ANALYSIS OF THE IMPLEMENTATION OF AUDITOR GENERAL'S RECOMMENDATIONS IN LOCAL GOVERNMENTS TO ENHANCE ACCOUNTABILITY

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This research paper, "Analysis of the Implementation of Auditor General's Recommendations in Local Governments to Enhance Accountability" represents a critical step in our ongoing efforts to enhance oversight, effectiveness, efficiency, and accountability in Ugandan Local Governments. We hope that the insights gleaned from this research will serve as a valuable resource for national and local government policymakers, guiding informed policy reforms.

CONTENTS

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ACRONYMS

ACODE	Advocates Coalition for Development and Environment
AG	Auditor General
CAO	Chief Administrative Officer
CFO	Chief Financial Officer
COSASE	Committee on Statutory Authorities and State Enterprises
COVID-19	Coronavirus Disease 2019
DDEG	Development Discretionary Equalization Grant
DLGs	District Local Governments
LGPAC	Local Government Public Accounts Committee
GFMIS	Government Financial Management Information System
HCMS	Human Capital Management System
HLG	Higher Local Government
HR	Human Resource
IGG	Inspector General of Government
IPPS	Integrated Personnel and Payroll System
IPFs	Indicative Planning Figures
IRAS	Integrated Revenue Administration System
LGFC	Local Government Finance Commission
LST	Local Service Tax
MDAs	Ministries, Departments and Agencies
MoFPED	Ministry of Finance Planning and Economic Development
MoH	Ministry of Health
MoLG	Ministry of Local Government
MoPS	Ministry of Public Service
NIRA	National Identification Regulatory Authority
NMS	National Medical Store
OAG	Office of the Auditor General
PAC	Public Accounts Committee

PAYE	Pay As You Earn
PBS	Programme Budgeting System
PDMS	Payroll Deduction Management System
UBA	Uganda Bankers Association
UCLA	Uganda Consumer Lenders Association
UGIFT	Uganda Intergovernmental Fiscal Transfers programme
URA	Uganda Revenue Authority
UWEP	Uganda Women Empowerment Programme
YLP	Youth Livelihood Programme

EXECUTIVE SUMMARY

This research paper presents the findings of the study on the status of implementation of the Auditor General's (AG's) recommendations in Local Governments (LGs) in Uganda. In implementing their mandates, local governments are expected to ensure compliance with existing laws and guidelines. As such, the Local Governments, through the National Performance Assessments conducted by the Office of the Prime Minister, are assessed on their level of compliance and accountability. The findings noted that contrary to the other requirements beyond the timely submission of information to the Permanent Secretary/ Secretary to the Treasury, the status of implementation of the Internal Auditor General and the Auditor General's findings from the previous financial years remains a challenge for most Local Governments. It is on this basis that this study was conceptualised. The main objective of the study was to analyse the level of implementation of the Auditor General's recommendations in local governments to enhance accountability. Specifically, the study sought to: (a) Establish the status of implementation of the Auditor General's recommendations in selected districts, (b) Establish the status of Action on Parliament's resolutions on District Local Governments (DLGs), Auditor General's recommendations, (c) Examine challenges that affect the implementations of the Auditor General's recommendations at District Local Governments and Parliament levels and (d) Make proposals to improve on the level of implementation and enforcement of the Auditor General's recommendations. The study has important implications for promoting transparency, accountability, and good governance in local governments in Uganda.

The methodology used in the study was generally qualitative in nature. Districts, Ministries Departments and Agencies were selected using maximum variation sampling, and the persons therein were selected using a purposive sampling strategy. Data was collected using document analysis, interviews, and focus group discussions with people at the entities under study. The data collected was analysed through examination, transcription, editing, and analysis of the qualitative data obtained from the field and facilitated by Atlas ti. Software and content analysis enabled a deeper exploration of the themes and narratives emerging from these qualitative data sources. In addition, the study was limited to 16 districts, including Amuria, Amuru, Arua, Gulu, Hoima, Kabarole, Kabale, Kaliro, Lira, Luwero, Mbarara, Moroto, Mukono, Sheema, Tororo, Wakiso, and select Ministries Departments and Agencies.

Key Findings

The overall findings reveal that the significant audit issues raised by the Auditor General's reports to the Local Governments Include:

a) *Fund Absorption Concerns:* The Auditor General consistently flagged fund absorption challenges across the 15 local governments, emphasising delayed fund releases and associated procurement delays. This, in turn, hindered project completion, with optimisation recommendations prevalent in the audit reports for the three financial years.

b) *Non/Statutory Deductions Management:* Issues with managing non/statutory deductions, specifically Local Service Tax and PAYE, were common audit concerns. Incorrect computations, under and over deductions, were observed. Districts lacked control over calculations, relying on the Ministry of Public Service (MoPS) automated remittance system, contributing to challenges in the Payroll Deduction Management System (PDMS) administered by UCLA/UBA.

c) *Payroll Management Challenges:* Audits in FYs 2019/20, 2020/21, and 2021/22 identified payroll management issues, including delayed recruitment, access, and removal. Incomplete documentation, staff non-compliance with procedures, and persistent removal delays in districts like Sheema, Kabale, and Kabarole were highlighted.

d) *Delayed Submission of Performance Reports:* The Auditor General raised concerns about late performance report submissions, attributing delays to technical expertise gaps and system challenges. However, internal control weaknesses within districts, like Kabarole, were identified as contributing factors, shifting partial blame to the local entities.

e) *Local Revenue Underperformance:* Local governments consistently underperformed in revenue collection, with recurring audit queries and recommendations. Ineffectiveness in tax collection methods, such as relying on sub-county staff like parish chiefs, was noted. Strategies implemented by districts in response to recommendations were deemed ineffective in addressing underlying root causes.

f) *Feedback Loop Challenges:* Despite the Auditor General highlighting specific matters for Ministries, Departments and Agencies' attention, officials interviewed reported never receiving feedback on actions taken by these entities in response to the

Auditor General's concerns. Communication gaps persist in addressing the identified issues.

The findings of the status of implementation of the Auditor General's recommendations in selected districts are as follows:

District	Status of Implementation
Amuria District	The district received forty-six (46) recommendations in two financial years (2019/2020 and 2020/2021), and the district responded to thirty-six (36) recommendations, is working on nine (9), and did not fulfil one (1) at the time of this study.
Amuru District	One hundred and nine (109) recommendations were received from 2019-2022. A total of one hundred and six (106) recommendations were implemented. However, there was no evidence that the remaining three (3) had been implemented during this study.
Arua District	A total of forty-seven (47) recommendations were received in the FY 2020/2021 financial year and attended to forty-three (43) of the issues raised, and four (4) are still ongoing.
Gulu District	The district received seventy-seven (77) recommendations and attended to most of them, save for three.
Hoima District	The district received seventy-eight (78) recommendations across the two financial years- 2020/21 and 2021/22, of which sixty-one (61) were implemented, fifteen (15) were partially implemented, and two (2) were not implemented.
Kabale District	The district received fifty-five (55) recommendations across the three financial years, out of which fifty-three (53) were implemented, and only one was partially implemented and not implemented, respectively.
Kabarole District	The district received eighty-nine (89) recommendations in the three financial years, out of which seventy-six (76) were implemented, nine (9) were partially implemented, and four (4) were not implemented.
Kaliro District	Two reports were accessed for Kaliro District Local Government: FYs 2019/2020 and 2021/2022. While during the interview session, the responsible officers said they addressed the issues raised, even for FY 2020/2021, the available evidence in the report's writing reveals that three (3) issues, out of forty-three (43), were not addressed.
Lira District	Whereas verbally, the distinct officials confirmed that they had addressed the concerns raised by the Auditor General, there is no evidence to show which issues were addressed and which were not. However, the 2022 Public Accounts Committee report shows fifty-seven issues were raised, and they are indicated as unqualified reports, implying they were sorted.

