



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE  
REGIONAL PASTORAL LIVELIHOODS RESILIENCE PROJECT**

**IDA CREDIT NO5385-UG  
FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018**

**OFFICE OF THE AUDITOR GENERAL  
UGANDA**

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## **LIST OF ACRONYMS**

<b>BOU</b>	Bank of Uganda
<b>BVI</b>	Botswana Vaccines Institute
<b>CAO</b>	Chief Administrative Officer
<b>FMD</b>	Foot-and-Mouth Disease
<b>IDA</b>	International Development Association
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>ISSAI</b>	International Standards of Supreme Audit Institutions
<b>MAAIF</b>	Ministry of Agriculture, Animal Industry and Fisheries
<b>MTEF</b>	Medium term Expenditure Framework
<b>PPR</b>	Peste des Petits Ruminants
<b>RPLRP</b>	Regional Pastoral Livelihoods Resilience Project
<b>UGX</b>	Uganda Shillings
<b>USD</b>	United States Dollar
<b>VAT</b>	Value Added Tax

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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 Regional Pastoral Livelihoods Resilience Project (RPLRP) IDA CREDIT No.5385-UG for the year ended 30th June 2018. The financial statements set out on pages 9 to 14 comprise of;

- Fund accountability statement
- Statement of financial position
- Statement of receipts and payments.
- Statement of special account
- Notes to the financial statements including a summary of accounting policies used.

In my opinion, the project financial statements present fairly in all material respects the financial performance of the Regional Pastoral Livelihoods Resilience Project (RPLRP) IDA CREDIT No.5385-UG for the year ended 30<sup>th</sup> June 2018 and the receipts and payments for the period then ended in accordance with the IDA guidelines and the basis of accounting described under note 2 to the financial statements.

**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 project 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 matter described below to be key audit matters communicated in my report.

- **Implementation of Budget 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.

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.

I observed that a total of UGX.49,232,872,879 was budgeted to cater for the Project activities. However, only UGX.42,217,906,287 had been received (representing 85.8% of the approved budget). This resulted into a budget shortfall of UGX.7,014,966,592 (14.2%).

In addition, the available funds for use during the year for the project were UGX.45,585,433,524, which included the opening balance of UGX.2,967,527,237 at the start of the year. However, only UGX.16,532,939,437 was spent leaving a balance of UGX.32,699,933,442 unutilized. This represents a substantially low absorption capacity of 36% of the available funds.

In implementing the Project mandate, management implemented a number of planned activities during the year. Implemented activities included; rehabilitation of 480 ha of rangelands, procurement of 200,000 doses of CBPP vaccine, conducting of 36 community trainings in rangeland rehabilitation and treatment of 100,000 cattle against trypanosomiasis.

However, I noted that some of the planned activities like construction of 6 valley dams, 6 valley tanks, 12 slaughter shades, livestock markets and rehabilitation of 120 ha of rangelands were not implemented which is likely to negatively impact on the achievement of the RPLRP mandate.

Unimplemented activities imply that the expected service to the beneficiary communities is not attained and also defeats the purpose for budgeting and budgetary controls. **Appendix 1** shows the budgeted for and implementation of planned activities and the related Management responses.

Management explained that the disbursement of funds from the World Bank is dictated by absorption by the Ministry and the districts of the previous funds. The procurement processes for the civil works took too long and the ministry could not request for more funds before utilizing the already released funds.

Management further explained that low absorption capacity was attributed to the lengthy procurement processes and slow utilization of funds at the implementing districts. The

approved budget for FY 2017-2018 included construction of civil works (UGX.12.6bn), water reservoirs (UGX.9.1bn), procurement of Vaccines and drugs (UGX.9bn), equipment (UGX.0.77bn) and inputs for alternative livelihoods (UGX.1.1bn). However the approvals of the designs, the evaluation reports and procurement clearances for contractors and suppliers by the World Bank took long and funds to a tune of UGX.32.7bn could not be spent.

I advised the Accounting Officer to ensure timely procurement planning, approval and implementation and in addition to enforcing timely accountability from districts for disbursed funds. The Accounting Officer was also advised to closely supervise the projects being undertaken in order to absorb all funds within the project timelines.

### **Other Matter**

There were no other matter findings of high significance that came to my notice during the audit other than those presented or disclosed in the financial statements.

