

**REPORT ON THE TECHNICAL AND FINANCIAL REVIEW OF KIBOGA
DISTRICT LOCAL GOVERNMENT FOR THE PERIOD JAN-DEC 2016**



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REPORT ON THE TECHNICAL AND FINANCIAL REVIEW OF KIBOGA DISTRICT LOCAL GOVERNMENT FOR THE PERIOD JAN-DEC 2016

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 Uganda Road Fund performed a technical and financial review of road maintenance projects in Kiboga District for the period January to December 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 Kiboga District; and
- To determine effectiveness of oversight and support organs such as District Roads Committee (DRC), Internal Audit on work plans and programs of Kiboga 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 and FY2016/17;
- g) Performance agreements for FY2015/16 and FY2016/17; and

h) Other standards of sound professional practice.

The budget of the District for the periodic under review was UGX 687,476,795/= which was planned to finance the activities summarised below in:

	Routine Manual	Routine Mechanised	Periodic Maintenance	Mechanical Imprest	Other Works	Totals
Kiboga District	100,000,000 (162.2 KM)	167,841,387 (47.2 KM)	110,000,000 (18 KM)	71,878,290	71,526,490	521,246,165
Kiboga CARs	166,230,630 (417.40 KM)					166,230,630
Sub Total	266,230,630	167,841,387	110,000,000	71,878,290	71,526,490	687,476,795

1.4. Performance assessment

This report presents performance of the agency 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 various performance areas against a standard scale as defined below:

Overall performance rating (%)	
0-24	Unsatisfactory
25-49	Weak
50-74	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 2.

No.	Performance Area	Weight (%)	Aggregate Score (%)
1	Planning and Budgeting	20	16
2	Procurement Processes	8	08
3	Project Management and Control	30	21
4	Actual Works Done	25	20
5	Oversight	10	08
6	Agency Capacity	7	04
	Total	100	77

1.6. Conclusion

Based on the evaluation of the function areas highlighted above, the performance of the district is rated at **78%** which is **good**. Management needs to put in place an appropriate action plan to address the issues noted and ensure effective utilisation of URF's funds and safeguard the assets of the district in future.

1.7. Summary of issues and action matrix

Issue	Action Required	Action by	Deadline
1. Partial performance by the District Roads Committee during the period under review	The Accounting officer should ensure that at least the DRC sits at least once a quarter.	CAO	Immediate
2. Deviation from engineering design and implementation standards and practices: a. Failure to install project information signage b. Failure to compact earthworks c. Failure to construct side drains on implemented projects.	<ul style="list-style-type: none"> To install signage on all road projects Follow standard road construction methods in project implementation 	CAO	Effective Q4 of FY 2016/17
3. Failure to maintain records and information for the following key functions and activities: a. Records to track budget performance for projects b. Bank reconciliations c. Tracking expenditure to funding sources	To maintain the requisite records to enable tracking of funds and implementation of projects.	CAO	Immediate
4. Lack of independence during the preparation of financial accountability reports.	Ensure independence during the preparation of accountability reports	CAO	Immediate
5. Lack of a unit rates schedule	To derive unit rates for road maintenance activities and draw up a schedule	CAO	With effect from FY2017/18
6. Inadequately supported expenditure amounting to UGX 50,238,000/=.	To account/provide supporting documents for the funds	CAO	Immediate
7. Lack of capacity to implement road maintenance programs a. Inadequate equipment fleet b. Inadequate funds to effectively address all road maintenance needs c. Inadequate staffing levels	<ul style="list-style-type: none"> To recruit and retain adequate and competent staff for implementation of road maintenance works, To ensure that all equipment are available and maintained all the time to enable continuity. Lobby for more funding from MoFPED to bridge the road maintenance needs. 	CAO URF	Immediate
8. Inadequate oversight by internal audit during the period under review.	Internal audit to maintain regularly oversight on road maintenance projects	CAO	Immediate