District	Status of Implementation
Luwero District	Over the three financial years, Luwero District received fifty-two audit queries. Of these, the district officials showed evidence of having attended to forty-nine (49) of the issues raised and are addressing three (3) of the recommendations.
Mbarara District	The district received fifty-three (53) recommendations across the three financial years, out of which fifty (50) were implemented, while two (2) were partially implemented, and one (1) was not implemented.
Moroto District	The district Local Government received fifty-one (51) recommendations in the 2021/2022 financial year. Of these, thirty-one (31) were from the Auditor General, and more than twenty (20) were from The Public Accounts Committee.
Mukono District	The PAC report of 2020/2020 shows seventy-eight (78) recommendations were given, and of these, the district acted upon seventy (70) queries, and eight (8) were ongoing. Despite this, the Public Accounts Committee report (2022) indicates that the FY 2020/2021 report for Mukono District Local Government was unqualified, indicating that the entity could address most of the issues raised.
Sheema District	The district received twenty-eight (28) recommendations over the financial years 2019/2020 and 2021/22, out of which twenty-seven (27) recommendations were implemented and one (1) recommendation was partially addressed. The development of a risk register was partially implemented, as the process is still ongoing.
Tororo District	Whereas verbally, the distinct officials confirmed that they had addressed the concerns raised by the Auditor General, there is no document to show which issues were addressed and which were not. Hence, the dash against the district on the matrix
Wakiso District	This district's local government received one hundred and sixty-one (161) recommendations in three years and so far addressed one hundred fifty-five (155) of the concerns raised, and four (4) are still ongoing.

Constraints to Implementation of Auditor General's Recommendations

Concerning challenges in implementing the Auditor General's recommendations, the study noted several complex and multifaceted challenges at District Local Governments and the Parliament levels. While the specific challenges may vary per entity, some common challenges that impede the effective implementation of audit recommendations are as follows:

a) **Understaffing:** District Local Governments grapple with a scarcity of personnel, particularly in critical sectors like finance, procurement, and education. A government-imposed recruitment ban exacerbates this challenge, with Amuria District Local Governments operating at 46% staffing capacity. The inadequacy of both staff numbers and technical expertise hampers the Auditor General's recommendation implementation.

b) **Limited Information, Communication and Technology (ICT) Infrastructure and Skills:** Rural District Local Governments face a digital divide marked by insufficient ICT infrastructure, unreliable electricity, and limited computer skills. The resultant technical gaps impede the adoption of modern systems, hindering the Auditor General's recommendation implementation. Inadequate training further exacerbates these challenges.

c) **Lack of Coordination among Stakeholders:** Ineffective coordination between local and central government stakeholders complicates the Auditor General's recommendation implementation. The absence of streamlined oversight structures adds to the challenge, hindering efficient collaboration.

d) **System Challenges:** District Local Governments depend heavily on centrally controlled payroll, deductions, and reporting systems. However, system issues, both technical and network-related, impede their functionality. Inadequate training on these systems exacerbates the challenges, affecting compliance with the Auditor General's recommendations.

e) **Underfunding/Inadequate Budget Allocation:** District Local Governments struggle to secure sufficient funding for service delivery, impacting key departments like audit and human resources. Financial constraints, coupled with ineffective fund utilisation, hinder AG recommendation implementation.

f) **Procedural Challenges including:** i) Procurement Challenges: A hybrid procurement approach, where ministries handle tendering for District Local Governments, causes significant delays and compromises project quality. The method inhibits adequate supervision by District Local Governments, creating challenges in Auditor General recommendation implementation. Furthermore, corruption and fraud within government entities undermine financial management integrity, posing a major obstacle to the Auditor General's recommendation implementation. ii) Delayed Release of Funds: Late fund releases by the Ministry of Finance impede District Local Governments' absorption capacity, leading to delays in project execution and responding to the Auditor General's queries. iii) Political Interference: In some districts, political pressures or interference has affected the commitment to implementing recommendations, especially if they involve politically sensitive issues or persons who have political backing from politicians.

g) **Corruption:** The study noted that there were reports of corruption among the Auditor General's officials. The study noted that some of the Auditor General's officials ask for kickbacks in case one ought to get a good report. Some media reports further triangulated this.

Recommendations

For effectiveness implementation and enforcement of the AG's recommendation, the following MDAs should do the following.

Ministry of Public Service

- The Central Government (Public service) ought to facilitate local governments with adequate staffing in critical areas to facilitate the oversight function (through lifting the ban on recruitment of staff in local governments). This will quicken tracking of non-response to the Auditor General's recommendations and parliamentary resolutions in the respective financial years. The study recommended improved staffing levels facilitate quick responses and better quality monitoring of government programmes.
- There is a need to strengthen human resource management practices within the Ministry of Public Service, such as payroll audits, to address issues related to payroll discrepancies, ghost workers, and other personnel-related audit findings.

Ministry of Finance Planning and Economic Development

- The MoFPED should ensure the timely release of funds to enable Local Governments to implement their projects on time.
- Because most departments are underfunded, future central government projects in LGs should ensure that the design of government projects incorporates and finances for local governments' monitoring, evaluation and learning.

The Office of the Auditor General

- The Office of the Auditor General should investigate and provide platforms for whistle-blowers to report corruption tendencies among the audit officers to restore confidence among the Local Government's stakeholders in the audit process.

- There is a need to establish a mechanism to track, monitor and evaluate the implementation of audit recommendations at the Local Government Level.

Ministry of Local Government

- The Minister of Local Government should exercise his mandate as stipulated in the Local Government Act Cap 243 Section 88 (8), which requires him to lay out the reports of different LGPAC reports before parliament.
- MoLG should strengthen the capacity of local government councils to follow up on LGPAC and auditor general's recommendations through induction and capacity building.
- The MoLG should ensure that the Auditor General's recommendations are communicated timely to local governments, and where local governments require support from Ministries, Departments and Agencies, the MoLG should play a coordinating role to ensure that Local Governments are duly supported for effective implementation recommendations.

District Local Governments

- Strengthen the District Council's Oversight Role. The District Local Governments should provide enough resources for oversight functions, particularly for the standing committees, the Local Government Public Accounts Committees and the audit department.
- Ensure Compliance with the Recommendations. The accounting officers should ensure timely compliance with the Auditor General's or PAC's recommendations.

Different line ministries (MoFPED, MoPS, MoLG, Ministry of ICT and National Guidance

- These MDAs should provide up-to-date ICT infrastructure and Continuous training and capacity-building programs on centrally controlled systems (Integrated Financial Management System(IFMS) Integrated Personnel and Payroll System(IPPS), Payroll Deduction Management System(PDMS), Programme Budgeting System(PBS) to manage the payroll, conduct non/statutory deductions, and submit performance reports for Local Government staff to enhance their understanding and timely implementation.

Conclusion

The findings generally underscore the fact that the Office of the Auditor General regularly conducts audit of local governments and provide the audit reports for each financial year. However, while Local Governments have attempted to address the audit queries raised to fix the shortfalls therein, there are still several gaps in their attempt to implement the Auditor General's recommendations and parliamentary resolutions. While the responsible centres for implementing Auditor General recommendations are clearly outlined in several accounting and reporting procedures laid out in the Government of Uganda's structures under the mandate of the Auditor General, the study reveals that more effort is needed. Addressing the constraints identified by this study requires a multi-faceted approach to enhance oversight, effectiveness, efficiency, and accountability in Ugandan Local Governments.

CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 Introduction

This paper presents the findings of the study on the status of implementation of the Auditor General's recommendations in Local Governments in Uganda. In implementing their mandates, local governments are expected to ensure compliance with existing laws and guidelines. As such, the Local Governments, through the National Performance Assessments conducted by the Office of the Prime Minister, are assessed on their level of compliance and accountability. The specific areas of compliance include timely submission of Annual Performance Contracts, Procurement Plans, Annual Budget Performance Reports, Quarterly Budget Performance Reports, Follow-up on Audit Reports and status of the Audit opinion. The findings noted that contrary to the other requirements beyond the timely submission of information to the Permanent Secretary/Secretary to the Treasury, the status of implementation of the Internal Auditor General and the Auditor General's findings from the previous financial year remains a challenge for most Local Governments[1]. It is on this basis that this study was conceptualised.

1.2 Background

Uganda introduced the decentralised system of government in 1997 to transfer powers, functions and services from the central government to the local government[2]. Decentralisation was expected to bring planning, budgeting and management of public resources closer to the people, thereby enhancing monitoring, participation and accountability in public service delivery[3]. The architecture of the intergovernmental system matters for local service delivery, but performance depends on holding local governments accountable for their behaviour[4]. Furthermore, accountability is a fundamental cross-cutting dimension of the Sustainable Development Goals framework[5].

