

**REPORT ON THE TECHNICAL AND FINANCIAL REVIEW OF ROAD
MAINTENANCE PROJECTS IN KABALE MUNICIPAL COUNCIL FOR
THE FINANCIAL YEAR 2015-16**



TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY	3
1.1	Introduction	3
1.2	Objective of the technical and financial reviews	3
1.3	Scope of Review	3
1.4	Performance assessment	4
1.5	Summary of performance	4
1.6	Conclusion	4
1.7	Summary of issues and action matrix	5
2.	DETAILS OF THE TECHNICAL AND FINANCIAL REVIEW FINDINGS.....	6
3.	SPECIFIC TECHNICAL REVIEW FINDINGS ON SELECTED ROADS INSPECTED.....	11
3.1	Sealing maintenance of Mukombe road (900 m)	11
3.2	Periodic maintenance of Nyemera road (900 m)	12
3.3	Periodic maintenance of Kekubo-Rutooma Road (1.2km)	13
3.4	Sealing of Rwamafa Road (700m)	14
4.	APPENDICES	15
4.1	Appendix I – Table of detailed performance assessment.....	15

REPORT ON THE TECHNICAL AND FINANCIAL REVIEW OF ROAD MAINTENANCE PROJECTS IN KABALE MUNICIPAL COUNCIL FOR THE FINANCIAL YEAR 2015-16

1. EXECUTIVE SUMMARY

1.1 Introduction

The Uganda Road Fund Act 2008 established the Uganda Road Fund (URF) for the purpose of financing routine and periodic maintenance of public roads; to facilitate the delivery of road maintenance services; to provide for the management of the Fund; and for other related matters.

The objectives are:

- To finance the routine and periodic maintenance of public roads in Uganda;
- To ensure that public roads are maintained at all times; and
- To advise the Minister, in consultation with the Minister responsible for roads and the Minister responsible for local governments on; the preparation, efficient and effective implementation of the Annual Road Maintenance Programme; and the control of overloading of vehicles on public roads.

1.2 Objective of the technical and financial reviews

The URF performed a technical and financial review of road maintenance projects in Kabale Municipal Council for the period July 2015 to June 2016. The purpose of the review was to provide assurance to the URF Board that funds disbursed in the period under review were utilised in accordance with the provisions in the work plans, performance agreements and the URF Act. Furthermore, the review aimed to verify that the use of such resources was efficient, effective and with due regard to economy and transparency.

The specific objectives of the review were:

- To establish financial propriety in management of URF funds;
- To establish the extent of compliance with laws, regulations, guidelines, performance agreements and work plans in fund management, procurement and program implementation;
- To determine the extent to which funded works and services were executed by Kabale Municipal Council; and
- To determine effectiveness of oversight and support organs such as Internal Audit on work plans and programs of Kabale Municipal Council.

1.3 Scope of Review

The review was carried out based on the relevant laws and regulations including but not limited to:

- a) The Uganda Road Fund Act 2008;
- b) The Public Finance Management Act 2015;
- c) The Public Procurement and Disposal of Public Assets Act 2003;
- d) The Internal Audit Manual of the Uganda Road Fund;
- e) The Finance and Accounting Manual of the Uganda Road Fund;
- f) One Year Road Maintenance Plans for FY2015/16;

- g) Performance agreements for FY2015/16; and
- h) Other standards of sound professional practice.

The budget of the Municipal Council for the FY2015/16 was UGX 1,047,367,040/= which was planned to finance the activities summarised below in:

Routine Manual (UGX)	Routine Mechanised (UGX)	Periodic Maintenance (UGX)	Mechanical Imprest (UGX)	Other Works (UGX)	Total (UGX)
UGX 152,639,970 (94.91KM)	UGX151,740,340 (29KM)	UGX 625,925,810 (3.78KM)	UGX 67,976,440	UGX 49,084,480	UGX 1,047,367,040 (127.69KM)

1.4 Performance assessment

This report presents performance of the Kabale MC during the period, identifying the critical exceptions in governance, financial management, procurement, project implementation and reporting that need to be addressed. The agency was rated and scored in the above mentioned performance areas against a standard scale as defined below:

Overall performance rating (%)	
0-25	Unsatisfactory
25-50	Weak
50-75	Adequate
75-100	Good

The report also includes suggested recommendations and proposed way forward.

1.5 Summary of performance

The table below summarises the Municipal Council performance in the various areas reviewed by the audit team. Details of the assessment are attached in Appendix II.