2. DETAILS OF THE TECHNICAL AND FINANCIAL REVIEW FINDINGS

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSES	RECOMMENDATIONS
<p>PLANNING AND BUDGETING</p>	<p>✓ Annual work plan for the FY2015/16</p> <p>The annual work plans for the FY2015/16 and FY2016/17 were in place and submitted to the URF. However, a schedule of unit rates for formulation of the annual work plan were not availed.</p> <p>✓ Budget performance monitoring</p> <p>The data on budget performance was not availed during the review. Extraction of information was difficult because the financial records are bundled and do not analyse costs based on the activities in the work plan.</p>	<p>Lack of a unit rates schedule makes assessment of the reasonableness of road maintenance costs impossible</p> <p>This prohibits tracking of the work plan and performance</p>	<p>The district adopted unit rates for hire of equipment generated from Ministry of Works and Transport.</p> <p>The analysis is tracked from the accountability reports. However, the recommendation will be implemented.</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 track its performance and budget in order to guide the decision making processes.</p>
<p>PROCUREMENT OF SUPPLIES</p>	<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. A pre-qualified list of road maintenance materials is also in place. Procurement records for the supply of material used in road</p>	<p>Procurement of road maintenance materials was under taken in a transparent and competitive manner.</p>	<p>Noted</p>	<p>The Accounting Officer should continue ensuring the procurement of road maintenance materials is under taken in a transparent and competitive manner.</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSES	RECOMMENDATIONS
	maintenance activities were in place.			
PROJECT MANAGEMENT AND CONTROL	<p>✓ Quality control procedures</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 quality standards.</p> <p>Kiboga DLG implemented fairly adequate quality control procedures. For example, there were records of quality tests conducted on materials such as gravel, aggregates and bitumen utilised for the construction works and there were records of quality tests conducted during project implementation.</p> <p>In addition, the materials utilised and works completed were of acceptable quality with in line with the set standards.</p>	<ul style="list-style-type: none"> • Value for money can be guaranteed due to certainty on the quality of materials used and quality of outputs. 	Noted	Kiboga DLG should keep it up
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</p>			

