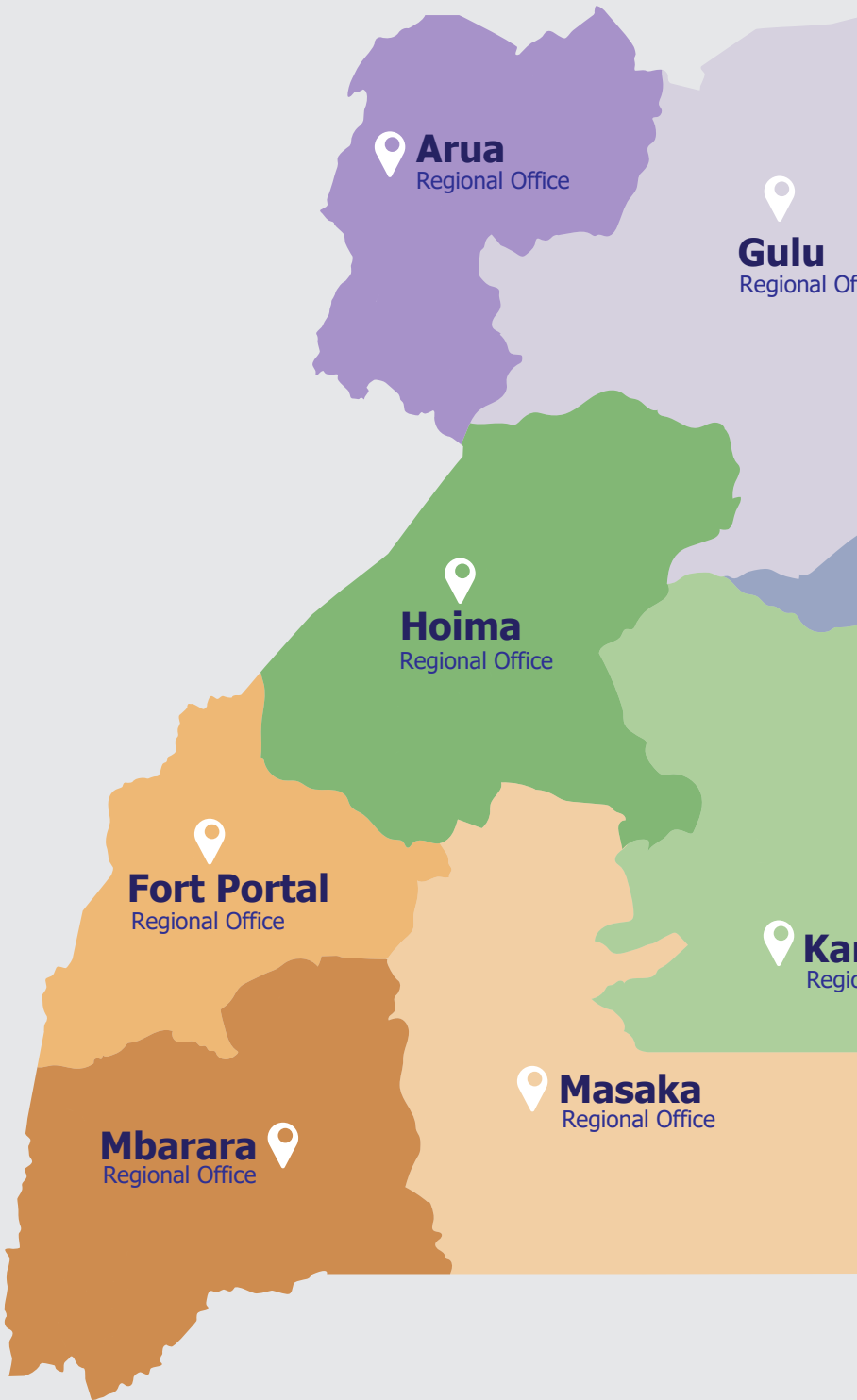
Office of the Auditor General

THE REPUBLIC OF UGANDA



ANNUAL REPORT OF THE AUDITOR GENERAL TO PARLIAMENT FOR THE AUDIT YEAR ENDED 31ST DECEMBER 2025

KEY HIGHLIGHTS


Arua
Regional Office
Gulu
Regional Of
Hoima
Regional Office
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Masaka
Regional Office
Mbarara
Regional Office



Our Vision

A model Supreme Audit Institution that adds value to society

Our Mission

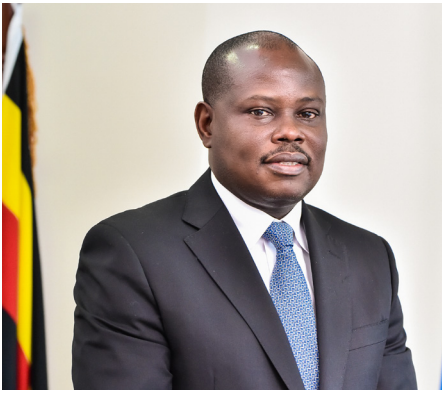
To provide our stakeholders with independent audit results that promote good governance for improved service delivery

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Foreword by the Auditor General



As part of my mandate under Article 163 of the 1995 Constitution of the Republic of Uganda and the National Audit Act, Cap. 170, I take this opportunity to present key highlights of the annual report of the Government of Uganda consolidated financial statements, Ministries, Departments and Agencies (MDAs), Public Corporations and State Enterprises, as well as Local Governments.

In line with our mission to provide independent audit results that promote good governance and improved service delivery, I undertook two thematic audits focusing on public procurement management and the Parish Development Model, both of which have significant implications for effective resource utilisation and service delivery.

In addition, I undertook audits in response to stakeholder needs and emerging issues, including special audits and investigations, engineering, information technology (IT), and value for money audits. Individual reports were issued in this regard.

I look forward to the implementation of the recommendations made in the individual reports, as timely and effective action on audit findings remains critical to strengthening effective utilisation of public resources.

I express my appreciation to the Rt. Hon. Speaker of the Parliament of Uganda, the Finance, Planning and Economic Development Committee, the Accountability Committees, and all stakeholders for the support rendered to my office during the audit year.

Last but not least, I thank my devoted staff for their tremendous work and commitment throughout the audit year.

Edward Akol
Auditor General

Key Issues for the Financial Year 2024/2025

1.0 Revenue Performance by URA

I undertook a trend analysis of revenue collected in the last four financial years and noted that collections have significantly increased over the last four years from UGX.22,098Bn in FY 2021/22, to UGX.32,357Bn in FY 2024/25.

Revenue Category	Amounts (UGX Bn)			
	FY 24/25	FY 23/24	FY 22/23	FY 21/22
Customs and Excise Taxes	9,604	8,160	7,711	6,755
Value Added Tax	8,779	7,800	7,291	6,452
Taxes on Gains, Profits, Fees and Licenses	11,943	10,221	9,151	7,578
Non-Tax Revenue	1,765	1,573	1,471	1,229
Petroleum Revenue	264	184	124	81
Total Gross Revenue Collections	32,357	27,938	25,751	22,098

The significant growth in revenue has mainly arisen from Taxes on Gains, Profits, Fees and Licenses, Value Added Tax, as well as Customs and Excise Taxes.

The upward trend in revenue collections is partly attributed to improved tax administration by the tax body, through the introduction of solutions like; the Electronic Fiscal Receipting and Invoicing Solution (EFRIS), as well as the Digital Tax Stamps (DTS), which have increased compliance levels among the taxpayers.

2.0 Public Debt

The total public debt has steadily increased from UGX.69.20Tn in June 2021, to UGX.114.60Tn in June 2025, representing a growth of approximately 65.6% in 5 years. The table below refers;

Financial Year Ended	Domestic Debt (UGX Tn)	Foreign Debt (UGX Tn)	Total (UGX Tn)	% Change
June 2025	59.019	55.585	114.604	22.43
June 2024	39.159	54.449	93.608	9.30
June 2023	33.168	52.472	85.640	9.95
June 2022	29.425	48.463	77.888	12.55
June 2021	24.889	44.313	69.202	-

From the table above, I noted a shift towards domestic financing to bridge budget shortfalls as domestic debt increased from UGX.39.16Tn in June 2024, to UGX.59.02Tn in June 2025, surpassing external debt and raising its share of the total portfolio to 51.50%, for the period under review from 41.83% in the prior FY 2023/24.

I analyzed the sovereign credit ratings to assess the Government's ability to repay its public debt both in principal and in interest on time and noted as below;

- Although there was a rise in the Public Debt-to-GDP Ratio from 45.95% in 2023/24 to 50.29% in 2024/25, the indicator still remains below the set target of 54%, implying that in projection, Government can still service its debt without distress.

- The Domestic debt interest payments to total revenues Ratio increased from 21% in the previous year to 23.66% in the year 2024/25. It was noted that this was not converging towards the National Charter for Fiscal Responsibility benchmark of 12.5%.

2.0 Public Debt

I however noted that this sharp rise was a one off transaction, where Government entered into an agreement with BoU to issue a 10-year amortized government bond, amounting to UGX.7.779Tn, in respect of outstanding funds borrowed to finance the budget during the Covid 19 pandemic.

3.0 Tax/GDP Ratio

According to the International Monetary Fund (IMF), developing countries should maintain a tax-to-GDP ratio of at least 15% to ensure they have the funds to invest in the future and achieve sustainable economic growth. Tax-to-GDP Ratio represents total tax revenue as a percentage of GDP and indicates the share of a Country's output that the Government collects through taxes.

I noted, however, that although URA efforts have yielded substantial results with a tremendous growth in revenue collection, Uganda's Tax/GDP ratio has remained low, at around 13.4%.

A comparison of the Countries' performance with other economies revealed wide disparities, as shown in the table below;

Particulars	Tax/GDP ratio
Uganda	13.4%
Recommended for Developing Countries	15%
Sub-Saharan Africa Average	18.6%
World Average	23%
OECD Average	34%

3.0 Tax/GDP Ratio

From the above analysis, it is clear that Uganda has continued to perform relatively poorly compared to other countries in the region and globally.

The tax base has not widened or deepened enough to tax all potential sources, resulting in debt dependency to bridge the financing gap.

A critical analysis of the issue revealed a structural imbalance between economic activity and tax revenue generation, with agriculture contributing significantly to GDP but relatively little to tax revenues. Government tax revenue remains heavily concentrated in trade and manufacturing, as per the analysis of various sectors' contribution to Tax and GDP for the three years 2022/23-2024/25.

Table showing sector contributions to taxes and GDP

Current Sector Main Activity	% Contribution to Taxes		% Contribution to GDP	
	FY 2023/24	FY 2024/25	FY 2023/24	FY 2024/25
Agriculture, forestry and fishing	0.80	1.63	24.6	26.1
Mining and quarrying	1.64	2.17	1.3	1.2
Manufacturing	21.79	22.19	15.1	14.5
Real estate activities	2.43	2.53	6.0	5.7
Education	1.77	1.67	3.6	3.6
Human health and social work activities	2.10	1.94	3.2	3.0

3.0 Tax/GDP Ratio

The imbalance is mainly due to the current Tax policy and residual inefficiencies in tax administration.

I urged Government to revisit the Tax policy and also improve the tax administration aspect to align the tax collection with the contribution to GDP.

4.0 Growing Case Backlog at the Tax Appeals Tribunal (TAT)

Section 20(3) of the Tax Appeals Tribunal (Amendment) Cap 341, provides that a decision on an application for review shall be made as soon as is practicable, after the hearing has been completed; and the tribunal shall cause a copy of its decision, including the reasons for the decision, to be served on each party to the proceeding.

The TAT is facing a rapidly growing and high-value backlog of tax cases, due to weak case disposal capacity, prolonged delays, and limited public awareness of its mandate. The average resolution time during the year was 10 months, with 179 cases taking over 10 months, as summarized in the case ageing Table below;

S/n	Cases Ageing (Months)	Number of Cases	Dispute Amount Involved (UGX-Bn)
1	10 to 20	119	442.5
2	20-30	30	201.7
3	30-40	27	33.002
4	40-50	1	0.004
5	50-60	1	6.463
6	>60	1	10.288
	Total	**179**	**694.014**

4.0 Growing Case Backlog at the Tax Appeals Tribunal (TAT)

As a result of delays in resolution shown above, the pending cases have risen from 169 in FY 2022/23 to 476 in FY 2024/25 and the value of unresolved disputes stands at UGX.1.5Tn.