No.	Performance Area	Weight (%)	Aggregated Score (%)
1	Planning and Budgeting	20	15
2	Procurement Processes	8	08
3	Project Management and Control	30	22
4	Actual Works Done	25	13
5	Oversight	10	07
6	Agency Capacity	7	04
	Total	100	69

1.6 Conclusion

Based on the evaluation of the function areas highlighted above, the performance of the Municipal Council is rated at 69% which is **adequate**. Management needs to put in place an appropriate action plan to address the exceptions noted and ensure effective utilisation of URF's funds in future.

1.7 Summary of issues and action matrix

Issue	Action Required	Action by	Deadline
1. Deviation from engineering design, practices and implementation standards: a. Inadequate quality control procedures b. Lack of unit rates schedule for planning in the FY c. Inadequate compaction for earthworks d. Narrow carriageways e. Failure to install project information signage f. Lack of final accounts for completed projects,	<ul style="list-style-type: none"> • To conduct quality control tests on all construction materials and during project implementation • To develop a schedule for unit rates to guide planning on annual basis • To ensure adequate compaction of earthworks • To place signage on all major projects as a standard practice • To improve documentation of project management and prepare final accounts / report for each completed project; and • Follow MoWT standards for road works at all times 	TC	Effective Q2 of FY2016/17
2. Failure to maintain accurate records and information for the following key functions and activities: a. Tracking budget performance for projects against actual costs b. Accountability reports and source records	<p>To maintain the requisite records to budgets during implementation of projects.</p> <p>To reconcile the accountability reports (Q1 to Q4) to the source records.</p>	TC	Immediate
3. Poor drainage system of <i>Mukombe road</i>	Urgently install stone pitched side drains and relief culverts on <i>Mukombe Road</i>	TC	By June 2017
4. Inadequate oversight over road maintenance funding	Oversight over road maintenance funds should be increased to ensure value for money.	TC	Immediate

