



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL
ON THE MINISTRY OF LOCAL GOVERNMENT
FOR THE AUDIT YEAR ENDED DECEMBER 2024

OFFICE OF THE AUDITOR GENERAL
UGANDA

PREAMBLE

This report presents the findings and recommendations of the Auditor General on the Ministry of Local Government (MoLG) for the audit year ended December, 2024. The report is based on a comprehensive analysis of the evidence gathered from the audits undertaken during the year and is intended to provide stakeholders with a clear understanding of the key findings and conclusions of the Auditor General. The recommendations outlined in this report aim to support the entity in achieving its goals and objectives and to promote better service delivery.

*This report has 6 sections: **Section 1** contains the financial audit report for the financial year ended 30th June 2024, **Section 2**: Report on the Audit of Compliance with the relevant Regulatory Framework, **Section 3**: highlights an evaluation of the Ministry's performance, **Section 4** highlights the summaries of key findings arising from other audit engagements undertaken by the Auditor General on the Ministry, **Section 5** contains a list of donor funded projects under the Ministry and **Section 6** contains the Appendices to the report including the financial statements.*

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List of acronyms

S/N	Acronym	Meaning
1.	Bn	Billion
2.	CAOs	Chief Administrative Officers
3.	FI	Financial Inclusion
4.	FY	Financial Year
5.	GOU	Government of Uganda
6.	ICT&NG	Information Communication Technology and National Guidance
7.	IESBA	International Ethics Standards Board for Accountants
8.	IFMS	Integrated Financial Management System
9.	INTOSAI	International Organization of Supreme Audit Institutions
10.	ISSAIs	International Standards of Supreme Audit Institutions
11.	KCCA	Kampala City Council Authority
12.	LGs	Local Governments
13.	LLGs	Lower Local Governments
14.	MDAs	Ministries, Departments and Agencies
15.	Mn	Million
16.	MEMD	Ministry of Energy and Mineral Development
17.	MoFPED	Ministry of Finance, Planning and Economic Development
18.	MoLG	Ministry of Local Government
19.	MoLUD	Ministry of Lands and Urban Development
20.	MoU	Memorandum of Understanding
21.	MoWE	Ministry of Water and Environment
22.	MoWT	Ministry of Works and Transport
23.	NDP	National Development Plan
24.	NPA	National Planning Authority
25.	NPC	National Policy Committee
26.	OAG	Office of the Auditor General
27.	PBS	Programme Based Budgeting system
28.	PDM	Parish Development Model
29.	PDMIS	Parish Development Management Information System
30.	PFMA	Public Finance Management Act
31.	PRF	Parish Revolving Fund
32.	SACCOs	Savings and Credit Co-operative Societies
33.	TI	Treasury Instructions
34.	TM	Treasury Memorandum
35.	UGX	Uganda Shillings
36.	UNDP	United Nations Development Program

**SECTION 1: REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL
STATEMENTS OF THE MINISTRY OF LOCAL GOVERNMENT
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2024**

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the financial statements of the Ministry of Local Government (MOLG) for the financial year ended 30th June 2024 which comprise the Statement of Financial Position as at 30th June 2024, the Statement of Financial Performance, the Statement of Changes in Equity, and the Statement of Cash Flows, together with the other accompanying statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements of the Ministry of Local Government for the financial year ended 30th June 2024 are prepared, in all material respects, in accordance with Section 49 of the Public Finance Management Act, Cap 171 and the Financial Reporting Guide, 2024.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Ministry in accordance with the Constitution of the Republic of Uganda, 1995, as amended, the National Audit Act, Cap 170, the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, and other independence requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Uganda. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Emphasis of Matter

Without qualifying my opinion, I would like to draw the readers' attention to the following matters which have been disclosed in Notes 28 and 31 of the financial statements of the Ministry;

1.1 Outstanding domestic arrears

Section 12 (10) (a) (iv) of the Public Finance Management Act, Cap 171, defines an annual budget as the financing estimates for the financial year to which the budget relates, including a plan for Government debt and any other financial liabilities for the financial year to which the annual budget relates.

I noted that the Ministry had an outstanding arrears balance of UGX.22.43Bn as at 30th June 2024. I further noted that the Ministry provided for UGX.0.11Bn for settlement of prior year arrears, yet the balance of arrears was UGX.22.47Bn in 2022/2023. This resulted into an under budgeting of UGX.22.37Bn.

Failure to budget for arrears can lead to diversion of funds from activities that had been budgeted for, thus affecting the implementation of the planned activities and distorting budget execution.

The Accounting Officer explained that allocation of funds for settlement of Domestic arrears is done at macro level headed by Ministry of Finance, Planning and Economic Development (MoFPED) however, the Ministry of Local Government submitted the status of Domestic Arrears as required but funding was never made.

Recommendation

I advised the Accounting Officer to continue engaging with MoFPED for provision of the sufficient budget to clear the arrears.

Other Information

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

The other information does not include the financial statements and my auditors' report thereon. My opinion on the financial statements does not cover the other information, and I do not express an audit opinion or any form of assurance conclusion thereon.

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

Management Responsibilities for the Financial Statements

Under Article 164 of the Constitution of the Republic of Uganda, 1995 as amended and Section 43 of the Public Finance Management Act, Cap 171, the Accounting Officer is accountable to Parliament for the funds and resources of the Ministry.

The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the Public Finance Management Act, Cap 171, and for

such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Ministry's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Accounting Officer has a realistic alternative to the contrary.

The Accounting Officer is responsible for overseeing the Ministry's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of these financial statements.

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

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

underlying transactions and events in a manner that complies with the Government of Uganda Public Financial Management laws and regulations.

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

I also provide the Accounting Officer with a statement that I have complied with the relevant ethical requirements regarding independence and, communicate to the Accounting Officer all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Other reporting responsibilities

In accordance with Section 18 (1) of the National Audit Act, Cap 170, I report to you, based on my work described on the audit of Financial Statements, that the activities, financial transactions and information reflected in the financial statements that have come to my notice during the audit, are in all material respects, in compliance with the authorities which govern them.



Edward Akol

AUDITOR GENERAL

24th December, 2024

SECTION 2: REPORT ON THE AUDIT OF COMPLIANCE WITH THE RELEVANT REGULATORY FRAMEWORK

The Office of the Auditor-General conducted compliance audits on selected key subject matters.

The primary objective of the audit was to obtain sufficient and appropriate audit evidence to form a conclusion on whether the Ministry of Local Government complied with the relevant identified criteria.

My audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI 4000)¹ on compliance auditing.

The area of focus for the review was the Management of the Parish Development Model.

Relevant audit criteria

The criteria for the audit were based on Acts of Parliament, regulations, and manuals/guidelines designed to ensure compliance with laws governing the parish development model.

These include;

- PDM Governance and Operations Manual

Audit Methodology

My audit was conducted based on the information and records provided by the Ministry of Local Government. In executing this audit, various approaches were exercised which included;

- (i) Documents reviews;
- (ii) Physical inspections
- (iii) Interviewing relevant officials of the Ministry; and
- (iv) Analyzing data provided

Audit Findings

The material findings with respect to the compliance criteria for the applicable subject matters are as follows;

2.1. Management of the Parish Development Model

The Parish Development Model (PDM) is a strategy for service delivery by the Government of Uganda to improve the incomes and welfare of all Ugandans at the household level by transforming 39% of households from a subsistence economy to a money economy as approved by Parliament; whose outcomes will be measurable in the FY 2024/2025 at the closure of the NDP III.