Management explained that the growing backlog was occasioned by the insufficient budget, despite the increase in TAT membership from 5 to 9 members in 2022, the budget has remained static at UGX.7.7Bn, which is inadequate to support the tribunal's increasing workload.

I advised the Tax Appeals Tribunal to liaise with the relevant stakeholders to strengthen its capacity for disposal of tax appeals.

5.0 Management of Public Procurement

I undertook a thematic audit of public procurements in a sample of entities, and a separate report has been issued. However, some of the key observations were as follows;

5.1 Inadequacies in the standardisation of specifications and prices for common user works, services and supplies

Section 8 of the PPDA Act, Cap 205, empowers the Authority where applicable, to determine the prices of works, services and supplies, which are used in common by two or more Procuring and Disposing Entities (PDEs) and which may be subject to common procurement; and review the prices as may be necessary. The Authority is also mandated to adopt, adapt and update common specifications standards, the use of which shall be mandatory to all procuring and disposing entities.

Audit established the following inadequacies;

- The PPDA last undertook price surveys for common user goods in 2022, and this only covered Kampala, Mbarara, Mbale, Hoima, Arua and Gulu Districts. Analysis of the data obtained from the various sampled entities with respect to some common goods revealed variances in the prices.
- Comparison of the costs for construction of office accommodation for the ongoing and recently commissioned projects revealed variances in the costs per square meter, ranging from UGX.3.7Mn to UGX.5.27Mn.
- Analysis of the costs for construction of a sample of tarmacked roads revealed variances for each square meter ranging from UGX.299,977 to UGX.609,639.
- Analysis of the costs for furniture with the same specifications from a sample of entities also revealed variances as wide as UGX.3.2Mn per piece.

In light of the above, it was noted that government was incurring different costs on common user items due to price variances that ought to be standardised.
Standardisation of specifications and prices would eliminate the associated variances on costs incurred by various government entities on common user works, services, and goods and also provide a benchmark for budgeting purposes.

I advised the Permanent Secretary/Secretary to Treasury and Executive Director of PPDA, in liaison with other responsible ministries and/or subject matter experts, to undertake standardisation of specifications and prices for common user works, services, and goods for all Procuring and Disposing entities.

5.2 Failure to prepare multi-year Procurement Plans

Section 60(6) of the PPDA Act, Cap 205 requires an entity that undertakes a procurement over a period of more than one financial year to prepare a multi-year procurement plan using the guidelines issued.

I reviewed procurement reports for the financial year 2024/25 and noted that 111 procurements worth UGX.501.37Bn were initiated in prior periods and completed in the current year; however, the entities did not prepare multi-year procurement plans for the procurements as required by the Act.

The failure to prepare multi-year plans creates uncertainty regarding the availability of funds, accumulation of domestic arrears, which may lead to project delays and cancellations.

I advised the Accounting officers to ensure that multi-year procurement plans are prepared for procurements expected to span more than one year for proper planning and budgeting.

5.3 Implementation of Unplanned Procurements

Regulation 2 of the PPDA (Procurement Planning) Regulations, 2023 requires the entity to have an annual procurement plan for each financial year. According to Section 60 (10) of the PPDA Act, Cap. 205, no Procurement should be conducted outside the procurement plan except in cases of emergencies.

I noted that the entities undertook 22 procurements worth UGX.7.72Bn, which were not included in the approved procurement plans and were not of an emergency nature. There was no evidence of amended plans approved by the contracts committee, or notification made to the Secretary to the Treasury and the Authority as required by the Act.

Undertaking procurements outside the approved plans leads to diversion of funds, which affects the implementation of planned and budgeted activities.

I advised the Accounting Officers to ensure that all procurements initiated are verified against the approved procurement plan, prior to implementation. Necessary approvals should be obtained in case of any amendments to the procurement plan.

5.4 Unimplemented Procurements

Section 60(2) of the PPDA Act, Cap. 205 requires a Procuring and Disposing entity (PDE) to plan its procurement in a rational manner. The PPDA Regulations require an Accounting Officer to have the overall responsibility for the successful execution of the procurement, disposal, and contract management processes and ensure that the implementation of the contract is in accordance with the agreed terms.

5.4 Unimplemented Procurements

From a sample of nineteen (19) entities, I compared the procurement plan against the implementation status and noted that the entities planned to execute procurements worth UGX.5.07Tn during the financial year 2024/25. However, the total awarded contracts amounted to UGX.2.39Tn, representing an implementation rate of 47%.

I further noted that out of the awarded contracts, contracts worth UGX.353.46Bn were completed, representing an implementation rate of only 14.8%.

Failure to fully implement all planned procurements delays services for which the procurements of works, services, or goods were intended.

I advised the Accounting Officers to ensure that all planned procurements are executed in a timely manner. The unimplemented procurements should be rolled over to the next financial year.

5.5 Splitting of Procurements

Regulation 10 of the PPDA (Rules and Methods for procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 prohibits an entity from splitting procurements where the supplies, works, or non-consultancy services can be procured under a single contract.

I noted that 74 procurement requirements worth UGX.158.29Bn relating to various supplies/services/works were split, yet they could have been combined and procured under a single contract.

5.5 Splitting of Procurements

Splitting of procurements understates the values of procurement requirements, which leads to the use of inappropriate procurement methods, attaining less competitive prices, missed economies of scale, and increased contract management costs.

I advised the Accounting Officers to avoid splitting requirements unless the split offers a clear and calculable social, economic, or technical advantage to the entity.

5.6 Procurements implemented outside E-GP

In accordance with PPDA's Guideline 1 of 2020 on E-GP, 36 entities have been enrolled onto the e-GP system as at 30th June 2025. Paragraph 11 of the guidelines requires the entity's user departments to requisition all procurement and disposal requirements through the E-GP system.

It was observed that in 13 entities that conducted a total of 2,896 procurements worth UGX.826.08Bn, 60 (2.1%) procurements worth UGX.14.67Bn (1.8%) were implemented manually outside the E-GP, without justification for bypassing the system.

The failure to utilize the system to implement procurements undermines the Government's efforts to enhance transparency, accountability, and procurement process efficiencies.

I advised the Accounting Officers to ensure that all procurements are conducted through E-GP in compliance with the guidelines. Formal guidance or clearance should be sought in cases where system technical issues are experienced and warrant manual intervention.

5.7 E-GP System Challenges

The Electronic Government Procurement (e-GP) system is a digital platform or system that facilitates the procurement process within government entities. The online platform is used for creating, submitting and managing all procurement processes. I noted the following issues during the audit;

On 1st July 2021, the government rolled out the Electronic Government Procurement System, also known as the EGP, in eleven selected entities as a pilot project. The EGP is a web-based tool used to carry out public procurement and disposal and was expected to enhance competition, transparency, accountability and sustainable economic development.

During the financial year, 13 entities initiated 2,896 procurements with an estimated cost of UGX.826.08Bn through the system. I noted the following;

- **Insufficient Oversight Support:**
  For 11 entities, the oversight portal lacked sufficient access rights to view communication details among members of various committees or officers involved in procurements. Additionally, procurements that appeared incomplete in the oversight portal were actually completed when viewed through the PDE portal. This limits the oversight portal's effectiveness in monitoring procurement processes, potentially leading to misreporting and inadequate accountability.

- **Lack of Electronic Submission Support:**
  Procurements worth UGX.385.10Bn, initiated using open domestic bidding, were processed manually because the system did not support electronic submission of bids and contracts to the Solicitor General. Manual submission, review, and feedback processes increase the likelihood of delays, inefficiencies, and errors, undermining the efficiency of procurement operations.

5.7 E-GP System Challenges

- **Duplication of Entries:**
  The procurement ledger contained 538 duplicate entries valued at UGX.3.49Bn, which could not be corrected by the PDU of the entity. Duplicate entries compromise the accuracy of reports, erode confidence in financial data, and increase the risk of fraud or undetected errors.

- **Reporting Challenges:**
  The system failed to generate reports in 12 entities in compliance with Regulation 15(1) of the Public Procurement and Disposal of Public Assets (Procuring and Disposing Entities) Regulations, 2023. Consequently, PDU prepared reports outside the system, which hinders adequate online assessment procurement performance.

- **Procurement Planning Gaps:**
  The uploaded procurement plans in 9 entities did not meet the requirements of Regulation 6 of the Public Procurement and Disposal of Public Assets (Procurement Planning) Regulations, 2023. Missing details included timelines, recommended procurement methods, and contract packaging. Poorly structured procurement plans hinder the efficient execution of procurement activities and may lead to non-compliance with regulatory requirements.

- **Insufficient Competition Support:**
  Vote controllers in 7 entities lacked visibility into the procurement of common-use items across departments. This resulted in procurement splitting, inappropriate methods, and reliance on a limited pool of bidders. Fragmented procurement processes reduce competition, increase costs, and create inefficiencies, ultimately undermining value for money in procurement activities.

5.7 E-GP System Challenges

- **Inconsistencies in sequence numbers:**
  Guideline 2.1.1 of the PPDA guideline 2 of 2024 on Reference Numbers for Procurement and Disposal Transactions requires that the procurement reference number shall be allocated when a procurement requisition is raised and used on all correspondence and records related to the procurement requirement.

  However, I noted that the system assigned inconsistent and duplicate reference numbers to 147 procurements worth UGX.0.54Bn. Inconsistencies in reference numbers affect the identification, tracking and auditing of individual procurement and disposal requirements.

The above challenges compromise E-GP's core objectives of enhancing efficiency in procurement processes, integrity, accountability and transparency in public procurement.
The challenges also pose a risk of non-compliance with the PPDA Act, Regulations and Guidelines.

I advised the PS/ST to review the e-GP with an aim of addressing the above challenges.

6.0 Management of the Parish Deveopment Model

The Parish Development Model (PDM) is a strategy for service delivery by the Government of Uganda aimed at improving household incomes and welfare by transforming subsistence households into a money economy, as approved by Parliament. The programme is implemented through seven (07) pillars, with 'Financial Inclusion' Pillar serving as a key enabler for household-level transformation through access to affordable credit under the Parish Revolving Fund (PRF).

In the FY 2024/2025, Parliament appropriated UGX.1,100Bn for PDM, of which UGX.1,059Bn was for the Parish Revolving Fund (PRF) to finance 10,594 PDM SACCOs in 176 Local Governments (LGs) and Kampala Capital City Authority (KCCA). This brings total cumulative government investments into the programme of UGX.3,382.363Bn of which UGX.3,258.937Bn relates to PRF over the four financial years (2021/22 to 2024/25) since its inception.

The audit was undertaken to assess whether the PDM programme was implemented in accordance with the approved implementation Framework. I noted in the financial year under review that Government had made the following achievements;

- The entire approved budget of UGX.1,059.40Bn for the PRF was realised, with UGX.1,058.37Bn (99.9%) timely disbursed to the planned 10,594 PDM SACCOs.

- In the FY2024/25, all loan applications were processed through the PDMIS and all approved funds were disbursed via the Wendi application managed by Pearl Bank (formerly Post Bank) Uganda.

- I noted that 55 LGs incorporated 1,583 out of 6,111 priorities in their LGs' budget and work plan as per PDM guidelines.

6.0 Management of the Parish Deveopment Model

- All PDM SACCOs constituted the Loans Committees thereby improving oversight of loan appraisal and approval processes.

- A total of 24,247 tablets were provided to LGs to facilitate data capture, loan processing and other PDMIS operations.

Despite the above mentioned achievements, I also noted the following areas that require improvement;

- I noted gaps in the alignment of Local Government work plans and budgets to the parish-identified PDM priorities. Whereas 39 LGs identified PDM priorities using the prescribed format, 116 LGs did not comply with the guidelines. In addition, 6,111 identified PDM priorities in 55 LGs were not incorporated into LG budgets and work plans.

- I noted that six (06) out of the seven (07) Pillar Working Groups did not have approved Pillar Implementation Action Plans. Twenty-five (25) participating MDAs did not provide evidence of alignment of their work plans to PDM.

