



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF**  
**JLOS-SWAP PROGRAMME**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**OFFICE OF THE AUDITOR GENERAL**  
**UGANDA**

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## **LIST OF ACRONYMS**

<b>GOU</b>	Government of Uganda
<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
<b>ISSA</b>	International Standards on Auditing
<b>MOJCA</b>	Ministry of Justice and Constitutional Affairs
<b>PFMA</b>	Public Finance Management Act, 2015
<b>TAI</b>	Treasury Accounting Instructions
<b>UGX</b>	Uganda Shillings
<b>ULRC</b>	Uganda Law Reform Commission
<b>JLOS</b>	Justice Law & Order Sector
<b>F/Y</b>	Financial Year
<b>MDA</b>	Ministry, Department, and other Agencies
<b>SWAP</b>	Sector Wide Approach

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**JLOS-SWAP PROGRAMME**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2018**

**THE RT. HON. SPEAKER OF PARLIAMENT**

**REPORT ON THE FINANCIAL STATEMENTS**

**Opinion**

I have audited the accompanying financial statements of the JLOS-SWAP Programme for the year ended 30<sup>th</sup> June 2018. These financial statements comprise of the statement of financial position, the statement of financial performance, and cash flow statement together with other accompanying statements, notes and accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Justice Law and Order Sector (JLOS) SWAP Development Fund as at 30<sup>th</sup> June, 2018 and its financial performance for the year then ended in accordance with the requirements of the Public Finance Management Act, 2015 and the accounting policies stated under note 1(a) to the financial statements and the Funding Agreement.

**Basis of Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement's section of my report. I am independent of the Programme Management in accordance with the Constitution of the Republic of Uganda (1995) as amended, the National Audit Act, 2008, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics and other independence requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing audits in Uganda. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined the matters described below to be key audit matters communicated in my report.

- **Implementation of the Budget as approved by Parliament**

Section 45 (3) of the Public Finance Management Act, 2015 states that “ An Accounting Officer shall enter into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a Financial year, submitted under section 13 (15)” of the said Act.

It has been observed over years that planned and budgeted for activities of a number of Government entities are not implemented thereby affecting service delivery. Planning, budgeting and implementation of planned activities was taken as a thematic area for the year.

In the overall office wide planning, I assessed risks such as inadequate release of funds and failure to undertake budget monitoring and supervision that are likely to be the causes of failure to implement entity planned activities. The focus was put on the planned major outputs of the entities which greatly impact on the wellbeing of communities.

Consequently, I developed specific audit procedures which included the evaluation of the financial and annual physical performance by analysing government releases, testing consistency of planned outputs with the approved budget and verifying the accuracy and completeness of the reported actual outputs.

Based on the procedures performed, I observed the following:

- **Funding Shortfall of JLOS/SWAP – UGX14,721,258,439**

I observed that only UGX.57,511,490,385 (79.6%) was realised out of the budgeted revenue of UGX.72,232,748,824, resulting into a shortfall of UGX.14,721,258,439 (20.4%). The biggest shortfall was in respect of Government of Uganda counterpart funding.

Inadequate release of funds affected funding of the 18 implementing agencies. The entities that were most affected by the underfunding are as shown in the table below:

No	Entity	Budgeted Amount	Total Release UGX	Budget Shortfall
1	Directorate of Public Prosecution	4,521,350,000	3,551,192,000	970,158,000
2	Judiciary	20,287,785,000	9,443,514,706	10,844,270,294
3	Uganda Law Reform Commission	2,567,390,565	2,245,900,565	321,490,000
	JLOS Secretariat IFMS/Donor	17,084,212,563	15,888,070,726	1,195,241,837
	<b>Total</b>	<b>44,460,738,128</b>	<b>31,128,677,997</b>	<b>13,331,160,131</b>

Inadequate release of funds also affected the implementation of activities and subsequently denies service to the beneficiary communities.

The Accounting Officer explained that the sector is continuing to dialogue with MoFPED and the development partners for more funding to cover implementation of the SDPIV. Following the signing of the EU sector reform contract, the sector ceiling for FY 2018/19 was raised to UGX.84 billion. Other efforts include ongoing discussions with SIDA and UN agencies to fund different components of the Sector Development Plan.

I advised the JLOS SWAP implementing agencies to continue engaging the relevant stakeholders and ensure that budget deficiencies are addressed so that allocated funds are released.