2. DETAILS OF THE TECHNICAL AND FINANCIAL REVIEW FINDINGS

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSE	RECOMMENDATIONS
PLANNING AND BUDGETING	<p>✓ Annual work plan for the FY2015/16</p> <p>The annual work plan for the FY2015/16 was in place and submitted to the URF on the 28th July 2015. However, the following observations were noted:</p> <ul style="list-style-type: none"> ○ A schedule of unit rates for formulation of the annual work plan was not availed nor used in the budgeting process. <p>✓ Budget performance monitoring</p> <p>The data on budget performance was not availed during the review. Although the team was availed actual expenditure as recorded in IFMS, it was not analysed between the different categories of expenditure as recommended by URF. As a consequence the actual expenditure of the Municipal Council could not be ascertained.</p>	<p>Lack of a unit rate schedule makes assessment of the reasonableness of road maintenance costs impossible</p> <p>Failure to analyse actual expenditure as per the recommended expenditure categories prohibits tracking of the work plan and performance.</p>	<p>The Municipal Council derives unit rates to guide planning. These shall be submitted to URF going forward</p> <p>The advice of regularly analysing actual expenditure along given budget lines to enable tracking of budget performance has been noted is to be implemented going forward</p>	<p>The Municipal Council should derive unit rates to guide its planning and project implementation process and attached to the work plans submitted to URF.</p> <p>The agency should regularly analyse its actual expenditure between the recommended expenditure categories to enable tracking of its work plan and budget for proper decision making.</p>
PROCUREMENT OF SUPPLIES	<p>✓ Procurement plan and records</p> <p>The audit team was availed with the procurement plan of the period under review. It included the planned procurements for road maintenance.</p> <p>Procurement records for the supply of material used in road maintenance activities were in place. In addition the Municipal executed framework contracts during the year which made the supply of materials be undertaken in a fairly timely manner.</p>	<p>Procurements were undertaken in a transparent and competitive manner.</p>	<p>Noted with thanks.</p> <p>The practice shall be upheld</p>	<p>Keep it up</p>
PROJECT MANAGEMENT	<p>✓ Inadequate quality control procedures</p>	<ul style="list-style-type: none"> • Value for money cannot be guaranteed 	<p>The suppliers have been requested to deliver</p>	<p>All works should be executed in accordance</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSE	RECOMMENDATIONS
AND CONTROL	<p>Section 9 (e) of the performance agreement required the Municipal to ensure that all maintenance works are conducted in accordance with quality standards. Kabale MC violated the above provision during execution of works on some of its projects as noted below:</p> <ul style="list-style-type: none"> Using aggregates and bitumen in the resealing of Rwamafa road that were not subjected to quality tests. There was no records of in-situ quality tests conducted during project implementation. <p>✓ <u>Project management documentation</u> Kabale MC maintained project monitoring reports. However, there are key documents that were not maintained by the agency such as records of approval of work program, project specific progress reports and measurement of actual works done at completion (final accounts) for the implemented projects.</p>	<p>due to uncertainty on the quality of materials used.</p> <ul style="list-style-type: none"> There is poor project implementation and improper accountability. This makes it difficult to assess value for money on implemented projects 	<p>construction materials with quality test results which shall be verified from the Municipal Council's laboratory.</p> <p>Poor project documentation is as a result of low staffing levels. The Municipal Council has however started to involve the road gangs overseers and headmen for improvement.</p>	<p>with acceptable standards in relation to design, documentation and testing suitability of materials used.</p> <p>Kabale MC should improve project management documentation and include final accounts that are specific to road projects implemented.</p>
FINANCIAL MANAGEMENT RECORDS	<p>✓ <u>Discrepancies in accountability records and reports</u> Section 5 (b) (i) of the performance agreement requires the DA to provide comprehensive and satisfactory accountability reports for the funds disbursed in a form prescribed by URF. A review of the accountability records revealed the following:</p> <ul style="list-style-type: none"> The financial accountability reports for FY 15/16 were prepared by the Municipal Council Engineer instead of the Head of Finance. This undermines independence of functions between financial and technical management. A review of actual expenditure revealed a variance of UGX 100,144,925 between 	<p>This has led to inaccuracies and inconsistencies between the records and the accountability reports submitted to URF.</p>	<p>The reports are jointly prepared by Finance and Engineering personnel</p> <p>The omission of expenditure on Rwamafa Road was an anomaly. However, it has been captured in the soft copy accountability report submitted to URF.</p> <p>All anomalies in practice have been noted and shall be improved going forward</p>	<p>Accountability reports of the Municipal Council should be reviewed by the Head of Finance prior to submission to the URF.</p> <p>The discrepancy in the expenditure recorded should be reconciled and resubmitted to URF.</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSE	RECOMMENDATIONS
	<p>expenditure recorded in the accountability reports (UGX 765,108,970) and IFMS (UGX 664,964,045).</p> <ul style="list-style-type: none"> • Further analysis of the total expenditure under IFMS (UGX 664,964,045/=) against the actual release during the financial year (UGX 737,502,278/=) revealed a discrepancy of UGX72, 538,233/= as unspent. • The expenditure on Rwamafa road to the tune of UGX99M/= was not captured in the accountability reports submitted to URF • There was failure to certify cashbooks and bank reconciliation statements <p>Section 6.4.2.6 of the LGFAM, 2007 requires that bank reconciliation to be prepared not later than fifteen days after the end of each month. The statement should also be certified by the Head of Finance. Although the bank reconciliation statements were prepared and printed off IFMS, they were not certified by the CFO.</p>	Lapses in reconciliation may result in loss of cash without detection.		Bank reconciliations should be prepared and certified by CFO.
EVALUATION OF PROJECTS IMPLEMENTED	<p>✓ Lack of project information signage</p> <p>Clause 9 (k) of the performance agreements required Kabale MC to install appropriate signage at the beginning and end of every road on all road works under URF funding. The signage should show road name, funder, financial year, length of the road, activity being undertaken and the road management type. Kabale MC did not install any signage on all the roads that were inspected in the FY2015/16.</p> <p>✓ Deviation from engineering design standards and practices</p> <p>Section 9 (e) of the performance agreements stipulates that the designated agencies must ensure</p>	<p>This implies lack of compliance with guidelines and performance agreements.</p> <p>This implies lack of compliance with guidelines and</p>	The issue of signage has been noted. There's signage installed on all major projects currently.	<p>The agency should place signage on all major projects as a standard practice.</p> <p>The agency should follow the MoWT standards as a guide for project</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSE	RECOMMENDATIONS
	<p>that all maintenance works are conducted in accordance with the relevant quality standards and shall pay particular attention to design standards. Kabale MC was found to deviate from this stipulation on some of the inspected projects. For example;</p> <ul style="list-style-type: none"> ○ All inspected roads were constructed with narrow carriageways averaging 4m instead of the required minimum of 5.4 for urban roads. and ○ Culvert installations along Kekubo-Rutooma road were undertaken without compaction of the backfill earthworks. <p>✓ Inadequacy of maintenance interventions in place</p> <p>Project inspections revealed that there was need for urgent maintenance interventions. For example;</p> <ul style="list-style-type: none"> ○ The drainage system of Mukombe road required urgent improvement by incorporation of stone-pitched side drains and several culvert installations, and ○ The loose aggregates placed on Rwamafa road should be swept urgently to curb segregation. <p>✓ Overdesign of Mukombe road</p> <p>There was no clear justification on the use of premix hot mix asphalt to construct the wearing course of Mukombe road which cost UGX241.9M/=. A cheaper alternative of DBST could have cost UGX150M/= therefore saving funds for other road maintenance works.</p>	<p>performance agreements.</p> <p>Failure to follow standard practices means value for money cannot be guaranteed due to substandard output.</p> <p>There is a risk of extended damage and higher losses on the road asset value hence increased overall maintenance costs.</p> <p>There is risk of unnecessary loss of road maintenance funds</p>	<p>There has been an issue of encroachment by developers. However, this is currently being addressed.</p> <p>The agency lacked a roller at the time. The pedestrian roller had also broken down. There's expectation of acquisition of compaction equipment in the new road unit</p> <p>Stone pitching on critical areas is being done while culvert installations are completed.</p> <p>Loose aggregates along Rwamafa road were finally swept.</p> <p>Mukombe road is heavily trafficked and seldom carries heavy traffic loads as a by-pass to Kisoro. Thus the justification for the use of a 40mm Asphalt overlay</p>	<p>implementation.</p> <p>Kabale MC should to prioritise projects so as to undertake the most critical projects.</p> <p>The agency should undertake road maintenance works with due consideration to current needs</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSE	RECOMMENDATIONS
OVERSIGHT	<p>✓ Oversight on URF projects</p> <p>Although the team reviewed the internal audit reports on road maintenance activities for the FY under review, it was noted that adequate oversight on road maintenance funds is still lacking.</p>	Lack of assurance during project implementation	Oversight has been intensified by involvement of other stakeholders to ensure value for money. Due to low staffing levels in Engineering department, road gang overseer and headmen being involved in works other than the road gang works.	Internal Audit to ensure adequate oversight on both financial management and technical aspects of road maintenance activities..
CAPACITY	<p>✓ Capacity to implement projects</p> <p>At the time of the review, Kabale MC lacked compaction equipment hence the poor construction of earthworks.</p>	This reduces Kabale MC's ability to properly implement road maintenance programs.	Kabale MC lacks the appropriate road equipment such as a roller. We hope to get one in the awaited roads unit	Kabale MC should ensure that it has all its key equipment for road maintenance in good shape at all times.