- I further noted that a sample of 34 LGs that received UGX.3.94Bn to coordinate implementation of PDM activities, however, a sum of UGX.0.009Bn was over paid to parish chiefs in 6 LGs while, UGX.0.031Bn was under paid in 9 LGs. In addition, UGX.0.055Bn was paid to 49 ineligible individuals, and UGX.0.03Bn was unaccounted for.

- I noted that out of UGX.3,258.937Bn released cumulatively by Government to 10,589 PDM SACCOs, only UGX.2,750.290Bn (84%) was disbursed to households by the end of the financial year 2024/25, leaving UGX.508.646Bn (16%) undisbursed.

6.0 Management of the Parish Deveopment Model

- Physical inspections and review of loan files in a sample of 108 LGs revealed weaknesses in the implementation of funded household projects. I noted that 619 beneficiaries in 267 PDM SACCOs in 55 LGs had implemented ineligible projects, 109 beneficiaries in 86 PDM SACCOs in 42 LGs had non-existent projects, 328 beneficiaries in 52 LGs diverted funds worth UGX.0.263Bn, and 2,336 households in 506 PDM SACCOs had received PRF multiple times.

- I noted that by 30th June 2025, a total of 5,123 SACCO Bank accounts in 122 LGs had not yet been closed as per guidelines by MoFPED and as a result, a sum of UGX.4.945Bn remained outstanding in commercial banks undisbursed.

- I observed inadequate Wendi agency network coverage in 121 LGs, whereby 5,373 parishes lacked access to Wendi agents to facilitate PDM transactions.

- I further noted that out of 13,253 tablets that were distributed to 93 LGs, a total of 178 tablets in 43 LGs were non-functional, 29 tablets in four (04) LGs were distributed to ineligible users. In addition, all the tablets were not supported with internet connectivity and seven (07) tablets in six (06) LGs were reported missing.

- I noted that 4,204 intended tablet users in 33 LGs had not received training, limiting the effectiveness of tablets in supporting PDM data capture, loan processing, monitoring, and reporting.

- I also noted that 6,883 enterprise groups in 72 PDM SACCOs in 10 LGs were engaged in non-agro-based activities. I further noted that 4,012 enterprise groups in 1,209 PDM SACCOs in 67 LGs had less than the required minimum 10 members, while 16,524 enterprise groups in 3,368 SACCOs in 77 LGs had more than the required maximum 30 members.

6.0 Management of the Parish Deveopment Model

- A total of 1,651 PDM SACCOs in 38 LGs had not constituted the required committees and sub-committees, while a total of 4,693 PDM SACCOs in 113 LGs had non-functional structures. In addition, 125 LGs did not prepare or submit quarterly PDM implementation reports.

- I noted that of the beneficiaries who received PRF by December 2022, a total of 18,105 beneficiaries in 709 SACCOs in 30 LGs had commenced voluntary recovery and a sum of UGX.9.340Bn had been recovered, however, there was no evidence of preparedness for recovery in all LGs.

Key Recommendations

Government should;

- Ensure that all parish PDM priorities are identified and aligned to Local Government budgets and work plans.

- Ensure timely and full disbursement of the Parish Revolving Fund (PRF) to eligible households and enforce strict compliance with PDM guidelines at SACCO level.

- Enhance supervision and monitoring of PDM projects to ensure loans are used for eligible, viable income-generating activities.

- Enhance preparedness for PRF recovery by communicating recovery timelines to SACCO Boards, tracking loans within the PDMIS, and ensuring timely commencement of repayments.

- Strengthen governance structures of PDM SACCOs by ensuring that all required committees and sub-committees are constituted and fully functional.

6.0 Management of the Parish Deveopment Model

- Ensure timely preparation and submission of quarterly PDM implementation reports to the relevant oversight institutions.
- Improve coordination among MDAs to ensure alignment of sector plans, budgets, and interventions with PDM implementation requirements.
- Expand the Wendi agency network to ensure that all parishes have access to affordable and convenient financial services.
- Ensure proper distribution, functionality, user training, and sustainability of tablets provided for PDM implementation, including provision for internet connectivity and user support.
- Ensure that Pillar Lead Entities prepare and approve Pillar Implementation Action Plans and that MDA work plans and budgets are aligned to them.

The Government adopted the Parish Development Model to improve service delivery and household incomes by transforming subsistence households into the money economy. While progress has been made in the implementation of the Programme, some weaknesses in planning, funding utilization, disbursement, governance, and supervision and monitoring, continue to constrain full realization of the programme objectives.

Therefore, Government should implement the above recommendations to strengthen management of the PDM to enhance accountability and attain its desired impact.

7.0 Uptake of available Electricity Generation Capacity

In a bid to achieve the Vision 2040 target of increasing Uganda's electricity generation capacity to 52,481Mw by 2040, Government constructed Karuma 600MW and Isimba 183MW, using the on-lent loan from EXIM Bank of China of USD.1,398,516,759 and USD.567,738,990.96 respectively.

A review of the quarterly operations and maintenance reports revealed that Nalubaale-Kiira power plant dispatched 778.8GWh (112%) against declared capacity of 695.6GWh, Isimba HPP had a Net energy output of 1,046.41GWh (72%) against Declared available capacity of 1,451.06GWh and Karuma HHP had a net energy output of 808.27GWh (30%) against Declared available capacity of 2,652GWh.

Further analysis indicates that in the first year of operation, Karuma HPP operated at an average of 70MWh and 116MWh in the second year, which are below the minimum required dispatch of 300MWh to enable the identification and addressing of the latent defects in the generating units and associated plant structures during the defects liability period. In addition, the company only realized UGX.148.16Bn (46.8%) out of the total expected revenue of UGX.316.42Bn.

In the circumstances, the company might not meet the loan and interest repayment terms/conditions, as well as operational and maintenance costs and ably identify defects before the expiry of the Defects liability period.

Management attributed the low dispatch to inadequate demand for electricity and prioritization of low cost generating plants and private producers who are on capacity charge. UEGCL has engaged the regulator (ERA) and UETCL to allow for other players to buy the power from UEGCL and improvement of the export infrastructure respectively.

7.0 Uptake of available Electricity Generation Capacity

I advised the Accounting Officer of UEGCL to continue engagements with MEMD, ERA, UETCL and other relevant stakeholders to devise mechanisms of increasing demand such as;

- Promoting establishment of industrial parks and the corresponding connections.
- Enhancing cross boarder power trade through the East African Power pool arrangement.
- Expedite the electricity connections under the Electricity Access Scale up Project.

8.0 Electricity Transmission

Instruction 3.9.5 of the Treasury Instructions, 2017, requires budget estimates to be based on pre-determined objectives and outputs as provided in the strategic plans of the entity.

Additionally, Instruction 16.9.1 mandates the Accounting Officer to prepare an annual budget for asset maintenance and systematically assess the performance of Non-Current Assets (NCAs) for functionality, utilization, physical and financial performance.

The following were noted;

- Multiple Independent Power Producers (IPPs) were unable to fully evacuate power during the period due to grid interruption events attributed to line faults, equipment failures, outages of transformers, vandalism incidents, SCADA limitations, and other transmission constraints.

8.0 Electricity Transmission

This resulted into deemed energy costs with a total of UGX.26.94Bn recognized as deemed energy obligations in the 4 quarters of the financial year.

The persistence of these interruptions indicates ineffective utilization and reliability of key transmission assets, leading to avoidable financial obligations and increased operational costs.

- I noted major transformers that have remained idle and out of service for extended periods without full restoration or replacement as shown in the table below;

S/n	Substation	Transformer Name	Capacity rating	Last Used	Idle Period	Cause	Action
1	Namanve	132/33 KV TX 1	40 MVA	14/03/ 2023	27 months	Inter-turn fault on Red-phase winding	
2	Mutundwe	132/11 KV TX 3	20 MVA	20/10/ 2024	8 months	Fault on Blue-phase winding	Installa-tion of a 20MVA 33/11kV trans-former 5

8.0 Electricity Transmission

S/n	Substation	Transformer Name	Capacity rating	Last Used	Idle Period	Cause	Action
3	Lugazi	66/11 KV TX 1	14 MVA	18/02/2022	40 months	Faulty tap-changers	Owen Falls-Lugazi transmission voltage was down rated from 66 kV to 33 kV and a step-down 60 MVA, 33/11 kV transformer installed at Lugazi.
4	Lugazi	66/11 KV TX 2	14 MVA	20/01/2022	41 months	Faulty tap-changers	
5	Owen Falls	33/66 kV Tx 1	14 MVA	18/02/2022	40 months	By-passed to solve the Lugazi Issue temporarily	
6	Owen Falls	33/66 KV TX 2	14 MVA	18/02/2022	40 months		
7	Agago	132/33 KV TX 1	40 MVA	New	11 months	Lack of load	Maintained on soak throughout
8	Namanve South	132/33 KV TX 1	63 MVA	10/07/2024	12 months	Damaged 33kV switchgear	Replacement of switchgear

Source: *Analysis of transformer data*

8.0 Electricity Transmission

These long-term outages indicate non-utilisation of significant non-current assets and reliance on interim configurations, undermining optimal asset utilization and efficient delivery of transmission services.

This implies a misalignment of NCAs with the company's mandate, leading to inefficient service delivery and potential wastage of resources.

I advised the Accounting Officer to urgently address the transmission constraints driving deemed energy costs and restore long-idle transformers through timely repair or replacement. A structured plan to improve asset availability, prevent recurring outages, and enhance evacuation capacity should be implemented to reduce avoidable financial losses and ensure optimal utilization of key transmission assets.

9.0 Electricity Distribution

Following the expiry of UMEME's concession on 31st March 2025, UEDCL assumed responsibility for a substantially expanded electricity distribution. By 30th June 2025, UEDCL's asset base had grown from UGX.113Bn to UGX.2Tn, customers from 165,937 to 2.2Mn, staff from 480 to 2,489, and annual revenue from UGX.111Bn to UGX.661Bn, marking a significant operational and institutional scale-up.

An assessment of UEDCL's post-transition performance revealed service delivery challenges particularly in; network reliability, outage management, customer responsiveness, complaint resolution, and metering services.

Management attributed the underperformance largely to a deteriorated network arising from prolonged underinvestment during the latter years of the concession, regulatory budget cuts, vandalism, electricity theft, procurement bottlenecks and staffing constraints.

9.0 Electricity Distribution

Management further indicated that corrective interventions are being implemented and they include; the rollout of a loss-reduction strategy coined as the "Wetereze" campaign targeting commercial losses, enhanced field monitoring, and community enforcement activities as well as development of a five-year distribution network rehabilitation and investment plan, deployment of digital customer engagement platforms such as the "Social Media Integration and Digital Engagement Platform" and securing PPDA accreditation to ease procurement delays. In the meantime, 39,996 (50%) meters have been replaced since April 2025, against a backlog of 79,596 faulty meters.

I advised the Accounting Officer to implement a fully costed medium to long-term network rehabilitation plan, prioritize critical capacity upgrades particularly transformers and feeders in high-load areas, strengthen controls against vandalism and theft, and fully operationalize and leverage on procurement reforms to sustainably improve service delivery.

10.0 Progress of Oil Development Activities

Section 10(1) of the Petroleum (Exploration, Development and Production) Act, Cap 161, indicates that one of the roles of the Petroleum Authority of Uganda (PAU), is to monitor and regulate exploration, development and Production of petroleum in Uganda.

The Government current target of first oil is mid-2026 and there are various key milestones necessary for the realization of this aspiration, which include; readiness of Kingfisher development field, Tilenga development field and East African Crude Oil Pipeline (EACOP). Government has undertaken various measures to support the achievement of these milestones.

10.0 Progress of Oil Development Activities

A review of the Authority's monitoring reports for June 2025 revealed that the overall completion rates for the projects was 57.0% for Tilenga against target of 73.18%, 69.62% for Kingfisher against target of 73.18% and 62.5% for the East African Crude Oil Pipeline against planned target of 72.0%.

I further noted, the National Oil Spill Response and Monitoring Infrastructure Project aimed at strengthening Uganda's preparedness and response capacity to oil spill emergencies has not progressed due to inadequate funding. Out of the project estimated cost of UGX.59.90Bn, only UGX.1.20Bn was released over the project period of FY2022/23 to FY2024/25.