➤ **Under Absorption of Funds (Un spent balances) -UGX. 9,187,548,674**

A review of the JLOS SWAP disbursement of funds to implementing entities, and the respective actual expenditure revealed that, UGX.36,405,177,609 was spent out of the released amount of UGX.45,592,726,283 resulting into an unspent balance of UGX.9,187,548,674. The balance excludes the JLOS House Project balance of UGX.7,480,067,685. Details are in the table below:

<b>Institutions</b>	<b>Balances B/F 2016/2017</b>	<b>Total Available Funds 2017/18</b>	<b>Expenditure 2017/2018</b>	<b>Closing Balance 30<sup>th</sup> June 2018</b>
Uganda Law Society	138,415,155	626,635,155	464,689,393	161,945,762
Uganda Law Reform Comm.	144,350,000	2,398,500,565	1,666,124,967	732,375,598
Local Government	119,126,182	509,126,182	462,686,000	46,440,182
Law Development Centre	821,787	1,984,904,333	1,724,394,973	260,509,360
Uganda Reg. Serv. Bureau	54,792,660	1,429,989,305	862,718,994	567,270,311
Uganda Police Force	441,078,341	4,505,929,657	3,721,214,477	784,715,180
Judicial Service Commission	153,983,589	1,135,303,589	1,101,352,000	33,951,589
Min. of Gender, Labour & Social Dev't	1,155,394	1,186,155,394	492,520,748	693,634,646
Judiciary	200,018	9,379,771,706	5,892,564,074	3,487,207,632
Uganda Human Rights Commission	454,031,663	2,436,031,663	1,989,681,672	446,349,991
Min. of Justice & Const. Affairs( IFMS)	0	3,415,131,002	3,334,651,893	80,479,109
Secretariat (Donner)	1,193,273,569	4,783,832,721	4,606,389,218	177,443,503
Secretariat (IFMS)	0	9,911,864,436	8,967,223,470	944,640,966
Nat Citizenship & Immigration Control	0	1,119,000,000	1,118,965,730	34,270
Transfer from IFMS (MOJCA)		770,550,575	0	770,550,575
Sub Total	2,701,228,358	45,592,726,283	36,405,177,609	9,187,548,674
Reversed EFTs	16,227,257			
JLOS House	7,469,067,685	11,000,000	-	7,480,067,685
				16,667,616,359

Unutilised balances retard the achievement of project objectives. Also, failure to utilise and implement funds released may deter the partners to support the new projects or reduce the funding.

Management explained that the balances on the account are funds committed to the ongoing constructions including Rubirizi Justice Centre, Nakaseke, Fortportal MoJCA offices and long term consultancy among others. Besides, payment certificates for completed works have been made.

I advised the Accounting Officer to enhance supervision of the implementing agencies to ensure that funds are utilised as planned in a timely manner.

➤ **Implementation of planned and budgeted for activities –JLOS Secretariat**

The PFMA 2015 45(3) states that an Accounting Officer shall enter into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a financial year. The Secretariat had a budget for both GOU and Donor funds of UGX.17,084,212,563 for the financial year 2017/18. A sum of UGX.15,588,070,726 was released leaving a balance of UGX.1,195,241,837.

However, I observed that a Biometric and time and attendance system was not procured as planned as shown in **appendix 1**.

Partial and/or non-implementation of planned activities does not only lead to spill over of activities to the next planning periods but also hampers the achievement of programme objectives, negatively affecting the efforts of Government and donors towards the intentional cause.

Management explained that a service provider signed a contract with the Sector to deliver an electronic information system for the Secretariat. However the biometric time and attendance procurement was deferred because the Sector opted to use an already existing biometric system for MOJCA to save on funds.

I advised the Accounting Officer to commit to full utilization of all the funds received with a view of implementing the activities as planned.

## **Other Matter**

I consider it necessary to communicate the following matters other than those presented or disclosed in the financial statements:

- **Judiciary – Diversion of JLOS SWAP Funds - UGX.599,417,382**

The Public Finance Management Act, 2015 section 15(1) requires the Secretary to Treasury to issue the annual cash flow plan of Government, based on the procurement plans, work plans and recruitment plans approved by Parliament.