3. SPECIFIC TECHNICAL REVIEW FINDINGS ON SELECTED ROADS INSPECTED

3.1 Sealing maintenance of Mukombe road (900 m)

Planned amount (UGX)	237,390,000/=
Actual sum (UGX)	241,900,000/=
Variance	4,510,000/=
Start date	Not on file
Completion date	Not on file
Management type	Force Account
Supervisor	Municipal Engineer
Activity done	Resealing with Hot Mix Asphalt
Project Description and Condition	
<p>The project is a 900m paved urban road with a 7.0 m wide roadway and 5.8m carriageway. The road traverses a hilly terrain.</p> <p>The road received resealing by application of 40mm thick overlay of hot mix asphalt at an estimated cost of UGX 241.9M/=.</p> <p>At the time of the review, the road was at a good service level and motorable through the entire stretch. However, it requires urgent drainage improvement.</p>	
Review Findings	
<ul style="list-style-type: none"> Over design for wearing course leading to expensive surfacing at UGX241.9M/=. A surface dressed wearing course would've cost an estimated UGX150M/=, Lack of project information signage, and Inadequate drainage provisions. 	

Photographs from field inspection of Mukombe road (900 m)



0+000: Surface treated with HMA



Ch. 0+800: Drainage improvement required by provision of lined drains and relief culverts

3.2 Periodic maintenance of Nyemera road (900 m)

Planned amount (UGX)	33,000,000/=
Actual sum (UGX)	33,001,200/=
Variance	1,200/=
Start date	Not on file
Completion date	Not on file
Management type	Force Account
Supervisor	Municipal Engineer
Activity done	Periodic maintenance
Project Description and Condition	
<p>The project is a 900 m unpaved urban road with a 6.0 m wide roadway and 4m carriageway. The road traverses a rolling terrain.</p> <p>The road received periodic maintenance by reshaping and full regravelling (100mm thickness) with drainage improvements at an estimated cost of UGX 33M/=.</p> <p>At the time of the review, the road was at a good service level and motorable through the entire stretch.</p>	
Review Findings	
<ul style="list-style-type: none"> • Lack of project information signage, • High unit rate for periodic maintenance due to multiple overlapping items, • Lack of final account documentation, and • Narrow carriageway at 4m instead of the required 5.4m. 	