Accountability refers to *"the obligation of power-holders to take responsibility for their actions."* It is further clarified that accountability ensures a citizen-state relationship where "decision-makers adhere to publicly agreed standards, norms and goals."[6] Accountability is concerned with how government power is exercised, and resources are mobilised, managed, controlled, and used for the benefit of the people. Accountability is based on the premise that "people entrust their governments the authority to tax, spend, and establish and execute laws and regulations." In return, people expect the government to explain and defend its use of authority and take corrective action when necessary."[7] The United Nations Development Programme (UNDP) underlines two critical components of accountability: answerability, which refers to the obligation to provide an account and the right to get a response, and enforceability, whereby action is taken when accountability fails[8].

Further, accountability is concerned with how government power is exercised, and resources are mobilised, managed, controlled, and used for the benefit of the people. Accountability is based on the premise that "people entrust their governments the authority to tax, spend, and establish and execute laws and regulations." In exchange, people expect the government to explain and defend its use of authority and take corrective action when necessary."[9] Accountability in the public sector is when the relevant people assume responsibility for working toward adequately defined results. Accountability necessitates a continual improvement process, data-driven decision-making, openness for decision-making, transparency to results, and ongoing communication with partners, stakeholders, and the general public[10].

There are four variants of accountability, namely: (i)traditional accountability, which focuses on the regularity of fiscal transactions and faithful compliance, as well as adherence to legal requirements and administrative policies; (ii)managerial accountability, which is concerned with efficiency and economy in the use of funds, property, manpower, and other resources; (iii) program accountability that is concerned with the outcomes of government operations; and (iv) process accountability which is concerned with the effectiveness of government operations[11]. Political, administrative, and fiscal accountability are critical in achieving local government outcomes of sustainable service delivery, such as increased local control over development planning and decision-making and strengthened accountability through citizen monitoring[12]. Thus, upon establishing the negative findings in the audit reports on the different aspects, the local governments are expected to ensure that duty-bearers are answerable for their actions and, where necessary, sanctions are implemented where there is a lack of answerability.

In Uganda, one of the institutions that is charged with enhancing public accountability is the Office of the Auditor General. The Office of the Auditor General is the Supreme Audit Institution in Uganda, created by the Constitution and the National Audit Act, a corporate body through enacting the National Audit Act 2008. The Constitution for the Republic of Uganda 1995 (as amended) in Article 163 (3) (a) mandates the Office of the Auditor General to audit local government accounts, among other public accounts. Relatedly, the Public Financial Management Act 2015 and the National Audit Act 2008 section 16(1) states that the accounts of every local government council and every administrative unit shall be audited annually by the Auditor General or by an auditor appointed by the Auditor General.

According to the Parliament of the Republic of Uganda's (2017) Handbook for Financial Accountability Committees, the Auditor General conducts audits to obtain reasonable assurance that the financial statements as a whole are free from material misstatements due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with applicable financial reporting framework. Report on the financial statements and communicate as required by the International Standards for Supreme Audit Institutions (ISSAIs) in accordance with the auditor's findings. Communicate to the users, those charged with management, those charged with governance, or parties outside the entity in relation to matters arising from the audit as required by the standard or by the legislation[13].

The Office of the Auditor General conducts pre-engagement audits in accordance with International Standards on Auditing and the ISSAIs (1000-2999). Those standards require that the auditor comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. The Office of the Auditor General follows a specified process involving five distinct but interconnected stages: the pre-engagement activities, strategic planning, detailed planning and fieldwork, audit summary, audit conclusion and reporting[14].

The pre-engagement activities stage involves understanding the activities undertaken at the beginning of an audit, determining and communicating the terms of the engagement, assessing and evaluating ethical and resource requirements. The key activities undertaken, therefore, include signing the code of ethics declaration, assessing the resource requirements in terms of time, nuances, appropriate staff competence and capability, and discussing the terms of engagement through an engagement letter with the management of the audited entity. The strategic planning stage involves determining the planning materiality and understanding the entity and its environment, including the internal controls. It also involves identifying and assessing the risk of material misstatements, linking the identified risks to their respective audit components in the financial statements, designing and implementing the overall responses to address the assessed risks of material misstatements at the financial statement level, determining the use of the work of others; and selecting high and key value items. The final output for this audit stage involves developing an overall audit strategy which sets out the scope, timing and direction of the audit; guides the development of a more detailed audit plan; and the summary of audit work completed during the pre-engagement & strategic planning phase of audit[15].

The detailed planning fieldwork stage requires that for each financial statement audit component identified in the audit lead schedule, the auditor documents the system description by identifying and assessing more risks, controls and assertions. The audit also records the preliminary reliance on key controls; designs an audit program; determines the appropriate sample size for the test of controls; performs the test of controls and documents final reliance on key controls; determines the sample size for substantive testing and performs the appropriate substantive procedures (Test of details and substantive analytical procedures)[16].

The audit summary stage involves performing the overall audit programs (presentation and disclosure of subsequent events review, final analytical review and obtaining management representations), aggregating and concluding on audit results and assessing final compliance with the code of ethics. The audit conclusions and reporting stage involves two key steps: First is the audit reporting procedures that look at the compilation of the management letter (written communication prepared by the auditor and addressed to the audited entity's management bringing out the weaknesses identified during. Obtaining Audit management representation for all the changes made to the auditor's report as it progresses up the line and provides for senior/top Supreme Audit Institution management statements relating to the audit work. The second one involves forming an audit opinion and preparing the final audit report or signing by the Auditor General[17].

Once the Office of the Auditor General completes the audit process, they write an audit report that contains their opinions. The opinion sets out the scope of the audit, the auditor's opinion of the procedures and records used to produce the financial statements and the Auditor General's opinion on whether or not the financial statements present an accurate and fair picture. Generally, there are four types of audit opinions: clean/unqualified opinions, qualified opinions, adverse opinions, and disclaimer opinions, as described in a document called *the Overview of the Audit Process Under the Office of the Auditor General of Uganda*[18].

Furthermore, the Ministry of Finance, Planning and Economic Development (MoFPED) prepares a Treasury Memorandum. A Treasury Memorandum cannot be produced unless Parliament tabled, debated and adopted the audit reports. In the case of Uganda, the reports finalised by the respective accountability committees are submitted to the Clerk to Parliament and the Speaker so that the report can be put on the Parliamentary agenda (Order Paper) for consideration, debate and adoption in a plenary session. Suppose they are adopted under the procedures. In that case, they are then sent to MoFPED, which, in liaison with other Government departments, pursues action on them and prepares the Treasury Memoranda detailing what actions the Government has taken. Once that is done, international best practices suggest that Parliament follow up and track whether the issues raised were addressed by the concerned parties and acted upon as claimed, a task that the accountability committee(s) have to stand up to[19].

Therefore, the Office of the Auditor General conducts audits and conducts investigations to assess the efficiency, effectiveness, and accountability of public sector agencies and their programs. Enhancing and strengthening accountability is the central objective of the Office of the Auditor General's audit of public expenditure. Audit reports on the performance of the government provide an opportunity for legislators, public servants, investors, business leaders, citizen groups, media, development agencies, academics and other stakeholders to know how public funds are spent and to assess the quality of public administration. This allows public scrutiny of Government operations and facilitates an accountable system of governance necessary for efficient service delivery. In incurring expenditure of public funds, the Executive is required to exercise strict commitment and expenditure control and ensure efficiency and economy of operations by the intentions of Parliament.

1.3 The Problem Statement

After over two decades of implementing the decentralisation policy, Uganda's performance in local accountability and inclusion of citizens in their governance is a mixture of both gains and reversals[20]. However, accountability, political, administrative, and fiscal, is still a major concern for many local governments. Low levels of accountability in local governments have been cited several times as a major drawback of the decentralisation policy[21]. Local democracy is an essential practice widely emphasised for increasing the accountability of government systems. The answerability of public officers and the enforcement of the accountability mechanisms are paradoxically core intents and significant challenges of local governance[22]. To ensure the efficiency, effectiveness, and accountability of Local Governments, the accounts of every local government are annually audited by the Auditor General or by an auditor appointed by the Auditor General, who then makes a report to Parliament as provided for in Section 16 of the National Audit Act, 2008[23]. However, the Local Government National Performance Report, 2019 showed that follow-up on internal audit recommendations is among the indicators that were not performed well, with only 47 out of 146 local governments making an effort to address issues raised in the auditor general's report[24].