¹ ISSAI 4000 - Compliance Audit Standard

In the FY 2023/2024, Parliament appropriated UGX.1.112Trillion for the PDM Programme, of which UGX.12.32Bn relates to PDM administration costs in the Ministry of Local Government.

Table 1: Showing funding for PDM Secretariat in the Ministry of Local Government

Vote	Vote Name	Activity	Budget FY 2023/24 (UGX' Bn)
11	Ministry of Local Government	PDM Secretariat and support to coordination	12.32
	Total		12.32

The PDM has 7 pillars of which the primary pillar is the Agriculture Value Chain Development (Production, Storage, Processing, and Marketing). The other six pillars which support the primary pillar include; Infrastructure and Economic Services, Financial Inclusion (FI), Social Services, Community Mobilization and Mind-set Change, Parish Development Management Information System (PDMIS) and Governance and Administration.

With the exception of Pillar 3, which is funded separately under MoFPED for direct disbursement of Parish Revolving Fund (PRF) to PDM SACCOs, other pillars continue to be funded under existing government institutional arrangements where MDAs must align their plans, interventions and budgets for implementation of the PDM.

The Office of the Auditor General selected the management of PDM as a thematic audit area for the FY. 2023/2024 with an overall objective of assessing the management of the PDM and identify program implementation bottlenecks and provide recommendations to the Government for improvement.

I therefore, designed audit procedures to;

- To follow-up on Government's institutional arrangements necessary for implementation of the PDM and their functionality.
- To establish whether MDA & LGs' planning and budgeting processes are aligned to the implementation of the PDM strategy, and
- To assess whether all the 7 modules of the PDM have been implemented in accordance with the requirements of the PDM policy and guidelines.
- To assess the monitoring and evaluation framework of the PDM

I made the following observations;

2.1.1. Planning and budget performance

I reviewed MOLG's approved work plans and budgets for PDM activities and noted the following;

Table 2: Planning, budgeting and absorption of PDM funds

SN	Audit observation	Management response	Recommendation
a	<u>Funding and Absorption</u> The Ministry received direct funding of UGX.12.32Bn for implementation of PDM	All the funds were released as budgeted	

SN	Audit observation	Management response	Recommendation
	activities which included; PDM Secretariat and PDM Coordination Services. The UGX.12.32Bn was all warranted and spent.		
b	<u>Alignment of MDA Work Plans and budgets to the PDM</u> PDM Working Groups are required to assist participating MDAs in the alignment of their plans and budgets to the PDM. A comparison of the Working Group activity implementation action plan with the entity budgets and work plans revealed that; • The Ministry of Local Government aligned the work plans to the pillar action plan. • The Ministry has a pillar working group approved work plan • Pillar/WG Work plan has quantified targets and costs.	Alignment of MDA Work Plans and budgets to the PDM was done during the FY 2022/2023 following the recommendation by the Auditor General	I encouraged the Accounting Officer to continue the good performance.
c	<u>Creation of vulnerability index databases</u> Paragraph 4.1 of the Parish Development Model Pillar 2 - Infrastructure and economic services operation Manual, May 2023, provided that the vulnerability index should be calculated using information obtained on the PDMIS in the area of existing status, economic activities, security requirements, geographical location, population, existing similar development programs, among others. Each activity lead Ministry (MoWT, MoLG, MoWE, MoEMD, ICT&NG, and MoLUD) would develop its formula for calculating the Parish Vulnerability Index, which would be submitted to the Pillar Working Group for approval. The vulnerability index should be utilized at the PDM activity planning stage. From interviews, I noted that the MoLG pillar working group did not develop the formula to calculate the Parish vulnerability index. Parishes with urgently needed social services (projects) may not be prioritized during pillar activity selection.	The formula for calculating the Parish vulnerability index has not yet been finalized but will be finalized in the current financial year 2024/2025	I advised the Accounting Officer to expedite the process of generating the formula.
d	<u>Utilization of PDM administrative and coordination funds</u> I noted that activities worth UGX.5.75Bn that were planned and fully funded were not fully implemented. Details are in Appendix IV. Failure to properly utilize PDM funds for administrative costs and coordination of PDM	Planned activities were not implemented due to the re-prioritisation of activities such as broadcast of the PDM implementation success stories and	I advised the Accounting Officer to always revise the budget once the planned activities have been altered and roll over the un-implemented activities to the next financial

SN	Audit observation	Management response	Recommendation
	activities affects the supervision and monitoring of the PDM hence undermining the achievement of the overall goal.	sensitization through radio talk shows.	year if these activities are still relevant.

2.1.2. Review of PDM Governance structures

The PDM Governance Structures are guided under: Paragraph 2.1, 2.3 & 22 of the Governance and Administration Pillar Operations Manual, February 2022;

I reviewed the existence and functionality of the PDM governance structures at the Ministry of Local Government and made the following observations;

Table 3: Review of PDM Governance structures

S/n	Governance Structure	Observations	Management response	Recommendation
a	Functionality of the National Policy Committee Para 2.1 of the Governance and Administration Pillar Operations Manual, February 2022, stipulates that the NPC, chaired by His Excellency (HE) the President, shall provide overall policy direction to the PDM, oversee, guide the operationalization of the programmes and ensure alignment with NDP III and NRM Manifesto. The Committee will convene at least once a quarter.	I was not availed with records of the NPC resolutions made to ascertain the status of implementation of resolutions. Failure to convene and implement resolutions of the NPC hinders its ability to oversee and guide the operationalization of the PDM.	The resolutions are always in the cabinet minute extract and management will endeavour to extract the minutes.	I advised the National Coordinator PDM Secretariat to always ensure that the resolutions are extracted and maintained in a timely manner.
b	Functionality of the PDM Secretariat Para 22 of Governance and Administration Pillar Operations Manual, February 2022 states that the PDM Secretariat shall coordinate activities	I noted that PDM implementation action plans were developed and issued by the Secretariat at the time of Audit in December 2024. I further noted that the MoLG PDM action plan was compiled by the Secretariat.	Management implemented action plans that were developed and issued by the	I advised the Accounting Officer to keep up the good performance.

