

**REPORT ON THE TECHNICAL AND FINANCIAL REVIEW OF ROAD
MAINTENANCE PROJECTS IN KALUNGU DISTRICT LOCAL
GOVERNMENT FOR THE FINANCIAL YEAR 2015-16**



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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 Kalungu District 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 Kalungu District;
- To determine effectiveness of oversight and support organs such as District Roads Committee (DRC), Internal Audit on work plans and programs of Kalungu District.

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 District for the FY2015/16 was UGX 713,388,640/= which was planned to finance the activities summarised below in:

	Routine Manual	Routine Mechanised	Periodic Maintenance	Mechanical Imprest	Other Works	Totals
Kalungu District	93,605,000		10,025,000	67,046,800	19,605,270	435,672,890
Kalungu TC	8,511,920	85,552,000	0	12,795,570	4,432,330	111,291,820
Lukaya TC	21,833,060	73,453,830	0	12,795,580	4,489,960	112,572,430
Kalungu CARs	53,851,500					53,851,500
Total	177,801,480	404,396,650	10,025,000	92,637,950	28,527,560	713,388,640

1.4. Performance assessment

This report presents performance of the Kalungu District 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 district 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	11
2	Procurement Processes	8	00
3	Project Management and Control	30	15
4	Actual Works Done	25	14
5	Oversight	10	08
6	Agency Capacity	7	04
	Total	100	52

1.6. Conclusion

Based on the evaluation of the function areas above, the performance of the district is rated at 52% which is **adequate**. Management needs to put in place an appropriate action plan to address the exceptional issues 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. Lack of unit rates schedule for planning, b. Lack of quality control procedures, c. Inadequate compaction for gravelling works and d. Failure to construct end structures on installed culverts. e. Lack of final accounts for completed projects,	<ul style="list-style-type: none"> • To annually develop a schedule of unit rates to guide planning • To conduct quality control tests on construction materials • To ensure adequate compaction of earthworks • To prepare closure accounts and reports for each completed project, and • To follow MoWT standards for road works at all times 	CAO	Immediate
2. Record keeping a. Failure to maintain records to track budget performance; b. Inaccurate accountability reports; c. Failure to revise the work plan after budget cuts	<p>The district to maintain the requisite records to enable tracking of budget during implementation of projects.</p> <p>The district to ensure accountabilities submitted to URF are accurate</p>	CAO	Continuous
3. Inadequate technical staff at Kalungu Town Council	Recruit adequate and competent personnel to manage road maintenance works	TC	Immediate
4. Lack of a procurement plan and the related records	The district ensure that procurement is done in accordance with the PPDA Act.	CAO	Immediate
5. Inadequacy of oversight by internal audit during the FY2015/16	Internal Audit to ensure adequate oversight on both financial management and technical aspects of road maintenance activities.	CAO	Effective Q2 of FY2016/17

