

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



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REPORT ON THE TECHNICAL AND FINANCIAL REVIEW OF ROAD MAINTENANCE PROJECTS IN SOROTI 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 Soroti 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 Soroti Municipal Council; and
- To determine effectiveness of oversight and support organs such as Internal Audit on work plans and programs of Soroti 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 1,296,132,000/= 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 118,000,000 (33.7KM)	UGX 50,000,000 (12.8KM)	UGX 874,806,000 (62KM)	UGX 85,000,000	UGX 168,326,000	UGX 1,296,132,000

1.4 Performance assessment

This report presents performance of the Soroti MC during the period, identifying the critical exceptions in governance, financial management, procurement, project implementation and reporting that need to be addressed including suggested recommendations and proposed way forward. 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

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 (%)	Aggregate Score (%)
1	Planning and Budgeting	20	11
2	Procurement Processes	8	08
3	Project Management and Control	30	06
4	Actual Works Done	25	14
5	Oversight	10	06
6	Agency Capacity	7	04
	Total	100	49

1.6 Conclusion

Based on the evaluation of the function areas highlighted above, the performance of the Municipal Council is rated at 49% which is **weak**. Management needs to put in place an appropriate action plan to address the 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. Inadequate quality control procedures b. Lack of unit rates schedule for planning 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 for all construction materials and during project implementation • To develop a schedule for unit rates to guide planning • To ensure adequate compaction of earthworks • To place signage on all major projects as a standard practice • To improve project management documentation and include 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. Records to track budget performance for projects b. Inaccurate accountability reports to URF c. Lack of independence during the preparation of financial accountability reports. d. Non revision of the work plan after budget cuts	To maintain the requisite records to enable tracking of funds and implementation of projects.	TC	Immediate
3. Discrepancies in unit rates in Soroti MC	<p>To align the unit rates for implementation of road works to the URF budgeting and planning guidelines</p> <p>To submit a final accounts of the PM of Madera, Fr. Stretcher, Asilang, Orimai, Teso and Sakio roads</p>	TC	With effect from Q2 of FY2016/17
4. Unimplemented works UGX 32.8M/= for the PM of Teso road.	To account for the fund UGX32.8M/=	TC	Immediate
5. Inadequate interventions on Fr. Stretcher road and other surrounding roads	Urgently schedule for lining of side drains on Fr. Stretcher roads by stone pitching	TC	Immediate
6. Lack of internal audit reports on road maintenance activities	Provide internal audit reports for review	TC	Immediate