S/n	Governance Structure	Observations	Management response	Recommendation												
	of the NPC, MDAs, and PDM Working Groups. It shall develop action plans for PDM implementation and compile, monitor, and track work plans of MDA&LGs.		Secretariat													
c	Functionality of the Pillar Working Groups Requires PDM Pillar Working Groups to review, propose amendments to the Operational Guidelines and respective Pillars Manuals, and to assist in the alignment of plans and budgets of MDAs to the PDM.	I reviewed the operations of the pillar working group 7 and noted the following; • MoLG Pillar working group has an approved pillar manual. • The pillar 7 implementation action plan had been developed and aligned to the Ministry budget and work plan. It was further noted that the action plan had quantified activities. • The MoLG Pillar working group submitted the required number of quarterly performance reports to the PDM Secretariat.	PDM is fully functional with the pillar working groups in place	I advised the Accounting Officer to keep up the good performance.												
d	Consistency of the guidance on the implementation of PDM activities The PDM Governance Structures are guided under: Paragraph 22 of the Governance and Administration Pillar Operations Manual, February 2022 requires PDM Pillar Working Groups to review, propose amendments to the Operational Guidelines and respective Pillars Manuals. In addition, the PDM Secretariat should review and update PDM guidelines for approval by the NPC.	<table><tr><td colspan="4">I reviewed PDM implementation guidelines, operational manuals and circulars, and noted the following contradictions;</td></tr><tr><td>S/N</td><td>PDM implementation guidelines, operational manuals and circulars</td><td>Contradictions</td><td>Implication</td></tr><tr><td>1.</td><td> • PDM Operational Guidelines Pillar 1. • Circular on the implementation of financial inclusion activities under the parish development model during the stabilisation phase, 8th January 2024. </td><td> • List of priority commodities as selected by each local government based on ecological advantages. • Qualifying project along the agricultural value chain and in line with the priority PDM enterprises i.e. poultry, fish, dairy, coffee, piggery, fruits and food crops. </td><td>Distort the Implementation of the program</td></tr></table>	I reviewed PDM implementation guidelines, operational manuals and circulars, and noted the following contradictions;				S/N	PDM implementation guidelines, operational manuals and circulars	Contradictions	Implication	1.	• PDM Operational Guidelines Pillar 1. • Circular on the implementation of financial inclusion activities under the parish development model during the stabilisation phase, 8th January 2024.	• List of priority commodities as selected by each local government based on ecological advantages. • Qualifying project along the agricultural value chain and in line with the priority PDM enterprises i.e. poultry, fish, dairy, coffee, piggery, fruits and food crops.	Distort the Implementation of the program	Reconciliations are done through subsequent circulars to the implementers of PDM and these become an integral part of guidance.	I advised the Accounting Officer of the PDM Secretariat to ensure that any amendments to PDM implementation guidelines and operational manuals are harmonised with guidance already issued.
I reviewed PDM implementation guidelines, operational manuals and circulars, and noted the following contradictions;																
S/N	PDM implementation guidelines, operational manuals and circulars	Contradictions	Implication													
1.	• PDM Operational Guidelines Pillar 1. • Circular on the implementation of financial inclusion activities under the parish development model during the stabilisation phase, 8th January 2024.	• List of priority commodities as selected by each local government based on ecological advantages. • Qualifying project along the agricultural value chain and in line with the priority PDM enterprises i.e. poultry, fish, dairy, coffee, piggery, fruits and food crops.	Distort the Implementation of the program													

S/n	Governance Structure	Observations	Management response	Recommendation
		2. Circular on the implementation of financial inclusion activities under the parish development model during the stabilisation phase, 8th January 2024. - Paragraph 2(e) Ensuring, effective use of digital systems mainly PDMIS and Mobile wallets to support beneficiary identification. - Paragraph 8(a) (iii) provides that an eligible borrower must be from a subsistence household, as determined at the community meetings where applicants are vetted by the village residents.		

Conclusion

The evidence obtained from the compliance audit of the Ministry of Local Government on the implementation of the Parish Development model subject matter is sufficient and appropriate to provide a basis for my conclusion.

Based on the work performed described in this report, except for the findings stated above, nothing has come to my attention that causes me to believe that the subject matter is not in compliance, in all material respects, with the relevant criteria.



Edward Akol

AUDITOR GENERAL

24th December, 2024

SECTION 3: REPORT ON PERFORMANCE EVALUATION

In accordance with paragraph 2 of Schedule 5 of the Public Finance Management Act, Cap 171 on the presentation of financial statements, and Section 18 of the National Audit Act, Cap 170, I undertook an evaluation of the Ministry's actual performance in comparison with its planned activities and outputs for the year as well as its mandate. This section presents the findings from the evaluation of the performance.

3.1. Review of the implementation of the entity's mandate

The Ministry of Local Government is mandated under Local Government Act, Cap 243 to guide, harmonize, mentor and advocate for all local governments in support of the overall vision of government to bring about socio-economic transformation in the country.

A comparison of the entity's strategic and annual work plans for the last three (3) years with the mandate as stipulated in relevant laws revealed that the entity had not adequately executed the following mandates;

- Conducting procurement inspection and coordination of Local Government (LG) administrative units.
- Supporting planning, budgeting, monitoring and evaluation in the Local Governments (LGs).

I further noted that the roles of district and urban inspection department such as; inspections to improve service delivery in the poorly performing LGs, undertaking compliance inspections among others were not performed.

Failure to ensure that all mandate activities are provided for in the strategic plans and annual work plans implies that no resources will be earmarked for the activities and the associated service delivery benefits will not be achieved.

The Accounting Officer explained that whereas the Ministry would like to carry out all its mandated activities such as procurement inspection, coordination of Local Governments and administrative units, support planning, budgeting, monitoring and evaluation for LGs, the funding ceilings could not permit. This has limited the Ministry's capacity to budget and implement the above mandate activities.

Recommendation

I advised the Accounting Officer to engage MoFPED for resources to support the implementation of the Ministry's mandate.

3.2. Review of the implementation of the approved budget

Paragraph 2(a) of schedule 5 of the Public Finance Management Act, Cap 171, requires Accounting Officers to prepare an appropriation account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament.

The Ministry had a revised budget of UGX.66.9Bn, which was all warranted and below is a summary breakdown of this budget and warrants;

Table 4: Showing summary analysis of entity budget

S/n	Budget category	Total Revised Budget in (UGXBn)	%age Proportion of total revised budget	Utilised warrants (UGXBn)
1	Recurrent (Wage)	11.30	17	11.30
2	Recurrent (Non-wage)	34.23	51	34.23
3	Development	21.37	32	21.37
	Total	66.9	100	66.9

Source: OAG analysis of the PBS work plan

I audited UGX.61.77Bn (92%) of the total warrants as illustrated in the table below;

Table 5: Showing Proportion of total warrants audited

Sn	Details	Amount audited (UGX Bn)	Cumulative %age
1	Wage expenditure (Salary/Wage, NSSF, PAYE, Contract gratuity)	11.30	17
2	Pension expenditure (Pension and Gratuity)	5.81	65
3	Focus area-(Start-up costs)	0.80	74
4	PDM expenditure (thematic area)	12.32	82
5	Other outputs/activities reviewed	31.54	100
	Total amount audited	61.77	
	Total amount warranted	66.90	

Source: OAG analysis of the PBS work plan

Based on the procedures undertaken, below are my findings;

3.2.1. Utilisation of warrants and implementation of planned activities

a) Utilization of warrants

The entity had total warrants of UGX.66.9 out of which UGX.63.8Bn had been utilized by the close of the financial year. The balance of UGX.3.1Bn was meant for the following activities which were either partially or not implemented at all. The table below refers;

Table 6: Showing utilization of warrants

S/n	Activities affected by the under utilization	Un-utilized (UGX Bn)	Management response
1	Payment of general staff salaries	0.72	This was unspent because of the delayed recruitment of Chief Administrative Officers (CAOs) and the delayed approval of the CAOs enhanced salaries.
2	Payment of pension	0.65	This was not spent because of delayed verification of the pensioners which was on-going
3	Payment of Contract Staff Salaries	0.51	This was unspent because of the delayed approval of recruitment of contract staff by the Ministry of Public Service.
4	Payment of gratuity	0.39	
5	PDM procurements and transfers to other	0.36	The under absorption was caused by delayed initiation of procurements for PDM

S/n	Activities affected by the under utilization	Un-utilized (UGX Bn)	Management response
	government units		supplies/activities by the user departments
6	Sensitization activities about the PDM	0.32	
7	Payment of non-residential buildings – acquisition –(MATIP Markets)	0.10	This contract amount was lower than the budget hence the under absorption. This was a saving for government
8	Payment social security contributions	0.06	This was unspent because of the delayed approval of recruitment of contract staff by the Ministry of Public Service.
9	Others	0.01	These were residual balances on various items which had been implemented.
	Total	3.12	

Source: OAG analysis of the PBS performance report

Failure to utilize warranted funds defeats the purpose for which Parliament appropriated the funds to the Ministry.