The recent assessment of statutory boards and Commissions conducted by ACODE noted that the Local Government Public Accounts Committees (LGPACs) established under Section 88 (1) of the Local Governments Act, Cap 243, are mandated to review the chief internal auditor, the Auditor General's reports and other reports of commissions of inquiry. It was noted that in fulfilling this mandate, they face several challenges[25]. ACODE's Study revealed that the Performance of most of the LGPACs was below average, highlighting a weak oversight function in local governments[26]. While the Office of the Auditor General has effectively presented the annual Audit Reports to respective government institutions over the years, information about the level of the implementation of some audit recommendations by the Ministries, Department and Agencies and District Local Governments is yet to be established. Against this background, ACODE conducted this study to analyse the level of implementation of the auditor general's recommendations in 35 local governments to enhance accountability.

1.4 The Overall Objective

The overarching objective of this study was to analyse the level of implementation of the Auditor General's recommendations in local governments to enhance accountability.

1.4.1 Specific Objectives

Specifically, the study focused on the following:

1. To establish the implementation status of the Auditor General's recommendations in selected districts.

2. To establish the status of actions on Parliament's resolutions on District Local Governments and Auditor General's recommendations.
3. To examine challenges that affect the implementation of the Auditor General's recommendations at District Local Governments and Parliament levels.
4. To make proposals to improve the implementation and enforcement of the Auditor General's recommendations.

1.5 Significance of the Study

The findings of this study have important implications for promoting transparency, accountability, and good governance in local governments in Uganda. The findings are intended to clarify key systemic issues impeding the execution of these recommendations and serve as a foundation for targeted reforms. Moreover, the study's proposals for improvement have the potential to strengthen the overall accountability framework for local government, resulting in proper use of public funds, better service delivery, and increased public trust in local government institutions. Most importantly, the study provides valuable insights into the efficacy of the Auditor General's recommendations and the subsequent adherence to these recommendations by the local governments. Consequently, the study refines the auditing and reporting processes, providing more focused and impactful recommendations.

1.6 Scope of the Study

The geographical scope of the study was limited to 16 districts, including Amuria, Amuru, Arua, Gulu, Hoima, Kabarole, Kabale, Kaliro, Lira, Luwero, Mbarara, Moroto, Mukono, Sheema, Tororo, and Wakiso. Nevertheless, due to time and financial resource constraints, a sample of these districts was purposefully selected based on their performance levels and geographic location (urban/rural). The study also focused on the country's selected Ministries, Departments and Agencies (MDAs). The content scope of the study was limited to an assessment of the status of implementation of audit recommendations on selected MDAs and 16 selected DLGs and a presentation of trends of compliance and non-compliance to the OAG findings and recommendations in the District Local Governments and MDAs mentioned above for the last three financial years. The study's time scope was limited to the past three FYs (2019/2020, 2020/2021, 2021/2022).

CHAPTER TWO

METHODOLOGY

2.1 Introduction

This chapter presents the methodology used during the study. It highlights the research design, sampling design, data collection method, data analysis, ethical consideration, scope of the work and deliverables. Each of these sub-sections was discussed in line with the set objectives.

2.2 Research Design

The study employed a qualitative research design. This approach helped to probe deeply into the status of implementation of the recommendations/resolutions, causes of non-compliance, and challenges faced during the attempt to comply, and identified, thus, suggested strategies to ameliorate the situation. Moreover, the qualitative approach enabled us to obtain detailed information on the observed implementation level, and help explain the variation in compliance to these recommendations across the different institutions. The complementarity and triangulation afforded by this approach helped to address the shortcomings of each independent approach and facilitated the drawing of detailed and valid conclusions.

2.3 Sampling Design

Sampling was done at three levels including at the district level, within districts and at the national level.

2.3.1 Determining of Study District Local Governments

Maximum Variation Purposive Sampling was used to determine and select the MDAs and DLGs for the study. The institutions were selected based on their performance levels and geographic location (urban/rural). This sampling strategy facilitated the selection of varied and representative samples to ensure a detailed understanding of implementing the audit recommendations across various government institutions. Including high-performing and low-performing entities and considering multiple geographical locations, the study aimed to capture various experiences and perspectives. As such, the study was conducted in 16 districts across the country, as per Table 1.

Table 1: Selected Districts

North	East	West	Central
Amuru	Amuria	Hoima	Luwero
Arua	Kaliro	Kabarole	Mukono
Gulu	Moroto	Kabale	Wakiso
Lira	Tororo	Mbarara	
		Sheema	

As shown in Table 1, the selected districts for the study included Amuru, Arua, Gulu, and Lira in the Northern region; Amuria, Kaliro, Moroto, and Tororo in the Eastern region; Hoima, Kabarole, Kabale, Mbarara and Sheema in Western region; and Luwero, Mukono and Wakiso in the Central region.

2.3.2 Sampling within Districts

Purposive and snowball sampling were used to identify the respondents at district and national levels. This is because there are key respondents to whom information regarding AG recommendations is confidential, while others may not have such information. The selection of these officials is based on the fact they are critical players in shaping and implementing service delivery in their districts of jurisdiction. Thus, choosing knowledgeable people helped the study by providing valuable insights into the overall state of implementation and identifying differences in compliance patterns. During the interviews, some respondents who did not have all the information required suggested a name(s) of people who have this information within the district or national level. Hence, at the district level, the following key informants were interviewed: District Chairperson, Resident District Commissioner, Chief Administrative Officer (CAO), Chief Finance Officer (CFO), Principal Internal Auditor, LGPAC Chairperson, Secretary District Land Board, Speaker/Council Committees. At the national level, officials from the following institutions were interviewed. Office of the Minister of Local Governments, Clerk of Parliamentary Public Accounts Committee, Clerk of the Parliamentary Committee of Local Governments and Public Service, Ministry of Finance, Planning and Economic Development (MoFPED), Auditor General's Office (OAG).

2.4 Data Collection

This was done using various methods. One of the methods utilised extensively was the document analysis method. This method was used to review relevant audit reports from the Auditor General's Office, parliamentary reports, MDAs, and DLGs reports, focusing on the implementation status of the recommendations in selected MDAs and DLGs. The key issues examined through this method are the nature of the recommendations, the extent to which they have been implemented, and the trend of compliance or non-compliance.

2.4.1 Document Analysis

The study reviewed literature based on the set objectives. The literature was mostly accessed online from the Auditor General's website, the recommendations to the districts, and documents collected from the districts in response to their responses to the issues raised by the Auditor General, Public Accounts Committee, and Ministry of Finance, Planning and Economic Development. The reviews were centred on temporal analysis of the issues in the documents. This was particularly informative in understanding any patterns of delayed action or prompt response. A key element of this research was the comparative analysis between the selected districts, which provided a basis for identifying best practices and effective strategies that have contributed to successful implementation. The analysis of the information generated during the study enabled the development of recommendations and proposals based on synthesised findings, considering evidence-based practices of successful governance initiatives worldwide and Uganda's unique contextual local governance landscape. Noteworthy is that the study recommended mechanisms for effectively monitoring, reporting, and tracking the implementation progress to enhance the culture of accountability in local governments. This helps identify performance indicators to measure the extent of implementation of the recommendation and the effectiveness of the actions undertaken by the local governments.

2.4.2 Interviews

Key informant interviews with relevant officials and stakeholders at the district and national levels were conducted to provide a detailed understanding of the factors facilitating non-implementation or implementation of AG's recommendations, compliance and non-compliance to Auditor General's recommendations. The officials interviewed at this level included CAOs, CFOs, District Chairpersons, members of the DLC, and the LGPAC chairpersons. The interviews at the national level primarily addressed resource restrictions, bureaucratic red tape, political intervention, and a lack of enforcement tools. The insights gained from these interviews were beneficial in offering focused solutions to enhance implementation. The officials interviewed at this level included the permanent secretary, commissioners, clerks, the chairperson of the parliamentary commission, and other assigned persons at the different entities.