The current overall completion rates for the projects are: 61.3% for Tilenga, 75.35% for Kingfisher (all wells necessary for first oil have been drilled) and 75% for the East African Crude Oil Pipeline.

Failure to achieve established project milestones and critical path deliverables poses significant schedule risks to the 2026 First Oil target and the absence of a functional emergency response capability poses unmitigated environmental and safety risks ahead of First Oil.

I advised the Accounting Officer to strengthen coordination with MEMD, MoFPED, and project licensees to closely monitor and fast-track delivery of critical path milestones for Tilenga, Kingfisher, and EACOP to safeguard the First Oil target, and to urgently secure adequate funding and implementation timelines for the National Oil Spill Response and Monitoring Infrastructure, to ensure operational readiness and mitigate environmental and safety risks ahead of First Oil.

11.0 Outstanding Mineral Sharing Deposits

Section 180 (4) the Mining and Minerals Act Cap. 159 states that royalties shall be shared by the Government, Local Governments, sub county or Town Council and owners or lawful occupiers of land subject to mineral rights in a ratio of 70%, 15%, 10% and 5%, respectively.

I noted that the Ministry received UGX.5.862Bn into the Mineral Royalties sharing fund account, in addition to the opening balance of UGX.3.913Bn from the previous period. However, UGX.8.33Bn (85%) was paid out leaving an outstanding balance of UGX.1.443Bn. Under remittance of the mineral deposits due to the beneficiaries, undermines the intention of fair distribution of economic benefits arising from mining activities among stakeholders and poses the risk of conflict over resource utilization.

I advised the Accounting Officer to identify bottlenecks leading to non-payment, and have them resolved on a case-by-case basis, to enable payment of the outstanding royalties to the intended beneficiaries.

12.0 Non-payment of Mineral Royalties

Section 187(1) of the Minerals Act, Cap. 159 provides that assessed mineral royalties shall be due and payable within thirty (30) days from the date of assessment.

A review of mineral royalty records in the Mine Cadaster revealed that payment of assessed royalties was not made within the prescribed thirty-day period. Consequently, royalty revenues amounting to UGX.2.82Bn remained outstanding beyond the statutory timeline. The delay in remitting mineral royalties denies Government timely revenue required to support service delivery.

12.0 Non-payment of Mineral Royalties

Failure to pay mineral royalties within the statutory 30-day period leads to delayed collection of government revenue, undermines budget execution and indicates ineffective enforcement of statutory obligations.

I advised the Accounting Officer to strengthen enforcement of the 30-day royalty payment requirement by issuing timely reminders, applying penalties for late payment, and closely monitoring compliance through the Cadaster system.

13.0 Wetland Encroachment

Contrary to Section 53(2) of the National Environment Act Cap 181 and Regulations 29(1) and 30(1) of the National Environment (Wetlands, Riverbanks and Lakeshores Management) Regulations 2000 requiring 100 meters and 200 meters protected zones from highest watermarks of rivers and lakes respectively, and Regulation 10(8) requiring five-yearly wetland inventory updates, I observed that;

- Out of Uganda's wetlands cover of 33,762.6km^2 the total degraded wetland cover was estimated at 6.3% of Uganda's total land area[1].
- Fourteen major water bodies suffered extensive encroachment; through apartment construction, hotels, sand mining, landing sites, washing bays, recreation facilities, wastewater discharge, sugarcane plantations, agriculture, settlements, quarrying, livestock grazing, cultivation, artisanal mining, brick-making, informal markets, unregulated water abstraction, rice farming, palm cultivation, charcoal production, illegal logging, and wetland drainage, among others[2].

[1] Paragraph 293 of the NDPIV, Page 173

[2] Interview with the Commissioner, International Transboundary Water Affairs

13.0 Wetland Encroachment

- Despite restoration efforts, the Ministry of Water and Environment demarcated only 739.34km^2 (18%) against planned 4,150km^2 over three years[3].

- Whereas the National Environmental Management Authority issued 319 restoration orders in 2024/25, only 146 (46%) were acted upon leaving 173(54%) orders pending[4].

The inadequate performance was attributed to limited funding whereby the Ministry received only UGX.660Mn (11%) of the required funding of UGX.6Bn for demarcation of wetlands, absence of formal appeals regulations and guidelines and irregular sittings of the appeals committee. In addition, the ministry lacks command and control over the environmental police, which also has only 45 officers responsible for protecting 8,614 gazetted wetlands covering approximately 37,346.3 km^2 across 135 districts and 10 cities[5].

The encroachment has led to; physical, chemical, and biological contamination manifesting as sedimentation, algal blooms, flash floods, rising water levels, reduced water quality, increased treatment costs, endangered aquatic biodiversity, compromised ecosystem services and public health risks.

I advised the Accounting Officer to liaise with Ministry of Finance, Planning and Economic Development for necessary resources to enable buffer zone demarcation with concrete pillars, restoration of degraded areas, recruitment and control over the environmental police, and proactive coordination with NEMA and Local Governments regarding water banks and wetlands protection.

[3] Wetlands Performance Reports, and interviews with the senior wetlands officer

[4] NEMA annual performance reports FYs 2022 to 2025

[5] Interview with the commandant, environmental protection police unit

14.0 Maintenance of Valley Tanks and Dams in the Karamoja Sub-Region

The Ministry of Water and Environment (MWE) and the Office of the Prime Minister, constructed 106 valley tanks at an estimated cost of UGX.8.7Bn and five dams at an estimated cost of UGX.45Bn across nine (9) districts in the Karamoja Sub-Region to support livestock, irrigation, and domestic water use. Upon completion, the infrastructure was handed over to communities through Water User Committees responsible for operation, management, and maintenance.

During the year under review, the Ministry of Water and Environment received the budgeted UGX.1Bn for maintenance of 10 valley tanks and UGX.100Mn for the rehabilitation of 3 of dams[6].

However, inspections of twenty-five valley tanks and five dams conducted in November 2025 revealed that eighteen valley tanks (72%) were heavily silted, while seven (28%), had maintenance challenges, including eroded water inlets, weed invasion, unprotected water sources, damaged animal drinking troughs, dilapidated cattle access ramps, and eroded embankments. Of the five dams inspected, three (60%) were well maintained, one (20%) had maintenance gaps such as overgrown grass and damaged animal drinking troughs, and one dam at Kawomeri was non-functional due to lack of water, attributed to encroachment of the catchment area.

Consequently, the silted valley tanks and dams have suffered reduced water storage capacity, resulting in limited water availability for livestock and agriculture. This condition was attributed to the absence of clear maintenance plans, unclear roles between Local Governments and the Ministry of Water and Environment, limited community ownership, inadequate practical training of Water User Committees and community members in operation, maintenance, and water source protection, unprotected catchment areas leading to degradation, and overgrazing due to high livestock numbers, particularly affecting valley tanks.

[6] Water for production, Karamoja Work Plan

14.0 Maintenance of Valley Tanks and Dams in the Karamoja Sub-Region

I advised the Accounting Officer to establish clear maintenance plans and budgets for all the 106 valley tanks and 5 dams, clarify the roles of Local Governments and the Ministry of Water and Environment, protect water sources through reforestation, and provide Water User Committees and community members with practical training in operation and maintenance, basic repair skills, and water source protection techniques.

15.0 Operationalization of the Uganda National Institute for Teacher Education (UNITE)

The National Teacher Policy 2019, Education Sector Strategic Plan, and competency-based curriculum agenda aim to improve quality, equity, and relevance of secondary education in Uganda, with Uganda National Institute for Teacher Education established in July 2024 mandated to coordinate pre-service, in-service, and continuous professional development of teachers across six campuses of Shimoni Main, Kaliro, Kabale, Muni, Mubende, and Unyuma, while Section 3.2 of the National Teacher Policy 2019 requires restructuring of teacher education under UNITE and repurposing of 22 non-core Primary Teachers' Colleges into TVET institutions, health training colleges, seed secondary schools, or university campuses.

However, UNITE's operationalization is constrained by inadequate funding. Whereas the approved costed staffing establishment was UGX.81.1Bn, only UGX.9.1Bn (11%) was availed leaving funding gap of UGX.72Bn (89%) resulting in recruitment of only 104 (9.45%) staff out of the planned 1,108 representing understaffing of 1,004.

The underfunding undermines quality of teacher preparation and threatens achievement of National Teacher Policy objectives

I advised the Ministry of Education and Sports to work in collaboration with Ministry of Finance, Planning and Economic Development to prioritize UNITE's wage and instructional funding while interim support is provided through ministry-funded instructional material supplies.

16.0 Delayed Repurposing of Non-Core Primary Teachers' Colleges

Following the approval of the National Teacher Policy in 2019, the Ministry of Education and Sports embarked implementation of a number of reforms among which was the transition of the Primary Teacher Colleges (PTCs) from certificate to Diploma and eventually to Degree awarding institutions. This was due to the National Teacher Policy, which sets a Bachelor's degree as the minimum qualification for teachers at all levels of the education system by 2031.

A resolution was passed by Ministry of Education on 21st February 2023 to rationalize and repurpose the 46 PTCs. Of the 46, 23 core PTCs were maintained as Teacher Training Institutions, while the remaining 23 non-core PTCs were repurposed for other educational functions. Shimoni Core PTC was then repurposed into the main campus for the National Institute for Teacher Education (UNITE).

Of the 23 non-core Primary Teachers' Colleges earmarked for repurposing, only four (18%) being Erepi PTC, Paidha PTC, Kabwangasi PTC, and Rukungiri PTC were fully repurposed and operationalized leaving eighteen(82%) institutions idle or under-utilized since 2023

Continued under-utilization of these assets results in avoidable maintenance and security costs, delays expansion of secondary, TVET, and health education, and exposes infrastructure to deterioration. The delay was attributed to; inadequacies in inter-agency coordination, lack of costed implementation plan, funding constraints, and slow legal and administrative processes.

The Accounting Officer is advised to develop a funded time-bound repurposing plan with clearly defined roles, milestones, and monitoring mechanisms.

17.0 Construction of Stadia and Training Facilities in Preparation for CHAN and AFCON Games

Under the East Africa PAMOJA Bid for AFCON and CHAN games, the Government of Uganda through the National Council of Sports was expected to put in place necessary infrastructure including; one stadium with 45,000 sitting capacity, two stadia with 30,000 sitting capacity each, and at least five fully functional training grounds, among others. In preparation for the tournaments, the government released UGX.941Bn, for the construction of two stadia and one training facility.

Review of the 2024 CHAN post event report by CAF and physical inspections of the facilities, revealed the following status;

- Hoima City Stadium was completed ahead of schedule.
- VIP lounges on first floor of Mandela National Stadium were experiencing lack of air conditioning due to under designed AC system failing to accommodate increased thermal load caused by large crowds.
- Drainage systems at Mandela National Stadium (MNS), Kyambogo University, and annexes of MNS were found insufficient to evacuate rainwater efficiently.
- Annexes of Mandela National Stadium were facing persistent shortages in essential training equipment throughout CHAN 2024, such as; Cones and barriers for tactical drills and spatial coordination, Small goalposts for precision exercises and goalkeeper training, Rhythmic ladders to support agility and footwork routines, Refrigeration units (fridges) for hydration and medical cooling needs, Tactical boards for coaching instructions and match preparation, and Massage tables critical for recovery and physiotherapy sessions, among others.

17.0 Construction of Stadia and Training Facilities in Preparation for CHAN and AFCON Games

- Maintenance conditions at Mutesa II field being below acceptable standards lacking formal pitch maintenance team and appropriate equipment.

- The construction of Akii-bua stadium and renovations to elevate Mandela stadium to CAF/FIFA standards were still expected to be completed by December 2025.

- Mandela National Stadium Annex and Kyambogo University Training Grounds was still work in progress, with no clear completion dates.

- The contract for renovation of Mandela National stadium had not yet been signed.

The delays were attributed to slow procurement processes and limited funding.

The Accounting officer explained that with the completion of Hoima Stadium ahead of schedule, Akii-bua Stadium was on course to be completed by August 2026 while the contract for renovation of Mandela phase two was in the final stages of being concluded.