2. DETAILS OF THE TECHNICAL AND FINANCIAL REVIEW FINDINGS

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	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. However, the following observations were noted:</p> <ul style="list-style-type: none"> ○ An annual inventory and road condition survey data was not availed to the audit team. This is meant to inform the planning process for the FY2015/16 in the selection of roads for maintenance. The criteria for selection of roads and determining maintenance needs for the year is therefore uncertain. ○ A schedule of unit rates for formulation of the annual work plan was not availed. <p>✓ Budget performance monitoring</p> <ul style="list-style-type: none"> ○ The agency did not revise its work plan revised after a budget cut of UGX 394,769,949M/= during the financial year. As a consequence the review team was unable to assess the budget performance of the Municipal. It was also not possible to identify activities that were not funded following the budget reduction. 	<p>Lack of an ADRICS can lead to loss of effectiveness in the road maintenance activities of the district because interventions may be undertaken on less priority roads.</p> <p>Lack of a unit rates schedule makes assessment of the reasonableness of road maintenance costs impossible</p> <p>Failure to update records of budget and expenditure in the vote books and work plan prohibits tracking of performance.</p>	<p>The District should undertake annual road inventory and condition surveys to inform the annual planning processes.</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 agency should regularly update its work plan based on the actual funds received so that tracking performance against budget is possible.</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.</p>	<p>Procurements were undertaken in a transparent and competitive manner.</p>	<p>Keep it up</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RECOMMENDATIONS
PROJECT MANAGEMENT AND CONTROL	<p>✓ Inadequate quality control procedures</p> <p>Section 9 (e) of the performance agreements stipulates that the designated agencies must ensure that all maintenance works are conducted in accordance with quality standards.</p> <p>Soroti MC violated the above stipulation by;</p> <p>Using culverts and gravel that were not subjected to quality tests in the periodic maintenance of Madera, Fr. Stretcher, Asilang, Orimai and Sakio roads.</p> <p>There was no record of in-situ quality tests conducted during project implementation.</p> <p>✓ Project management documentation</p> <p>Soroti MC did not avail records of project specific reports to support physical accountability. Such records are planning BOQs for individual projects, approval of work program, progress reports and measurement of actual works done at completion (final accounts) for the implemented projects.</p> <p>✓ Discrepancies in unit rates used</p> <p>Section 26 of the URF Budgeting Guidelines gives tabulated estimates of unit rates various road maintenance activities.</p> <p>From this, the estimated average cost for periodic maintenance is UGX 12M/= per km. Therefore, Soroti MC was expected to undertake periodic maintenance within the limits.</p> <p>However, the agency undertook periodic maintenance works at rates 3-5 times more than the estimate from the URF guidelines as tabulated below.</p>	<ul style="list-style-type: none"> Value for money cannot be guaranteed due to uncertainty on the quality of materials used. There is a possibility of misuse of funds and poor accountability This makes it difficult to assess value for money on implemented projects <p>There is a risk that funds were utilised for activities outside the workplan</p>	<p>All works should be executed in accordance with acceptable standards in relation to design, documentation and testing suitability of materials used.</p> <p>Soroti MC should provide BOQs and final accounts for the periodic maintenance works undertaken on Madera, Fr. Stretcher, Asilang, Orimai, Teso and Sakio roads.</p> <p>Soroti MC should align the unit rates used to those in the URF planning and budgeting guide.</p> <p>In addition, a final account of the periodic maintenance works undertaken on Madera, Fr. Stretcher, Asilang, Orimai, Teso and Sakio roads should be provided.</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RECOMMENDATIONS																
	<table border="1"> <thead> <tr> <th>Project</th><th>Expenditure (UGX)</th><th>Expected Expenditure(UGX)</th><th>Variance (UGX)</th></tr> </thead> <tbody> <tr> <td>PM of Madera Road (1km)</td><td>33.84M</td><td>12M</td><td>21.84M</td></tr> <tr> <td>PM of Asilang road (6oom)</td><td>38.74M</td><td>7.5M</td><td>31.24M</td></tr> <tr> <td>PM of Orimai road (8oom)</td><td>48.9M</td><td>10M</td><td>38.9M</td></tr> </tbody> </table>	Project	Expenditure (UGX)	Expected Expenditure(UGX)	Variance (UGX)	PM of Madera Road (1km)	33.84M	12M	21.84M	PM of Asilang road (6oom)	38.74M	7.5M	31.24M	PM of Orimai road (8oom)	48.9M	10M	38.9M		
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FINANCIAL MANAGEMENT RECORDS	<p>✓ <u>Discrepancies in accountability records and reports</u></p> <p>Section 5 (b) (i) of the performance agreement requires the DA to provide URF with comprehensive and satisfactory accountability reports. 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 23,391,312M/= between expenditure recorded in the accountability reports (UGX 1,038,471,300M/=) and IFMS (UGX 1,061,862,312M/=). Further analysis of the total expenditure under IFMS (UGX 1,061,862,312M/=) against the actual release during the financial year (UGX946,362,051M/=) revealed a discrepancy of UGX115,500,261M/= as an over expenditure. <p>✓ <u>Failure to certify cashbooks and bank reconciliation statements</u></p> <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. The Municipal was in compliance with the above.</p>	<p>This undermines independence of functions in financial and technical management and has led to inaccuracies and inconsistencies in the accountability reports submitted to URF.</p>	<p>Financial accountability reports should be prepared and signed off by the Head of Finance.</p> <p>The discrepancy in the expenditure recorded should be reconciled and new accurate reports submitted to URF</p> <p>Keep it up.</p>																