2.4.3 Gathering of Evidence

The participants were requested to provide evidence of what they stated. This included minutes of council, relevant committees of council, minutes of the district executive, minutes of Local Government Public Accounts Committees and internal correspondences on the issues being raised. Last but not least, correspondence between the local government, the Auditor General, and any other ministry, especially the Ministry of Finance Planning and Economic Development- with respect to the recommendations.

2.5 Data Analysis

Qualitative data analysis pathways involved examining, transcribing, editing, and analysing data obtained from the qualitative methods—content analysis, facilitated by Atlas ti. The software enabled a deeper exploration of the themes and narratives emerging from these qualitative data sources. Results from both levels (District and National) were integrated to explore participants' perspectives on the implementation of recommendations, provide detailed insights and reasons for the level of implementation, and explain any variations observed at district levels. This helped the comprehensive drawing of conclusions and formulation of recommendations.

2.6 Ethical Considerations

The following ethical considerations were maintained during the study: Informed consent was sought from each participant before participating. Detailed information about the study was given to the participants to enable them to make decisions about their participation in the study. Utmost care was taken to prevent physical or emotional harm to the participants. For example, participants were not subjected to stressful and harmful situations during the study. The confidentiality and anonymity of the participants were maintained. For example, participants' views or responses were not attached to their names to avoid potential victimisation.

CHAPTER THREE

PRESENTATION AND DISCUSSION OF FINDINGS

3.1 Introduction

This chapter presents and discusses the findings in line with the objectives of the study.

3.2 Status of Implementation of Auditor General's Recommendations

During the three financial years under study (2019/2020- 2021/2022), the Auditor General gave several recommendations to districts based on specific audit queries, as shown in Table 2.

Table 2 Summary of the Auditor General's recommendations to the Districts in FYs (2019/2020-2021/2022)

District	Implemented			Partially Implemented			Not Implemented			Total
	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22	
Amuria	18	18	-	4	5	-	1	-	-	46
Amuru		109			-			3		112
Arua	-	-	43	-	-	4	-	-	-	47
Gulu	11	33	29	-	1	2	-	-	1	77
Hoima	-	-	-	-	-	-	-	-	-	-
Kabale	22	17	14	1	0	0	1	0	0	55
Kabarole	22	31	23	6	0	3	0	0	4	89
Kaliro	12	-	28	-	-	-	3	-	-	43
Lira	-	57	-	-	-	-	-	-	-	57
Luwero	32	8	9	3	-	-	-	-	-	52
Mbarara	15	19	16	1	0	2	0	0	0	53
Moroto	-	-	51	-	-	-	-	-	-	51
Mukono	-	70	-	-	-	-	-	-	-	70

District	Implemented			Partially Implemented			Not Implemented			Total
Sheema	15	-	13	0	-	1	0	-	0	28
Tororo	-	-	-	-	-	-	-	-	-	-
Wakiso	58	31	67	2	2	1	-	-	-	161

- shows the entity did not provide a copy of their response for verification.

Amuria District: The district received forty-six (46) recommendations in two FYs (2019/2020 and 2020/2021), and the FY 2021/2022 recommendations were not captured. Out of this, the district responded to thirty-six (36) while it is still working on nine (9) and did not fulfil one (1) at the time of reporting.

Amuru District: One hundred and nine (109) recommendations were received from 2019/2020- FY 2021/2022. Out of these, the district was able to attend to one hundred and six (106) and did not show evidence of having fulfilled three (3) at the time of reporting. The pending issues are the implementation of the strategic plan, revenue performance, and transfer from other government entities. When asked, an official attributed this to the COVID-19 lockdown period that affected the performance of LGs.

Arua District: A total of forty-seven (47) recommendations were received in FY 2020/2021, forty-three (43) of the issues raised were attended to, and four (4) are still ongoing as a result of hybrid procurement handled by the Ministry of Lands, Housing & Urban Development. Recruitment of secondary school teachers is to be done by the Education Service Commission and UGIFT funds, and there was evidence that follow-ups have been made to that effect[27].

Gulu District: The district received seventy-seven (77) recommendations and attended to most of them, save for three (3). Partly, this was because of the ongoing YLP, UWEP funds recovery and PDM. However, it is hoped that the creation of a sub-county recovery task force and the involvement of the police would sort out the recovery of the YLP and UWEP funds, which has not been the case[28].

Hoima District: The district received seventy-eight (78) recommendations across the two FYs 2020/21 and 2021/22, of which sixty-one (61) were implemented, fifteen (15) were partially implemented, and two (2) not implemented. The partially implemented recommendations include inclusion of gratuity for political leaders and commissioners in the gross taxable income when computing PAYE (recoveries from affected individuals ongoing), alignment of the strategic plan to the Third National Development Plan (NDP III) objectives (in the final stages), verification of Integrated Personnel and Payroll System (IPPS) and the National Identification System (NID) with MoPS and NIRA (ongoing), and recovery and remission of PAYE and other deductions (ongoing). Other include preparation of the environment and social plans for the 26 sub-projects (ongoing), development of risk register (ongoing) and management of land through titling (being undertaken in a phased manner), recording land in the entity land register (ongoing), updating land in the Government Financial Management Information System (GFMIS) asset module (ongoing), and resolving conflict on the land (assessment of claims on the land ongoing). However, recommendations that were not implemented include advice to increase enforcement activities on the wetlands to preserve the environment and to revert the role of coding and decoding deductions to the respective accounting officers.

Kabale District: The district received fifty-five (55) recommendations across the three financial years, out of which fifty-three (53) were implemented, and only one was partially implemented and not implemented, respectively. The partially implemented recommendation was to advise the Accounting Officer to ensure that Maziba Health Centre IV is adequately equipped to deal with all cases related to maternal health services. This recommendation has not been fully implemented because the Ministry of Health's support for the facility is ongoing. Lastly, the recommendation was not implemented to advise the accounting officer to plan for all departments to have adequate motor vehicles. This recommendation was not addressed due to limited funds and a ban on procuring new vehicles by the line ministries.

Kabarole District: The district received eighty-nine (89) recommendations in the three financial years, out of which seventy-six (76) were implemented, while nine (9) were partially implemented and four (4) were not implemented. The partially implemented recommendations include the recovery of YLP-Revolving Funds and UWEP Revolving Funds, and the need to ensure the understanding between the Kingdom and the district to provide the district control of the land on which the headquarters are being constructed. The other partially implemented recommendations were the advice to always fully absorb the funds in the stipulated period allocated and ensure that all planned activities are implemented, and payments to Uganda Peoples' Defence Force's Engineers Brigade for Construction works to ensure that the project is satisfactorily completed. Some of the recommendations not implemented include the role of coding and decoding of deductions to revert to the respective Accounting

Officers, and engagement of the responsible authorities to ensure that all appropriated funds are adequately released to implement the planned activities.

Kaliro District: Two reports were accessed for Kaliro District Local Government that is FY 2019/2020, and FY 2021/2022. During the interview session the responsible officers noted that they addressed the issues raised for the FY 2021/22. however, the available evidence reveals that three (3) issues, out of forty-three (43) were not addressed in the report of FY2019/20. The non-responses were in the area of implementation of qualified reports, funds absorption and transfer from other government units. Looked at critically, these are project monies (Discretionary development equalisation grant and UGIFT) that were swept back at the end of the financial year, and since the projects were hybrid in nature, the district did not have much control over the contractors, some of who had multiple contracts and lacked the capacity to work at different locations concurrently. However, as suggested, the accounting officer engaged with MoFPED to follow up on this concern, though the outcome was not certain by the time this report was written.

Lira District: Whereas verbally, the distinct officials confirmed that they had addressed the concerns raised by the Auditor General, there is no evidence to show which issues were addressed and which were not. The 2022 Public Accounts Committee report shows fifty-seven (57) issues were raised, and they are indicated as an unqualified report, implying they were sorted.

Luwero District: Over the three financial years, Luwero District received fifty-two (52) audit queries. Of these, the district officials showed evidence of having attended to forty-nine (49) of the issues raised and are in the process of addressing three (3). These are in the areas of titling land for health centres and UGIFT projects. Concerning the UGIFT project, a respondent says it was because of hybrid procurement that some contractors did not start working on the contract assigned to them since they were given multiple contracts in different locations.