I advised management of National Council of Sports to actively seek funding to complete the remaining facilities on schedule, enhance project supervision and to coordinate closely with CAF, as these will ensure compliance and readiness for the AFCON games.

18.0 Delays in Government Infrastructure Projects

Public infrastructure is one of the key government priorities under Uganda's Vision 2040, and the Government has invested heavily in several infrastructure projects across all programmes/sectors. During the year, I reviewed the progress of works and noted that a sample of 70 projects worth UGX.6.527Tn experienced substantial delays. The average delays ranged from 153 to 1,089 days, as summarised in the table below;

S/n	Category	Number of projects	Contract values (UGX-Tn)	Average delays (days)
1	Road Projects	40	4.549	472
2	Education Projects	8	0.032	235
3	Energy Projects	5	1.703	1,089
4	Health Projects	10	0.123	264
5	Water Projects	7	0.120	153
	Total	**70**	**6.527**	

Source: *OAG review of contract management records for selected infrastructure projects*

The delays in the progress of works were caused by: delayed compensation of Project Affected Persons (PAPs), which ultimately results in delayed Right of Way, delayed hand-over of site to the contractor, delayed payments to contractors for completed works, which causes cash flow problems for the contractors, inadequate capacity of contractors, and weaknesses in contract management and supervision.

These delays affect service delivery, increase the risk of project cost escalations and expose the Government to reputational risks.

I advised the Government to ensure that PAPs are compensated in a timely manner, enhance contract management and supervision, and ensure payments to contractors are made promptly.

19.0 Delays in Titling of Land for Seed Schools, Health and Road Infrastructure

Instruction 16.3.1 of the Treasury Accounting Instructions, 2017, requires the Accounting Officer to take full responsibility for ensuring that appropriate control systems exist for the proper management of non-current assets and that preventative mechanisms are in place to eliminate theft, losses, wastage, and misuse.
Additionally, Section 2.3 of the Ministry of Lands, Housing and Urban Development (MLHUD) Client's Charter 2024/25–2026/27 provides for an average of 10 days for the processing or transfer of land titles through the Uganda National Land Information System across the twenty-two Ministerial Zonal Offices.

A review of Ministry records for 2024/25 indicated that out of 212 UgFIT submissions for title transfers 196 (92%) experienced delays averaging 197 days. The highest delays were observed in four Ministerial Zonal Offices namely; Mbarara with 29 files (15%), Lira with 24 files (12%), Mbale with 21 files (11%), and Jinja with 19 files (10%).

MDA	Infrastructure delayed	Files submitted which delayed	Average period of delay
Ministry of Education	Seed schools	196	197 days
Ministry of Health	Health centres	15	197 days
UNRA	Roads	25	197 days

Source: *Analysis of Ministry of Lands titling data*

The delays in titling were attributed to inadequate integration with key institutions, like; National Environment Management Authority, National Forestry Authority, and the Judiciary's Electronic Court Case Management Information System, which limited real-time validation of land status, gazetted areas, liens, and other court injunctions affecting encumbrances.

19.0 Delays in Titling of Land for Seed Schools, Health and Road Infrastructure

The challenges were further compounded by inadequacies in the implementation of prescribed procedures for valuation, surveys, and planning at both district and Ministry levels, as well as insufficient funding for fencing and deploying necessary security. Consequently, the compensation processes for Project Affected Persons (PAPs) was delayed, with some resorting to legal action, thereby hindering the progress of associated infrastructure projects, including; seed schools under Ministry of Education & Sports and health centers under Ministry of Health, thus denying the intended beneficiaries timely access to services.

I advised the Accounting Officer of the Ministry of Lands, Housing and Urban Development to strengthen inter-agency integration.

20.0 Budget Sustainability for Public Health Interventions

The Ministry of Health, together with Development Partners, implements several Public Health programmes which focus on maternal and child health, prevention and control of diseases such as HIV, Malaria, and TB, provision of Mental Health services, and addressing the rising burden of Non-Communicable Diseases (NCDs), among others.

A review of the funding arrangements for these programmes revealed that USD.312.804Mn, which was initially provided by Development Partners through budget support, will no longer be available with effect from the financial year 2025/2026, due to changes in the Development Partners' priorities. The table below refers;

20.0 Budget Sustainability for Public Health Interventions

S/n	Development Partner	Current Support-USD-Mn	Revised/ expected Support-USD-Mn	Variance USD-Mn
1	GAVI-Alliance	101.443	50.721	50.721
2	Global Fund	600.327	533.744	66.583
3	Uganda Covid-19 Response and Emergency Preparedness Programme (UCREPP)	195.50	0	195.50
	Total	**897.27***	**584.465**	**312.804**

Source: *OAG review of financial statements, correspondence and interviews with management*

**These are figures for entire grant or programme cycles and not annual figures.*

The funding from GAVI was used to support the Country's immunization efforts, focusing on Vaccine procurement and distribution. Funding from the Global Fund was for TB, HIV and Malaria control programmes, while funding from UCREPP was used for strengthening the Country's systems for Public Health Emergency preparedness.

These reductions in funding will affect access to essential and life-saving medicines and medical supplies, affect disease prevention and control, infrastructure projects and the Government's ability to respond to, and manage Public Health Emergencies.

I advised Government to develop a contingency plan to minimize disruptions to Public Health services delivery programmes arising from these reductions in budget support.

21.0 Procurement and Distribution of Essential Medicines and Health Supplies

Proper management of the procurement and distribution of Essential Medicines and Health Supplies (EMHS) is critical in ensuring that Health facilities are adequately stocked with the medicines and supplies necessary to deliver primary health care, emergency treatment, surgical and diagnostic services.

I undertook a review of the procurement and distribution processes for EMHS at the National Medical Stores (NMS) and in selected Health Center IVs and below is a summary of my findings.

- During the FY.2024/2025, the allocation to NMS for the procurement and distribution of EMHS was UGX.1.393Tn. However, a review of the National Annual Needs Analysis and Quantification of EMHS for public health facilities report, compiled by the Ministry of Health and NMS, revealed that UGX.1.574Tn was needed annually if NMS was to effectively execute this mandate. This implies that the availed resources were less than required by UGX.0.181Tn (11%) of the resources needs. This increases the risks of EMHS stockouts, delayed deliveries and treatment disruptions.

- Five (05) Health Centre IVs in five (05) Local Governments (LG) did not prepare budgets or procurement plans to guide the ordering of Essential Medicines and Health Supplies. Additionally, seven (07) facilities submitted their budgets and procurement plans late, with delays extending for 103 days beyond the stipulated timelines, thereby disrupting the planned annual delivery cycles for medicines and supplies.

- A total of 19 Health facilities in 18 LGs received Indicative Planning Figures below their assessed EMHS requirements, resulting in budget shortfalls of up to UGX.0.551Bn and recurrent stock-outs. Consequently, patients were frequently compelled to purchase medicines from private drug shops and pharmacies using their own limited resources.

21.0 Procurement and Distribution of Essential Medicines and Health Supplies

- A total of 32 Health facilities in 31 LGs ordered Essential Medicines and Health Supplies outside the approved plans, resulting in both over-ordering of 3,844 EMHS items and under-ordering of 1,128 EMHS items. Overstocking led to expiry of some medicines and financial loss to Government, while under-ordering caused stock-outs that forced patients to purchase medicines from private pharmacies and drug shops at their own cost.

- Ten (10) Health facilities in 10 LGs submitted orders late with delays extending for 122 days beyond the stipulated timelines, thereby disrupting the planned annual delivery cycles for medicines and supplies.

- Eight (08) health facilities received Essential Medicines and Health Supplies with a remaining shelf life of less than four months, resulting in the expiry of some medicines. In addition, there was no evidence that facilities rejected short shelf-life deliveries as required by the EMHS Manual (2023).

- A comparison of the National Medical Stores' standard delivery schedules with actual delivery dates at health facilities revealed recurrent delays extending beyond 148 days over the stipulated timelines in 102 health facilities. This disrupted the timely availability of medicines and compromised effective diagnosis and treatment.

- By 30th June 2025, NMS had Non-viable/expired drugs valued at UGX.8.04Bn made up of GOU stock worth UGX.0.53Bn and stock from Development partners worth UGX.7.51Bn. This represents a 97% decrease from the value of expired drugs of UGX.316Bn (mainly Covid Vaccines) as at 30th June 2024. These expiries were mainly due to the misalignment between the Country's medicine needs and what was procured, and changes in treatment protocols by WHO after medicines have already been procured.

21.0 Procurement and Distribution of Essential Medicines and Health Supplies

- Through inspection of EMHS stores, I also noted challenges in the management of expired medicines across several health facilities, including the presence of expired items in 44 health facilities worth UGX.2.648Bn, improper storage of expired stock alongside usable medicines in 15 health facilities, and failure to return expired EMHS to the National Medical Stores. These weaknesses increase the risk of accidental use of expired medicines, compromise patient safety, and reflect ineffective inventory control and accountability for medicines management.

- The audit also revealed widespread challenges in blood supply management at health facilities, including under-supply of blood in 67 health facilities, lack of functional cold-chain storage facilities in 13 health facilities, and prolonged blood stock-outs of up to 365 days in 34 health facilities. These deficiencies elevate the likelihood of service disruptions, jeopardise patient safety, and increase patient morbidity and mortality.

I advised the Accounting Officers of NMS to bring the matter of resource shortfalls to the attention of PS/ST and Parliament for redress. NMS should also ensure timely and consistent communication of IPFs and budget ceilings to enable the health facilities prepare more realistic plans and in a timely manner, using established guidelines.

The Accounting Officers of the districts should engage MoH to advocate for stable and realistic IPFs, document and escalate to MoFPED persistent funding gaps for EMHS, improve forecasting for EMHS requirements and prioritize demand-based ordering.

In addition, the Accounting Officers of the districts should enforce adherence to ordering schedules, track delivery schedules, improve internal oversight, put in place contingency measures for system or network downtimes and escalate persistent delays in deliveries to MOH and NMS to minimize stock-outs of EMHS.

21.0 Procurement and Distribution of Essential Medicines and Health Supplies

Furthermore, the Accounting Officers should enforce inventory and expiry controls by ensuring proper storage, timely updating of expiry registers, and regular redistribution of near-expiry items. Supplies with short shelf-life should be rejected, and staff should be trained in effective stock management.

22.0 Functionality of ICU and Theatre Equipment

The Ministry of Health procured and delivered ICU equipment to 15 Regional Referral Hospitals (RRHs), three (3) National Referral Hospitals and seven (7) General Hospitals in the last five years. The records reviewed showed that the equipment was worth UGX.150Bn, and it included Heating, Ventilation and Air Conditioning (HVAC) systems for ICU and assorted critical-care equipment for Newborn Intensive Care Units (NICU) operations.

I noted that although the equipment was delivered to the facilities, several hospitals could not utilise this equipment due to gaps in ICU infrastructure, staffing, power stability and inadequate oxygen support systems. From my Interviews with hospital administrators, biomedical engineers and audit inspections, I confirmed the following;

a) Unreliable Power Supply

Five (5) hospitals lacked adequate power backup systems to support the continuous operation of critical care equipment. ICU units, oxygen plants and diagnostic machines require stable, uninterrupted electricity, yet many hospitals did not have generators with sufficient capacity, had faulty switching systems or lacked alternative power sources entirely. This challenge was observed at Hoima RRH, Jinja RRH, Mubende RRH, Fort Portal RRH and Kabale RRH.

This affected the installation of ventilators, patient monitors and other ICU equipment, which remained boxed or stored in temporary rooms instead of being installed and commissioned.

b) Non-functional Diagnostic Equipment

Several key pieces of diagnostic equipment essential to ICU case management were either non-functional or overdue for servicing. The X-ray machines at Entebbe RRH, Hoima RRH, and Jinja RRH were non-functional due to delayed maintenance and mechanical/technical faults.

The non-functional or inadequately maintained diagnostic equipment undermines the effective operation of ICU services and limits the ability of referral hospitals to provide timely and accurate diagnosis for critically ill patients.

c) Inadequate Oxygen Supply Systems

There were gaps in the functionality, reliability and safety of oxygen supply systems. Several facilities lacked fully installed pipeline systems, had oxygen plants that were not operational, or had unresolved technical failures affecting production capacity. These challenges were observed at Mubende RRH, Fort Portal RRH, and Kabale RRH.