Examination of the Judiciary JLOS SWAP Programme documents revealed that a total of UGX.599,417,382 was incurred on activities that were not included in the JLOS-SWAP work plan for the financial year 2017/2018. These activities included construction of Buyende Justice Center, procurement of furniture for Isingiro and Nakifuma courts and activities relating to Case Backlog Monitoring Committee among others, as shown in the **table below**;

<b>No</b>	<b>Activity not provided on JLOS work plan 2017/2018</b>	<b>Amount Budgeted UGX.</b>	<b>Amount spent UGX.</b>
1	Construction Of Buyende Justice Center	0	261,458,476
2	Furniture For Isingiro and Nakifuma Court	0	25,890,000
3	Activities For Case Backlog Monitoring Committee	0	26,200,000
4	Purchase of Legal Research Materials(Books)	0	3,500,000
5	Outstanding Balance On Accommodation Of Justices of Court Of Appeal At The Hotel	0	16,572,488
6	The Process Of Out Reach Activities Under JLOS/UNDP	0	36,583,500
7	To Cater for The Constitutional Petition Session Held At Mbale	0	116,410,000
8	Judiciary rule of law	0	68,982,900
9	Judiciary(Office of Judicature)	0	40,000,000
	<b>TOTAL</b>		<b>599,417,382</b>

Diversion of resources to finance activities which were not provided in the approved work plan impacts on the achievement of the intended project objectives.

Management explained that the Age Limit Constitutional petitions were such unique, complex, involving and politically sensitive petitions. They required constant concentration and consultation of the Trial Justices in one place without interruption by other court

business. The expenditure was necessary and it had to be looked for under critical emergencies, therefore funds budgeted for under implementation of case backlog reduction strategy earmarked for Court Of Appeal were used to fund this session.

I advised the Accounting Officer to ensure recovery of the funds spent on activities outside the approved work plan with a view of undertaking the activities that were not implemented during the financial year 2018/19.

- **Ministry of Justice and Constitutional Affairs (MOJCA) - Partial implementation of planned activities**

The PFMA 2015 45(3) states that an Accounting Officer shall enter into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a financial year.

The Ministry had a budget of UGX.3,059,740,000 for the financial year 2017/2018. A comparison of the Ministry's approved activity plan with the actual output, showed that some activities were not implemented as per plan. MOJCA JLOS management did not follow the plan and budget for the year when procuring the 2 vehicles (one for Fort portal and the other for Director civil litigation. UGX.360 million was budgeted however; UGX.570 million was spent on the vehicles. Details of the Ministry's performance and the Management responses are shown in **appendix 1**.

Failure to implement planned activities is contrary to article 45(3) of the PFMA 2015. MOJCA JLOS management incurred unplanned expenditure of UGX.210 million on procuring the vehicles. This affected other planned activities. In case of such deviations, MOJCA JLOS management should have engaged the JLOS SWAP Steering Committee and the development partners for approval.

I advised the Accounting Officer to ensure projects are implemented within the set timelines and targets and minimize deferring activities. I also advised Management to always seek for approval of reallocation from the Project Steering Committee (JLOS SWAP) and the donors before making a decision to purchase expensive vehicles.

- **Office of Directorate of Public Prosecutions (ODPP) – Non implementation of planned activities**

During the year, total expenditure amounted to UGX.3,551,220,000 out of UGX.3,551,412,000 (including balances of UGX.220,000 from previous year) released to the Directorate. This represents 99.9% performance.

Good performance was observed in the prosecution of cases at both the Supreme Court and Court of Appeal at 99%. Development of prosecution case management guidelines, retooling of PPU unit with ICT equipment and acquisition of sets of legal reference materials for all regional offices was done at 100%. However, I noted that management purchased only 3 out of the 4 planned double cabin pick-ups. **Appendix 1** refers. Unimplemented activities impact on the Directorate as well as Sector Wide JLOS objectives.

Management explained that the numbers of vehicles were reduced to fit within the available funds.

I advised the Accounting Officer to always seek for approval of reallocation from the Project Steering Committee (JLOS SWAP) and the donors before making a decision to purchase expensive vehicles.

- **Uganda Law Reform Commission - Non-implementation of planned activities**

The Public Finance Management Act, 2015 section 45(3) requires an Accounting Officer to enter into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a financial year.

It was however noted that the Commission managed to utilize only UGX.1,666,124,968 out of the actual receipts of UGX.2,245,900,565 leaving unspent balance of UGX.599,000,000 (26%). Consequently, the activities of the Commission were either partially implemented or in some instance not implemented at all as shown in **appendix 1**. Some of the highlighted activities with poor performance include;

- Reprint of the Local Government Act, Cap.243 where the Commission had planned to print 3000 copies, however none was printed resulting into 100% performance underperformance.
- Developing 10,000 pocket size Children Act as amended but only 2,400 were developed (76% performance gap)
- Development and printing 10,000 copies of abridged Anti-torture Act but only 4,000 were printed resulting into performance gap of 60%.

