

**OFFICE OF THE AUDITOR GENERAL**



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL**  
**ON THE FINANCIAL STATEMENTS OF MINISTRY OF WORKS**  
**AND TRANSPORT (MoWT)**  
**FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2022**

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

## **TABLE OF CONTENTS**

List of Acronyms .....	iii
Opinion .....	1
Basis for Opinion.....	1
Key Audit Matter .....	1
1.0 Implementation of the Approved Budget .....	1
2.0 Management of Public Land .....	5
Other Matter.....	7
3.0 Un-Recovered Advance Payment-EURO.8,854,839.68.....	7
Other Information .....	7
Management Responsibilities for the Financial Statements.....	8
Auditor’s Responsibilities for the audit of the Financial Statements .....	8
Other Reporting Responsibilities .....	9
Report on the Audit of Compliance with Legislation.....	9
4.0 Management of Information Technology (IT) Investments in Government .....	9
5.0 Implementation of the PDM by Ministry of Works and Transport .....	11
5.1 Implementation of the expected deliverables before full roll out of the PDM.....	12
6.0 Delayed Completion of the consultancy for the unit cost study for road construction and maintenance in Uganda.....	13
Appendix I: Outputs affected by budget cuts.....	14
Appendix II: Extent of Implementation of Outputs and Activities.....	16
Appendix III: Mischarge of expenditure .....	<b>Error! Bookmark not defined.</b>

## **List of Acronyms**

<b>Acronym</b>	<b>Meaning</b>
<b>BEC</b>	Budget Execution Circular
<b>Bn</b>	Billion
<b>CGV</b>	Chief Government Valuer
<b>EACAA</b>	East African Civil Aviation Academy
<b>GCALA</b>	Guidelines for Compensation Assessment under Land Acquisition
<b>GoU</b>	Government of Uganda
<b>HR</b>	Human Resource
<b>ICT</b>	Information & Communication Technology
<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
<b>ISSAIs</b>	International Standards of Supreme Audit Institutions
<b>KCCA</b>	Kampala Capital City Authority
<b>MDAs</b>	Ministries, Departments and Agencies
<b>MoFA</b>	Ministry of Foreign Affairs
<b>MoFPED</b>	Ministry of Finance, Planning and Economic Development
<b>MoWT</b>	Ministry of Works and Transport
<b>NAA</b>	National Audit Act
<b>NTR</b>	Non-Tax Revenue
<b>OAG</b>	Office of the Auditor General
<b>PAPs</b>	Project Affected Persons
<b>PBS</b>	Program Budgeting System
<b>PDM</b>	Parish Development Model
<b>PDU</b>	Procurement & Disposal Unit
<b>PFMA</b>	Public Finance Management Act
<b>PPDA</b>	Public Procurement & Disposal of Public Assets
<b>PS/ST</b>	Permanent Secretary / Secretary to the Treasury
<b>ROW</b>	Right of Way
<b>SGR</b>	Standard Gauge Railway
<b>TI</b>	Treasury Instructions
<b>UCF</b>	Uganda Consolidated Fund
<b>UGX</b>	Uganda Shilling

**REPORT OF THE AUDITOR GENERAL**  
**ON THE FINANCIAL STATEMENTS OF MINISTRY OF**  
**WORKS AND TRANSPORT**  
**FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2022**

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

**Opinion**

I have audited the accompanying financial statements of the Ministry of Works and Transport (MoWT) which comprise the Statement of Financial Position as at 30<sup>th</sup> June, 2022, the Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows together with 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 financial statements of the Ministry of Works and Transport (MoWT) for the financial year ended 30<sup>th</sup> June, 2022 are prepared, in all material respects, in accordance with Section 51 of the Public Finance Management Act, 2015 and the Financial Reporting Guide, 2018.

**Basis for Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of my report. I am independent of Ministry of Works and Transport in accordance with the Constitution of the Republic of Uganda 1995 (as amended), the National Audit Act, 2008, the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), 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 Matter**

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

**1.0 Implementation of the Approved Budget**

Paragraph 2 of schedule 5 of the PFMA requires Accounting Officers to prepare an appropriation account showing the services for which the money 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.

Over the years, I have observed improvements in the performance regarding implementation of the budget but entities still face a number of challenges including COVID-19, which continue to affect implementation of activities, service delivery and

credibility of the budget. It is against this background that budget performance was considered a key audit area during the office-wide planning. I reviewed documents such as work plans, performance reports, conducted interviews and physical inspection in arriving at my findings.

The MoWT is mandated to plan, develop and maintain an economic, efficient and effective transport infrastructure and services by road, rail, water, air and pipeline; manage public works including Government structures and promote good standards in the construction industry in support of the overall vision of government to bring about socio-economic transformation in the country.