These gaps severely limited the hospitals' ability to meet oxygen demand, particularly in ICUs, theatres and emergency units where continuous oxygen supply is essential to patient survival.

d) Inadequate Maintenance Budget

The health facilities were grappling with challenges of maintenance of the medical equipment due to the inadequate budget. For example, oxygen plants require quarterly servicing, yet only nine (9) of the 26 oxygen plants were serviced and only once during the year due to limited funding. In addition, the funds provided for maintenance of X-ray machines could only cover 21 of the 59 machines stationed in the various RRHs.

d) Inadequate Maintenance Budget

The budget for maintenance of this equipment has remained the same at approximately UGX.7.6Bn since FY 2015/2016, despite the acquisition of sophisticated medical equipment for the Regional Referral Hospitals. This is 23% of the required budget of UGX:33Bn.

These challenges collectively affected the capacity of these hospitals to deliver critical health care services despite the significant government investment.

I advised the Accounting Officer of the Ministry of Health and the Accounting Officers of the sampled Hospitals to address these gaps so that citizens can receive the services for which the Government made investments in the procurement of this critical ICU equipment.

23.0 Understaffing of the Uganda Public Service

As at December 2024, the total approved establishment for Uganda's Public Service stood at 658,104 positions, of which 356,504 were filled, translating into an overall staffing level of 54% and a staffing gap of 301,600 positions (46%). The table below refers;

S/n	Category	Approved Establish-ment	Staff in Post' Dec 2024	% of Fill	Staffing Gap	% of Vacancies
1	Uganda Police Force	69,823	45,987	66%	23,836	34%
2	Teaching Service	268,615	173,219	64%	95,396	36%
3	Ministry's & Departments	21,844	13,821	63%	8,023	37%
4	Government Agencies	18,469	11,300	61%	7,169	39%
5	Local Government	74,058	42,450	57%	31,608	43%
6	Uganda Prisons Service	26,387	13,810	52%	12,577	48%
7	Public Universities	24,718	7,804	32%	16,914	68%
8	Primary Health Care Services	128,231	40,685	32%	87,546	68%
9	Referral Hospitals	25,959	7,428	29%	18,531	71%
	Total	**658,104**	**356,504**	**54%**	**301,600**	**46%**

Source: *Ministry's State of Human Resource, 2024 Report*

i. Referral Hospitals, Public Universities, and Primary Health Care Services are critically understaffed, with vacancy rates of 71%, 68% and 68% respectively. The staffing gaps were mainly attributed to inadequate wage provisions and expansion of staff structures, particularly in the health sector, without corresponding recruitment.

23.0 Understaffing of the Uganda Public Service

ii. The 54% staffing level means that nearly half of all public service positions remain unoccupied, hence negatively affecting quality and efficiency of service delivery.

The Accounting Officer explained that the low staffing levels are mainly due to the phased filling of the newly adopted staffing structures for hospitals and health centres, as Government gradually strengthens hospital infrastructure. However, Government is prioritizing recruitment for the most urgent and critical vacancies.

I advised the Accounting Officer to develop and publicise realistic multiyear recruitment plans aligned to the government's wage projections and, in collaboration with MoFPED and the Public Service Commission (PSC), progressively fill the staffing gaps, prioritising the critical and high impact positions.

24.0 Failure to attract Health Care Specialists

Objective 4 of the Human Resources for Health Strategic Plan (2020–2030) requires the Ministry of Health to ensure the availability of an adequate and appropriately skilled health workforce, including specialists and super-specialists who are essential for quality service delivery at all levels of care.

I observed that Public Health facilities are grappling with the challenge of lack of health care specialists, such as Consultant Ophthalmologists, Consultant Pathologists, Consultant Psychiatrists, and Medical Officer Special Grade in Anaesthesia and Emergency cases. These consultants typically diagnose and treat complex conditions, perform specialised medical procedures, and conduct specialised types of medical research.

24.0 Failure to attract Health Care Specialists

I reviewed the staffing requirements for selected specialists across Public Health Facilities and compared them with the actual numbers in post and noted significant variances as summarised in the table below;

S/n	Post	Approved	Filled	Vacant	% Vacant
1	Anesthetists	140	48	92	65
2	Psychiatrists	114	39	75	66
3	Emergency Medicine Specialists	97	33	64	69
4	Ophthalmologists	124	42	82	66
5	Pathologists	62	21	41	66
6	ENT Specialists	89	30	59	66

Source: *Ministry of Health*

The failure to attract specialists in Public Health facilities was caused by the high entry requirements for most of these positions, which is usually a master's degree in a clinical speciality and a minimum of three years' post-qualification experience. In addition, the wage allocations to the Public Health facilities is inadequate to remunerate these specialists compared to what they are paid under private practice.

The inability to attract specialists in Public Health facilities continues to undermine service delivery in critical clinical areas. This results in delayed medical care, increased referrals to private health care providers, increased risk of mortality, and forces patients to seek costly private or overseas treatment.

I advised the Government to develop a strategy and targeted interventions to attract specialists to Public Health facilities.

25.0 Rationalisation of Public Expenditure (RAPEX)

On 22nd February, 2021, Cabinet approved the policy to merge, mainstream and rationalise various government entities to facilitate efficient and effective service delivery and eliminate mandate and functional overlaps.

As of December 2025, 35 bills had been assented to for rationalisation of 40 entities. Out of the 40 entities, 23 entities had been successfully rationalised while 17 entities are yet to be rationalised.

Of the 23 rationalised entities, 17 were mainstreamed and their functions transferred to successor entities, while six (6) were merged to form new entities. I carried out a detailed review of eight (8) rationalised entities and observed the following;

- None of the eight (8) rationalised entities had specific budgets for the payment of rationalisation expenses (terminal benefits). Instead, their budgets were amalgamated under the successor MDAs. This implied that the individual entity budgets may not have been realistic.

- As of the dates of closure, the eight (8) rationalised entities had 1,917 staff. Out of these, 1,492 staff (78%) were absorbed by other government entities, while the balance of 425 staff (22%) were not absorbed by any other government body.

- Out of 1,492 staff absorbed by government entities, a total of 1,389 staff absorbed by seven (7) rationalised entities were paid UGX.46.80Bn as terminal benefits. This was inspite of the Attorney General's Letter and RAPEX guidance by MoPS, which provided that where an employee was re-appointed into government service, there would be no compensation, as this was considered continuity of service.

25.0 Rationalisation of Public Expenditure (RAPEX)

- A total of 85 staff who were absorbed from five (5) entities were not paid terminal benefits. This implied that the absorbed staff were not entitled to terminal benefits.

- A total of 425 staff retired following the rationalisation exercise. Of these, 410 staff that had retired from six (6) entities had so far been paid terminal benefits amounting to UGX.30.4Bn, while 20 staff that had retired from two (2) entities had not been paid their terminal benefits. Similarly, a number of retired staff due to rationalisation from three (3) entities claimed UGX.2.08Bn.

- A total of 66 staff were terminated from two (2) entities and entitled to terminal benefits of UGX.1.03Bn as provided for in their respective staff regulations, contracts and human resources manuals. However, they were paid only UGX.930.11Mn leaving an unpaid balance of UGX.101.80Mn.

- Seven (7) parcels of land whose values could not be established were not included in the handover reports and Financial Statements. In addition, 19 parcels of land in two (2) rationalised entities were encumbered, with 10 encroached on, while the ownership of seven (7) parcels of land is disputed. 79 parcels of land that belonging to four (4) rationalised entities were not titled while five (5) parcels of land in one (1) rationalised entity had expired leases.

- The total receivables of five (5) rationalised entities amounted to UGX.474.79Bn while the liabilities amounting to UGX.932.39Bn had been disclosed by five (5) entities.

25.0 Rationalisation of Public Expenditure (RAPEX)

I advised the Accounting Officers to bring the matters of ambiguity and inconsistencies in the guidance on terminal benefits, including varying interpretations by individual entities on who is entitled to receive terminal benefits, and the inconsistent computation of the benefits across RAPEX entities, to the attention of the Attorney General, the Ministry of Public Service and other relevant stakeholders for further guidance and final resolution.

I also advised the Accounting Officers of the successor entities to verify the assets before including them in their asset's register and financial statements. I further advised Management in the successor entities to verify the liabilities before budgeting for their settlement. Where encumbrances on land were observed, management should take up the matter and ensure the prompt resolution.

26.0 Management of Non-Current Assets

I undertook an assessment of the effectiveness of utilization, maintenance, and management of Non-Current Assets across fifty-seven (57) sampled entities, in line with the Treasury Instructions, 2017, and the Public Finance Management Act (PFMA), Cap 171. The review focused on asset utilization and safeguards, maintenance practices, and the recording, existence, and valuation of Non-Current Assets.

The audit revealed significant weaknesses in asset management across the entities. Unutilized (idle) Non-Current Assets valued at UGX.401.561Bn were identified in twenty (20) entities, largely due to the absence of utilization plans, monitoring mechanisms, and performance tracking systems. Additionally, assets valued at UGX.269.939Bn in ten (10) entities lacked adequate security arrangements such as fencing and titling, proper storage and surveillance, while one (1) entity had thirteen (13) motor vehicles registered in the names of private contractors.

Maintenance of Non-Current Assets was also inadequate in twenty eight (28) entities, which lacked maintenance plans, schedules, and records. As a result, equipment worth UGX.10.533Bn was found non-functional, and buildings valued at UGX.61.761Bn showed signs of deterioration due to deferred maintenance. These weaknesses were largely attributed to poor integration of maintenance into broader planning, limited funding, and reactive rather than preventive maintenance measures.

Furthermore, weaknesses were noted in the recording, existence, and valuation of Non-Current Assets. Assets worth UGX.2.79Bn were not recorded, while assets valued at UGX 155.469Bn in thirteen (13) entities had no evidence of ownership rights such as land titles and registration certificates. Some recorded assets could not be physically verified, and several entities had encroachments and unresolved claims on their land. These deficiencies compromise the accuracy and reliability of financial statements.

26.0 Management of Non-Current Assets

Overall, the identified weaknesses expose Government assets to risks of misuse, loss, deterioration, and inefficient service delivery, and undermine accountability and value for money.

The above anomalies are attributed to capacity gaps, inadequate technical expertise, delayed procurement processes, and weak internal controls.

I advised the Accounting Officers to strengthen asset management by developing and implementing utilization and maintenance plans aligned to the respective strategic objectives. In addition, enhance security, improve record keeping and undertake valuation in line with the Accountant General's simple valuation guidelines, as well as conduct regular physical verifications to ensure compliance with the Treasury Instructions, PFMA, and applicable Financial Reporting Framework to safeguard public assets and optimize service delivery.

27.0 Assessment of Performance of Public Corporations and State Enterprises

a) Profitability of Enterprises

I analysed profitability of fifteen (15) public corporations and state enterprises and noted that nine (9) made profits/surplus in the year under review, with Uganda National Oil Company Limited, Mandela National Stadium, National Housing and Construction Company Limited and Uganda Electricity Generation Company Limited posting profits of UGX.359.731Bn, UGX.92.6Bn, UGX.79.2Bn and UGX.25.018Bn respectively.

In comparison with the previous year, a number of state enterprises and corporations including; Uganda Broadcasting Corporation and Uganda Property Holdings Limited registered an increment in losses and UETCL moved from profit to loss making position. This was attributed to decline in revenue and yet there was no proportionate decline in operating costs. The table below refers;

S/n	Entity	2024/ 2025 (UGX-Bn)	2023/ 2024 (UGX-Bn)	% Increase/ Decrease
1	Uganda National Oil Company Limited	359.731	(3.783)	9609
2	Mandela National Stadium	92.6	18.66	396
3	National Housing and Construction Company Limited	79.2	3.21	2367
4	Uganda Electricity Generation Company Limited	25.018	54.282	(54)
5	NEC - Luwero Industries Limited	12.1	10.6	14
6	NEC AGRO SMC Limited	5.01	4.34	15
7	Uganda Printing and Publishing Corporation	1.45	1.22	19
8	Nile Hotel International Limited	1.34	1.35	(1)
9	NEC Uzima Limited	0.589	0.52	13

a) Profitability of Enterprises

S/n	Entity	2024/ 2025 (UGX-Bn)	2023/ 2024 (UGX-Bn)	% Increase/ Decrease
10	Uganda Post Limited	0.266	0.103	157
11	Uganda Property Holdings Limited	(0.96)	0.63	(252)
12	NEC Farm Katonga Limited	(1.57)	(1.9)	(17)
13	Uganda Broadcasting Corporation	(7.5)	(1.432)	424
14	Uganda Electricity Transmission Company	(293.09)	82.25	(456)
15	Uganda Railways Corporation	(32.810)	(36.346)	13.69

Losses may affect the entities' ability to meet future obligations or investments.