2. DETAILS OF THE TECHNICAL AND FINANCIAL REVIEW FINDINGS

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSES	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 17th August 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 where not availed nor used in the budgeting process. ○ The work plan was not revised after the budget cut of UGX 142,218,316M/=. 	<p>Lack of a unit rates' schedule makes assessment of the reasonableness of road maintenance costs impossible</p> <p>This makes the tracking of agency performance difficult leading to poor decision making.</p>	<p>Management has noted the finding and auditors recommendation. The District Engineer has been instructed to derive a schedule of unit rates to be used during FY 2016/17 and the subsequent years.</p> <p>Funds were received late June and the relevant committees' e.g. DRC and council were not operational during the electoral process. The DRC has been reactivated and will help in the monitoring and revision of the work plan as advised by the audit team.</p>	<p>The districts should derive unit rates to guide its planning and project implementation process and attached to the work plans submitted to URF.</p> <p>The annual work plan and budget should regularly be updated based on cash limits communicated by URF.</p>
PROCUREMENT OF SUPPLIES	<p>✓ Lack of a procurement plan and records</p> <p>The audit team was not availed with the procurement plan and records for the supply of materials used in road maintenance activities.</p> <p>The district did not have framework contracts for supply of materials and this impeded on the process of timely acquisition of supplies for</p>	<p>We could not ascertain whether procurements were undertaken in a transparent and competitive manner.</p>	<p>Management has noted the auditors' recommendation. The CAO has instructed the procurement officer to sign framework contracts with approved contractors for the supply of the required materials and spares to be used under force on</p>	<p>The Accounting Officer should ensure that procurement plans are prepared and records are properly kept for all procurements undertaken. The Accounting Officer should ensure that framework contracts for</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSES	RECOMMENDATIONS
	road maintenance.		account. Special attention on record keeping and preparation of the procurement plan has been emphasized this year. Procurement files and plan are now in place.	supply of force account materials are executed at every beginning of the financial year.
PROJECT MANAGEMENT AND CONTROL	<p>✓ Lack of quality and cost control records Clause 9 (e) of the performance agreement required the District to ensure that all maintenance works are conducted in accordance with quality standards.</p> <p>Kalungu DLG and Kalungu Town Council failed to implement adequate quality control procedures above on some activities. For example, there were no records of quality tests conducted on materials utilised, such as gravel and culverts, for the construction works.</p> <p>✓ <u>Project management documentation</u> Kalungu DLG maintains 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>	<ul style="list-style-type: none"> • Value for money cannot be ascertained due to lack of records and uncertainty on the quality of materials used. • There is poor project control. • There is a possibility of misuse of funds and poor accountability 	Management appreciates the audit findings and recommendations.	<p>All works should be executed in accordance with acceptable standards in relation to design, documentation and testing suitability of materials used.</p> <p>Kalungu DLG should improve project management documentation and include final accounts that are specific to road projects implemented.</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSES	RECOMMENDATIONS
FINANCIAL MANAGEMENT RECORDS	<p>✓ Discrepancies in accountability records and reports</p> <p>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 were prepared and signed off by the District Engineer and not the Head of Finance. This undermines independence of functions in financial and technical management. 	Submission of inaccurate reports makes it difficult to monitor physical and financial performance of the district.	The URF format does not provide for head of finance. However, management appreciates the concern and appropriate modifications will be done to cater for HOF and HIA signatures.	Accountability reports of the district should be reviewed and resubmitted to the URF.
EVALUATION OF PROJECTS IMPLEMENTED	<p>✓ Physical inspection of projects</p> <p>Clause 9 (k) of the performance agreements required Kalungu DLG 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. Kalungu DLG installed project information signage on all the roads that were inspected.</p> <p>Clause 9 (e) of the performance agreements stipulates that the designated agencies must ensure that all maintenance works are conducted in accordance with the relevant quality standards. Field inspections revealed that;</p> <ul style="list-style-type: none"> ○ Backfill for culvert installations was undertaken with inadequate or no compaction leading to loss of material, ○ The backfill material was also found to be in 	<p>This implies compliance with guidelines and performance agreements.</p> <p>Failure to follow standard practices means value for money cannot be guaranteed due to substandard output.</p>	<p>Management has noted the finding and promises to keep it up.</p> <p>Compaction of the backfill was done using traditional means and because we lack the appropriate equipment.</p> <p>The narrow roads are as a result of the district having no funds to compensate the land owners</p>	<p>Kalungu DLG should keep with the good practice</p> <p>The agency should follow the MoWT standards as a guide for project implementation</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSES	RECOMMENDATIONS
	<p>inadequate quantities and of inferior quality.</p> <ul style="list-style-type: none"> ○ Culvert installations were carried out without construction of headwalls despite their inclusion in the cost breakdowns of projects, ○ Narrow carriageways measuring 3m width on average as opposed to the standard of 5.4m for district roads. 		<p>Failure to construct headwalls this was because of budgetary constraints however, it is being addressed.</p> <p>The quality of the backfill has since been improved with better material.</p>	
OVERSIGHT	<p>✓ Uncertainty on oversight function of the internal audit and DRC</p> <p>Section 10(b) of the Performance agreements requires the DA to grant URF access to internal audit reports and DRC activities for the period under review. Q3 and Q4 FY 15-16 internal audit reports and DRC reports were not availed. Note: These were provided for review during the exit meeting.</p>	Inability to ascertain adequacy of oversight on road maintenance funds.	The Internal audit reports are available for review.	The Accounting Officer should always avail the review team with documents during the audit exercise.
CAPACITY	<p>✓ Capacity to implement projects</p> <p>Kalungu DLG lacked adequate road works equipment to ably undertake all envisaged works especially the compaction of earthworks.</p> <p>In addition, Lukaya TC and Kalungu TC used the same assistant engineering officer for the purpose of road maintenance works</p>	Inability to properly implement road maintenance programs by Kalungu DLG	<p>The district appreciates the audit findings and has several times reported on it to the relevant authorities.</p> <p>The recruitment of the required staff has been noted and management is taking on the recommendation.</p>	The agency should ensure that it has all required key equipment and requisite staff at all times