The Ministry had a revised approved budget of UGX.836,607,573,082, out of which, UGX.767,113,898,027 was warranted. The Ministry's key deliverables for the financial year under review were:-

**Table 1: Key deliverables for MoWT for the year**

No	Output	Details	Budget (UGX) "000"	Cumulative % share of the total approved budget
1	52	Contributions to National, Regional and International Organizations	186,847,396	22.3
2	83	Border Post Rehabilitation/Construction	178,584,883	43.6
3	73	Roads, Streets and Highways	123,891,000	58.4
4	80	Construction/Rehabilitation of Inland Water Transport Infrastructure	95,997,248	69.9
5	05	Water and Rail Transport Programmes Coordinated and Monitored.	63,295,890	77.5
6	81	Construction/Rehabilitation of Railway Infrastructure	60,591,014	84.7
7	75	Purchase of Motor Vehicles and Other Transport Equipment	46,763,817	90.3
8	02	Road Safety Programmes Coordinated and Monitored	24,651,296	93.2
9	72	Government Buildings and Administrative Infrastructure	23,760,000	96
10	01	Policies, laws, guidelines, plans and strategies	23,332,601	98.8
		<b>Total</b>	<b>827,715,145</b>	<b>98.8</b>

I reviewed the implementation of the approved 2021/2022 budget by the entity and noted the following.

No	Observations	Recommendations
<b>1.1</b>	<b><u>Revenue Performance</u></b>	
	<p><b><u>Performance of Non-Tax Revenue (NTR)</u></b></p> <p>I reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2021/2022 and noted that the entity budgeted to collect NTR of UGX.215.63Bn during the year under review. Out of this, only UGX.209.00Bn was collected, representing a performance of 97% of the target.</p> <p>It was however, noted that the NTR target was set by MoFPED without the participation of the Accounting Officer.</p> <p>I could not therefore confirm whether this target was realistic.</p>	<p>I advise the Accounting Officer to ensure that the promised action is followed up and implemented.</p>

	<p>The Accounting Officer explained that during the BFP preparation for FY 2023-24 the Ministry has engaged MoFPED to ensure that realistic NTR projections are made.</p>																																									
	<p><b><u>Performance of GoU receipts</u></b>  According to the revised approved budget, the entity was supposed to receive UGX.836.61Bn, out of which UGX.767.1Bn was warranted, resulting into a shortfall of UGX.69.51Bn. The shortfall represents 8.31% of the approved budget.</p> <p>The funds that were not warranted were meant to facilitate the implementation of various outputs, which were either partially implemented or not implemented at all. The under funding for the affected outputs are included in <b>Appendix I</b>.</p> <p>The Accounting Officer explained that the Ministry is in constant engagement with MOFPED to ensure full and timely release of the Ministry's budget.</p>	<p>I advise the Accounting Officer to continue liaising with MoFPED to ensure that that the approved budget is fully warranted.</p>																																								
1.2	<p><b><u>Implementation of outputs and activities</u></b>  I assessed the implementation of a sample of twenty (22) outputs that had been fully quantified with a total of one hundred and ten (110) activities worth UGX.693Bn and noted that;</p> <ul style="list-style-type: none"> <li>• Five (5) outputs with eight (8) activities and expenditure worth UGX.294.6Bn were fully implemented.</li> <li>• Fifteen (15) outputs with ninety seven (97) activities worth UGX.390.4Bn were partially implemented. Out of the ninety seven (97) activities, the entity fully implemented thirty one (31) activities; forty (40) activities were partially implemented, while twenty six (26) activities remained unimplemented.</li> <li>• Two (2) outputs with five (5) activities worth UGX.8.1Bn were not implemented at all.</li> </ul> <p>For the details of implementation of planned outputs, refer to the <b>Appendix II</b>.</p> <p><b>Table 2: Level of implementation of outputs</b></p> <table border="1"> <thead> <tr> <th colspan="5">Summary of Performance by Output</th> <th colspan="5">Activity details-Analysis</th> </tr> <tr> <th>Category of output</th> <th>No of outputs</th> <th>% Of implementation</th> <th>Expenditure UGX Bn</th> <th>% Proportion to total expenditure</th> <th>Total no of activities</th> <th>No of Fully implemented activities</th> <th>No. Of partially implemented activities</th> <th>No of activities that were not implemented</th> <th>Extent of implementation of activities per category of output</th> </tr> </thead> <tbody> <tr> <td>Fully implemented outputs<sup>1</sup></td> <td>5</td> <td>33</td> <td>294.6</td> <td>42.5</td> <td>8</td> <td>8</td> <td>0</td> <td>0</td> <td>100</td> </tr> <tr> <td>Partially Implemented outputs<sup>2</sup></td> <td>15</td> <td>50</td> <td>390.4</td> <td>56.3</td> <td>97</td> <td>31</td> <td>40</td> <td>26</td> <td>50</td> </tr> </tbody> </table>	Summary of Performance by Output					Activity details-Analysis					Category of output	No of outputs	% Of implementation	Expenditure UGX Bn	% Proportion to total expenditure	Total no of activities	No of Fully implemented activities	No. Of partially implemented activities	No of activities that were not implemented	Extent of implementation of activities per category of output	Fully implemented outputs <sup>1</sup>	5	33	294.6	42.5	8	8	0	0	100	Partially Implemented outputs <sup>2</sup>	15	50	390.4	56.3	97	31	40	26	50	<p>I advised the Accounting Officer to always ensure that activities and outputs are implemented as planned.</p>
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<sup>1</sup>Fully implemented output -All the activities within the outputs are fully implemented