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RECOMMENDATIONS
	<p>✓ Payments to Road gangs</p> <p>A review of the payments to the road gangs noted that they are executed through the Municipal staff bank accounts instead of road gang accounts.</p>	Funds may not reach the expected beneficiaries	Road gang payments should be executed through the beneficiaries bank accounts
EVALUATION OF PROJECTS IMPLEMENTED	<p>✓ Lack of project information signage</p> <p>Clause 9 (k) of the performance agreements required Soroti 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. Soroti 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 that all maintenance works are conducted in accordance with the relevant quality standards and shall pay particular attention to design standards. Soroti 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 Madera and Fr. Stretcher roads were undertaken without compaction of the backfill earthworks in addition to the questionable quality of backfill material utilised. <p>✓ Inadequacy of maintenance interventions in place</p> <p>Project inspections revealed that there was need for urgent maintenance interventions. For example; the drainage system of Fr. Stretcher road among other roads required urgent improvement by incorporation of stone-pitched side drains.</p>	<p>This implies failure to comply with guidelines and performance agreements.</p> <p>This implies lack of 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>There is a risk of extended damage and higher losses on the road asset value hence increased overall maintenance costs.</p>	<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 implementation.</p> <p>Urgently schedule for lining of side drains on Fr. Stretcher roads by stone pitching</p> <p>Soroti MC should labour to prioritise projects so as to undertake the most critical projects.</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RECOMMENDATIONS
	<p>✓ Falsified accountability on unimplemented works</p> <p>The accountability records of Soroti MC recorded an expenditure to the tune of UGX 32.8M/= on the PM of <i>Teso</i> road without any considerable physical works as revealed by the site inspection.</p>	<p>There is a risk that funds have been utilised for activities not in the work plan.</p> <p>Submission of inaccurate reports and inconsistent data makes it difficult to monitor physical and financial performance.</p> <p>There is non-compliance of with the performance agreement.</p>	<p>Soroti MC should account for the UGX32.8M/=</p>
OVERSIGHT	<p>✓ Oversight on URF projects</p> <p>Section 10(b) of the Performance agreements requires the DA to granting URF access to internal audit reports for the period under review. Internal audit reports for the period were not availed.</p>	<p>Inability to ascertain adequacy of oversight on road maintenance funds.</p>	<p>The Accounting Officer should avail the review team with Internal audit reports for review.</p>

3. SPECIFIC TECHNICAL REVIEW FINDINGS ON SELECTED ROADS INSPECTED

3.1 Periodic maintenance of Madera road (1 km)

Planned amount (UGX)	32,836,000/=
Actual sum (UGX)	33,836,000/=
Variance	550,000/=
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	
The project is a 1 km unpaved urban road with a 6.0 m wide roadway and 4m carriageway. The road received periodic maintenance by reshaping and full regravelling (100mm thickness) with drainage improvements via culvert installations at an estimated cost of UGX 33.8 M/=. At the time of the review, the road was at a good service level and motorable throughout.	
Review Findings	
<ul style="list-style-type: none"> • Lack of project information profile board, • Lack of quality control tests on the materials utilised and completed works, • Lack of project specific documentation, • Use of inferior materials as culvert backfill, • Inadequate compaction of culvert backfill, and • Narrow carriageway at 4m instead of the required 5.4m for an urban road. 	

Photographs from field inspection of Madera road (1 km)



Ch. 0+000: Access culvert installation



0+150: A well maintained section of the road



0+350: A well maintained section of the road



0+400: A well maintained section of the road

3.2 Periodic maintenance of Fr. Stretcher road (500 m)

Planned amount (UGX)	19,617,000/=
Actual sum (UGX)	Not on file
Variance	N/A
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	
The project is a 500 m unpaved urban road with a 6.5 m wide roadway and 4.5m carriageway. The road received periodic maintenance by reshaping, full regravelling (100mm thickness) and drainage improvements via culvert installations. At the time of the review, the road was at a good service level and motorable throughout.	
Review Findings	
<ul style="list-style-type: none"> • Lack of project information profile board, • Lack of quality control tests on the materials utilised and completed works, • Side drains from Ch. 0+000 to 0+100 require urgent stone pitching, • Lack of project specific documentation, and • Narrow carriageway at 4.5m instead of the required 5.4m for an urban road. 	