3. SPECIFIC TECHNICAL REVIEW FINDINGS ON SELECTED ROADS INSPECTED

3.1. Routine mechanised maintenance of Katigondo-Byana-Kaliro road (7 km)

Planned amount (UGX)	14,403,000/=
Actual sum (UGX)	17,735,000/=
Variance	(3,332,000)/=
Start date	Not on file
Completion date	Not on file
Management type	Force Account
Supervisor	District Engineer
Activity done	Routine mechanised maintenance
Project Description and Condition	
<p>The project is a 7 km unpaved district road with a 5 m wide roadway. It comprises of two arms one measuring 4.6km and 2.4km.</p> <p>The road received routine mechanised maintenance by reshaping and drainage improvements estimated to cost UGX 17.7M/=.</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 routine manual maintenance, • Lack of final account documentation, • Narrow carriageway at 3m average as opposed to the 4.5m minimum, • Inferior quality of culvert backfill, • Incomplete culvert constructions against claimed expenditure, • Installed culverts lacked inspection certification and • Inadequate compaction and volume of culvert backfill material. 	

Photographs from field inspection of Katigondo-Byana-Kaliro road (7 km)



Project information signage



Ch. 0+900: Culvert installations needed



Ch. 1+200: Narrow carriageway



Ch. 2+400: Inadequate compaction of culvert backfill

3.2. Routine mechanised maintenance of Kanwa-Namwanzi-Vuma-Mabowa road (6 km)

Planned amount (UGX)	12,263,000/=
Actual sum (UGX)	10,263,000/=
Variance	2,000,000/=
Start date	Not on file
Completion date	Not on file
Management type	Force Account
Supervisor	District Engineer
Activity done	Routine mechanised maintenance
Project Description and Condition	
<p>The project is a 6 km unpaved district road with a 5 m wide roadway.</p> <p>The road received routine mechanised maintenance by reshaping and drainage improvements estimated to cost UGX 10.3M/=.</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 routine manual maintenance, • Lack of final account documentation, • Narrow carriageway at 3m average as opposed to the 4.5m minimum, • Inferior quality of culvert backfill, • Incomplete culvert constructions, • Installed culverts lacked inspection certification and • Inadequate compaction and volume of culvert backfill material. 	