Partial and/or non-implementation of planned activities does not only lead to spill over of activities to the next planning periods but also hamper the achievement of Programme objectives and thus negatively affecting the mandate of the Commission.

Management explained that there was a delay of authorization from the Attorney General. However the authorization was obtained in August 2018 and works are under print. Furthermore, amount released during the period under review was only sufficient for 4,000 copies though UGX.100million was approved, only UGX.45million was released.

I advised the Accounting Officer to commit to full utilization of all the funds received and try to implement the activities within the scheduled timelines.

- **Judicial Service Commission - implementation of planned activities**

A review of the Commission activity performance revealed that overall there was good performance in the areas of procurement of a vehicle and the Commission registered 350 corruption related complaints and investigated 323 complaints in different magisterial areas/districts. However, inadequate performance was noted in the conducting community barazas-talk shows and staff recruitment. **Appendix 1 refers.**

Failure to fully implement activities denies service to the beneficiary communities and defeats the purpose for which budgeting and budgetary controls are put in place. Furthermore, partial and/or non-implementation of planned activities does not only lead to spill over of activities to the next planning periods but also affect the achievement of the entity's mandate.

Management explained that the Disciplinary Committee completed 323 complaints out of the projected 350 corruption related complaints despite enhanced funding, leaving the

variance of 27 cases. One of the reasons for under performance is that the DC prioritized old, complex and part-heard cases most of which were left by the old Commission. Most of these complaints consumed a lot of time and resources since they required more sittings to record evidence from the parties before a final decision could be reached.

I advised the Accounting Officer to ensure that all planned activities for which funds are released are implemented timely.

- **Law Development Centre - implementation of planned activities**

A review of the Centre activity performance revealed that overall there was good performance in terms of absorption of funds especially in the areas of facilitation of Social Workers and Juvenile Justice Lawyers, facilitation of Fit Persons with bicycles for easy movements, procurement of vehicle, quality assurance and monitoring of services and activities by Legal Aid Clinic staff.

However, inadequate performance was noted in capacity building of lecturers, and also the full operationalization of study centre has not yet been achieved. Further, non-implementation and or partial implementation of activities was also noted in the digitalization of law reports and e-publishing and e-marketing systems within the LDC despite the full budget funding and release. **Appendix 1 refers.**

Failure to fully implement activities denies service to the beneficiary communities and defeats the purpose for which budgeting and budgetary controls are put in place. Further, partial and/or non-implementation of planned activities does not only lead to spill over of activities to the next planning periods but also affect the achievement of the entity's mandate.

Management explained that the delay in the procurement process for software for online law reporting was caused by inadequate funding for the activity. The entity got new specification for a cheaper alternative and the procurement process has been completed. Further, Operationalization of 4 LDC regional study centers amounting to UGX.0.140bn that remained unutilized was for rent for Mbarara Regional Centre. By the end of the year, the tenancy agreement between the Landlord and LDC had not yet been signed. The agreement is now in place and the funds have been utilized.

I advised the Accounting Officer to ensure that all planned activities for which funds are released are implemented accordingly and the entity should implement the activities within the scheduled timelines.

- **Ministry of Local Government - implementation of planned activities**

Section 45 (3) of the Public Finance Management Act, 2015 states that " An Accounting Officer shall enter into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a Financial year, submitted under section 13 (15)" of the said Act.

Review of the JLOS-SWAP programme work plan for the year 2017/18 revealed that the Ministry budgeted for UGX.382,815,000 to enhance infrastructure and access to JLOS services through training of Local Council Courts on Alternative Dispute Resolution in 30 Districts and training of Local Council Courts Desk Officers in 72 Districts and municipalities. The work plan was fully funded at 101.8% as the Ministry received UGX.390,000,000 for the training.

However, review of the performance of the Ministry's JLOS Programme revealed that 17 Districts and Municipalities were not covered in spite of the work plan being fully funded. Over expenditure of UGX.40,385,000 was also noted under the two activities undertaken as shown in **appendix 1**.

Failure to fully implement activities denies service to the beneficiary communities and defeats the purpose for which budgeting and budgetary controls are put in place.

Furthermore, partial and/or non-implementation of planned activities does not only lead to spill over of activities to the next planning periods but also affect the achievement of the entity's mandate.