### **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises the statement of responsibilities of the Accounting Officer and the commentaries by the Head of Accounts and the Accounting Officer, and other supplementary information. The other information does not include the financial statements and my auditors' report thereon.

My opinion on the financial statements does 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**

Under Article 164 of the Constitution of the Republic of Uganda, 1995 (as amended) and Section 45 of the Public Finance Management Act, 2015, the Accounting Officer is accountable to Parliament for the funds and resources of the Regional Pastoral Livelihoods Resilience Project (RPLRP) IDA CREDIT No.5385-UG

The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the Public Finance Management Act 2015, IDA guidelines and the basis of accounting described in note 2 to the financial statements, 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, the Accounting Officer is responsible for assessing the Project's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Regional Pastoral Livelihoods Resilience Project (RPLRP) IDA CREDIT No.5385-UG, and using the IDA Guidelines unless the Accounting Officer has a realistic alternative to the contrary.

The Accounting Officer is responsible for overseeing the Project'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 the 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 judgment and maintain professional skepticism 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 our 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 management.
- Conclude on the appropriateness of management'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 deliver its mandate. 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 Regional Pastoral Livelihoods Resilience Project (RPLRP) IDA CREDIT No.5385-UG to fail to deliver its mandate.
- 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 the Accounting Officer regarding, 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 the Accounting Officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with him/her 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 Accounting Officer, 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 AUDIT OF COMPLIANCE WITH LEGISLATION**

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

- **Irregular payment of VAT on exempted supplies – UGX.139,703,172**

Section 4 of the VAT (amendment) Act 2016 states that the tax payable on a taxable supply made by a supplier to a contractor executing an aid-funded project is deemed to have been paid by the contractor provided the supply is for use by the contractor solely and exclusively for the aid funded project. In a circular dated 7<sup>th</sup> August 2017 to all Accounting Officers, the Secretary to the Treasury informed all MDAs to budget within their MTEF ceiling, for VAT payable to other contractors other than contractors for aid funded projects effective 1<sup>st</sup> July 2017. In this regard, VAT in respect of tax invoices for periods prior to 1<sup>st</sup> July 2017 was to be settled in full.

On the contrary, I noted that management went ahead to pay for VAT on tax invoices issued after the exemption date amounting to UGX.139,703,172 as shown in the table below;

Date	Supplier	Description	Vr No.	Payments (UGX)	VAT (UGX)	Remarks
30/11/2017	Nile Fishing Co Ltd	Nile Fishing Co Ltd -Supply of 60 Motorcycles each comp	0305	447,710,160	68,294,770	Tax invoice dated 4th Sept 2017
02/06/2018	Nile Fishing Co Ltd	Payment for supply of motorcycles	0346	148,728,788	22,687,442	Tax invoice dated 4th Sept 2017
20/04/2018	BEC Engineers	Bec-Engineers - Consultancy services on livestock watering infrastructure	0392	319,392,960	48,720,960	Tax invoice dated 5th March 2018
<b>Total</b>				<b>915,831,908</b>	<b>139,703,172</b>	

Budgeting and payment of VAT in such a manner may expose the project to inadequate cash flows to undertake other planned activities. In the circumstances, payment for exempted VAT is wasteful expenditure.

Management explained that the VAT paid in error will be recovered on the subsequent payments to the suppliers since they still have running contracts with the Ministry.

I advised the Accounting Officer to recover the VAT paid in error and to ensure adherence to the tax regulations. I also advised the Accounting Officer to review the project subsequent budget with a view of undertaking necessary adjustments to avoid budgetary slacks.

- **Failure to supply vaccines**

Botswana Vaccine Institute (BVI) was contracted to supply 200,000 doses of FMD vaccine and 200,000 doses of PPR vaccine at a contract sum of USD.428,000 on 18<sup>th</sup> November 2016. Another contract was signed with the same company on 22<sup>nd</sup> March 2018 to supply 175,000 doses of FMD and 175,000 doses of PPR at a contract price of USD.366,352. The terms and conditions of the contract provided for 45 days delivery period after contract signing.

A review of the documentation provided revealed several issues as follows;

- **Delayed deliveries:** It was noted that the supplier delivered the doses under the first contract on 28<sup>th</sup> July 2017 which was 208 days beyond expected delivery timeline. Further, it was noted that by the time of audit in September, 2018 the second contract delivery was still outstanding fifty four (54) days beyond expected delivery date.
- **Failure to deliver on second contract:** I noted that for the second contract, the vaccines to be supplied had expiry dates of July 2018 and November 2018 which implies that the vaccines cannot be delivered since all are already expired.