Photographs from field inspection of Kanwa-Namwanzi-Vuma-Mabowa road (6 km)



Project information signage



Ch. 4+500: A maintained section of the road

3.3. Periodic maintenance of Kanika-Kalungu road in Kalungu TC (2.4 km)

Planned amount (UGX)	25,500,000/=
Actual sum (UGX)	25,466,000/=
Variance	34,000/=
Start date	Not on file
Completion date	Not on file
Management type	Force Account
Supervisor	Town Engineer
Activity done	Periodic maintenance
Project Description and Condition	
The project is a 2 km unpaved urban road with a 3 m wide roadway. The road received periodic maintenance by reshaping and regravelling estimated to cost UGX 25.5M/=. At the time of the review, the road was at a fair service level and motorable throughout.	
Review Findings	
<ul style="list-style-type: none"> • Lack of final account documentation, • The gravel utilised was not tested for quality assurance, • Narrow carriageway at 3m instead the standard 5.4m for an urban road, • Lack of headwalls on installed culverts, and • Lack of compaction for the gravelling works. 	

Photographs from field inspection of Kanika-Kalungu road (2.4 km)



Ch. 0+050: Narrow carriageway



Ch. 0+800: Culvert installation without end structures and inadequately compacted backfill

3.4. Periodic maintenance of Kawanda road Phase II in Lukaya TC (1.2 km)

Planned amount (UGX)	32,517,903/=
Actual sum (UGX)	32,503,000/=
Variance	14,903/=
Start date	Not on file
Completion date	Not on file
Management type	Force Account
Supervisor	District Engineer
Activity done	Periodic maintenance
Project Description and Condition	
The project is a 2 km unpaved urban road with a 3 m wide roadway. The road received periodic maintenance by reshaping and regravelling estimated to cost UGX 25.5M/=. At the time of the review, the road was at a fair service level and motorable throughout.	
Review Findings	
<ul style="list-style-type: none"> • Lack of final account documentation, 	

- The gravel and culverts utilised were not tested for quality assurance,
- Lack of headwalls on installed culverts, and
- Lack of compaction for the gravelling works.

Photographs from field inspection of Kawanda road Phase II in Lukaya TC (1.2 km)



Ch. 0+050: Culvert installation without end structures and inadequately compacted backfill



Ch. 0+800: Rutting on road surface as a result of not compacting the earthworks

4. APPENDICES

4.1 Appendix I -Table of detailed performance assessment

No.	PERFORMANCE AREA	Priority	Score	%age	Aggregate
		(%)	(0-3)	Score	score
1	PLANNING AND BUDGETING	20			
1.1	Road Inventory and condition surveys		3.00	0.17	3.33
1.2	Work plan		2.50	0.14	2.78
1.3	Performance agreements		3.00	0.17	3.33
1.4	Adequacy of the unit rates		1.50	0.08	1.67
1.5	Budget performance monitoring		0.00	0.00	0.00
1.6	Procurement plan		0.00	0.00	0.00
	18				11.11
2	PROCUREMENT PROCESSES	8			
2.1	Compliance with PPDA guidelines		0.00	0.00	0.00
	3				0.00
3	PROJECT MANAGEMENT AND CONTROL	30			
3.1	Checklist of expected documents (BOQs etc.)		2.10	0.18	5.25
3.2	Quality and cost control records		0.00	0.00	0.00
3.3	Supervision reports		1.80	0.15	4.50
3.4	Financial management records		2.0	0.17	5.00
	12				14.75
4	ACTUAL WORKS DONE	25			
4.1	Signage		1.50	0.13	3.13
4.2	Verification of actual works done		2.00	0.17	4.17
4.3	Adherence to construction standard practices		1.00	0.08	2.08
4.4	Justification of maintenance needs		2.20	0.18	4.58
	12				13.96
5	OVERSIGHT	10			
5.1	Internal audit reports		2.00	0.17	1.67
5.2	District Roads Committee		2.00	0.17	1.67
5.3	DEC		2.50	0.21	2.08
5.4	CAO		2.50	0.21	2.08
	12				7.50
6	AGENCY CAPACITY	7			
6.1	Staffing levels and competencies		1.70	0.14	0.99
6.2	Equipment		1.80	0.15	1.05
6.3	Funding needs		1.50	0.13	0.88
6.4	IT Infrastructure		1.50	0.13	0.88
	12				3.79
	TOTALS	100			51.11