<sup>2</sup>Partially implemented Output-Activities within the output are either; Fully implemented, partially implemented or not implemented

	<b>Outputs Not Implemented<sup>3</sup></b>	2	17	8.1	1.17	5	0	0	5	0
	<b>Total</b>	<b>22</b>	<b>100</b>	<b>693</b>	<b>100</b>	<b>110</b>	<b>39</b>	<b>40</b>	<b>31</b>	

Under funding affected the implementation of planned activities.

Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained.

The Accounting Officer explained that non implementation of planned activities was affected by underfunding.

**1.3** **Mischarges**  
Regulation 16 (1) of the Public Finance and Management Regulations, 2016, requires an Accounting Officer to request the Minister for approval to vary, within a vote, the amount of money allocated to the vote.

Paragraph 10.3.1 (step 4-approval of payments) states that in reviewing payment requests, an Accounting Officer shall have a primary responsibility of ensuring that there is no mischarge and diversion of funds through wrong coding of transactions. An Accounting Officer shall be held personally liable for any wrong charge accounts used for expenditure incurred by his/her vote

From a sample of transactions reviewed, I noted that funds to the tune of UGX.2,097,464,868 were irregularly mischarged from the activities on which they were budgeted and spent on other activities without seeking and obtaining the necessary approvals. Details of cases where this was observed are in **Appendix III**.

Mischarge of funds is not only contrary to the Public Finance and Management Act, but it negatively affects the delivery of services and negates the purpose of budgeting.

The Accounting Officer explained that during the financial year, the Ministry budgeted to support regional workshops for the maintenance and repair of earth moving equipment which fall under force account, interconnectivity and DRRU units. These funds were transferred to the regional workshops to cater for outstanding bills for the Japanese Equipment to avert a crisis at the local Government, District and Municipal council.

I advised the Accounting Officer to ensure that charging of expenditure is based on the expenditure classification and coding as defined by the chart of Accounts and not reasons for the expenditure. Furthermore, the Accounting Officer is advised to advocate for increasing in the budget to support the regional workshops.

**1.4** **Delivery of services from implemented activities**

I undertook procedures to establish if activities were undertaken in timely manner, were of expected quality and quantity, and if citizens were getting the expected services. The following observations were noted;

**a) Maintenance of district and zonal road equipment**

I carried out inspection of the regional mechanical workshops and established that 23 Districts' road equipment, especially Motor graders remained in the Workshops'

<sup>3</sup>Outputs not implemented-All the activities within the output not implemented at all

yards for more than a year without repair with some having been grounded since 2016.

This has affected the maintenance of roads in the affected districts.

The Accounting Officer explained that the Regional Workshops received only UGX.10,492,000,000 as operational funding against an actual requirement of UGX.45,000,000,000 thereby not able to carry out all the necessary repairs.

I advised the Accounting Officer to lobby the responsible authorities and have the road equipment maintenance budget improved.

**b) Grounded Aircrafts at the East African civil Aviation Academy**

The inspection of the East African civil Aviation Academy (Soroti Flying School) indicated that all its nine (9) training aircrafts were grounded due to the expiry of their insurance or being faulty. I further noted that three aircrafts involved in accidents during the year under review had not been repaired due to the delayed compensation by the insurance service provider.

The training of pilots had been suspended resulting into un-necessary costs of keeping students on the campus without training and extension of the time within which students would complete their courses. In addition salaries for the Instructors and staff are being paid without activities, which is wasteful.

The Accounting Officer explained that the financial challenges have derailed the Academy from executing its mandate. It was further explained that the Academy procured an insurance service provider (Sanlam), however after accepting the offer, the Academy received a late communication from Sanlam declining to offer the service. The issue has however been escalated to the Attorney General for further guidance on the next action against Sanlam Insurance. In addition, 5X-UAN 310 aircraft was manufactured in 1978 whose production line had been stopped, hence the Academy had to make special arrangements for the production of the parts required. It should also be noted that the aircraft was undergoing major structural repairs which required lots of parts.

I advised the Accounting Officer to engage relevant authorities to ensure that the insurance cover is renewed and urgently follow up with the insurance provider for compensation of the aircrafts involved in accidents. Management of Ministry of Works should work out a strategy for enhancing the revenues of the Academy.

**2.0 Management of Public Land**

Section 45 of the Public Finance and Management Act (PFMA), 2015 (as amended) requires the Accounting Officers to be responsible for the management of the land under their custody. Public land management is the process by which public land resources are put to proper utilization. Paragraph 16.13.11 of the Treasury Instruction, 2017 requires that for a government entity to be considered to have control over land only when it has the title.