Photographs from field inspection of Fr. Stretcher road (500 m)



Ch. 0+050: Stone pitching required for side drains



0+200: Relief cross culvert installation

3.3 Periodic maintenance of Asilang road (600 m)

Planned amount (UGX)	19,617,000/=
Actual sum (UGX)	38,737,000/=
Variance	19,120,000/=
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	
The project is a 500 m unpaved urban road with a 7.0 m wide roadway and 5.0m carriageway. The road received periodic maintenance by reshaping, full regravelling (100mm thickness) and drainage improvements via culvert installations. At the time of the review, the road was at a good service level and motorable throughout.	
Review Findings	
<ul style="list-style-type: none"> • Lack of project information profile board, • Relatively high unit rate for PM at UGX64M/= per km instead of the estimated 12M/= per km 	

under force account,

- Lack of quality control tests on the materials utilised and completed works,
- Lack of project specific documentation, and
- Narrow carriageway at 5.0m instead of the required 5.4m for an urban road.

Photographs from field inspection of Asilang road (600 m)



Graveled sections



Gravelled sections

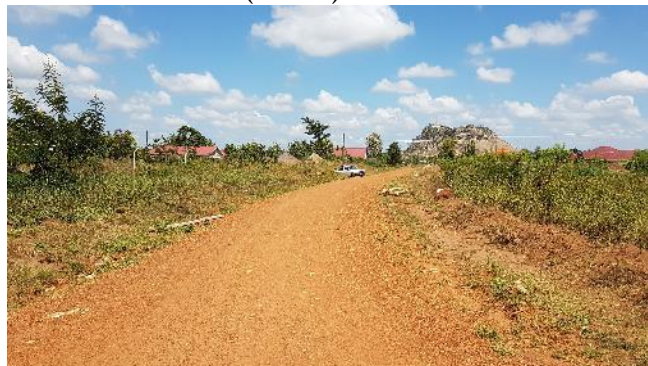
3.4 Periodic maintenance of Orimai road (800 m)

Planned amount (UGX)	19,617,000/=
Actual sum (UGX)	48,865,000/=
Variance	29,248,000/=
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	
The project is an 800 m unpaved urban road with a 7.0 m wide roadway and 5.0m carriageway. The road received periodic maintenance by reshaping, full regravelling (100mm thickness) and drainage improvements via culvert installations. At the time of the review, the road was at a good service level and motorable throughout.	
Review Findings	
<ul style="list-style-type: none"> • Lack of project information profile board, • Relatively high unit rate for PM at UGX61M/= per km instead of the estimated 12M/= per km under force account, • Lack of quality control tests on the materials utilised and completed works, • Lack of project specific documentation, and • Narrow carriageway at 5.0m instead of the required 5.4m for an urban road. 	

Photographs from field inspection of Orimai road (600 m)



Graveled sections



Gravelled sections

3.5 Periodic maintenance of Teso road (1 km)

Planned amount (UGX)	32,836,000/=
Actual sum (UGX)	32,836,000/=
Variance	1,000,000/=
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 km unpaved urban road.</p> <p>The road was scheduled to receive periodic maintenance by reshaping, full regravelling (100mm thickness) and drainage improvements via culvert installations.</p> <p>However, at the time of the review, there was no work done on the road against an expenditure of over UGX 33M/= from the accountability reports submitted to URF.</p>	
Review Findings	
<ul style="list-style-type: none"> • Lack of project information profile board, and • No works done against an expenditure of UGX33M/= attached to the project. 	

4. APPENDICES

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		0.00	0.00	-
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		0.00	0.00	-
1.6	Procurement plan		3.00	0.17	3
	18				11
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.)		0.50	0.04	1
3.2	Quality and cost control records		0.00	0.00	-
3.3	Supervision reports		0.00	0.00	-
3.4	Financial management records		2.00	0.17	5
	12				6
4	ACTUAL WORKS DONE	25			
4.1	Signage		0.00	0.00	-
4.2	Verification of actual works done		1.50	0.13	3
4.3	Adherence to construction standard practices		2.00	0.17	4
4.4	Justification of maintenance needs		3.00	0.25	6
	12				14
5	OVERSIGHT	10			
5.1	Internal audit reports		0.00	0.00	-
5.2	District Roads Committee		2.50	0.21	2
5.3	DEC		2.50	0.21	2
5.4	TC		2.50	0.21	2
	12				6
6	AGENCY CAPACITY	7			
6.1	Staffing levels and competencies		2.00	0.17	1
6.2	Equipment		2.00	0.17	1
6.3	Funding needs		1.50	0.13	1
6.4	IT Infrastructure		2.00	0.17	1
	12				4
	TOTALS	100			49