4.1

Photographs from field inspection of Nyemera road (900m)



Ch. 0+000: Project information signage lacking

A well maintained section of the road

4.2

4.3

3.3 Periodic maintenance of Kekubo-Rutooma Road (1.2km)

Planned amount (UGX)	49,689,000/=
Actual sum (UGX)	49,688,240/=
Variance	760/=
Start date	Not on file
Completion date	Not on file
Management type	Force Account
Supervisor	Municipal Engineer
Activity done	Periodic maintenance
Project Description and Condition	
<p>The project is a 1.2 km unpaved urban road with a 6.0 m wide roadway and 4.5m carriageway. The road traverses a rolling terrain.</p> <p>The road received periodic maintenance by reshaping and full regravelling (100mm thickness) with drainage improvements at an estimated cost of UGX 49.7M/=.</p> <p>At the time of the review, the road was at a good service level and motorable through the entire stretch.</p>	
Review Findings	
<ul style="list-style-type: none"> • Lack of project information signage, • High unit rate for periodic maintenance due to multiple overlapping items, • Lack of compaction of culvert backfill, • Lack of final account documentation, and • Narrow carriageway at 4.5m instead of the required 5.4m. 	

4.4

Photographs from field inspection of Kekubo-Rutooma Road (1.2km)



Ch. 0+000: Project information signage lacking

1+100: Poor compaction of culvert backfill material

4.5

3.4 Sealing of Rwamafa Road (700m)

Planned amount (UGX)	178,500,000/=
Actual sum (UGX)	99,364,640/=
Variance	79,135,360/=
Start date	Not on file
Completion date	Not on file
Management type	Force Account
Supervisor	Municipal Engineer
Activity done	Resealing
Project Description and Condition	
<p>The project is a 700m paved urban road with a 6.0 m wide roadway and 4.5m carriageway. The road traverses a flat terrain.</p> <p>The road was resealed with double bituminous surface treatment at an estimated cost of UGX 99.4M/=.</p> <p>At the time of the review, the road was at a fair service level and motorable through the entire stretch.</p>	
Review Findings	
<ul style="list-style-type: none"> • Lack of project information signage, • Segregation of aggregates, • The project was not included in the accountability report, • Bituminous works were not subjected to quality control tests, • Lack of final account documentation. Culvert installations were not in the BOQ, and • Narrow carriageway at 4.5m instead of the required 5.4m minimum. 	

Photographs from field inspection of Rwamafa Road (700m)



Sealed surface with loose aggregate



Culvert installation

4. APPENDICES

4.7

4.8 Appendix I – Table of detailed performance assessment

No.	PERFORMANCE AREA	Priority (%)	Score (0-3)	%age Score	Aggregate score
1	PLANNING AND BUDGETING	20			
1.1	Road Inventory and condition surveys		3.00	0.17	3
1.2	Work plan		3.00	0.17	3
1.3	Performance agreements		3.00	0.17	3
1.4	Adequacy of the unit rates		0.50	0.03	1
1.5	Budget performance monitoring		1.50	0.08	2
1.6	Procurement plan		3.00	0.17	3
18					16
2	PROCUREMENT PROCESSES	8			
2.1	Compliance with PPDA guidelines		3.00	1.00	8
3					8
3	PROJECT MANAGEMENT AND CONTROL	30			
3.1	Checklist of expected documents (BOQs etc.)		2.00	0.17	5
3.2	Quality and cost control records		2.50	0.21	6
3.3	Supervision reports		2.00	0.17	5
3.4	Financial management records		2.50	0.21	6
12					23
4	ACTUAL WORKS DONE	25			
4.1	Signage		0.00	0.00	-
4.2	Verification of actual works done		3.00	0.25	6
4.3	Adherence to construction standard practices		2.00	0.17	4
4.4	Justification of maintenance needs		1.50	0.13	3
12					14
5	OVERSIGHT	10			
5.1	Internal audit reports		1.50	0.13	1
5.2	District Roads Committee		2.00	0.17	2
5.3	DEC		2.00	0.17	2

5.4	CAO		2.00	0.17	2
	12				6
6	AGENCY CAPACITY	7			
6.1	Staffing levels and competencies		2.50	0.21	1
6.2	Equipment		1.80	0.15	1
6.3	Funding needs		1.50	0.13	1
6.4	IT Infrastructure		2.50	0.21	1
	12				5
	TOTALS	100			71