I advised the loss making entities to develop clear strategies for improvement of operations and adopt efficient financial management practices to lower operating costs and increase revenue generation. Government should also consider recapitalizing the most affected entities to revamp their operations. Profit making entities should consolidate good strategies.

b) Liquidity Assessment

I analysed the ability of Public Corporations and State enterprises to meet their short-term financial obligations by comparing the current assets and current liabilities using the Current Ratio analysis. Generally, the ratio of Current Assets to Current Liabilities between 1.5 and 2 is desirable, although acceptable current ratios vary between different industries or sectors.

b) Liquidity Assessment

I analysed the liquidity of fifteen (15) public corporations and state enterprises, and noted that ten (10) entities were above the ideal threshold, implying that they are able to meet their liabilities as they fall due. However, out of the ten (10), five (5) entities, had higher current ratios of 5 and above, these included; Mandela National Stadium, Nile Hotel international limited, Uganda Air Cargo Corporation, Uganda National Oil Company Limited, and Uganda Property Holdings Limited. The very high current ratio implies that the Companies are not efficiently utilizing their current assets or short-term financing facilities.

Five (5) entities had ratios below 1.5 and may have a challenge of paying their obligations as and when they fall due, these included; Uganda Railways Corporation, Uganda Post Limited, Uganda Printing and Publishing Corporation, Uganda Broadcasting Corporation and Uganda Electricity Generation Company Limited.

The low performance was attributed to increase in payables and challenges in receivables management.

I advised entities to institute working capital management strategies to enhance management of the current assets and liabilities to enhance the company's performance.

c) Return on Assets

The Return on Assets (ROA) measures management's efficiency in using the enterprise's assets to generate earnings. Although companies that require large initial investments will generally have lower return on assets, ROAs below 5% are generally considered inadequate.

I assessed the ROAs of fifteen (15) enterprises/corporations and noted that three (3) including; Mandela National Stadium, Uganda National Oil Company Limited and NEC Luwero Industries Limited posted a favourable ROA of over 5%.

c) Return on Assets

However, twelve (12) enterprises/corporations registered a low performance on ROA of below 5%. The least performing entities were; Uganda Air Cargo Corporation, NEC Farm Katonga Limited, Uganda Electricity Transmission Company, Uganda Broadcasting Corporation and Uganda Railways Corporation. The above performance was mainly attributed to obsolete equipment, grounded assets and some assets were at development phase and hence could not contribute to revenue generation. This implies that some of the entities are not generating enough income from the use of their assets.

I advised the entities to conduct a detailed assessment of the assets condition in order to identify the assets due for; disposal, replacement or repair. The completion of ongoing projects at the development phase should be expedited so as to boost the entities revenue generation capacity.

28.0 Key Highlights for the Audit of Schools for the FY 2022/23 and 2023/24, and AY 2023 and 2024

During the audit year 2025, I undertook financial audits in a total of 498 Secondary Schools and 116 Tertiary Institutions for the Financial Years (FY) 2022/23 and 2023/24, which translates into Academic Years (AY) 2023 and 2024. Below is a summary of my findings,

- I noted that schools and tertiary institutions lack statutory guidance on preparing financial statements, resulting in unreliable financial reporting, limited usefulness of financial information to stakeholders, and weakened accountability. A review of the Education Act, the Universities and Other Tertiary Institutions Act, and the Technical and Vocational Education and Training Act revealed that these laws do not prescribe an accounting framework for secondary schools, tertiary institutions, and other education institutions unlike other Government entities governed by the Public Finance Management Act, Cap 171.

28.0 Key Highlights for the Audit of Schools for the FY 2022/23 and 2023/24, and AY 2023 and 2024

- I further noted that Secondary Schools continue to use a calendar-year reporting cycle contrary to the Education Act, Cap 247 and PFMA, Cap 171 which provides the financial reporting year as 1st July to 30th June. This misalignment results in financial reports that do not correspond with the Government financial year, leading to inconsistencies in budgets, work plans, and reporting, and reducing the comparability and usefulness of financial information.

- The audit revealed significant challenges in the management of Education Institutions, including 23 repurposed Primary Teachers' Colleges remaining non-operational, rising payables in secondary schools from UGX.35.63Bn to UGX.36.78Bn (03%) and in tertiary institutions from UGX.6.40Bn to UGX.7.74Bn (21%) due to weak commitment controls, and an increase in receivables in secondary schools from UGX.28.4Bn to UGX.30.49Bn (07%) and in tertiary institutions from UGX.5.17Bn to UGX.5.90Bn (14%) from low fee recovery.

- In addition, work plans and budgets were not approved in 53 Secondary schools (AY 2023 and 2024) and 20 tertiary institutions (FY 2022/23 to 2023/24), risking misalignment of priorities.

- Revenue shortfalls increased in 361 Secondary schools (7% to 9%) and 77 tertiary institutions (15% to 31%) due to lower enrolment and under-release of government funding.

- I noted infrastructure and staffing gaps. A total of 221 Secondary schools had shortages in classrooms, staff accommodation, and desks; while 152 institutions lacked approved staff structures. Vacant positions totalled 6,229 (35%) in 238 Secondary schools and 1,743 (43%) in 57 tertiary institutions.

28.0 Key Highlights for the Audit of Schools for the FY 2022/23 and 2023/24, and AY 2023 and 2024

- Governance gaps were noted in 57 Secondary schools that had no Boards of Governors. 65 Secondary schools and 27 tertiary institutions lacked full board representation, while 25 Secondary schools and five (5) tertiary institutions had expired boards.

  I further noted that affected education institutions had no clear guidance in transition in regard to the implementation of the TVET Act enacted on 14th March 2025, which required the dissolution of the existing boards.

h) Additionally, 55 land parcels covering 1,214 acres across 47 institutions lacked titles, exposing them to encroachment, disputes, and financial risks.

Key Recommendations

- The Ministry of Education and Sports should engage the Ministry of Finance Planning and Economic Development to align the education sector laws with the PFMA Cap 171 and issue clear guidance on the accounting framework that all secondary schools and tertiary institutions must use.

- The Ministry of Education and Sports in consultation with MoFPED should provide clear guidance to secondary schools requiring them to prepare and report financial information using the Government of Uganda's financial year in accordance with the Education Act Cap. 247 and PFMA, Cap. 171.

- The Ministry of Education and Sports should issue clear operational and transition guidelines, while Accounting Officers should enhance financial controls, improve revenue collection, ensure functional governance structures, and address staffing, infrastructure, and land ownership gaps.

29.0 Audit of Lower Local Governments (LLGs)

I carried out financial audits in a total of 2,053 Lower Local Governments (LLGs), which included: 1,487 Sub-counties for the FYs 2021/22, 2022/23 and 2023/24, and 566 Town Councils for the FY 2023/24, and noted the following cross cutting issues;

- I noted that the 94 LLGs with a total budget of UGX.11.51Bn did not have strategic plans to indicate their vision, mission, goals, objectives, and how they will be achieved contrary to Section 35(3) of the Local Government Act Cap 243. Lack of strategic plans cause a mismatch in LLGs planning processes.

- In FY 2021/22, a total of 697 Sub counties under collected revenue by UGX.3.40Bn, and in the FY 2022/23, a total of 1,023 Sub counties under collected revenue by UGX.8.33Bn. Similarly, in the FY 2023/24, a total of 1,075 Sub counties under collected revenue by UGX.11.98Bn. Similarly, 431 Town councils under collected revenue by UGX.21.73Bn in the FY 2023/24.This trend indicates that sub-counties were facing challenges of revenue collection.

- In the FY 2021/22, a total of 427 Sub counties under absorbed UGX.3.26Bn, and in the FY 2022/23, a total of 611 Sub counties under absorbed UGX.3.87Bn, while in the FY 2023/24, a total of 630 Sub counties under absorbed UGX.1.99Bn. Similarly, 226 Town Councils under absorbed UGX.3.37Bn in FY 2023/24.

- A total of 385 projects in 214 LLGs had defects such as structural cracks, broken gutters, shoddy works, broken culverts, un-gravelled or shaped roads, silted roads and culverts among others. A total of 161 projects in 118 LLGs had delayed and twenty-three (23) projects in 22 LLGs were not functional, while 201 projects in 109 LLGs had not been implemented.

- I carried out an assessment of the staffing levels at the LLGs in financial year 2023/24 and noted that out of the approved staff structure of a total of 31,109 positions in 1,209 LLGs, only 13,455 positions (43%) were filled leaving 17,654 (57%) vacant.

29.0 Audit of Lower Local Governments (LLGs)

- I noted that in the financial year 2023/24, a total of 241 LLGs did not have land titles for the 737 pieces of land measuring approximately 3,636.86 acres.

- I noted that a total of 320 Town Councils lacked adequate garbage collection equipment as at the end of FY 2023/24. On inspection, a total of 275 Town Councils lacked skips or gazetted garbage collection points but rather, dumped garbage at road sides.

- I noted that a total of 254 Town Councils did not have landfills or designated sites for dumping, sorting and recycling of solid waste leading to haphazard management of waste.

The Accounting Officers were advised to enforce internal controls, and ensure full accountability for public resources. LLGs should improve revenue mobilization and fund utilization through better planning, adequate staffing, and effective procurement and contract management. Project implementation should be closely monitored to ensure quality, timeliness, and functionality.

In addition, staffing gaps should be addressed, secure land ownership, ensure timely and full remittance of statutory transfers at all levels, support lower local councils, and invest in essential infrastructure, particularly solid waste management; to enhance service delivery outcomes.

30.0 Road Maintenance Grant

Government allocated a Road Maintenance Development Grant of UGX.1Bn to each of the 176 Local Governments (LGs), which included; 135 districts, 10 cities, and 31 Municipal Councils, resulting into a total of UGX.176Bn being transferred to LGs in the FY 2024/25. The grant is specifically designed to support road maintenance within these LGs.

During my audit of the FY 2024/25, I designed audit procedures to assess the grant implementation in LGs, and below are my summary findings;

- Five (5) LGs lacked comprehensive road inventories and condition surveys as required by Ministry of Works and Transport Guidelines. Additionally, 22 LGs had databases for roads which described; the size and extent of road assets, but did not have the locations of culverts, bridges, drifts, road furniture and other key assets on the road network, size or scope of infrastructure to be maintained, functional hierarchy of roads, and volume of traffic, which are all required under the roads inventory and survey report. The absence of detailed road data hindered efficient resource allocation, accurate cost estimation, and prioritization of road maintenance interventions.

- A review of road equipment in the sampled 148 LGs revealed that; 19 LGs lacked road equipment units, 137 had inadequate equipment such as excavators, motor graders, and bulldozers, and 119 LGs had non-functional machinery. As a result, most LGs delayed in implementing road works and were found incomplete during audit inspection.

- Inspection of road maintenance works in the sampled 148 LGs revealed that 66 LGs had incomplete projects, with 239 roads measuring 1,275 kms in 66 LGs left unfinished, while 76 LGs had 228 roads with unsatisfactory works, including broken culverts, poor drainage, and uneven carriageways causing water ponding. These deficiencies affected timely service delivery.

30.0 Road Maintenance Grant

Key Recommendations

- The Accounting Officers of the LGs should liaise with MoWT and MoFPED to provide technical and financial support to develop comprehensive road inventory and condition surveys.
- The Accounting Officers of LGs should liaise with MoFPED to secure funding for additional machinery to ensure effective and sustainable road maintenance operations.
- The Accounting Officers of the LGs should ensure district engineers complete all unfinished road works, and all defects on roads should be rectified.