Management explained that over expenditure is a result of the balance carried forward from the previous financial year on the same activities which were implemented in the financial year of the audit. Management pledges to implement all its funded activities under the programme on time

I advised the Accounting Officer to ensure that all planned activities for which funds are released are implemented accordingly and within the scheduled timelines and

management should explain the over expenditure noted in the implementation of the planned activities.

- **Directorate of Citizenship and Immigration Control (DCIC) JLOS SWAP**

- **Failure to implement planned activities.**

The Public Finance Management Act, 2015 section 45(3) requires an Accounting Officer to enter into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a financial year, submitted under section 13(15) of the said Act.

For approved work plans to be effective, planned activities for which funds have been released must be implemented.

I noted that although DCIC budgeted for UGX.1,119,000,000 and received UGX1,118,965,730 (almost 100%), DCIC had some activities that remained unimplemented at the close of the financial year. The funds meant for these activities had been exhausted at the close of the year. **Details are in the table below;**

<b>Planned Key Activity</b>	<b>Quantity</b>	<b>Unit Cost (UGX)</b>	<b>Approved Budget</b>	<b>Remarks</b>
Fire Extinguisher system	1	120,000,000	120,000,000	Procurement not implemented
Procure card readers (Alien re-entry card and national ID card readers)	885	400,000	34,000,000	Procurement not implemented
Procure consultancy to develop a HR case management framework	1	21,000,000	21,000,000	Procurement not implemented
e-Visa system Audit	1	200,000,000	200,000,000	Procurement not implemented
Procure consultancy to study system work flows	1	100,000,000	100,000,000	Procurement not implemented
<b>TOTAL</b>			<b>475,000,000</b>	

I further observed that activities that were initially not part of the approved work plan worth UGX.54,086,613 were implemented as listed in the table below. Some of the funds remained unaccounted for.

<b>Activity</b>	<b>Payee</b>	<b>Amount (UGX)</b>	<b>Remarks</b>
500 wall calendars, 30,000 Brochures for E-Visa	Graphic Systems.	9,800,147	Not in work plan, no accountability presented for Audit
Release of Retention money for construction of office block at Kamwezi border point	Sirafford (U) Ltd.	10,379,731	Accountability provided included a request from supplier (Sirafford (U) Ltd.) to release the retention money and Payment was based on a report by the estates manager.
Release of Retention money for construction of second phase of Ntoroko Border Post	Rukara Enterprises Limited.	9,998,135	Accountability provided included a request from supplier (Rukara Enterprises Limited.) to release the retention money and Payment was based on a report by the estates manager. It is not clear whether the consulting engineer authorised the request.
Supply and Installation of a canopy	Quick way Property Services Ltd.	10,000,000	No Accountability
DCIC/SVCS/17-18/00119 Services for index & warehouse re-organisation at Namanve Records centre	M/S IT ROOTS LTD.	13,908,000	Not in work plan
<b>TOTAL</b>		<b>54,086,013</b>	

Failure to follow the work plans negates the process of planning especially in cases where funds were released. This may also negatively affect the achievement of project targets.

Management explained that whereas these activities were planned for in JLOS budget, no funds were released by the close of the year. Although management stated that funds were not released, a review of the SWAP releases shows that all the funds budgeted for were released.

I advised the Accounting Officer to always ensure that planned activities for which funds have been released are implemented.

- **Delayed utilization of released project funds**

The Public Finance Management Act, 2015 section 45(3) requires an Accounting Officer to enter into an annual budget performance contract with the Secretary to the Treasury which will bind the Accounting Officer to deliver on the activities in the work plan of the vote for a financial year submitted.

Although funds were released and received in time, a review of the bank statements revealed that funds remained un-utilised on the entity account for most of the quarter and the bulk of the expenditure totalling to UGX.803,585,571 was made in the last few days of the year especially on 21<sup>st</sup> June 2018 and 6<sup>th</sup> June 2018 as shown in **appendix 1**. This affects the efficiency and effectiveness with which the work plans are executed.

Management explained that this delay was due to the interdiction of the Accounting officers which affected the authorisation process but later were implemented during fourth quarter of FY2017/2018 and this can be verified from the cashbook, payment vouchers and the procurement records.

The Accounting Officer should in future desist from keeping project funds un-utilised.

- **Uganda Human Rights Commission - Delayed Construction of Gulu Regional Offices**

The Public Finance Management Act, 2015 section 45(3) requires an Accounting Officer to enter /into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a financial year, submitted.