The current financial reporting framework requires Land to be recognized as Non-produced assets in the statement of financial position (effective 2014) for all reporting entities on both Modified accrual and accrual basis of Accounting. The framework further requires land procured prior to 2014, and where the value cannot



be ascertained to be recorded in the memorandum statement to the financial statements.

I observed that Ministries, Departments and Agencies (MDAs), and Local Governments (LGs) have challenges with regard to planning and budgeting, protecting, reporting, utilization and disposal of Public Land. These challenges include; inadequate record keeping, non-compliance to recognition and measurement criteria, loss of entity control due to encroachment and encumbrances, and lack of land titles, among others. These have negatively affected the quality of financial statements, and hampered service delivery and fulfilment of entity mandates.

Documents, such as; Laws and Regulations, approved strategic plans, policy statements, budgets, Financial Statements, Asset Register, Court case files and correspondences, Land titles and lease files were reviewed. In addition, I interacted with entity management and discussed issues affecting public land management. Furthermore, I physically inspected some of the pieces of land owned by the entities.

From the procedures undertaken, I noted the following:-

SN	Observation	Recommendation
2.1	<p><b><u>Recording of land in IFMS and presentation in the financial statements</u></b></p> <p>Paragraph 10.12.4 of the Treasury Instructions, 2017 requires all fixed assets acquired to be captured in the fixed asset module of the Government Financial Management Information System (GFMIS)-IFMS</p> <p>A review of the land register and land transactions during the period under review revealed that the land acquired under the SGR project, measuring approximately 1,305.886 acres costing UGX.99,343,193,128 were not recorded in the GFMIS fixed asset module thus affecting the accuracy of the non-produced assets in the financial statements.</p> <p>Failure to record all land in the land register could lead to misstatement of the non-produced asset in the statement of financial position and in the summary statement of stores and other assets (physical assets).</p> <p>The Accounting Officer explained that with the upgrading of the IFMS - assets module has been operationalized and the SGR land which had been acquired over the years will be uploaded on the IFMS as we have done for the Ministry.</p>	<p>I advised the Accounting Officer to ensure that all entity land is updated in the GFMIS asset module and appropriately presented and disclosed in the financial statements.</p>

## **Other Matter**

I consider it necessary to communicate the following matters other than those presented or disclosed in the Financial Statements;

### **3.0 Un-Recovered Advance Payment-EURO.8,854,839.68**

The PSST/National Authorising Officer of the European Development Fund (EDF)-Ministry of Finance, Planning and Economic Development (PSST/NAO) signed a contract with an International firm for civil works for the rehabilitation of the Tororo-Gulu Railway at a contract price of EUR.39,337,756 (excluding VAT/other taxes). This included EU component of EUR.17,526,000 and GoU of EUR.21,811,756.

Article 46.8-a of the contract (pre-financing) required that repayment of pre-financing shall take the form of deductions based on monthly claims. The flat rate pre-financing (maximum of 10%) shall be repaid by means of deductions from instalment and, if necessary, the balance due to the contractor. This repayment shall begin with the first instalment and be completed; at the very latest by the time 80% of the amount of the Contract has been paid.

I noted that the contractor terminated the contract on 12<sup>th</sup> July, 2022 due to failure by the Government of Uganda to honour payments. A review of payment certificates and Supervising Consultant reports established that, although 30% advance payment was made to the contractor amounting to EUR.11,801,326.80, by the time of termination of the contract, only EUR.2,946,487.12 had been recovered with the balance EUR.8,854,839.68 not yet recovered.

An inspection carried out during the audit of Uganda Railways Corporation, which was the contract manager, indicated that by the time of termination of the contract, the old railway line had been dismantled by the contractor in several areas. This exposed the dismantled but re-usable materials to theft.

There is a risk of loss of public funds of EUR.8,218,950.59 since the outstanding unpaid certificates amounted to only EUR.635,889.09. In addition, some or all the dismantled but re-usable materials may ultimately not be traceable.

The Accounting Officer explained that the outstanding advance payment is still secured by advance and pre-financing security bonds provided by the contractor at commencement which are in the custody of the Ministry of Finance, Planning and Economic Development which are valid up to the intended completion date of 9<sup>th</sup> February, 2023 as per the requirements of the contract.

I advised the Accounting Officer to liaise with the various stakeholders with a view of coming up with interventions to ensure that the rehabilitation of the Tororo-Gulu Railway is completed.

## **Other Information**

The Accounting Officer of Ministry of Works and Transport is responsible for the other information. The other information comprises the statement of responsibilities of the Accounting Officer and the commentaries by the Head of Accounts and the Accounting Officer, and other supplementary information. The other information does not include the financial statements and my auditors' report thereon. My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

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

### **Management Responsibilities for the Financial Statements**

Under Article 164 of the Constitution of the Republic of Uganda, 1995 (as amended) and Section 45 of the Public Finance Management Act, 2015, the Accounting Officer is accountable to Parliament for the funds and resources of MoWT.