Delayed deliveries adversely affect service delivery as vaccines are likely to reach after loss of animals due to the vaccine shortage.

Management explained that the Manufacturer of FMD vaccines (BVI) was engaged to supply the above supplies on recommendation by the World Bank as contained in the PAD. The supplier performed poorly in the first contract and failed in the second one. The inadequate performance was communicated to the World Bank and permission has too been granted that the entity sources for alternative suppliers.

I advised the Accounting Officer to in future consider alternative sources for supplies and opt for contractors with a good track record. Further, M/s BVI should be considered for blacklisting in the event of future requirements.

- **Irregular transfer of District Project funds to General Fund Account**

Paragraph 35 (Funds flow Arrangements) of the Project Appraisal Document 2014 provides for MAAIF to open a Designated Account at the Central Bank (BoU) and also the Districts to open project bank accounts denominated in local currency in commercial banks acceptable to IDA and cleared by the Accountant General. Further, Paragraph 36 provides that upon receipt of funds at the designated account (USD), funds can be transferred in local currency to the MAAIF Project Account (UGX) from where transfers will be made to the project accounts at the Districts.

A review of project funds transfer for the third quarter to the implementing Districts revealed that funds to the tune of UGX.368,527,458 remitted to the project accounts in

three Districts were subsequently transferred and amalgamated with the District funds which I found irregular. Details are as below;

S/N	District	Account Number	Bank	Funds Transferred (UGX)
1	Amuria	4512200108	Centenary Bank Soroti Branch	122,842,486
2	Abim	01163554226226	DFCU Bank Abim Branch	122,842,486
3	Bukedea	01113551241003	DFCU Bank Soroti Branch	122,842,486
		Total		<b>368,527,458</b>

Irregular co-mingling of project funds with District funds may lead to withdraw of funding by the Donors. Further, audit could not rule out utilization of project funds for district priority activities which may stall implementation of project activities.

Management explained that they wrote to the respective districts to have the funds reversed to project accounts as per the PAD's financial management arrangement under section 35. In the meantime the Ministry has written and suspended further disbursements to the affected districts.

I await management's efforts in regard to recovery of the above funds.

- **Delayed procurement process for Consultancy services for the design and construction of livestock watering facilities**

Standard bidding documents for procurement of supplies provide for timelines within which a PDE should undertake a procurement stating the publishing (Advertising) date and expected contract signature date. Bid documents revealed that management set timelines of approximately 8 months from bid publishing to contract signing for the above contract.

A review of the above procurement revealed that while the planned procurement period was approximately 8 months, the procurement process took one year and nine months from initiation to final contract signing causing a delay period of more than one year. The contract initiation was on 25<sup>th</sup> June, 2015 and contract signing on 27<sup>th</sup> March 2017. Delays were noted from initiation to request for expression of interest (EOI) and a ten (10) months

delay from expected contract signature date to actual contract signing. Details are as below;

<b>Date of initiation</b>	<b>Date of confirmation of funding</b>	<b>Date of bid notice</b>	<b>Date of bid opening</b>	<b>Date of evaluation</b>	<b>Planned contract signature date</b>	<b>Date of Contract signing</b>
25/6/2015	15/7/2015	7/9/2015	2/10/2015	28/1/2016	30/5/2016	27/3/2017

Delayed procurements affect service delivery and make projects more costly due to inflation, fluctuations in prices and exchange rates and interest payments.

Management explained that this procurement was funded by World Bank and it necessitated prior approval at each and every stage. Additionally, it was a three stage bidding process starting with EOI, technical proposals and financial proposal.

I advised the Accounting officer to ensure that the procurement process is undertaken within the planned period and engagement with the World Bank be undertaken for an amicable solution on the delays caused by the Bank.

- **Inadequate Project Monitoring**

Paragraph 14 of the Project Appraisal Document (PAD) 2014 states that the main responsibilities of the National Steering committee (NSC) will be to provide strategic and political guidance to the NPCU, ensuring overall conformity with Government and regional policies, reviewing the project progress & performance, approving the Annual Work Plan/ Budgets among other responsibilities. It further provides that the NSC will meet at least twice a year and is responsible for the overall coordination and implementation of RPLRP activities at National level.