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSES	RECOMMENDATIONS
	<p>of the accountability records revealed the following:</p> <ul style="list-style-type: none"> ○ The financial accountability reports for Q3-Q4 FY 15-16 and Q1-Q2 FY 16-17 were prepared and signed off by the District Engineer and not the Head of Finance. ○ The review team was not availed with the details of expenditure recorded in the source records like the IFMS cash book for the period July-December 2016. Thus unable to assess the accuracy of expenditure recorded in the accountability. <p>✓ Cashbooks and bank reconciliation statements</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 district team did not provide cashbooks and bank reconciliation statements for the period July-December 2016 for review.</p>	<p>This undermines independence of functions in financial and technical management.</p> <p>Accuracy of expenditure recorded in the accountability reports could not be assessed.</p> <p>Unable to assess the adequacy of controls over the management of road maintenance funds released to the district.</p>	<p>This noted and action will be taken immediately.</p> <p>Kiboga district had just been enrolled on IFMS and a lot of things were still being rectified. A single cashbook is prepared under IFMS.</p> <p>Cashbook and bank reconciliation statements are general for all TSA expenditures. However, we shall as advised prepare separate statements for road maintenance funds.</p>	<p>Financial accountability reports should be prepared and signed off by the Head of Finance.</p> <p>Details of expenditure recorded in the IFMS cash book should always be provided for review.</p> <p>Cashbook/expenditure account analysis and bank reconciliation statements in relation to road maintenance funds should always be provided for review.</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSES	RECOMMENDATIONS
	<p>Although the agency prepared cashbooks and bank reconciliation statements for the period January-June 2016, they did not indicate the name of the preparer, date when they were prepared and no evidence of certification by the head of finance/senior Accountant.</p> <p>✓ Commingling of funds</p> <p>The district operates one bank account and cashbook and expenditure is incurred for different projects without analysis to the funding source. As a result, expenditure from the account lacks traceability to the funding source.</p> <p>✓ Inadequately supported expenditure</p> <p>Contrary to Si81 of the Treasury Accounting Instructions, payments amounting to UGX 50,238,000/= lacked vital supporting documents. Summary is in appendix I attached. Note: Accountability</p>	<p>Inadequate control of road maintenance funds which may lead to loss of funds.</p> <p>There is a risk of diversion of funds to other projects without detection.</p> <p>There is a risk of funds being used for activities that they were not intended for.</p>	<p>Under IFMS, the funding sources are coded and every time funds are committed for an expenditure, the source code is inserted. At any one time you are able to track what has been spent. However, separate bank reconciliations will be prepared as advised.</p> <p>The funds were accounted for. Copies of the accountability documents are available for review.</p>	<p>The Accounting officer should ensure bank reconciliations prepared indicate the date when prepared, reviewed/certified by the head of finance/senior accountant at all times.</p> <p>Kiboga District Local Government should always reconcile expenditure recorded to the funding sources.</p> <p>Kiboga DLG should account/provide supporting documents for the funds</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSES	RECOMMENDATIONS
	reports provided during the exit meeting			
EVALUATION OF PROJECTS IMPLEMENTED	<p>✓ Physical inspection of projects</p> <p>Clause 9 (k) of the performance agreements required Kiboga 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. Kiboga DLG did not install any signage on all the district roads that were inspected.</p> <p>Field inspections further revealed that all earthworks were conducted with inadequate compaction and drainage improvements were required on the inspected projects such as additional stone pitching is needed along Kankunyu-Kikuubo road in Bukomero TC and the Kabutemba road section in Kiboga TC requires installation of side drains and stone pitching.</p>	<p>This implies lack of compliance with guidelines and performance agreements.</p> <p>Risk of extended damage on the road asset value hence increased maintenance costs</p>	<p>Most of the District network runs through a cattle corridor with no homesteads along the routes. There is a tendency of people removing the signage once put. However, we shall ensure that we put signage on every road worked on in FY 2016/17.</p> <p>Most of the road maintenance works were planned without considering compaction. This because of the limited funds considering the mechanised maintenance needs.</p> <p>Where equipment were sourced, a vibro roller was always employed.</p>	<p>Kiboga DLG should place signage on all major projects as a standard practice.</p> <p>Kiboga DLG should follow standard construction methods for road works.</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSES	RECOMMENDATIONS
			There is hope that this will no longer be a problem since we are likely to receive a vibro roller and water bowser under the road unit that is expected soon.	
OVERSIGHT	<p>✓ Oversight over road maintenance projects</p> <p>Section 10(b) of the Performance agreements requires the DA to granting URF access to the DRC activities for the period under review. The team reviewed DRC minutes for the meetings held on 10th May 2016 and 23rd September 2016. Annual work plan for FY 16/17, proposed works for Q1 FY 16/17, Implementation status of routine mechanised maintenance of road works were part of the Agenda and fully deliberated upon.</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>	<p>There is adequate oversight on road maintenance activities by the DRC</p> <p>Lack of assurance during project implementation.</p>	<p>Noted</p> <p>We promise to further facilitate and strengthen the Internal Audit Department.</p>	<p>The Accounting should always convene a DRC on a quarterly basis as required by the URF act 2008.</p> <p>Oversight over road maintenance funds should be increased to ensure value for money.</p>