The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of Public Finance and Management Act, 2015 and for such internal control as management determines 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 scepticism throughout the audit. I also:-

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 internal controls in the Ministry.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If I conclude that a material uncertainty exists, I

am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the 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 19 (1) of the National Audit Act, 2008, I report to you, based on my work described on the audit of Financial Statements, that; except for the matters raised in compliance with legislation section below, and whose effect has been considered in forming my opinion on financial statements, the activities, financial transactions and information reflected in the financial statements that have come to my notice during the audit, are in all material respects, in compliance with the authorities which govern them.

### **Report on the Audit of Compliance with Legislation**

In accordance with Section 19 of the NAA 2008, I have a responsibility to report material findings on the compliance of the Ministry with specific matters in key legislations. I performed procedures primarily to identify findings but not to gather evidence to express assurance.

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

#### **4.0 Management of Information Technology (IT) Investments in Government**

The Government of Uganda (GOU) is making large investments in Information Technology (IT) systems because of the tremendous benefits that IT can bring to its operations and services. One of the key programmes of NDPIII 2020/21-2024/25 is Digital Transformation, in which Government of Uganda aims to increase Information, Communication Technology (ICT) penetration and use of digital services for enhancing social and economic development.

As a result of national prioritisation of IT, the Auditor General undertook a thematic audit covering three financial years' expenditure (2019/20 to 2021/22) to scrutinise the management of IT Investments across Government. The overall objective was to assess whether the IT investments in Government are strategically aligned, managed appropriately and focused on achieving the NDP III objective. The procedures undertaken covered: planning and budgeting; procurement, utilization, maintenance and disposal of IT systems; governance, and financial reporting.

For the current year 2021/2022, the entity budgeted for UGX.5,572,875,000 for acquisition and implementation of IT systems and equipment and received UGX.4,793,109,187.

A review of IT activities implemented revealed the following:

SN	Observation	Recommendation																				
4.1	<p><b><u>Procurement/Development and Use of Software/Licenses (IT Systems) and Equipment</u></b></p> <p>The IT Systems Development Lifecycle (SDLC) requires a systematic approach which includes; initiation, planning and execution. In addition, I made my assessment basing on PS/ST and NITA-U guidance on IT developments which aim to promote rationalisation and avoid further development of isolated IT systems in MDAs and LGs.</p> <p>During the audit of the Ministry, I observed that a total of two (2) IT systems/equipment with a total cost of UGX.200,780,000 were implemented without business cases and approval by NITA-U. The <b>table</b> below refers.</p> <p><b>Table 3: IT systems procured without business cases</b></p> <table border="1" data-bbox="378 1153 1185 1451"> <thead> <tr> <th data-bbox="378 1153 517 1234">Name of IT System</th> <th data-bbox="525 1153 679 1234">Purpose of the System</th> <th data-bbox="687 1153 794 1234">Date of purchase</th> <th data-bbox="802 1153 1002 1234">Cost of the System (UGX.)</th> <th data-bbox="1010 1153 1185 1234">User Department</th> </tr> </thead> <tbody> <tr> <td data-bbox="378 1238 517 1341">Undefined</td> <td data-bbox="525 1238 679 1341">Biometric software system upgrade</td> <td data-bbox="687 1238 794 1341">6/6/2022</td> <td data-bbox="802 1238 1002 1341">4,900,000</td> <td data-bbox="1010 1238 1185 1341">All departments</td> </tr> <tr> <td data-bbox="378 1346 517 1426">PTV Visum Modeler</td> <td data-bbox="525 1346 679 1426">Transport planning software</td> <td data-bbox="687 1346 794 1426">19/11/2021</td> <td data-bbox="802 1346 1002 1426">195,880,000</td> <td data-bbox="1010 1346 1185 1426">Directorate of Transport services</td> </tr> <tr> <td data-bbox="378 1431 517 1451"></td> <td data-bbox="525 1431 679 1451"><b>Total</b></td> <td data-bbox="687 1431 794 1451"></td> <td data-bbox="802 1431 1002 1451"><b>200,780,000</b></td> <td data-bbox="1010 1431 1185 1451"></td> </tr> </tbody> </table> <p>Non-compliance may lead to duplication of acquisition, procurement of non-compatible solutions and equipment; and general deviation from Government's efforts to rationalize resources for better service delivery.</p> <p>The Accounting Officer promised that in future all ICT procurements will be approved by NITA-U before they are initiated by the Ministry.</p>	Name of IT System	Purpose of the System	Date of purchase	Cost of the System (UGX.)	User Department	Undefined	Biometric software system upgrade	6/6/2022	4,900,000	All departments	PTV Visum Modeler	Transport planning software	19/11/2021	195,880,000	Directorate of Transport services		<b>Total</b>		<b>200,780,000</b>		<p>I advised the Accounting Officer to request NITA-U to review the systems.</p>
Name of IT System	Purpose of the System	Date of purchase	Cost of the System (UGX.)	User Department																		
Undefined	Biometric software system upgrade	6/6/2022	4,900,000	All departments																		
PTV Visum Modeler	Transport planning software	19/11/2021	195,880,000	Directorate of Transport services																		
	<b>Total</b>		<b>200,780,000</b>																			
4.2	<p><b><u>IT Governance</u></b></p> <p>IT governance entails leadership, structures, and processes that enable an organization to make decisions to ensure that its IT sustains and extends its strategies and objectives. However, a review of the ICT governance structure of the entity revealed that;</p> <ol style="list-style-type: none"> <li data-bbox="371 1868 1246 1928">i. There were no specific structures that steer and oversee IT implementation.</li> <li data-bbox="371 1933 1246 2022">ii. The entity has nine (9) positions of IT staff on the establishment, out of which, four (4) (44%) were filled and have the required qualifications. <b>The table below refers.</b></li> </ol>	<p>I advised the Accounting Officer to institute governance policies and structures and to fill vacant positions to effectively manage IT investments.</p>																				