The National Steering Committee is chaired by the Permanent secretary (MAAIF) and includes representatives from other ministries, that is, Finance and Economic Development, Water And Environment, Trade, Industry and Cooperatives, Lands, Housing and Urban Development, Local Government, Office of the Prime Minister, IGAD focal person, two representatives of CAO's from project districts and two representatives from research institutions.

A review of the NSC minutes availed revealed that the NSC held only 1 meeting in the year under review instead of the anticipated 2.

Inadequate meetings by the NSC could undermine the success of the Project activities and performance due to lack of timely interventions in the event of non-adherence to desired Government and regional policies.

Management explained that the Project Steering Committee is a multi- sectoral committee that gathering all members sometimes is challenging however the Ministry will endeavor to engage committee members to ensure compliance.

I advised the Accounting Officer to draw the issue to the attention of the responsible partners for possible amendment with a view of ensuring adherence to the Project Appraisal Document guidelines.

- **Delayed Disbursement of Funds to Implementing Districts**

Paragraph 36 (Funds flow Process) of the Project Appraisal Document 2014 states that upon receipt of funds at the Designated Accounts in United States Dollars, funds can be transferred in local currency to the project accounts of the implementing entities from where transfers will be made to the project accounts at the districts.

However, I noted that although funds were readily available on the project accounts at the Ministry, there were significant delays in transferring the funds to the district accounts for subsequent implementation. Table below refers.

District	Batch	Approved District Budget	Planned Implementation Period	Remarks
<b>Katakwi, Amuria, Kumi and Bukedea districts</b>	Batch 1	200,876,530	March to May 2017	-160.9M transferred in May 2017 -40M transferred in October 2017
<b>Katakwi, Amuria, Kumi and Bukedea districts</b>	Batch 2	122,842,486	January to March 2018	Transferred in February 2018

By the time of this audit inspection in October 2018, no other disbursement had been made to any of the districts visited despite the high number of project activities yet to be undertaken.

Interview with management at the districts revealed that the budgets were implemented as received from the Ministry and that the districts had no input in the budgeting process thus attributing the delays to the Ministry.

Late release of project funds delayed the implementation of planned activities which exposes the districts to a risk of failure to achieve project objectives.

Management explained that indeed there were delays in disbursing funds to the districts but this was occasioned by low absorption of funds by the Districts. Releases to the Districts are based on the utilisation and subsequent accountabilities for previously released funds.

Management further explained that districts are involved in the budgeting processes for example in the FY 2017/18 the National Project Coordination Unit and the Districts had a budget preparation meeting in Lia Hotel Moroto on 5<sup>th</sup> -7<sup>th</sup> April 2017 to discuss the budget for FY 2017-2018. Management promised to continue engaging with the Districts to improve on the absorption and accountabilities of the released funds.

I advised the Accounting Officer is advised to enforce timely accountability from the districts and to ensure adherence to budget cycle so as to minimize delays in accounting for funds and that the planned implementation should be done within the period.

- **Unimplemented Activities(Inspection in Katakwi District)**

During the year under review, Katakwi district had an approved work plan totalling to UGX.22,842,486. I noted that at the start of the financial year, there was an opening balance of UGX.159,370,371 related to unimplemented activities in the previous year leading to UGX.282,212,857 available funds for the year under review.

However, only UGX.224,417,571 was spent leaving a balance of UGX.57,795,286 unutilized representing a low absorption capacity of 20%.

Low absorption capacity adversely affected implementation of the planned activities for the project as seen in **Appendix I**.

Management explained that the Auditors observation is noted, however low absorption by the Districts was attributed to slow approval of funds by District managements, poor IFMS connectivity which in some cases took three weeks before the project funds were accessed.

I advised the Accounting Officer to ensure that available funds are put to the intended use to ensure project objectives are achieved.

A handwritten signature in black ink, appearing to read 'J. Muwanga', with a large, sweeping flourish extending to the right.

John F.S. Muwanga

**AUDITOR GENERAL**

KAMPALA

10<sup>th</sup> December, 2018

**REPORT OF THE AUDITOR GENERAL ON THE SPECIAL ACCOUNT OPERATIONS  
OF REGIONAL PASTORAL LIVELIHOODS RESILIENCE PROJECT  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2018**

**Opinion**

I have audited the special account statement of Regional Pastoral Livelihoods Resilience Project (RPLRP) for the year ended 30<sup>th</sup> June, 2018 which is set out on page 14 of the financial statements.