Recommendation

I advised the Accounting Officer to reassess the relevance of the activities that were affected by the under absorption and ensure that the critical ones are provided for in the work plans and budgets of the subsequent financial years.

b) Implementation of funded activities

I assessed the extent of implementation of activities for which funds were availed and utilised. A total of 21 outputs with 58 activities worth UGX.31.54Bn were assessed and the following was observed;

- Twelve (12) outputs with 22 activities and expenditure worth UGX.21.2Bn were fully implemented.
- Nine (9) outputs with 36 activities worth UGX.10.34Bn were partially implemented. Out of 36 activities, the entity fully implemented 21 activities, nine (9) activities were partially implemented and six (6) activities were not implemented at all.

I was however not able to cost the activities during my analysis because the Ministry did not have detailed activity costs to support the output costs provided and input in the PBS system.

The activities that were partially implemented and not implemented are provided in the table below and details are in **Appendix-I**.

Table 7: Showing partially implemented activities

S/n	Planned Activity	Audit comment	Management response
1	Coordination and mobilization of 12 regions to identify learners (Youth/Women, PWDs and hard to reach	This activity was only undertaken in 7 regions out of the planned 12 regions.	The intended costs of the budget changed due to price changes and therefore management opted for core

S/n	Planned Activity	Audit comment	Management response
	Places) for skilling in the regional industrial hubs undertaken		activities and hence low numbers. The availed funds were therefore not adequate
2	20 LGs to establish Public Private Dialogue platforms or fora across all regions trained.	Only 17 out of 20 LGs facilitated in the adoption of PPPs.	Management had anticipated to get off budget support to supplement the implementation of the activities however, when donors such as UNDP provided less funds, other activities could not be done since the availed fund were not adequate.
3	Verification of PDM funds by Internal audit conducted in 20 LGs	Verification of PDM funds done in 5 districts out of the expected 20 in financial year	Due to implementation of other priorities some planned activities could not be fully implemented.
4	Consultations in 36 Local Governments on the laws, Regulations and Policies affecting children from across all regions undertaken;	Consultations were done in only 10 Local Governments.	Staff were engaged in the implementation of other activities and this affected the achievement of all planned activities.
5	Conflicts and disputes in 20 Local Governments from across all regions resolved;	Conflicts were resolved in only 5 Districts of Madi - Okollo, Napak, Rwampara, Butaleja and Moyo.	We planned to resolve all conflicts, however during the year the Ministry received conflicts from only those districts
6	Four progressive reports for the implementation of PDM Pillar 7 intervention prepared.	The Ministry only prepared one (1) progressive report.	Due to implementation of other priorities some planned activities could not be fully implemented.
7	Procurement of five (5) printers.	One (1) out of five (5) printers were procured	The delays by the user department to initiate the procurement process affected the procurement however they have all now been procured
8	Induction of LG political leaders in 20 districts across all regions undertaken;	Induction of Councils conducted in 5 LGs of Madi-Okollo, Rwampara, Butaleja, Budaka, Moyo	This was a case of under budgeting and as such the funds released to the Ministry could not permit full implementation.
9	LG Council standard rules of procedure disseminated to all Local Leaders in 40 LGs across all regions undertaken	LG Council standard rules of procedure disseminated to all Local Leaders in 20 LGs across all regions undertaken	Due to implementation of other priorities some planned activities could not be fully implemented

Source: OAG analysis of MoLG work plans and performance reports

Table 8: Showing un-implemented activities

S/n	Activity not implemented	Management response
1	Strengthening the capacity of 176 Clerks to council in 176 Local Governments from all regions undertaken	This was a case of under budgeting and as such the funds that were availed could not facilitate implementation of all the activities.
2	Monitor all Parish SACCOs for compliance to laws and regulations	The funds initially meant for this activity were repurposed to Barazas and capturing key achievement through radio talks and broadcast by UBC.
3	Conduct trainings in poorly performing DLGs in Local revenue enhancement.	The activity was affected by late mobilisation and acquisition of venue. Funds were reallocated to cater for inspections and resolving conflicts in Local Government
4	Developing two (02) Regional Development Plan Concepts for Bukeddi,	The activity was not done because of delayed initiation of the procurement.

S/n	Activity not implemented	Management response
	and Bugisu	
5	Monitoring on the functionality and implementation of PDM structures in 15 selected Local Governments	The funds initially meant for this activity were repurposed to Barazas and capturing key achievement through radio talks and broadcast by UBC.
6	Procurement of eight (8) tables.	The funds were re-purposed to procurement of laptops and computers.

Source: OAG analysis of MoLG work plans and performance reports

Failure to implement budgeted activities leads to delayed achievement of the Ministry's mandate.

Recommendation

I advised the Accounting Officer to reassess the relevance of these activities and roll them over to the subsequent period for implementation.

3.3. Management of Start-up Funds

The Ministry of Local Government has been receiving and sending start-up funds to the newly created lower local governments (LLGs) for over three (3) years. These funds were disbursed to selected local governments for specific start-up activities, including construction and renovation of office accommodation, procurement of office furniture and equipment, stationery, stores, and other immediate needs. These needs were spelt out in the respective Memorandum of Understanding (MoU) signed between the newly created administrative units and MoLG.

I reviewed the budgeting, utilization of funds by the recipients and monitoring by the Ministry for the three (3) years of 2021/2022 to 2023/2024 and noted the following;

3.3.1. Under budgeting of start-up funds for the newly created units

During the three (3) financial years the Ministry of Local Government budgeted for UGX.6.80Bn. However, I noted that the Ministry created 740 new administrative units which required UGX.74Bn at a rate of UGX.100Mn per unit as per the guidance issued by the Ministry. This resulted into an under budgeting of UGX.67.2Bn. Table below shows the budgets for start-up funds for the three (3) financial years.

Table 9: Showing under budgeting for start-up funds for the last three financial years

Number of units created	Expected budget provision (UGX Bn)	Budget provided for three years (UGX Bn)	Under budgeting (UGX Bn)
740	74	6.8	67.2

Source: MOLG IFMS BIG report for 2021/2022-2023/2024

In addition, I noted that UGX.6.7Bn was released for the start-up funds for the last three years against the approved budget of UGX.6.80Bn resulting into an under release of UGX.0.1Bn which exacerbated the effects of the under-budgeting.

Failure to adequately budget for start-up funds denies the newly created units resources to construct, renovate office accommodation, procure office furniture and

equipment, stationery, stores and among other needs. In addition, this has resulted into increased costs relating to renting premises for administrative units.

The Accounting Officer explained that the budget for start-up funds is provided after receiving the budget ceiling from Ministry of Finance and pledged to engage MoFPED on the un-funded units.

Recommendation

I advised the Accounting Officer to continue engaging MoFPED for funding of all the newly created administrative units. In addition, the Accounting Officer should consider advising the concerned stakeholders of these funding challenges so that the creation of new administrative units is matched with available resources.

3.3.2. Inspection of the newly created administrative units

I conducted inspection of a sample of 21 beneficiaries (administrative units) of the start-up funds and noted the following;

a) Absence of uniform/standardized structural designs

I noted that the Ministry provided funds to the newly created administrative units for construction of administration blocks without approved uniform/standardised structural designs.

In the absence of standardized structural designs, the administrative units constructed structures of different structural designs and sizes. This exposed the administrative units to contract management risks such as stalled projects and inadequate funds for completion of projects.