- iii. There was no approved IT risk management framework/policy at the entity, and risk register.
- iv. There was no business continuity plan, contrary to Section 4.6 of the National Information Security Policy 2014.

**Table 4: IT staffing levels**

Position Per Establishment	No. of Approved Positions	No. of Positions Filled	Vacant Positions
Principal Information Technologist	1	0	1
Senior Information scientist	1	0	1
Senior Information Technologist	2	2	0
Librarian	1	0	1
Web Master	1	1	0
Information Technologist	2	1	1
Systems administrator	1	0	1
<b>Total</b>	<b>9</b>	<b>4</b>	<b>5</b>

Absence of IT governance structures and understaffing hampers formulation of appropriate IT policies, strategies and real time upgrade of IT interventions. In addition, it may lead to misalignment of IT investments with the overall entity strategic objectives.

The Accounting Officer explained that the Ministry will ensure that a structure is set up to steer and oversee IT implementation in consultation with other stakeholders. It was further explained that the Ministry is in the process of initiating engagements with NITA-U to provide support to enable it undertake recovery of any data to aid business continuity.

## **5.0 Implementation of the PDM by Ministry of Works and Transport**

The Parish Development Model (PDM) is a strategy by the Government of Uganda aimed at organizing and delivering the public and private sectors out of poverty through the creation of employment opportunities at the lowest economic planning unit, the Parish. The Parish Development Model (PDM) is the last mile strategy for service delivery by Government of Uganda to improve the incomes and welfare of all Ugandans at the household level.

The Parish Development Model is expected to cover all the 10,594 parishes in Uganda and is premised on seven major pillars: The primary pillar is "Agriculture value chain development (Production, Storage, Processing and Marketing). The achievement of this pillar is supported by six other pillars namely; infrastructure and economic services, financial inclusion, social services, community mobilization, mind-set change Parish-based management information system, and governance and administration.

Pillar Two (2) – Infrastructure and Economic Services supports the provision of reliable transport and economic services for production and marketing.

The roles of the Ministry of Works and Transport are to;

- i. Chair the Pillar Working Group
- ii. Construct and maintain community access roads
- iii. Improve check points/bridges on community roads
- iv. Upgrade community local markets by developing marketing strategy

- v. Extend safe water facilities for domestic use and production
- vi. Extend of power facilities to communities and ensure availability of power in each Parish
- vii. Create free internet zones in communities
- viii. Improve physical development planning to facilitate planned, waste management and renewable energy

I reviewed the implementation of the PDM activities and noted the following;-

### **5.1 Implementation of the expected deliverables before full roll out of the PDM**

According to the approved PDM Policy Framework, 2022, the Ministry of Works and Transport was supposed to undertake a number of activities before the full roll out of the PDM to ensure that the Pillar objectives are achieved. I undertook verification of the extent to which these activities had been implemented and noted that out of six (6) activities, only one (1) had been implemented at the time of audit as per the details below;

<b>S/N</b>	<b>Pillar activity</b>	<b>What should be in place before full roll out</b>	<b>Implemented (Yes/No)</b>
<b>1</b>	Construction and maintenance of Community Access roads	Identification or existence of a database of all the roads to be worked on to facilitate implementation of the PDM	No
<b>2</b>	Improve choke points and bridges on community roads	Identification or existence of a database of all the choke points to be worked on to facilitate implementation of the PDM	No
<b>3</b>	Upgrade community local markets by developing a marketing strategy	An approved marketing strategy	No
<b>4</b>	Creation of free internet zones	Free internet zones identified and created	No
<b>5</b>	Functional Pillar working group	1 pillar working group	Yes
<b>6</b>	Pillar manual	1 pillar manual	No

Due to the failure to fully implement the above activities before full roll out there is a risk that implementation of the pillar activities will face challenges which may impair the achievement of the pillar objectives.

Management explained that the non-implementation is attributed to the absence of a budget provision to implement the activities as per the framework.

