recovery of all dues before the students complete their final exams.	**Partially Implemented** The actual figure for student debtors was Ugx.1,245,191,093 and the number of students was 3,029

No	Audit Issue	Audit Recommendation	Comment On Implementation Status
			Out of which a total of Ugx.672,658,527 has since been cleared leaving Ugx.572,532,566 yet to be recovered.
9	Irregular contract extension	The accounting officer was advised to observe strict adherence to the procurement law.	**Implemented**
10	Failure to Report Awarded Contracts to PPDA	Management advised to ensure that monthly reports on all procurement activities are compiled and submitted as required by the law.	Partially Implemented
	Review of other Non-Consolidated Accounts of the University		
	University Guest House		
11	Doubtful Revenue Reported	The Accounting Officer advised to ensure that the Guest House Manager accounts for all the monies collected.	Partially Implemented
12	Failure to Bank Revenue Intact - UGX.446,860,974	Management advised to clear the URA tax obligations so that the agency notice is lifted to enable effective revenue collection and monitoring.	Partially Implemented