AREA	STATEMENT OF CONDITION/FINDING	IMPLICATION	RESPONSES	RECOMMENDATIONS
CAPACITY	<p>✓ Staffing</p> <p>Kiboga DLG has an acting District Engineer and a number of inspectors. However, the town councils visited also used the same services of the District Engineer. Therefore, the staffing levels are inadequate for the implementation of the road maintenance programs in the sub-agencies.</p> <p>✓ Equipment</p> <p>Kiboga DLG currently has one (1No. Changlin) grader which constantly breaking down. The agency also has a bull dozer (D9) and tracks excavator but lacks a water tank and roller. Therefore most of the earthworks are conducted without compaction.</p> <p>✓ Funding</p> <p>Preliminary estimates indicate that Kiboga DLG requires UGX 2.5BN as funding to achieve satisfactory performance of its road maintenance programs. However, currently the agency has an indicative planning figure of UGX 1BN/= which is 40% of the needs.</p>	<p>Improper planning and inability to properly implement road maintenance programs by Kiboga DLG</p> <p>Inability to implement her road maintenance programs</p> <p>Inability of the agency to adequately fund its road maintenance needs hence extended damage to the existing infrastructure.</p>		<p>Kiboga DLG should ensure that its sub agencies are fully staffed to handle their own road mnaintenance programs</p> <p>The Agency should ensure that all equipment are available and maintained all the time to enable continuity.</p> <p>URF should lobby for more funding from MoFPED to bridge the road maintenance needs.</p>

3. SPECIFIC TECHNICAL REVIEW FINDINGS ON SELECTED ROADS INSPECTED

3.1. Routine mechanised maintenance of Matagi-Luti-Kyantamba road (5 km)

Planned amount (UGX)	Not on file
Actual sum (UGX)	15,850,000/=
Variance	N/A
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 5km unpaved district road with 7.5 m wide and 6.0 m roadway and carriageways respectively.</p> <p>The road received routine mechanised maintenance by grading in Q1 FY2016/17 estimated to cost UGX 15.9M/=.</p> <p>At the time of the review, the road was at a good service level and motorable throughout.</p>	
Review Findings	
<ul style="list-style-type: none"> • Lack of project information profile board, • Grading was undertaken without watering and compaction, and • Critical low sections in swampy areas (Ch. 4+900) require immediate interventions via drainage improvement and filling. 	

Photographs from field inspection of Matagi-Luti-Kyantamba road (5 km)



Ch. 0+000: A recently worked section at the road's intersection with the main Hoima road



Ch. 4+900: A low-lying area susceptible to flooding requiring improvement by filling

3.2. Routine mechanised maintenance of Bugabo-Mutoma road (4.6 km)

Planned amount (UGX)	Not on file
Actual sum (UGX)	30,087,000/=
Variance	N/A
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 4.6km unpaved district road with a 7.5 m wide and 5.5 m roadway and carriageways respectively.</p> <p>The road received routine mechanised maintenance by reshaping and drainage improvements in Q4 FY 2015/16 estimated to cost UGX 30M/=.</p> <p>At the time of the review, the road was at a good service level and motorable throughout.</p>	
Review Findings	
<ul style="list-style-type: none"> • Lack of project information profile board, • Grading was undertaken without watering and compaction, and • Inadequate provision of mitre drains 	

Photographs from field inspection of Bugabo-Mutoma road (4.6 km)



Ch. 0+100: Shaped section



Ch. 3+700: Inadequate provision of mitre drains

3.3. Routine mechanised maintenance of Kabutemba road in Kiboga TC(2.6 km)

Planned amount (UGX)	Not on file
Actual sum (UGX)	18,315,000/=
Variance	N/A
Start date	Not on file
Completion date	Not on file
Management type	Force Account
Supervisor	Town Engineer-Kiboga Town Council
Activity done	Routine mechanised maintenance
Project Description and Condition	
<p>The project is a 2.6 km unpaved urban road with 7.5 m wide and 6.0 m roadway and carriageways respectively.</p> <p>The road received routine mechanised maintenance by reshaping and spot regravelling (1km) in Q4 FY2015/16 estimated to cost UGX 18.3M/=.</p> <p>At the time of the review, the road was at a good service level and motorable throughout.</p>	
Review Findings	
<ul style="list-style-type: none"> • The gravel utilised on the project was not subjected to quality tests, and • Inadequate provision for drainage. The side drains ch. at 0+100 require urgent stone pitching. 	