Similarly, section 3(e) of the PPDA 2003 states that a Government Programme would be delayed or seriously compromised unless a procurement is undertaken within the required time frame.

Construction of UHRC-Gulu Regional Office was awarded to M/s Plinth Technical Works Ltd at contract sum of UGX.839,423,564. During the financial year UGX.55,460,353 was paid to the contractor towards the construction work. I noted that a sum of UGX.473,832,897 has so far been paid since 2013/2014.

A visit to the site in October 2018, five years after contract commencement revealed that work had not been completed and the site was abandoned as shown in the photos below.

**Uganda Human Rights Commission Office Construction- GULU**

<p><b><i>Work stalled at ring beam level with no sign of work in progress</i></b></p>	<p><b><i>Work stalled with no sign of activities on-going</i></b></p>	<p><b><i>Collapsed iron sheet fence, thus exposing the structure to unabated trespass to the public</i></b></p>

Failure to include spill-over works in work plans and budgets of the subsequent periods causes difficulty in securing funds for the pending works, and may lead to diversions or incomplete works. The work is behind schedule by over five years. Extended completion periods do not only interfere with planning but may also lead to escalation of costs.

Management explained that the delays were caused by rejection of Gulu Municipality to approve the designs of a bungalow because the area where the building is being constructed was designated for storeyed buildings and the need to carry out an environmental impact assessment. The Commission revised the structural designs to that of a storeyed building and the construction of Gulu regional office is now on-going.

I advised the Accounting Officer to ensure that spill-over constructions and other works in progress are catered for in the subsequent budgeting period for appropriate allocation of funds. A follow up on this project is also advised.

### **Other Information**

Management is responsible for the other information. The other information comprises the statement of responsibilities of the board and the commentaries by the management. The other information does not include the financial statements and my auditors' report thereon.

My opinion on the financial statements do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of the Accounting Officer for the Financial Statements**

Management is responsible for the preparation of financial statements of the Justice, Law and Order Sector Wide Approach (JLOS SWAP) Programme in accordance with the requirements of the Public Finance Management Act, 2015 and the accounting policies stated under note 1(a) to the financial statements and the Funding Agreement, , and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Programme's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the Justice, Law and Order Sector Wide Approach (JLOS SWAP) Programme in accordance with the requirements of the Public Finance Management Act, 2015 and the accounting policies stated under note 1(a) to the financial statements and the Funding Agreement, unless Management has a realistic alternative to the contrary.

Management is responsible for overseeing the JLOS SWAP's financial reporting process.

### **Auditor's Responsibilities for the audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance,

but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:-

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with Management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the management, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Reporting Responsibilities**

In accordance with sections 19(1) of the National Audit Act, 2008, I report to you, based on my work described on the audit of Financial Statements that:

Except for the matters raised in the compliance with legislation section below, and whose effect has been considered in forming my opinion on the financial statements, the activities, financial transactions and information reflected in the financial statements that have come to my notice during the audit, are in all material respects, in compliance with the authorities which govern them.

### **REPORT ON THE AUDT OF COMPLIANCE WITH LEGISLATION**

The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

- **Failure to prepare and submit Quarterly Performance Reports**

Good Practise requires that entities regularly prepare reports about their financial performance. It is also standard practise that implementing/beneficiary entities under the swap project are required to prepare quarterly financial and performance reports which are submitted to the secretariat for review.

Contrary to the above, I was not provided with any evidence that quarterly and annual reports are regularly prepared and submitted to the Secretariat by JLOS SWAP implementing agencies as required.

Absence of quarterly reports, makes it difficult to evaluate the accuracy and completeness of the financial information prepared and submitted to the Secretariat.

Management explained there was a challenge of preparing all the reports since the people who were supposed to prepare and approve had been interdicted.

The Accounting Officer should in future ensure that all the required financial reports are regularly prepared and submitted to the Secretariat.