In my opinion, Project management complied in all material respects with IDA rules and procedures and that the Special Account Statement for the Regional Pastoral Livelihoods Resilience Project (RPLRP) for the year ended 30<sup>th</sup> June, 2018 presents fairly in all material respects the account transactions and the closing balance as at 30<sup>th</sup> June 2018.

**Management Responsibility for the Special Account Statement**

Project management is responsible for preparation of the special account statement and its fair presentation in accordance with the requirements of the Government of Uganda regulations and IDA guidelines. Management is also responsible for designing and implementing internal controls relevant to the preparation of the special account statement that is free from material misrepresentation, whether due to fraud or error and selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

My responsibility is to express an opinion on the Special Account Statement based on my audit. I conducted the audit in accordance with International Standards on Auditing and the IDA guidelines on auditing. Those standards and guidelines require that I plan and perform the audit to obtain reasonable assurance about whether the Special Account statement is free from material misstatements. I believe that the audit provides a reasonable basis for my opinion.



John F. S. Muwanga

**AUDITOR GENERAL**

10<sup>th</sup> December, 2018

**APPENDIX I: BUDGET PERFORMANCE (UN-IMPLEMENTED ACTIVITIES)**

<b>Project Components</b>	<b>Sub-components</b>	<b>Planned Output</b>	<b>Actual Output</b>	<b>Amount Budgeted (UGX)</b>	<b>Audit Remarks (Unimplemented activities)</b>	<b>Response</b>
<b>Natural Resources Management</b>	Water Resource Development	• Design of 6 valley dams and 6 valley tanks /k	Consultant has been paid for designs of 5dams and 7 tanks	972,000,000	• Valley dams and tanks were not constructed. All construction and supervision funds were unutilised	<i>The new requirement for Environment and Social Impact Assessment reports of each structure (ESIARs) by the World Bank before contracts can be signed delayed the commencement of the works in the last quarter. These have been finalised and contracts have been signed.</i>
		• Supervision of 6 valley dams and 6 valley tanks	NIL	972,000,000		
		• Construction of valley tanks	NIL	1,425,600,000		
		• construction of valley dams	NIL	9,072,000,000		
	Sustainable Land Management	• Rehabilitate (600) hectares of degraded rangeland using appropriate technologies	24 communities to rehabilitate 480 hectares of rangelands	887,306,400		
<b>Market Access and Trade</b>	Market Support Infrastructure and Information Systems	• Set-up market information system	Telephones procured	540,000,000	• LIMIS is not yet set up. •	<i>This was caused by the delay by the Bank to approve the TORs that would be followed by all the countries involved since this is a harmonised information system for the whole region. A contract with Texus University M&amp;A USA for supply of software was signed and the supply and installation</i>

Project Components	Sub-components	Planned Output	Actual Output	Amount Budgeted (UGX)	Audit Remarks (Unimplemented activities)	Response
						<i>in Uganda will be made in October 2018 after finishing with Kenya and Ethiopia.</i>
		<ul style="list-style-type: none"> <li>Design and work supervision for new livestock markets and quarantine stations</li> </ul>	12 markets Screening reports produced	496,800,000	<ul style="list-style-type: none"> <li>Work Supervision of Slaughter Facilities, livestock markets quarantine stations and holding grounds not undertaken</li> </ul>	<i>It is true supervision of works was not done because construction had not started. The procurement of contractors and approval of ESIARs took long that anticipated. However all the approvals have obtained except clearance by the Solicitor General</i>
		<ul style="list-style-type: none"> <li>Design and work supervision for new slaughter facilities</li> </ul>	12 slaughter shade Screening reports produced	302,400,000	<ul style="list-style-type: none"> <li>Construction of 12 slaughter shade not undertaken</li> <li></li> </ul>	<i>It is true supervision of works was not done because construction had not started. The procurement of contractors and approval of ESIARs took long that anticipated. However all the approvals have obtained except clearance by the Solicitor General</i>
		<ul style="list-style-type: none"> <li>Design and work supervision for new holding / auction grounds</li> </ul>	4 holding grounds Screening reports produced	216,000,000	<ul style="list-style-type: none"> <li>Rehabilitation of holding grounds not undertaken</li> </ul>	<i>It is true supervision of works was not done because construction had not started. The procurement of contractors and approval of ESIARs took long that anticipated. However all the approvals have obtained except clearance by the Solicitor General</i>
		<ul style="list-style-type: none"> <li>Construction of Livestock Markets</li> </ul>	Designs produced and awaiting WB clearance for compliance	1,360,800,000	<ul style="list-style-type: none"> <li>Construction of livestock markets not undertaken</li> </ul>	<i>It is true supervision of works was not done because construction had not started. The procurement of contractors and approval of</i>