I advised the Accounting Officer to liaise with the relevant stakeholders to obtain the necessary resources to implement the activities as per the PDM policy framework.

## **6.0 Delayed Completion of the consultancy for the unit cost study for road construction and maintenance in Uganda**

On 30<sup>th</sup> July 2019, the Ministry entered into a contract for a unit cost study for road construction and maintenance in Uganda at a contract price of UGX.2,102,966,500. The contract was to be executed in nine (9) months from the date of contract signing, implying that the contract completion date was supposed to be 30<sup>th</sup> April, 2020.

A review of the performance of the contract revealed the following:-

- i. Although the cumulative payments to the consultant totalled to UGX.1,472,076,550 (70% of the contract price) by end of September 2022, almost 2 & ½ years later, most aspects of the contract such as testing the cost management system, 2<sup>nd</sup> stakeholders' workshop, final report, cost estimation and monitoring systems and implementation strategy had not been delivered.
- ii. Although, section 7.6 of Terms of Reference(TORs) for the study required six (6) staff from MoWT, UNRA, KCCA and Uganda Road Fund to be attached to the Consultant as counterpart staff for training and knowledge transfer, there was no evidence that it was done.
- iii. The most recent report submitted by the Consultant was the draft final report in December 2020. This report was not approved by the Ministry as it reportedly lacked cost drivers for road maintenance.

There is a risk of loss of UGX.1,472,076,550 so far paid to the Consultant if no acceptable report is eventually delivered. In addition, there was no evidence that the Ministry was employing the penalty provisions in the contract.

The Accounting Officer explained that the Consultancy has been delayed because of a number of issues, including the Covid-19 pandemic outbreak and the insufficient data that has been gathered from key stakeholders both internally and outside the benchmarking countries. It is important to highlight that access to offices and documents was necessary for the majority of the Consultancy's primary activities.

I advised the Accounting Officer to follow up with the Consultant to ensure that the report is delivered expeditiously to enhance decision making.



John F. S. Muwanga  
**AUDITOR GENERAL**  
Kampala  
23<sup>rd</sup> December, 2022



**APPENDICES:****Appendix I: Outputs affected by budget cuts**

No	Output	Details	Un warranted Amounts (UGX)
1	040101	Policies, laws, guidelines, plans and strategies developed	2,032,850,000
2	040102	Road Safety Programmes Coordinated and Monitored	1,067,356,240
3	040104	Air Transport Programmes coordinated and Monitored	260,400,000
4	040105	Water and Rail Transport Programmes Coordinated and Monitored.	48,700,000
5	040106	Ships and Ports programs coordinated and monitored	42,000,000
6	040107	Safety of navigation programs coordinated and monitored	15,725,708
7	040108	Technical Compliance Inspections Coordinated and Monitored	348,250,000
8	040109	Public Service Vehicles Licensed	434,951,000
9	040110	Rail Transport Programmes Co-ordinated and Monitored	1,750,000
10	040201	Policies, laws, guidelines, plans and strategies	373,860,000
11	040202	Monitoring and Capacity Building	1,109,529,736
12	040251	Maintenance of Aircrafts and Buildings (EACAA)	4,091,957,932
13	040252	Rehabilitation of Upcountry Aerodromes (CAA)	1,157,576,577
14	040253	Institutional Support to URC	1,694,783,174
15	040271	Acquisition of Land by Government	11,339,298,959
16	040281	Construction/Rehabilitation of Railway Infrastructure	29,892,476,459
17	040301	Policies, laws, guidelines, plans and strategies	404,485,000
18	040302	Management of Public Buildings	1,500,000
19	040303	Monitoring Compliance of Construction Standards and undertaking Research	280,703,600
20	040304	Monitoring and Capacity Building Support	5,230,804,039
21	040306	Construction related accidents investigated	4,400,000
22	040351	Registration of Engineers	418,408,714
23	040352	Support to MELTC	1,726,237,161
24	040354	Support to the National Building Review Board	1,168,867,630
25	040402	Monitoring and capacity building support for district road works	619,656,158
26	040473	Roads, Streets and Highways	488,485,029
27	040476	Purchase of Office and ICT Equipment, including Software	200,000,000
28	040501	Policies, laws, guidelines, plans and strategies.	322,684,000
29	040502	Maintenance Services for Central and District Road Equipment.	199,750,000
30	040503	Mech Tech Advise rendered & Govt vehicle inventory maintained.	29,774,660
31	040505	Operation and Maintenance of MV Kalangala Ship and other delegated ferries	410,000,000
32	040506	Maintenance of the Government Protocol Fleet	150,000,000
33	040507	Monitoring and Inspection of Plant and Equipment	31,500,000
34	040551	Transfers to Regional Mechanical Workshops	1,516,810,715
35	044901	Policy, Laws, guidelines, plans and strategies	213,580,000