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John F.S. Muwanga

**AUDITOR GENERAL**

KAMPALA

22<sup>nd</sup> December, 2018

**Appendix 1**  
**Budget performance**

No	Entity	Amount Budgeted (UGX)	Amount received (UGX)	Key planned activities	Implemented activities	Unimplemented activities	Audit Remarks	Management responses
1	JLOS SWAP Secretariat	80,000,000	80,000,000	Supervision of construction of Justice centres (Mini JLOS)	PRG: 1.3.2.2. Procurement and installation of 4 solar panel for Mbarara regional office strong room and other rooms	0	The 4 panels were installed.	DCIC procured and installed alternative power for the Mbarara regional office that is operational
		1,874,000,000	1,874,000,000	Strategic Intervention 4.2: Sector wide Services	PRG: 4.2.5.3. Carry out M&E Activities (Reporting, Surveys). Transport equipment 2 vehicles bought.	0	A total of 4 vehicles were purchased and only UGX 1,750,061,279 was paid according the analysis of the payment file thus a variance of UGX.123,386,721. Poor estimation on vehicle cost noted.	The saving was due to exchange rate variations. The exchange rate appreciated and the shilling was stronger at the time of procurement compared to the planning figure provided in the budget call circular earlier
		50,000,000	50,000,000	Electronic document management system	PRG: 4.2.6.1. JLOS secretariat ICT services procurements of a Biometric and time and attendance system	Biometric and attendance system not procured	This was not procured however funds received in full as the activity was not reported in annual performance report	The biometric and attendance procurement was deferred because the Sector opted to use an already

								existing biometric system for MOJCA to save on funds
2	MOJCA	360,000,000	570,189,420.00	Strategic intervention 1.1: Eliminate cases that are over three years in the system. Procurement of motor 2 vehicles to support Court Attendance at Fort Portal Regional office and Headquarters at 180,000,000 each	2 Vehicles procured. 1 for Director of Civil Litigation and the other for FortPortal	0	According to Annual performance report relating to MOJCA , under project 890 (120501) a total of UGX360,000,000 was spent on procurement of Fort Potal M/V and director civil litigation each at UGX180,000,000 .however analysis of payment file indicate a total payment of UGX. 570,189,420 of UGX.172,638,500 for Fort-portal and a station Nissan wagon at UGX.397,550,090 for Director Civil litigation contrary to the reported total Of UGX 360,000,000 thus unexplained variance of UGX. 210,189,420. This variance was irregular.	The excess in expenditure was voted as a supplementary to transport equipment of the Ministry.
		60,000,000	60,000,000	Install LAN at MoJCA Regional offices and an Intranet portal at Headquarters Consultancy fees and software (5).	Secured external wireless Access points; -Installation of an additional clock in machine; - Serviced and repaired 6 Photocopiers, procured 4 computers for	0	Management spent in excess of the received funds by UGX 32,276,586. Explanation should be given for the over expenditure.	The excess in expenditure was occasioned by fluctuation of the dollar rate at the time of budgeting and the time of actual implementation. We regret this anomaly.

					FortPortal Regional Office, 12 computers for DCL, 1 computer for Mbale Regional Office, 3 laptops and 4 desktop computers for FPC, offered ICT support services to Gulu and Arua Regional Office			
3	ODPP	720,000,000	540,000,000	Purchase of 4 vehicles for transporting officers to and from court	3 Double cabin pick-ups were procured	1	Output performance was at 75%	The number of vehicles purchased were reduced to fit within the released funds
		434,000,000	433,710,000	Rolled out PROCAMIS to 10 ODPP stations	PROCAMIS LAN/WAN equipment was procured and installed in 11 stations with 4 operational and 7 await NITA-U connectivity	0	1 extra station covered	
4	ULRC	145,000,000	140,000,000	Pre-enactment advocacy for the Marriage Bill (5,000 copies)	Printed 3,179	1821	Only 3,179 copies of the print,63,5% performance	There was a delay of authorization by the Attorney General.
		50,000,000	55,000,000	Develop a pocket size Children Act as amended Printing 10,000 copies	2,400 copies	7600	2,400 copies of the children act printed only 24% performance	There was a delay of authorization by the Attorney