Project Components	Sub-components	Planned Output	Actual Output	Amount Budgeted (UGX)	Audit Remarks (Unimplemented activities)	Response
		<ul style="list-style-type: none"> <li>Construction of Slaughter Facilities</li> </ul>	Social and Environmental screening carried out for all the proposed sites for construction	619,941,600	<ul style="list-style-type: none"> <li>Construction of Slaughter Facilities not undertaken</li> </ul>	<b><i>ESIARs took long that anticipated. However all the approvals have obtained except clearance by the Solicitor General</i></b>
		<ul style="list-style-type: none"> <li>Construction of Holding/Auction Grounds</li> </ul>	Social and Environmental screening carried out for all the proposed sites for construction	691,243,200	<ul style="list-style-type: none"> <li>Construction of Holding/Auction Grounds not undertaken</li> </ul>	
	Improving Livestock Mobility and Trade	<ul style="list-style-type: none"> <li>Rehabilitation of quarantine centers</li> </ul>	6 Designs secured, advertised and evaluation of Bid concluded awaiting WB clearance	5,248,800,000	<ul style="list-style-type: none"> <li>Rehabilitation of quarantine centers not undertaken</li> </ul>	
<b>Livelihood Support</b>	Livestock Production and Health	<ul style="list-style-type: none"> <li>Procurement of FMD vaccines</li> </ul>	NIL	1,260,000,000	<ul style="list-style-type: none"> <li>The supplier(BVI) has failed to deliver 175,000 doses of FMD</li> <li>The supplier(BVI) has failed to deliver 175,000 doses of PPR</li> </ul>	<b><i>BVI was selected as a sole supplier of FMD and PPR in the recommendation of world bank. However they failed to supply and the Ministry cancelled the Procurement. The Ministry has requested for a no objection from the Bank to open up the procurement.</i></b>
		<ul style="list-style-type: none"> <li>Procurement of PPR vaccine</li> </ul>	NIL	2,520,000,000	<ul style="list-style-type: none"> <li></li> </ul>	
		<ul style="list-style-type: none"> <li>Procurement and distribution of identified improved cattle</li> </ul>	NIL	892,800,000	<ul style="list-style-type: none"> <li>Procurement and distribution of cattle not undertaken</li> </ul>	<b><i>It is true that the procurements were not completed at the time of audit however contracts have been signed and deliveries are on-going.</i></b>

<b>Project Components</b>	<b>Sub-components</b>	<b>Planned Output</b>	<b>Actual Output</b>	<b>Amount Budgeted (UGX)</b>	<b>Audit Remarks (Unimplemented activities)</b>	<b>Response</b>
		<ul style="list-style-type: none"> <li>Procurement and distribution of identified Improved breed of Sheep/Goats</li> </ul>	NIL	720,000,000	<ul style="list-style-type: none"> <li>Procurement and distribution of goats not undertaken</li> </ul>	<i>It is true that the procurements were not completed at the time of audit however contracts have been signed and deliveries are on-going.</i>
	Livelihoods Diversification	<ul style="list-style-type: none"> <li>Provision of inputs for alternative livelihoods</li> </ul>	NIL	1,296,000,000	<ul style="list-style-type: none"> <li>Inputs for alternative livelihoods not undertaken</li> </ul>	<i>It is true that the procurements were not completed at the time of audit however contracts have been signed and deliveries are on-going.</i>
<b>Pastoral Risk Management</b>	Pastoral Risk Early Warning and Response Systems	<ul style="list-style-type: none"> <li>Automatic weather station installation</li> </ul>	Validation of bid documents submitted to be presented in the next procurement committee	475,200,000	<ul style="list-style-type: none"> <li>Automatic weather station not yet installed</li> </ul>	<i>It is true that the weather station is not yet installed Evaluation was done but the bidders quoted double of the reserve price so the project in consultation with the world bank has decided to re-advertise this procurement with revised scope and budget.</i>