Mbarara District: The district received fifty-three (53) recommendations across the three financial years, out of which fifty (50) were implemented, while two (2) were partially implemented, and one (1) was not implemented. The partially implemented recommendations include consultation with the relevant authorities to devise sustainable means of recovery or write off the unrecoverable debts, mobilisation of funds and ensuring full utilisation and valuation of land. The recommendation that was not implemented included the role of coding and decoding deductions to revert to the respective Accounting Officers.

Moroto District: The district local government received fifty-one (51) recommendations in FY 2021/2022. Of these, 31 were from the Auditor General, and the 20 were from the Public Accounts Committee. From the evidence adduced by the Accounting Officer, the district attended to all the issues raised. Notwithstanding the non-corroboration of the two other financial years' reports (partly because the team in the office were newly moved there and they could not easily locate old documents), the data before us is somewhat indicative that the district officials take the implementation of the Auditor General and Public Accounts Committee recommendations seriously. In the 2022 report, the Public Accounts Committee indicates the Moroto District as having an unqualified report, meaning it was clean.

Mukono District: The Public Accounts Committee report of FY 2020/2021 shows seventy-eight (78) recommendations were given to the district, and of these, 70 queries were acted upon, and Eight (8) were ongoing at the time. In spite of this, the PAC report of 2022 indicates that the 2020/2021 report for Mukono Local Government was unqualified, indicating that the entity was able to address most of the issues raised.

Sheema District: The district received twenty-eight (28) recommendations over the FYs 2019/2020, and 2021/22, out of which twenty-seven (27) recommendations were implemented and one (1) recommendation was partially addressed. The development of a risk register was partially implemented, and the process is still ongoing.

Tororo District: Whereas verbally, the district officials confirmed that they had addressed the concerns raised by the Office of the Auditor General, there is no document to show which issues were addressed and which were not. Hence, the dash against the district on the matrix.

Wakiso District: This district local government received one hundred and sixty-one (161) recommendations in the three FYs. So far,155 have been addressed, and four (4) are still ongoing. Although the evidence for two financial years could not be uploaded due to their length, the district administration showed a sense of frugality in their implementation of the recommendations from the Auditor General. The four recommendations still being acted upon are related to UGIFT Funds, Youth Livelihood Programme (YLP) and Uganda Women Entrepreneurship Programme (UWEP) funds recoveries that are still being followed by the entity. The majority of the results on the responses given by the district are referred to in the 2022 PAC reports as unqualified opinions, meaning the responses the entities gave were authentic.

While findings indicate that Local Governments have tried to address recommendations from AG's report, they still face several challenges discussed below.

3.2.2 The Recommendations Implemented over the Last Three Financial Years

The study notes evidence that the entities under the study addressed most of the Auditor General's recommendations over the years. Table 3 below shows a summary of the number of implemented recommendations, those partially implemented, and those not implemented at all.

Table 3: The major cross-cutting recommendations by the Auditor General to the Districts under study during the FY 2019/2020 -2021/2022

Major Recommendations	Aspects of the Recommendation	Concerned Entities
Payroll management	• Submission of wage estimates, • Absorption of funds, • Underpayment of pension/gratuity, • Payment of non-existent pensioners, • Wrong computation of gratuity, • Delayed deletion of staff from payroll, • Overdue remittance of deductions, • Un-authorized loan deductions, • Delayed remittance of deduction to UCLA/ Uganda Revenue Authority, • Delayed remittance of Pay As You Earn deduction to Uganda Revenue Authority, • Delayed access to payroll, • Delayed access to pension payroll, • Monthly wage/pension & gratuity off Integrated Personnel and Payroll System • Inconsistencies in mops & entity payroll register • Effectiveness and reliability of the Integrated Personnel and Payroll System (IPPS) and the National Identification System (NID) interface	All districts under study
Outstanding payables (deposits received)		Gulu,

Major Recommendations	Aspects of the Recommendation	Concerned Entities
Long outstanding receivables	• Non tax revenue, • Youth Livelihood Programme (YLP) • Uganda Women Entrepreneurship Programme (UWEP)	All districts under study
Implementation of the approved budget	• Existence of strategic plans that are aligned to NDP-III, • Local revenue performance, • Transfers from other government units/ other government transfers, • Performance from external financing, • Unremitted off-budget receipts, • Absorption of funds, • Quantification of outputs/activities, • Implementation of unqualified outputs	All districts under study
Implementation of Uganda Road Fund	• Delayed reporting and accountability to Uganda road fund	Gulu
Follow up of implementation of UGIFT projects	• Delayed physical progress of the works on several projects	Most districts
Follow up of NUSAF 3 project implementation	• Inactive community monitoring Groups (CMGs), • Payment of advances to personal accounts	Gulu
Management of Vehicles		All districts
PDM Funds		Most districts
COVID-19 Funds and Donations		Most districts
Staff Recruitments		Most Districts
Land	Lack of Lease Registrar	Arua, Gulu, Hoima, Luwero, Mbarara
Royalties on Minerals		Luwero, Hoima
Award of VAT inclusive contracts to Non VAT Registered Persons		Several Districts

Table 3 presents an overview of the Auditor General's queries—causes, and mitigation measures, as discussed below:

Fund Absorption: The Auditor General consistently expressed concerns regarding the absorption of funds across the 15 district local governments. Recommendations for optimising fund utilisation are prevalent throughout the audit reports for the three financial years under review. Interviews with district officials revealed several factors contributing to this trend of events. To begin with, the hybrid procurement method employed by local and central governments to conduct joint procurement has resulted in delayed procurement of contractors. This delay, coupled with awarding multiple project sites in different districts to a single contractor, strains their capacity, particularly in the face of economic constraints. Consequently, contractors often struggle to adhere to project timelines, leading to extensions and, in some instances, the abandonment of project sites due to financial pressures. For example, in Sheema district, it was reported that some contractors who faced delays in payment for completed work were forced to abandon project sites. To emphasise the shortcomings of the hybrid procurement method, one of the district officials wondered, *"A contractor starts a project in February, and the financial year ends on 30th June. Will he finish 4 months a project like building a health centre III or a secondary school? It's hard."*

For example, in the Kabarole District, interviews with one of the district officials revealed that the construction of the Kichwamba Seed Secondary School started this year in January with the recruitment of the contractor. Still, the funds were released in May, one month before the financial year's end. Consequently, the contractor was unable to utilise the money, and it was sent back. The contractor is currently waiting for the funds. Similarly, in Sheema district, funds for the construction and rehabilitation of Ryakasinga Seed School were swept back to the consolidated fund, and funds for the construction and rehabilitation of Ryakasinga Seed School were swept back to the consolidated fund but had to be re-voted. Delayed commencement of capital projects appears to be across the 16 districts under study.

The delay in the release of funds characterised by this procurement mechanism further compounds these challenges. One of the district officials observed that *"the delayed release of funds greatly affects funds absorption. This mostly affects capital development projects, road and wage funds where money has to be swept back to the consolidated fund before the planned activities are concluded."*

The study established that several projects across the sixteen districts have remained incomplete due to this challenge. For example, UGIFT projects in Kabarole district, including Kichwamba Seed Senior

Secondary School and the upgrade of Health Centre II to Health Centre III in Nyabuswa and Kituuli, have been affected by delays in fund release. Funds for these projects were again re-voted in April 2022 but could not be absorbed 2 months before the financial year's closure.

Noteworthy is that the incompletion of planned projects has a ripple effect on the completion of subsequent processes. For instance, in Mbarara district during the FY 2021/2022, the non-utilization of wage and pension funds was linked to the non-recruitment of teachers, as the construction of the Rwanyamahembe seed school remained incomplete. In Sheema District, the unabsorbed salary funds in the FY 2021/22 related to delayed recruitment and deployment of secondary school teachers, including staffing of Kigaraama seed secondary, and delayed completion of the upgrade of Health Centre II to Health Centre, which affected the recruitment process.

The Auditor General's recommendations for unfinished projects/ activities are implemented by rolling them over to the subsequent financial years. This means that funds sent back to the consolidated funds must be re-voted to facilitate the completion of the unfinished activities. Nevertheless, one of the officials from Kabale district observed that *"there are delays in re-voting funding. For instance, re-vote funds requests submitted in June of last year are yet to be, and the release will likely be made in November this year. This delay often hinders the completion of ongoing projects."*

Similar sentiments were echoed in the other 15 districts, implying that this was not an isolated, but general issue experienced by districts throughout the country.