In other cases, the start-up funds provided were used for procurement of land instead of construction of structures as was the case for Okwang and Barjobi Town Councils in Otuke district.

This has resulted into high overall cost of structures leading to delays and failure to complete structures. This defeats the purpose for which these funds were provided.

The Accounting Officer explained that Ministry is in the process of coming up with standard structural designs for all the Districts, Town Councils and Sub – Counties with the approval process currently at the committee level and once completed, they will be circularised to the districts, Town Councils and sub counties for implementation.

Recommendation

I advised the Accounting Officer to expedite the process and ensure that all subsequent transfers are made after completion and distribution of the structural designs for the administrative units.

b) Failure to complete already started structures

I noted that 21 newly created units were provided with funds amounting to UGX.1.35Bn for the last three (3) financial years, out of which 19 units used the funds for constructions while the two (2) units used the funds to procure land. I inspected the 19 structures and noted that;

- Six (6) units had completed the construction or renovation of the structures while 12 units were still under construction.
- Magodes Town Council had not started on construction despite receiving UGX.50m. The table below shows a sample of pictures showing the incomplete administrative units under construction.

Table 10: Showing the progress of construction out of start-up funds

Entity	Amount received (UGX Mn)	Status of construction	Remarks
Kasambya Sub county in Mubende District	100		Structure in place up to roofing and external shutting done. Plastering, ceiling, internal shutting and flooring not yet done.
Kikoora Subcounty in Kakumiro District	50		The funds covered the foundation and slab and there were no funds for continuation of the project.

Source: OAG inspection of the constructed administrative units

Failure to complete the structures affects the operations of the new administrative units which impacts on service delivery.

The Accounting Officer explained that the Ministry provides partial funding for the construction of the newly created units and the Town Councils/ Sub-Counties are expected to complete the construction using their generated revenue or any source of funding.

Recommendation

I advised the Accounting Officer to engage the concerned stakeholders to review the practice of expecting that the administrative units co-fund these projects since it may not be viable and sustainable given the limited resources of these administrative units.

SECTION 4: SUMMARY OF AUDIT FINDINGS FROM OTHER AUDIT ENGAGEMENTS

In accordance with the requirements of the National Audit Act, Cap 170, I carried out four (4) other audits in the Ministry. This was a Special audit on the Government Pension payroll, a value for money audit on the supervision of Districts by the MoLG, an Information Systems Audit of the Electronic Local Government Revenue Management System (ELOGREV), and the audit of the Treasury memoranda. I issued separate reports containing the details of the methodology utilized and the audit results for the audits. This section provides the summary of the key findings from the audits;

4.1 Management of Government pension payroll

I undertook a special audit of the pension payroll that covered a period from FY 2019/20 to 2023/24 and below is a summary of the major findings and recommendations;

- i. The Ministry had a revised pension, gratuity and arrears budget of UGX.25.2Bn for the period under review which was all warranted.
- ii. Out of the total funds warranted of UGX.25.2Bn, UGX.23.2Bn (92%) was utilized resulting in underutilization of funds totaling to UGX.2.03Bn (8%). This under absorption resulted in non-payment of pensioners during the different financial years.
- iii. In the financial year 2022/2023, MoFPED released UGX.0.2Bn as supplementary funds in excess of what was requested for by the Accounting Officer. In addition, UGX.0.7Bn was released as supplementary funding during the financial year 2020/2021 without any request by the Accounting Officer. This violated the PFMA.
- iv. Pension funds amounting to UGX.0.16Bn were diverted to other non-pension activities during the period under review. This indicates weaknesses in the budget/commitment control system and resulted in arrears.
- v. Pension expenditure amounting to UGX.0.48Bn was misclassified and charged on the wrong account codes by the Ministry. This distorted budget performance, budget monitoring and resulted in misstatement of financial statements.
- vi. The Ministry overpaid gratuity worth UGX.4Mn to three (3) pensioners, while 20 pensioners were overpaid pension to the tune of UGX.48.6Mn. On the other hand, 17 pensioners were underpaid their gratuity to the tune of UGX.0.25Bn while 43 pensioners were underpaid their pension to the tune of UGX.0.295Bn.
- vii. Ninety-seven (97) pensioners who were paid UGX.4.2Bn accessed the pension payroll without some key documents on their pension files. This exposes the Ministry to payment of ineligible pensioners
- viii. Seventeen (17) pensioners had not yet accessed the pension payroll (by June 2024). The delays by these pensioners to access the payroll ranged from one (1) to 31 months. This affected the livelihood of these pensioners.

- ix. The Ministry accumulated pension and gratuity arrears totaling to UGX.0.33Bn arising from the under/non-payment of 51 pensioners/beneficiaries. Failure to pay the benefits affects the social welfare of the beneficiaries and discredits Government.
- x. Out of 300 pensioners/beneficiaries in MoLG, 233 (77.7%) were fully verified, four (4) pensioner (1.3%) showed up but was not validated, while 63 (21%) pensioners did not show up. In addition, 20 individuals had not accessed the pension payroll by the end of June, 2024, and these were captured as new records in my determination of the Ministry's pension and gratuity estimates.
- xi. The Ministry's expected pension and gratuity estimate for the year 2024/2025 is UGX.4.87Bn to cater for 273 confirmed pensioners/beneficiaries inclusive of the pension and gratuity arrears of UGX.0.33Bn.

I advised the Accounting Officer to;

- i. Ensure that retirees are engaged six (6) months prior to retirement to provide all the necessary documents and to avoid underutilisation of pension funds going forward.
- ii. Always seek clarification from MoFPED whenever funds are released as supplementary funding before spending in cases where the supplementary funds were never requested for.
- iii. Streamline the budget process to ensure that sufficient funds are allocated to various expenditure accounts or seek for reallocation of funds from MoFPED to minimize diversion of funds.
- iv. Streamline the budgeting for pension and gratuity going forward to avoid misclassification of pension and gratuity expenditures.
- v. Make recoveries of funds from subsequent payments in cases of overpayments of gratuity and pension to various pensioners/ beneficiaries. In addition, the Accounting Officer should adequately budget for pension and gratuity arrears for pensioners/beneficiaries who were underpaid and ensure these are paid once the funds have been released.
- vi. Ensure that all pension/gratuity payments are supported by pension files which should always be updated with the necessary and relevant key documents.
- vii. Ensure that retirees are engaged six (6) months prior to their retirement to avail all the required documents to facilitate smooth transition onto the pension payroll at the date of retirement to avoid delays in accessing the pension payroll.
- viii. Make budgetary provisions for the accumulated pension and gratuity arrears so that they are cleared promptly and avoid litigation and its associated costs.

- ix. Consider the verified payroll as a basis for updating monthly payrolls to pay pensioners/beneficiaries.
- x. Liaise with the Ministry of Public Service to validate those pensioners/beneficiaries who were not present during the physical validation exercise conducted by my office.
- xi. Always ensure prompt updates of the pension payroll going forward. A follow-up of the affected pensioners/beneficiaries should immediately be made by management so as to have them access the payroll.
- xii. Engage Ministries of Public Service and that of Finance, Planning and Economic Development to review the approved pension and gratuity estimates of the entity for the FY 2024/25 in line with the results of the validation exercise.