31.0 Value For Money Audits and Conclusions

Value For Money (VFM) audits assess the economy, efficiency and effectiveness with which entities utilize resources accorded to them. I conducted 24 VFM audits and herewith, are the various topics and conclusions. Detailed individual reports have been issued separately.

SN	VFM Topic	Conclusion
1	**Value For Money (VFM) Audit on the Implementation of the Affirmative Action Programmes by Office of the Prime Minister**	Whereas the Office of the Prime Minister (OPM) has undertaken interventions to enhance affirmative action, there is need for improvement of; planning and budgeting, beneficiary needs assessment and identification, timely implementation of micro grant projects, implementation of approved micro grant projects proper utilization of distributed material items by beneficiaries and adequate monitoring of affirmative action interventions, in order to attain the objectives of the programmes.
2	**Value For Money Audit on the Performance of the Financial Intelligence Authority in the Anti-Money Laundering Chain**	The performance of FIA has improved over the years due to the initiatives undertaken in combating money laundering. However, there is need for the Authority to; increase coverage and registration of accountable persons, improve enforcement of compliance through sanctions, proper planning and budgeting for AML trainings and inspections, complete analysis of filed reports, and improvement of feedback mechanisms.

31.0 Value For Money Audits and Conclusions

SN	VFM Topic	Conclusion
3	**Value For Money Audit report on the Management of the National Special Grant for Persons with Disabilities Implemented by the Ministry of Gender, Labour and Social Development (MGLSD)**	While the Ministry of Gender, Labour and Social Development (MGLSD), has made notable progress in implementing the National Special Grant (NSG) Programme for Persons with Disabilities (PWDs), there is need to; improve the programme design, execution, and oversight, providing an up-to-date PWD database, and utilization of the DMIS, improving monitoring and evaluation systems and entrepreneurship and business development support, as well as effective grievance-handling mechanism.
4	**Value For Money Audit report on the Implementation of Land Administration by the Ministry of Lands, Housing and Urban Development through the Ministry Zonal Offices**	While the Ministry of Lands, Housing and Urban Development (MLHUD) has made significant progress in expanding access to land services through the establishment of 22 Ministry Zonal Offices and the rollout of the National Land Information System (NLIS),there is need for; complete digitization of land records, improvement of data quality in the NLIS, strengthening document verification at the front desk, and enhancement of client awareness of required documents, and staff capacity.

31.0 Value For Money Audits and Conclusions

SN	VFM Topic	Conclusion
5	**Value For Money Audit report on Provision of Mental Health Services by Ministry of Health**	The Ministry of Health has made good progress in developing laws, policies, and awareness programs on mental health. However, there is need to; enhance community awareness, increase the number of professional mental health staff, and improve supervision in the health facilities, in order to improve the mental health services in the Country.
6	**Value For Money Audit on the Implementation of Interventions to Transition Households and Institutions from Biomass use to Clean Cooking Technology Coordinated by the Ministry of Energy and Mineral Development (MEMD)**	Government, through MEMD and its partners, has made modest progress towards the NDP III targets for increased household uptake of clean cooking technologies. There is need however, to; Increase sensitization, strengthen needs assessment, improve beneficiary targeting, affordability and reduce accessibility barriers, enhance compliance with standards, provide adequate refill infrastructure, improve follow-up and monitoring mechanisms, and coordination.
7	**Value For Money Audit on the Monitoring and Enforcement of Noise Pollution Standards by National Environmental Management Authority (NEMA) and Selected Cities**	While some progress has been made in monitoring and enforcement of noise pollution standard by NEMA and selected cities, there is need to; enhance the structured systems for identifying and prioritizing noise hotspots, tracking complaints, and enforcing standards, combined with adequate staffing, improvement of public awareness and strengthening stakeholder coordination.

31.0 Value For Money Audits and Conclusions

SN	VFM Topic	Conclusion
8	**Programmatic Audit of the Global Fund-Malaria Grant implemented by the Ministry of Health for the period 1st January to 31st December 2024**	The Ministry of Health, together with Development Partners, have made commendable progress in implementing key malaria interventions. However, there is need to; address the recurrent stock-outs of essential malaria commodities, enhance storage and inventory management practices, improve functionality and maintenance of diagnostic equipment, and provide for adequate human resource capacity to provide -24hour case detection and timely treatment.
9	**Follow-Up Report on the Status of Implementation of Audit Recommendations of the Value For Money Audit on Government's Efforts to Achieve Gender Equality**	The Value for Money audit report that was issued in 2013 made several recommendations to improve gender equality and mainstreaming within government. However, recommendations such as; Gender Focal Point Persons in Local Governments were not adequately trained or supervised, Gender Committees were not constituted across MDAs and Local Governments, and Key gender-related legislation, including the Marriage and Divorce Bill, Sexual Offences Bill, and HIV/ AIDS Prevention and Control Bill, remained unenacted. There is need to implement the recommendations in a timely manner, in order to achieve the intended objectives.

31.0 Value For Money Audits and Conclusions

SN	VFM Topic	Conclusion
10	**Follow up report on the Value For Money Audit on the Management of Petroleum Data**	The Petroleum Authority of Uganda (PAU) has made commendable progress in implementing the 2016 Value for Money audit recommendations. However, the follow-up has also identified areas that still need attention of management. These include; critical gaps in compliance tracking, staffing shortages, and inadequate long-term offsite data backup and incomplete data on boarding.
11	**Follow-Up report on the Status of Implementation of Audit Recommendations of the Value For Money Audit on Utilization of the District Water and Sanitation Conditional Grant (DWSCG) by Selected District Local Governments**	The Ministry of Water and Environment and the select District Local Governments (DLG) have demonstrated a commendable commitment to addressing the Auditor General's recommendations from 2015, with notable progress in the implementation of the District Water and Sanitation Conditional Grants (DWSCG). The report reveals that out of fifty-three (53) key recommendations, (58%) were fully implemented, (25%) were partially implemented, (6%) were not implemented and only six (6) representing 11% were overtaken by events because it was not practicable.

31.0 Value For Money Audits and Conclusions

SN	VFM Topic	Conclusion
12	**Follow-Up report on the Status of Implementation of Audit Recommendations for the Value For Money Audit on the Procurement and Distribution of Essential Medicines and Health Supplies by The National Medical Stores**	The National Medical Stores has demonstrated a commendable commitment to addressing the Auditor General's recommendations from 2016 with notable progress in the Procurement and Distribution of Essential Medicines and Health Supplies. However, there is need to; address systemic weaknesses in the procurement and supply chain of EMHS, including exposure to foreign exchange losses, improve planning and delivery processes, and timely resolution of complaints.
13	**Value for Money Audit to assess the effectiveness of Tourism marketing and branding implemented by UTB and MTWA over the period 23/2022 to 25/2024**	MTWA and UTB made notable progress in marketing and branding Destination Uganda during FYs 25/2024–23/2022, contributing to a strong recovery in tourist arrivals from 1,826,637 to 4,168,346. However, there is need for; more brand awareness, improvement in staff capacity, and utilization of digital marketing platforms.
14	**Value For Money Audit Report on the Management of Remand Homes and the Rehabilitation Centre by the Ministry of Gender, Labour and Social Development in Uganda**	Although the Juvenile system is fulfilling its mandate, the findings, call for urgent need for improvements in the management and care of juveniles within the justice system, to meet contemporary needs, while upholding the rights of juveniles during their rehabilitation and reintegration into society.

31.0 Value For Money Audits and Conclusions

SN	VFM Topic	Conclusion
15	**Value For Money Audit Report on the Implementation of Uganda Communications Universal Service and Access Fund (UCUSAF) in increasing Access and Usage of Digital Devices and Services in Unserved and Underserved areas of Uganda**	There is need for Uganda Communications Commission (UCC) to continuously address critical matters such as; land for communications equipment, varying priorities of Mobile Network Operators (MNOs) to on-board the towers, rate of device failure, delays in implementation of planned interventions and several sustainability concerns on the implemented projects, together with MNOs and other stakeholders.
16	**Value For Money Audit report on the Evaluation of the Business Registration and Licensing, and Tourism Competitiveness Development Interventions under the Competitiveness and Enterprise Development Project (CEDP)**	Overall, the performance of the CEDP against the four outcome indicators for the Business Registration and Licensing and Tourism Competitiveness Development components was commendable, as all targets were fully achieved by July 2024. However, there is need to address; the delayed completion of works; underutilization of key facilities; and partial implementation of business licensing reforms.

31.0 Value For Money Audits and Conclusions

SN	VFM Topic	Conclusion
17	**Value For Money Audit on the Regulation of Private Health Care Practice in Uganda**	Ministry of Health and her regulatory councils have undertaken measures to regulate private health care practice in the country. There is however need to; improve regulation of the private practice, gazetting of registered and licensed private health facilities and professionals, enhancement of inspection and support supervision of private health facilities and professionals, enforcement of compliance with health standards in private health care practice and timely complaint handling and dispute resolution.
18	**Follow-Up Report on the Status of Implementation of Audit Recommendations on the Value For Money Audit on the Regulation of Universities by the National Council for Higher Education**	National Council for Higher Education (NCHE) has demonstrated efforts to address the Auditor General's 2018 recommendations relating to the regulation of universities. However, there is need to; develop clear guidelines and simplified templates when conducting tracer studies, enforce the mandatory conduct of tracer studies by universities, conduct monitoring and institutional audits, improve institutional capacity of NCHE, and enforce punitive measures to compel compliance with established standards.

31.0 Value For Money Audits and Conclusions

SN	VFM Topic	Conclusion
19	**Value For Money Audit on the Licensing and Investor Support Services by Uganda Investment Authority**	While UIA undertakes investor registration, licensing, facilitation, and monitoring, there is need to improve processing times for licence applications, integration of key regulatory agencies into the One Stop Centre, establishment of regional One Stop Centres, effective communication with applicants on deferred applications, and enhancement of functionality and integration of the M&E system.
20	**Value For Money Audit Report on the Implementation of Solar Powered Water Supply and Irrigation Systems by Ministry of Water and Environment**	The Ministry of Water and Environment (MoWE) has made progress in implementing solar-powered irrigation and water supply systems. There is however need for; comprehensive pre-feasibility and market assessments, adequate planning budgets, early community engagement, and stronger supervision in the process of project planning and implementation. For completed schemes, maintenance structures, water source protection, and clear operational frameworks should be enhanced.

31.0 Value For Money Audits and Conclusions

SN	VFM Topic	Conclusion
21	**Value for Money Audit Report on the Management of Road Weighbridges by the Ministry of Works and Transport**	The Ministry of Works and Transport (MoWT) needs to enhance; profiling and deployment of weighbridge stations, utilization of weighbridge data, operational reliability and calibration of equipment, staffing and automation of controls, enforcement of axle-load limits, and stakeholder engagements, to deter overloading and preserve road assets.
22	**Value For Money Audit on the Efficiency of Operations of Public Universities in the Delivery of Education Services**	While Government has been improving investments in public universities, there is need for; improvement of internal managerial and operational capacity, in terms of; enhancing academic administration, enforcing Programme accreditation, monitoring campus operations, and ensuring that teaching and research activities meet established national benchmarks.
23	**Value For Money Audit on the Effectiveness of Interventions by the Office of the Prime Minister (OPM) In Facilitating the Achievement of Uganda's Nationalised SDG Targets by 2030**	The OPM has established a foundational policy framework and achieved key national milestones. However, there is need for; institutionalizing accountability within SDG structures, streamline internal mandates to eliminate redundancy and duplication, revitalise SDG popularisation and localisation at sub-national level, and enhancing inclusive monitoring and reporting systems.

31.0 Value For Money Audits and Conclusions

SN	VFM Topic	Conclusion
24	**Value For Money Audit on the effectiveness of the Ministry of Health and Public Health Facilities in the Management of Health-Care Waste**	The Ministry of Health has made important strides in the management of Health-Care Waste. However, there is need for; Strengthening enforcement of regulations, improving segregation and treatment practices, maintaining reliable waste data, and monitoring the implementation of the regulations, as this will improve management of medical waste.



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