Management of Non-Statutory Deductions: The management of non/ statutory deductions was among the common areas that attracted the Auditor General's queries and recommendations. This is related to the computation, deduction and remittance of Local Service Tax (LST) and PAYE. The Auditor General observed wrong computation, under and over deductions of LST and PAYE. Nevertheless, the study established that district local governments across the country have no control over the calculation, determination and MoPS automate remittance of LST/PAYE since it on the IPPS/ Human Capital Management System (HCM). One of the district officials indicated that *"the district receives the payroll from the Ministry of Public Service with deductions already calculated. However, sometimes deductions are dropped when the payroll reaches MoFPED, resulting in underpayment of PAYE, because what is given to us is what we pay."*

Therefore, the under remittance of Local Service Tax and PAYE, and the audit queries raised in FY 2021/22 in Kabarole including payment of salary using wrong salary scales and salary bands/levels/notches were attributed to an error in the IPPS system. Moreover, the non-deduction of PAYE from political leaders' and commissioners' gratuity was attributed to an IPPS system configuration error that does not deduct PAYE from these leaders' gratuity.

System flaws were also blamed for the challenges experienced with managing non-statutory deductions done via the Payroll Deduction Management System (PDMS) by UCLA/UBA on the payroll. Apart from the system failing to display updates and reliable data for the end users, the districts have no control over the system. In Amuria, there is inadequate training on these salary codes. They are only given user rights to accept or reject the loans. What happens after does not concern the human resource office nor the CAO to avoid issues of over deductions or under remittances.

Apart from the aforementioned system challenges, under-remittance of funds can also be attributed to other factors. For instance, in the Kabarole district, under-remittance of LST and PAYE was caused by the withholding of salaries and remittances due to death, retirement, and abscondment to prevent the loss of government funds. A district official pointed out that *"the Auditor General sometimes questions under remittances without considering that some employees are not paid due to reasons like absconding or transfer of service".* This suggests that the Auditor General's query stems from overseeing how the payroll system operates. Therefore, such factors should be considered when reviewing under-remittances of LST and PAYE.

The study established that districts' local governments manage over/under deduction of LST/PAYE and issues related to non-statutory deductions by notifying MoPS about anomalies in the payroll for rectification. The staff affected by the over-deduction are asked to submit salary adjustment requests or salary arrears claims for reimbursement through the IPPS system. In contrast, those affected by under-deductions are subject to recovery codes. Different officials were optimistic that the advent of the HCM system would resolve payroll-related issues. Nevertheless, some districts already utilising this system, such as Mbarara, have also reported challenges, indicating that it may not completely solve district local governments' human resource management hurdles.

Payroll Management: In the FYs 2019/20, 2020/21, and 2021/22 audit of payroll management practices, the Auditor General identified several areas of concern, including delayed recruitment processes, delayed access to payroll and delayed removal from the payroll. The study established a requirement to seek permission from concerned ministries before the recruitment process commences, leading to a delay in access to the payroll. A district official in Kabarole reported that *"the district must obtain permission from the Ministry of Public Service before proceeding with recruitment. Sometimes this permission is not given or given late, resulting in delayed recruitment processes, leaving limited time for new staff to access the payroll."* This statement highlights a significant bottleneck in the recruitment process for public sector employees in the country. The requirement can lead to delays in the recruitment process, leaving newly appointed staff with limited time to complete the necessary paperwork required to access the payroll. These delays can hurt both the new staff and the district administration. Noteworthy is that the need for ministerial approval underscores the country's centralised control over public sector recruitment. While this may ensure consistency and adherence to standards, it can also create inefficiencies and hinder the timely on-boarding of new staff.

The study also revealed that delayed access to payroll was caused by incomplete documentation and staff failure to follow procedures. In Amuria, Kabarole and Kabale districts, some new staff members and pensioners experienced delayed access to the pension/payroll due to late submission and incomplete documentation. For example, it was reported that some newly appointed staff delayed reporting to their duty station and failed to submit their acceptance/appointment letter and letters of assumption by the 10th day of the month to facilitate data capture.

Moreover, some retirees could have lost or misplaced their national identity cards, letters of first appointment, and bank statements. In Amuria, delayed access to pension and removal from active payroll was attributed to contradictions (variance in date of birth, surname, order of names, etc.) between the retiree's NIRA record, the IPPS system, and the file generated. This takes time to be verified resulting in audit queries and delays in response to AG queries. One of the district officials revealed that *"staff approaching retirement receive a notification on their pay slips during the last six months, reminding them to prepare for retirement…during this period one is supposed to prepare their file and submit it…some retirees don't heed to this"*.

It was established that retirees are notified of their upcoming retirement six months in advance. Still, some fail to take the necessary steps to prepare their retirement file and submit it to the human resource department. This can result in a delay in their pension payments. Although the districts apportion blame for the delayed access to the payroll on newly appointed staff and retirees, the district human resource department is partly to blame for not putting in place systems that facilitate a seamless addition to active and pension payrolls.

Failure to follow procedures was another factor that led to delayed access to payroll, especially for the newly appointed staff. In the Kabale district, this was attributed to the failure of the newly appointed staff to complete the required human resources processes like filling in the PHN report forms and other documents with their heads of department.

The aforementioned issues are addressed through measures such as sensitisation and reminders. In Kabarole district, for instance, the human resource department sensitises staff members on the importance of timely document submission. Additionally, they send reminders to staff members who have missing documents. Similarly, in districts like Kabale, the human resource department conducts an induction program for newly recruited staff members to familiarise them with the human resource processes required for payroll enrolment. Notably, all districts ensure that staff members and pensioners who miss their pay are always compensated for the arrears.

Furthermore, the other payroll management issue was delayed removal from the payroll. The study established that delayed removal from the payroll is a persistent issue in several districts, including Sheema, Kabale, and Kabarole. This issue arises from various factors. For example, in Sheema, this issue stems from a lack of timely communication regarding their passing, resulting in continued salaries disbursement to the deceased staff accounts. In Kabarole, the delayed removal from the payroll is attributed to inconsistencies within the payroll system and the lack of an automated removal mechanism. For Kabale district, the problem was attributed to the delayed receipt of early retirement letters from the Ministry of Public Service, and system challenges. A crucial finding emerged from Kabale district where the Auditor General’s report indicated that nine staff members were not deleted from the payroll after transferring their service. Nevertheless, the study established that the staff in question, upon investigation, were active employees on the district’s payroll. This implies that the Auditor General’s queries appear to have been an oversight, highlighting the need for enhanced accuracy while conducting the audits.

The aforementioned issues have been addressed by manually removing the deceased, transferred or retired individuals from the district payroll. The human resource department does this during the pay-changing reports and data capture process. Additionally, in case of delayed removal from the payroll, the districts recover the money from the affected retiree's pension funds.

Delayed Submission of Performance Reports: The other common query raised by the Auditor General was in relation to the late submission of performance reports. Most respondents indicated that districts submit reports via dedicated systems like the Programme Budgeting System, and system/network challenges affected the submissions. One respondent argued that *"...you have a template to fill, when you download it, you find there are some figures you don't know you can't delete them you tell the people in Kampala they take two days three days to harmonise and you have to delay".* Another respondent from Mbarara district attributed the delayed submission of reports to delay at the ministry. He argued that, *"the PBS system has to be opened by the ministry of finance, but sometimes it delays opening the system for us to upload our reports".* Another official from Sheema district argued that *"as much as we do whatever it takes to submit reports in time, the system sometimes does not allow... the challenges are at the centre, for us we are cooperative; the things that are in our limits, we always do them...".* Furthermore, technical expertise of operating modern technology was reported as a cause of delay and non-submission of reports in Amuria district. A district official reported that, "...*some of the officers lack the ability to cope with the technological changes that the ministry has fronted hence they end up submitting reports late, with inaccuracies which lead to audit queries".* This may point to gaps in the recruitment process, whereby staff are recruited without paying attention to their computer literacy levels. Moreover, inadequate training to enable staff to use the new systems can also limit their coping abilities with these systems.