4.2 Value for Money audit on the supervision of Local Governments by MoLG

I conducted a Value for Money audit on the supervision of Local Governments by the Ministry of Local Government. I issued a separate report as a result of this audit. The summary key findings from the report follow below;

- i. The Ministry did not undertake a comprehensive needs assessment before undertaking trainings in the three (3) years period reviewed.
- ii. Out of the 5,054 elected leaders in 135 districts, only 2,250 (44%) leaders were inducted despite receiving all the budgeted funds.
- iii. The Ministry did not maintain a comprehensive data on the trainings undertaken. I therefore carried out field inspection and noted that trainings were conducted in only 14 of the 30 districts sampled. Trainings were majorly carried out in IT systems initiated by MoFPED.
- iv. There were no training undertaken in emerging areas such as disaster management, climate change, and refugee management which are the most pertinent areas in Local Governments.
- v. MoLG is not actively involved in the local government performance assessment process undertaken by OPM. The Ministry's role is limited to performance improvement planning and follow up on the results of the national assessments.
- vi. Out of the expected 58 support visits to the 20 worst performing districts, the Ministry only conducted 25 visits. In addition, MoLG made 56 support visits to districts that were not among the worst performing which implies that the results of the LGPA do not inform the MoLGs support supervision.
- vii. Out of 369 planned inspections, 233 (73%) were not undertaken. Out of the 136 (27%) inspections that were undertaken, only 22 inspection reports were prepared which affects the effectiveness of the supervision.

- viii. The Ministry does not undertake adequate follow up of the extent to which inspection recommendations were implemented due to more supervisors than inspectors to conduct the inspection with a ratio of 4 supervisors to one inspector.
- ix. Review of the inspection reports revealed that the inspectors did not assess all the required parameters provided in the approved checklist, which compromises the quality of inspections and its impact on service delivery.
- x. There is currently no coordination framework through which MoLG and other MDAs, such as OPM, MoPs, and MoWE handle related issues affecting service delivery at the districts.

In order for MoLG to improve the supervision of districts, management needs to;

- i. Ensure that going forward, detailed training needs assessments are planned for in the Ministry's work plans and once funds are released, the activity is undertaken.
- ii. Ensure that induction is done for all newly elected political leaders and the funds provided for induction are not re-purposed for other activities.
- iii. Ensure that the training work plans and activities are aligned to the capacity building policy. Further, the Accounting Officer should ensure that funds provided for training are not repurposed to other ministry activities.
- iv. Play a more active role in the entire performance assessment process of local government. In addition, MoLG should engage OPM to have the assessment criteria and methodology reviewed and improved to make it more acceptable to all parties involved.
- v. Ensure that the districts selected for support supervision are informed by the results of the national assessment. In addition, follow up should be undertaken on the recommendations from the support supervisions.
- vi. Ensure that funds provided for inspection are not repurposed to other Ministry activities. In addition, the Ministry should explore the option of inspecting districts on a rotation basis and revisiting the inspection staff structure to have more inspectors doing the inspection than supervisors.
- vii. Ensure that the inspections cover all the areas provided for in the approved inspection checklist.
- viii. Put in place a functional and robust institutional framework through which MoLG coordinates with other stakeholders involved in supervision of districts. In addition, MoLG should automate the supervision processes in order to enhance the coordination with other players.

4.3 Information Systems Audit of the Electronic Local Government Revenue Management System (E LOGREV)

I conducted an Information Systems audit on the Electronic Local Government Revenue Management System (E LOGREV). The summary of the key findings from the report are highlighted below;

Table 11: Summary of findings from IT audit

SN	Summary of the Finding	Recommendation
1.	ELOGREV has interfaced with URA E-Tax and NIRA NSIS, but not with URSB, PBS, and IFMS. This limits automation in taxpayer detail fetching, NTR reporting, and budgeting processes, resulting in inefficiencies.	Expedite engagements with relevant stakeholders to secure necessary interfaces.
2.	The contract with M/s Tucksee Pty Limited does not clearly state the requirement for source code transfer to the Government, complicating future system maintenance, updates, or modifications.	Ensure future contracts explicitly specify source code ownership to align with best practices and enhance transparency and accountability.
3.	The absence of IT governance structures, such as IT Steering and Strategy Committees, and the lack of SLAs with IT vendors and user departments, may cause misalignment of IT investments with business goals and hinder performance measurement.	Establish IT Steering and Strategy Committees and formulate SLAs and service charters to define clear performance metrics and ensure alignment with organizational goals.
4.	Without formal master data management policies or procedures, vendor data modifications are made ad-hoc, risking data inconsistencies, errors, and security vulnerabilities.	Expedite the development and implementation of master data management policies and procedures to guide the vendor and ensure data integrity.
5.	No IT risk management policy is in place, and internal audit activities are limited to physical verification, leading to potential unchecked IT risks and vulnerabilities.	Develop and implement an IT risk management framework to conduct continuous risk assessments and enable internal audits to address IT-related risks effectively.
6.	The ELOGREV rollout cost per site is UGX 249.99 million, while IRAS treats Higher and Lower LGs as single sites, resulting in cost savings. The current model leads to high costs and resource duplication.	Review and adjust the costing model to optimize resource utilization and minimize costs by adopting a more unified and efficient approach.
7.	ELOGREV, intended for widespread deployment to enhance revenue management in Local Government units, has been implemented at only 71 out of 2,366 sites since the 2014/2015 financial year. This slow rollout limits the benefits of improved revenue collection, accountability, and operational efficiency.	Management should continuously engage relevant stakeholders to ensure enhanced and sustainable project financing. The rollout of ELOGREV should be harmonized with other systems like ECITIE and IRAS to avoid duplication and resource wastage.
8.	MoLG lacks key IT policies such as an IT Strategic Plan, Risk Management Policy, and Security Policy. Policies are developed and communicated reactively and inconsistently, leading to unmanaged IT-related issues, non-compliance, and misalignment with organizational goals.	Management should proactively develop and maintain comprehensive IT policies, including Risk Management, Security, and IT Strategic Plans. Formal processes for policy development, review, and communication should be established.
9.	MoLG lacks updated Disaster Recovery and Business Continuity Plans and has not	Develop IT continuity and disaster recovery plans, establish critical

SN	Summary of the Finding	Recommendation
	conducted disaster simulations or trained staff on disaster management. This puts the ministry at risk of significant disruption, data loss, and ineffective response during actual disasters.	teams and contacts for disaster management, and regularly test disaster recovery procedures to ensure their effectiveness.
10.	ELOGREV implementation is funded by both MoFPED and URA TREP, leading to potential budget overestimation and duplication of payments. Budget projections do not consider sites already covered by other revenue systems, risking resource wastage.	Management should assess the status of revenue systems at LG sites to avoid budget slack and duplication. Expedite harmonization of revenue management systems in Local Governments to prevent resource wastage.
11.	There is no formalized policy for granting access to the ELOGREV database, and there is no evidence that the system vendor, M/s Tucksee Pty Limited, sought MoLG approval for user access before setting up accounts. This lack of standardized access procedures increases the risk of unauthorized access, which can compromise the security and integrity of the system.	Establish and formalize policies and procedures for granting access to the ELOGREV database. Ensure these policies require approval from the system owner and relevant supervisors before any user accounts are created.

4.4 **Audit of the Treasury Memorandum**

I conducted an audit of the Treasury Memorandum for MoLG. Out of the 47 recommendations issued in one (01) Treasury memorandum, 17 recommendations were fully implemented, 14 recommendations were partially implemented while 16 recommendations were not implemented. The table below refers;

Table 12: Summarizing extent of implementation of Parliamentary recommendations

Detail of the Treasury Memorandum (TM)	Number of Parliamentary Recommendations in the Treasury Memorandum	Number of recommendations		
		Fully Implemented	Partially Implemented	Not implemented
TM on the Report of the Public Accounts Committee - Central Government for the Financial Year 2014/2015	47	17	14	16
Total	47	17	14	16

Source: OAG verification of Treasury Memorandum

I issued the details of my findings and conclusions in separate reports which were submitted to Parliament.