36	044902	Ministry Support Services and Communication strategy implemented.	396,627,800
37	044904	Transport Data Collection Analysis and Storage	323,950,000
38	044905	Strengthening Sector Coordination, Planning & ICT	629,100,000
39	044906	Monitoring and Capacity Building Support	186,027,054
40	044919	Human Resource Management Services	162,999,314
41	044920	Records Management Services	86,880,000
42	044976	Purchase of Office and ICT Equipment, including Software	378,978,184
42	<b>Total</b>		<b>69,493,674,843</b>

## Appendix II: Extent of Implementation of Outputs and Activities

Fully Implemented Out-puts					Partially Implemented Out-puts							Out-puts not Implemented at all				
Project	Output	Total output expenditure (UGX '000')	Total No activities	Number of fully implemented activities	Project	Out-put	Total Out-put expenditure (UGX '000')	Total No activities	Number of fully implemented activities	No of partially implemented activities	No of activities that were not implemented	Project	Out-put	Total Out-put expenditure (UGX '000')	Total No activities	Activities not Implemented
Maritime	52 Contributions to National, Regional and International Organizations	29,549	1	1	07 Transport Regulation and Safety	01 Policies, laws, guidelines, plans and strategies developed	2,045,429	9	3	2	4	1284 Development of new Kampala Port in Bukasa	80 Construction/Rehabilitation of Inland Water Transport Infrastructure	7,461,544	1	1
Transport Infrastructure and Services	52 Rehabilitation of Upcountry Aerodromes (CAA)	1,131,423	2	2	1096 Support to Computerized Driving Permits	76 Purchase of Office and ICT Equipment, including Software	5,236,000	2	0	2	0	1703 Rehabilitation of District Roads Project	76 Purchase of Office and ICT Equipment, including Software	614,999	4	4
1284 Development of new Kampala Port in Bukasa	83 Border Post Reahabilitation/Construction	8,476,928	1	1	16 Maritime	01 Policies, laws, guidelines, plans and strategies developed	413,730	1	0	1	0		Totals	8,076,543	5	5
1489 Development of Kabale Airport	83 Border Post Reahabilitation/Construction	124,792,709	2	2	1097 New Standard Gauge Railway Line	76 Purchase of Office and ICT Equipment, including Software	259,230	1	0	1	0					
1563 URC Capacity Building Project	81 Construction/Rehabilitation of Railway Infrastructure	160,171,907	2	2	1373 Entebbe Airport Rehabilitation Phase 1	52 Rehabilitation of Upcountry Aerodromes (CAA)	19,138,215	3	2	1	0					
	<b>Totals</b>	<b>294,602,516</b>	<b>8</b>	<b>8</b>	1512 Uganda National Airline Project	52 Rehabilitation of Upcountry Aerodromes (CAA)	117,626,000	7	2	1	4					
					1659 Rehabilitation of the Tororo – Gulu railway line	81 Construction/Rehabilitation of Railway Infrastructure	11,229,844	3	1	2	0					
					12 Roads and Bridges	52 Support to MELTC	4,273,763	7	5	2	0					
					1558 Rural Bridges Infrastructure Development	74 Major Bridges	21,641,508	16	5	9	2					
						76 Purchase of Office and ICT Equipment, including Software	230,000	2	0	2	0					
					1564 Community Roads Improvement Project	73 Roads, Streets and Highways	43,801,746	10	2	3	5					
						76 Purchase of Office and ICT Equipment, including Software	500,000	3	1	0	2					
					1703 Rehabilitation of District Roads Project	73 Roads, Streets and Highways	107,543,822	13	5	4	4					
					1705 Rehabilitation and Upgrading of Urban Roads Project	81 Urban roads construction and rehabilitation (Bitumen standard)	53,428,317	17	4	8	5					
					1617 Retooling of Ministry of Works and Transport	76 Purchase of Office and ICT Equipment, including Software	3,021,448	3	1	2	0					
					<b>Totals</b>		<b>390,389,052</b>	<b>97</b>	<b>31</b>	<b>40</b>	<b>26</b>					

**Appendix III: Mischarge of expenditure**

EFT No	Supplier	Description	Amount	Code charged	Right code
37624196	Bugembe Regional Mechanical Workshop	Payment for outstanding repair commitments on road equipment	189,437,000	312104	228003
39798190	Gulu Regional Mechanical Workshop	Payment for outstanding bills for repair and maintenance of district road equipment to service providers	300,000,000	225002	228003
42444206	Bugembe Regional Mechanical Workshop	Transfer to cater for Outstanding Bills for Road Equipment as per memo.	398,921,670	312213	228003
42765740	Bugembe Regional Mechanical Workshop	Transfer to Support Corrective Maintenance needs and Ground Engaging Implements of Road Equipment under Zonal Centre Central as per memo and Budget.	292,690,000	312104	228003
44556151	Bugembe Regional Mechanical Workshop	Outstanding bills for road equipment	466,746,198	225002	228003
44556151	Bugembe Regional Mechanical Workshop	Outstanding bills for road equipment	449,670,000	225002	228003
	<b>Total</b>		<b>2,097,464,868</b>		