		171,500,000	70,000,000	Post enactment advocacy on Succession laws(3000) copies	1,290	1710	Only 1,290 copies printed 47% performance.	General. There was a delay of authorization by the Attorney General.
		79,110,000	67,000,000	Development of a legislation to address medical negligence	27%	73%	27% performance on; Taskforce meetings- study report, national consensus and feedback building and validation of study findings.	There was a delay of authorization by the Attorney General.
		45,000,000	25,000,000	Reprint of the Local Government Act, Cap.243(3,000 Copies)	100%	3000	Funds not utilized at all.3000 copies not printed. <b>Nil performance</b>	There was a delay of authorization by the Attorney General.
		442,400,000	437,400,000	Compilation of Ordinances and byelaws	44%	56%	Double cabin not procured during the year. Procurement ongoing during the current financial year. Further, only 4,400 copies of the print were made.56% performance.	There was a delay of authorization by the Attorney General.
		144,640,000	47,000,000	Development and printing of abridged Anti-torture Act. 10,000 copies	6000	4000	Poor financial and activity performance, 4,000 copies of the act not printed.40%performance.	Funds released were insufficient.
<b>5</b>	<b>Judicial Service Commission</b>	120,000,000	120,000,000	Conduct 60 of radio sensitisations on Mob justice, Land dispute resolution, domestic violence, trial procedures, FMG law and popularization of new laws including Jingos	58 radio talk shows were conducted in the districts of Kasese, Bushenyi, Kisoro, Mubende, Mbarara, Rukungiri, Bundibugyo, Mityana, Kiruhura, Masaka, Sembabule, Gulu, Kitgum, Nakasongola, Mpigi, Kyenjojo,	2	Two Unimplemented talk shows 96.6% performance	The Commission prioritized settling of complex and old cases.

					Fortportal, Kamwenge, Ibanda, Kiboga, Hoima, Masindi, Busia, Bugiri, Lira, Apac, and Bweyale			
		164,000,000	94,000,000	Advertising	Filled positions 1 Deputy Chief Justice, 2 Justices of the Supreme Court, 4 Court of Appeal Justices, 10 High Court judges, 5 Registrars, 7 Deputy Registrars, 4 Assistant Registrar and 18 Chief Magistrates. Conducted interviews for filling one position of the Chief Registrar. Magistrates Grade One were shortlisted and interviews are to be done in quarter one FY 2018/2019. 1000000	57.3% gap	Vacant positions still exist.57.3% performance	The recruitment process is still ongoing
		133,500,000	122,000,000	Conduct 10 anti-corruption baraza's targeting 500 people	Barazas were held in the districts of Mayuge (subcounties of Kityerera, Kigandalo, and Baitambogwe), Kiryandongo, Masindi, Kamwenge, Kabarole and Kiboga where 800 members of the	.	4 barazas not implemented.91.7%performance	The Commission will make use of the government airtime to ensure wider coverage and more participation by the targeted group by the different radio stations in the

					public were sensitised about the mandate of JSC and the complaints management system			different regions
6	Law Development Centre	50,000,000	50,000,000	Digitization of Law reports: procure consultant to train 7 staff, pilot, develop and digitalize Law Reports	Seven staff were trained in on-line law reporting		96.7% output performance.	Activity budget was fully funded
		40,000,000	40,000,000	Procure software for digitalization of Law Reports	None	all	Nil expenditure 0% performance.	The procurement process had not been completed by the end of the Financial Year.
		531,002,000	531,002,000	Operationalize 4 LDC regional study centres through capacity building of lecturers. 8 Study Centres were opened in Soroti, Mbale, Lira, Gulu, Mbarara, Fortportal, Kasese and Kabale	Funds absorption was noted at only 73.3% when the activity budget was fully funded.	27%	Funds absorption was noted at only 73.3% when the activity budget was fully funded. The Fort Portal study centre was not opened.	Other activities were still on-going including internet network being worked on. All courses began on 1st September at the centres
7	MOLG	312,000,000	312,000,000	739 local council III court officials trained in 13 districts	17 districts not covered	17 districts not covered	Over performance of the budget was noted at 2.56% while output was at 43% in terms of districts covered in spite of over expenditure of UGX 35.85m	Inadequate releases
		70,815,000	70,000,000	83 officers trained on skills of data collection and records management, 44 of whom are desk officers and 39 are alternate officers from	139 officers trained on skills of data collection and records management, 72 of whom are desk officers and 67 are	56 more officers were trained, but 20 local governments were not covered as planned	Quick response by the Accounting Officers of the Local Governments	Budget performance was at 98.8% while output was at 72.2% in terms of local governments

				72 local governments	alternate officers from 52 local governments			covered in spite of over expenditure of UGX 4.5m
<b>8</b>	<b>UHRC</b>	40,000,000	40,000,000	Digitalization/electronic management of the central registry	Digitalization of the central registry phase two - subject files	2	Digitalization of the central registry phase 2 was not done.	No management response
		5,000,000	5,000,000	Strengthening of the mediation desk in all the 10 regional offices to effectively handle maintenance matters	Process servicing (delivering of summons to the parties to appear for mediation @ 500,000 per regional office per year	10	All the planned 10 Process servicing were not done.	No management response
			10	0				

**FINANCIAL STATEMENTS**