Edward Akol
AUDITOR GENERAL

24th December, 2024

SECTION 5: DONOR-FUNDED PROJECTS AUDITED UNDER THE MINISTRY

The Ministry implemented five (5) Donor-Funded projects during the year under review which were all audited by my Office and separate reports issued. Below is a listing of the projects and the status of their audit;

Table 13: Showing donor funded projects

S/N	Project	Status of audit
1	Local Economic Growth Support Project	The project was audited and a separate report issued
2	Markets and Agriculture Trade Improvement project-MATIP-2	The project closed during the year and a project closure audit was done. A separate report was issued.
3	Programme for Restoration of Livelihoods in Northern Region (PRELNOR)	The project closed during the year and a project closure audit was done. A separate report was issued.
4	National Oil Seed Project (Component 2)-	The project was audited and a separate report issued.
5	Rural Development and Food Security in Northern Uganda Project (RUDSEC)	Outsourcing process for private auditor is on-going.



Edward Akol

AUDITOR GENERAL

24th December, 2024

SECTION 6: APPENDICES

Appendix I: Implementation of funded activities

Program me (A)	Sub programmes (b)	Budget (D)	Output	Activities (E)	Planned Target for the Financial year (F)	Is the performance indicator used by Management reasonable? Yes/No	Actual Performance (G)	Variance (H)= (F)-(G)	Audit Conclusion	Amount Spent UGX Bn) (L)
Program me: 01 Agro-Industrialization	SubProgramme: 01 Institutional Strengthening and Coordination	Budget 000046	Output: Local economic development support services	Mobilization and coordination of rehabilitation of 15 non-functional Agro- Processing Facilities (APFs)	15	Yes	27 Agro- Processing Facilities including Milk coolers, coffee and rice hullers and maize mills in 34 LGs	0	Fully implemented	0.260
				Coordination and mobilization of 12 regions to identify learners (Youth/ Women, PWDs and hard to reach Places) for skilling in the Regional Industrial hubs undertaken	12	Yes	19 Regional Presidential Skilling Hubs.	0	Fully implemented	
Program me: 12 Human Capital Development	Department: 003 Human Resource Department	Budget 000013	Output: HIV/AIDS Mainstreaming	Capacity of 10 members from the Ministry's AIDS Committee and for 12 selected LGs from across all regions built in HIV and AIDS mainstreaming	10	Yes	capacity built for 10 members from the Aids Committee and 12 Districts	0	Fully implemented	0.040
Program me: 14 Public Sector Transformation	Department: 001 District Administration Department	Budget 390023	Output: Functional LG Structures and Systems	6 District Technical Planning Committees supported to comply with Local Government Assessment Indicators in Planning, Budgeting, Accountability, Reporting, Capacity building	6	Yes	6 District Technical Planning Committees supported to comply with Local Government Assessment Indicators in Planning	0	Fully implemented	0.224
		Budget 390024	Output: LG Performance Improvement	Functionality and operationalize of DSC supported in 6 DLGs	6	Yes	Functionality and operationalize of DSC supported in 6 DLGs	0	Fully implemented	0.191
				Performance Improvement Plans developed for 6 DLGs	6	Yes	Performance Improvement Plans developed for 6 DLGs	0	Fully implemented	

		budget Output: 390025 Service delivery coordination	Coordinate 4 Quarterly Meetings with Accounting Officers of all LGs to discuss service delivery in Local Governments	4	Yes	The quarterly meetings with Accounting Officers of all LGs was coordinated and held on August 3, 2023, at Hotel Africana , 17th November, 2023 at Imperial Royale Hotel, 23rd February, 2024 at Hotel Africana and 17th May, 2024 at Imperial Royale Hotel.	0	Fully implemented	6.69
	Department: 001 District Inspection Department	budget Output: 000024 Compliance and Enforcement Services	Compliance inspections in all the 10 District Local Governments undertaken;	10	Yes	Compliance inspections in 11 District Local Governments undertaken.	0	Fully implemented	0.38
			Investigations in 04 DLGs from different regions of the country carried out	4	Yes	Investigations in 04 DLGs from different regions of the country carried out	0	Fully implemented	
	Department: 004 Urban Inspection Department	Budget Output: 000024 Compliance and Enforcement Services	56 urban councils selected from all the different regions inspected for compliance with existing laws and regulations and reports produced	40	0	Compliance inspection carried out in 40 DLGs	0	Fully implemented	0.35
			Special Investigations and spot checks undertaken in 10 urban councils in different regions of the country.	10	Yes	7 District Local investigated for compliance to rules and regulations were conducted	3	Partially implemented	
		Budget Output: 390022 Automation of Local Revenue management	Capacity of the Finance and Planning Officers to develop and implement revenue enhancement and management plans in the selected 40 Urban councils built.	40	Yes	32 sites located in 8Local Governments	0	Fully implemented	0.12
	Project: 1704 Local Government Revenue Management Information System	Budget Output: 390022 Automation of Local Revenue management	Installation of Local Area Network in the LGRMIS 40 sites undertaken	40	Yes	Local Area Network installed in 40 Local Government sites	0	Fully implemented	11.16
			LGRMIS roll out monitored in 40 sites	40	Yes	40 Local Governments inspected and monitored	0	Fully implemented	

			At least 185 staff of LGRMIS beneficiary Local Governments Trained	185	Yes	240 staff trained on e-logrev system usage	0	Fully implemented	
	Department: 004 Local Economic Development	Budget Output: 000046 Local Economic Development Support Services	20 LGs to establish Public Private Dialogue platforms or fora across all regions trained.	20	Yes	17 LGs facilitating the adoption of PPPs.	3	Partially implemented	0.23
			20 LGs supported to develop their Local Government LED Strategies across the country	20	Yes	20 LGs supported to develop their Local Government LED Strategies across the country	0	Fully implemented	
			Monitoring of performance of LED Programmes /projects in 20 LGs (Cities, Districts and Municipal Councils) drawn from all regions across the country undertaken	20	Yes	Monitored performance of Development projects in 37 LGs.	0	Fully implemented	
			Training of LED Investment Committees (LEDIC) in 20 LG selected from all regions across the country to promote Local Investment and revenue generation undertaken in all regions.	20	Yes	Trained Local Economic Development and Investment Committee (LEDICS) in 34 LGs	0	Fully implemented	
			20 LGs supported to develop their Local Government LED Strategies. Across the country undertaken	20	Yes	The Ministry has extended training to 29 LGs	0	Fully implemented	
			Monitoring of performance of LED Programmes /projects in 20 LGs (Cities, Districts and Municipal Councils) drawn from all regions across the country undertaken	20	Yes	Monitored performance of Development projects in 37 LGs.	0	Fully implemented	
	Department: 001 Finance and administration	Budget Output: 000004 Finance and Accounting	Timely quarterly payment for Office cleaning and maintenance ensured.	1	Yes	Payment for Office cleaning for 12 Months of the financial year 2023/2024 fully paid	0	Fully implemented	2.19
			Asset Management Assessment conducted in 40 selected LGs.	40	Yes	Asset management assessment conducted in 40 districts	0	Fully implemented	
			Payment and distribution of electricity to all Ministry meters conducted	1	Yes	payment for Electricity for 12 months of the financial year 2023/2024 fully executed	0	Fully implemented	