Photographs from field inspection of Kabutemba road in Kiboga TC(2.6 km)



Ch. 0+000: Widened bell-mouth junction in Kiboga TC



Ch. 0+150: Side drains requiring urgent stone pitching

3.4. Sealing of Kikuubo-Kakunyu Road (600m) in Bukomero TC

Planned amount (UGX)	399,000,000/=
Actual sum (UGX)	335,000,000/=
Variance	44,000,000/=
Start date	Not on file
Completion date	Not on file
Management type	Force Account
Supervisor	Town Engineer-Bukomero TC
Activity done	Sealing

Project Description and Condition Assessment

The project is 600m paved urban road with an 8m wide roadway and 6m carriageway. The road received an upgrade from gravel to bituminous standards via double bituminous surface treatment (DBST) using 14/20 mm and 10/12 mm aggregates for first and second seals respectively bound by 80/100 penetration grade bitumen over an MC30 prime coat. In addition the road's drainage was improved by incorporation of side stone pitched side drains. At the time of the review the estimated cost of the project was UGX 335M/= with only the first seal of the wearing course completed. However, construction materials to project completion had already been procured implying that additional funds are only required for labour and equipment hire. At the time of the review, the road was at a good service level and motorable through the entire stretch.

Review Findings

- The project was found to be performing well with regard to cost and quality. However, it was lagging behind in schedule due to inadequate funding, and
- The current provision of a stone-pitched drain on only one side of the road was seen to be inadequate since the carriageway has a double cambered crown draining both on the LHS and RHS. Therefore consideration should be given to the other open side.

Photographs from field inspection of Kikuubo-Kakunyu Road (600m) in Bukomero TC



Project information signage



Bituminous wearing course stone pitching works ongoing

4. APPENDICES

4.1 Appendix I - Schedule of inadequately supported expenditure

Beneficiary	PV No	Amount	Purpose
Lukwago Freddie	PV-S00068	1,060,000	Labour and allowances for road maintenance of Nakwaya swamp during Q1 FY 16/17
Lukwago Freddie	PV-S00067	1,226,000	Labour and allowances for road maintenance for Kirinda-Budimbo-Kindeke road
Lukwago Freddie	PV-S00066	1,292,000	Labour and allowances for road maintenance of Dwaniro-Muyeye road
Lukwago Freddie	PV-S00065	1,400,000	Advance for fuel and allowances for DRC meeting
Lukwago Freddie	PV-S00256	8,000,000	Labour and allowances for road maintenance for Kiboga-Kayera road
Shell Kiboga	PV-WK00029	27,000,000	Fuel for road maintenance of Kiboga-Kayera road
Kiboga Service station	PV-WK00028	10,260,000	Fuel for road maintenance of Kirinda-Budimbo-Kindeke road
TOTAL		50,238,000	

4.2 Appendix II – 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		2.70	0.15	3
1.5	Budget performance monitoring		0.00	0.00	-
1.6	Procurement plan		3.00	0.17	3
	18				15
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.)		2.50	0.21	6
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		1.50	0.13	4
	12				21
4	ACTUAL WORKS DONE	25			
4.1	Signage		1.50	0.13	3
4.2	Verification of actual works done		3.00	0.25	6
4.3	Adherence to construction standard practices		2.20	0.18	5
4.4	Justification of maintenance needs		3.00	0.25	6
	12				20
5	OVERSIGHT	10			
5.1	Internal audit reports		2.50	0.21	2
5.2	District Roads Committee		2.50	0.21	2
5.3	DEC		2.50	0.21	2
5.4	CAO		2.50	0.21	2
	12				8
6	AGENCY CAPACITY	7			
6.1	Staffing levels and competencies		1.70	0.14	1
6.2	Equipment		2.20	0.18	1
6.3	Funding needs		1.50	0.13	1
6.4	IT Infrastructure		2.00	0.17	1
	12				4
	TOTALS	100			77