		Budget Output: 390013 Parish Development Model Coordination Services	Verification of PDM funds by Internal audit conducted in 20 LGs	20	Yes	Verification of PDM funds done in 5 districts in 2023/2024 financial year	15	Partially implemented	0.10
Program me: 16 Governance And Security	Department: 002 Local Councils Development Department	Budget Output: 460133 Legislative and policy development	Consultations in 36 Local Governments on the laws, Regulations and Policies affecting children from across all regions undertaken;	36	Yes	Consultations in 10 Local Governments on the laws, Regulations and Policies affecting children from across all regions undertaken;	21	Partially implemented	0.39
			Conflicts and disputes in 20 Local Governments from across all regions resolved;	20	Yes	Conflicts resolved in 5 Districts of Madi - Okollo, Napak, Rwampara, Butaleja and Moyo.	15	Partially implemented	
			Strengthening the capacity of 176 clerks to council in 176 Local Governments from all regions undertaken	176	Yes	Not done	176	Not implemented	
Program me: 17 Regional Balanced Development	Department: 001 District Inspection Department	Budget Output: 000024 Compliance and Enforcement Services	500 Parish SACCOs across all regions monitored for compliance to laws and regulations regarding PDM revolving fund;	500	Yes	500 Parish SACCOs across all regions monitored for compliance to laws and regulations regarding PDM revolving fund;	0	Fully implemented	0.22
	Department: 004 Urban Inspection Department	Budget Output: 000024 Compliance and Enforcement Services	To monitor and inspect for compliance with existing laws and regulations and reports produced from 31 Urban councils selected from different regions on the revolving funds of PDM.	31	Yes	36 parishes Inspected on the utilization of revolving funds in selected LGs.	0	Fully implemented	0.15
			Monitor Parish SACCOs for compliance to laws and regulations	1	Yes	Note done	1	Not implemented	
			Conduct trainings in poorly performing DLGs in Local Revenue enhancement.	1	Yes	Not done	1	Not implemented	
	Department: 004 Policy & Planning Department	Budget Output: 000006 Planning and Budgeting services	02 Regional Development Plan Concepts for Bukeddi, and Bugisu developed. ; Monitoring implementation of ongoing projects in the Ministry undertaken;	2	Yes	Contract not awarded	2	Not implemented	0.99

			RDP bi-annual and annual reviews held Annual RDP performance report compiled and produced	2	Yes	RDP bi annual review held	0	Fully implemented	
			Four progressive reports for the implementation of PDM Pillar 7 intervention prepared	4	Yes	Prepared 1 progressive reports for the implementation of PDM Pillar 7 intervention	3	Partially implemented	
			15 selected Local Governments monitored on the functionality and implementation of PDM Structures	15	Yes	Not done	15	Not implemented	
			2 Leadership Committee meetings held; Budget Framework Paper for the Regional Development Programme for FY2024/25 prepared and printed;	2	Yes	2 Leadership Committee meetings held; Budget Framework Paper for the Regional Development Programme for FY2024/25 prepared and printed;	0	Fully implemented	
			4 Programme Working Group Meetings held;	4	Yes	4 Programme Working Group Meetings held;	0	Fully implemented	
			36 Technical Working Group Meetings held	36	Yes	36 Technical Working Group Meetings held	0	Fully implemented	
			Budget Framework Paper for the Regional Development Programme for FY2024/25 prepared and printed;	1	Yes	Budget Framework Paper for the Regional Development Programme for FY2024/25 prepared and printed;	0	Fully implemented	
	Project: 1652 Retooling of Ministry of Local Government	Budget Output: 000003 Facilities and Equipment Management	Quarterly payment for CAO's Meetings and workshops effected.	4	Yes	4 Quarterly CAOs meetings held	0	Fully implemented	6.67
			8 tables procured	8	Yes	Not procured	8	Not implemented	
			1 container repaired and a base constructed	1	Yes	1 container repaired	0	Fully implemented	
			4 government programs successfully monitored for implementation by top management and other staff.	4	Yes	4 government programs successfully monitored for implementation by top management and other staff.	0	Fully implemented	
			Payment for bicycles effected	1	Yes	Payment for bicycles effected	0	Fully implemented	
			6 laptops procured	6	Yes	11 laptops, procured	0	Fully implemented	

			10 computers procured	10	Yes	27 computers procured	0	Fully implemented	
			5 printers procured	5	Yes	1 printer	4	Partially implemented	
			4 Government Programs successfully mentored by Top management.		Yes	4 monitoring exercise conducted b to access the operationalization of Mbarara Central Market, Kabale Central Market, Masaka and Busia Central markets	0	Fully implemented	
	Department: 001 District Administration Department	Budget Output: 000047 Local Governments Service Delivery Coordination	1 Annual General Meeting of the Association of District Service Commissions of Uganda coordinated	1	Yes	The Annual General Meeting of the Association of District Service Commissions of Uganda was held focusing on knowledge sharing and Collaborative problem-solving.	0	Fully implemented	0.34
			Local Government Advocacy Strengthened. Resources transferred to ULGA as released		Yes	The Annual General Meeting of the Association of District Service Commissions of Uganda was held focusing on knowledge sharing and collaborative problem-solving.	0	Fully implemented	
	Department: 002 Local Councils Development Department	budget Output: 000047 Local Governments Service Delivery Coordination	Induction of LG political leaders in 20 districts across all regions undertaken;	20	Yes	Induction of Councils conducted in Madi-Okollo, Rwampara, Butaleja, Budaka, Moyo	15	Partially implemented	0.35
			Research and data collection on performance of LGs, provide technical guidance, advice and counselling while as advice PS and Minister in all 4 Quarters;		Yes	Research and data collection on performance of LGs, provide technical guidance, advice and counselling while as advice PS and Minister in all 4 Quarters	0	Fully implemented	
	Department: 003 Urban Administration Department	Budget Output: 000023 Inspection and Monitoring	10 cities supported to formulate ordinances and bye-laws for improved service delivery...	10	Yes	10 cities supported to formulate ordinances and bye-laws for improved service delivery.	0	Fully implemented	0.38
			Support to UAAU and AMICAAL to carry out advocacy and lobbying for ULs rendered		Yes	Supported UAAU and EMICAALL with a total amount of UGX 54.2m to carry out advocacy and lobbying for ULs rendered.	0	Fully implemented	

				10 ULGs supported to train and skill the physical planners, law enforcement officers, Environmental Officers, Town agents, CDOs on waste management enforcement	10	Yes	10 ULGs supported to train and skill the physical planners	0	Fully implemented	
Program me: 20 Legislation, Oversight And Representation	Department: 002 Local Councils Development Department	Budget 630009 Councils services	Output: Local support	LG Council standard rules of procedure disseminated to all Local Leaders in 40 LGs across all regions undertaken;	40	Yes	Standard Rules of procedure disseminated to the Districts of: Rwampara, Kiruhura, Kaberamaido, Soroti, Obongi, Madi-Okollo, Moyo, Butaleja, Kiryandongo and Arua.	20	Partially implemented	0.10
				Training and guidance of 20 Local Government Councils in Legislative processes resulting in the formulation of Ordinances undertaken;	20	Yes	Training and guidance of 20 Local Government Councils in Legislative processes resulting in the formulation of Ordinances undertaken;	0	Fully implemented	

Appendix II: FINANCIAL STATEMENTS