When faced with system challenges, the districts have nothing to do except inform the concerned ministry. Indeed, respondents indicated that the Permanent Secretary acknowledges the system challenges in his communications. Nevertheless, several district officials revealed that sometimes the issues are not addressed in time to facilitate prompt report submission.

Although system challenges were attributed to the failure to submit reports, the study revealed that in some cases, the district and local governments are to blame for this delay. For example, in Kabarole district, this failure was attributed to internal control weaknesses within the district. One of the district officials argued that *"in the financial* *year 2020/21, there was a delay in the submission of our monthly wage, pension and gratuity performance analysis, and remittance of quarterly returns to MoPS due to the weakness in the performance of our human resource".* In the case of Amuria district political interference and patronage was pointed out as one of the causes for the delay. A respondent observed that *"…some politicians create …untouchable civil servants who know they will be protected even if they don't do their duties, including non-response to AG queries".* This implies that patronage overshadows the accountability of individuals, which affects performance. Finally, yet importantly, reporting in Arua district was also affected by limited capacity resulting from transferring the most senior staff to establish new districts.

Revenue Performance: The Auditor General indicates that district local governments were underperforming in their revenue collection. The districts have different reasons for the shortfalls in revenue. For example, in Kabale district, shot falls registered in FY 2019/2020 were attributed to limited and outdated revenue sources like business licences, market fees, and liquor licences. Moreover, the effect of the COVID-19 pandemic and the closure of the Uganda-Rwanda border due to diplomatic issues between the two countries negatively affected the district's revenue performance. Furthermore, the method of collecting taxes using sub-county staff like parish chiefs was ineffective. One of the district officials revealed that *"they [sub county] go and collect, but take long to bank, and at times you find it even becomes a bad debt. You find that you are fixing his salary to recover."* This implies that while unforeseen circumstances affect revenue collections, the poor method of collection is equally to blame for the revenue shortfalls. The district plans to widen the tax base by introducing new revenue sources like building plan approval fees, ground rent and property tax for buildings in trading centres.

In Kabarole district, the revenue shortfalls of 421 million reflected in the FY2019/20 audit report were attributed to an oversight by the audit team. It was reported that the audit team only considered 35% of district revenue without including the 65% from the sub-counties, and the amount indicated was an overstatement. Noteworthy is that revenue collection was hampered by delayed remittance of royalties by the Ministry of Energy from the Pozzolana mineral mines in the district. Moreover, the establishment of Fort Portal Tourism City, which took over geographical areas and revenue sources formerly under the district, and the government directives like non-payment of taxes by boda-boda riders, affected the revenue collection by the district. Similar challenges were observed in Arua and Gulu districts. In the case of the Luwero district, the underperformance of revenue collection was attributed to the limited capacity to collect revenue in the district. For instance, mining companies cheat the local governments by only giving 65,000 as royalties because of a lack of technical capacity and information on what is due to them.

Gulu and Luwero Districts' local revenue shortfall was registered in the 2020/2021 financial year. A respondent from Luwero District attributed this shortfall to the period of the COVID-19 induced lockdown that greatly affected people's income, thereby making it hard for districts to realise their planned funds. Furthermore, a respondent from the Gulu district complained about the URA's centralisation of collecting local revenue. While some officials from districts like Kabale and Kaliro are optimistic that introducing the Integrated Revenue Administration System (IRAS) could help improve revenue collection by closing the loopholes in the method of revenue collection, not all districts have the same view. For instance, officials from other districts like Arua, Gulu, Tororo and Wakiso argued that there is delayed remission of local revenue collected by URA, which affects service provision. For example, in Tororo district local revenue for the third quarter of the financial year 2022/23 was received in August 2023. Consequently, this affects the morale of district officials to sensitise and assess the taxpayers.

The study shows that there is a recurrence of audit queries and recommendations across the three financial years under review (2019/20, 2020/21, 2021/22) in all 15 districts. This can be attributed to the fact that strategies implemented by districts in response to the Auditor General's recommendations only address the symptoms but fail to tackle the underlying root causes of the audit queries. Noteworthy is that the Auditor General, in the audit report, several times informs the accounting officers that specific matters could be brought to the attention of specific MDAs. However, all the officials interviewed indicated that they have never received feedback concerning any action taken by those entities in response to the AG's concerns. One of the officials from Kabale District indicated that *"we do not get feedback, even the books we send them, the only feedback we get is just the stamp that they have received.... Sometimes you see some changes country-wide, but not district-specific like payment of pension arrears"*. This quote highlights the lack of effective feedback and communication between the local and central governments regarding the audit process. This can lead to frustration among DLG officials and an inability to identify areas for improvement.

3.3 Status of actions taken by Parliament on the AG's recommendations specific to LG

3.3.1 Parliament resolutions to LGs on the AG's recommendations

On whether Parliament issued additional or parallel resolutions to local governments after receiving the Auditor General's recommendation on district performance and accountability, the majority of the accounting officers interviewed say they received some recommendations from Parliament. In the FY 2020/2021, PAC seriously followed the AG's recommendation to district local governments. In a way, PAC upheld the recommendations and added others to have the districts fill the gaps that were so glaring.

Payroll Management: On Payroll Management, in Luwero District, PAC upheld the observation of the AG after discovering that Mr Yahaya Kiyumba accessed payroll using forged Education Service Commission (ESC) minutes. The accounting officer acknowledged this anomaly and said it occurred in 2005 before decentralisation. Following the recommendation from both AG and PAC, the accounting officer of Luwero district, in a letter dated 24/1/2023 addressed to the Permanent Secretary/Secretary to the Treasury, did show that action was taken and *"Kiyimba has been arrested by CID parliament and charged in the court of law."*[29] A similar incident happened in Arua, and the district responded to the recommendations by writing to IG and police on 20 February 2023 on the same matter[30]. The above-cited incidents are just examples of how many irregularities still exist in the districts as far as staffing is concerned. If the long-awaited automation of services in the country could be realised, such incidents would be sorted for the good of service delivery and addressing financial losses by the government.

Local Revenue Performance: Regarding Local Revenue performance, in the FY 2020/2021, PAC upheld the recommendations made by AG where some districts budgeted more and collected less and yet others budgeted less and collected more. In this regard, Luwero District budgeted UGX 3,383,195,858 but collected UGX 2,065,287,399 (61%), giving a shortfall amount of 1,317,898,459 (39). The accounting officer attributed this shortfall to COVID-19, which the PAC says was understandable given the situation at the time. Like Luwero, Gulu district also had a local revenue collection shortfall from UGX 1,702,000,000 budgeted to UGX UGX 725,000,000 collected, less by UGX 986,000,000. While the accounting officer says a revenue enhancement plan was due for approval by the district council, there was no evidence to show that that was done. However, unlike Gulu and Luwero, Lira district, which budgeted UGX 679,253,437, ended up collecting UGX 772,940,852, more than UGX 93,687,415, which the accounting officer attributed to a once-off nomination fee. Such disparity is a clear manifestation that the shortfalls were not intended by the districts concerned, and the excess was just a one-off. This explanation suffices for PAC to understand the scenario.

Overpayment of Salaries: PAC highlights the concern of overpayment of salaries in most of the districts selected for the study. For example, in the case of Luwero district, PAC observed that *"in the Auditor General's report there was a variance of approved payroll payments to individual employees leading to an overpayment of a hundred and fifty million (UGX 150,000,000)."* The accounting officer attributed the overpayment to a system error on the Integrated Financial Management System (IPMS) during the process of upload, which caused duplication in payment and thus the overdue, and also informed PAC that efforts have been taken to recover over UGX 117,928,644 PAC resolved that; the accounting officers should stick to the agreed recovery plan and ensure its fully attained. The accounting officer should ensure due diligence is made in payroll management to avoid such irregularities[31].

During an interaction with senior staff members of the Luwero district, the consultants were informed that the recommendations have been duly followed and the recovery process is underway. Although rolling the IPMS has greatly helped transparency at district levels, the lack of technical personnel to operate the system still stands as a challenge to many districts. As in Arua, the drive to recruit Information Technology (IT) personnel to handle this docket is a way to go for many district and local governments.

Non-deduction of PAYE from Political leaders: The non-deduction of PAYE was noted in Gulu, Wakiso, and Districts, especially on political leaders' gratuity. In Wakiso, PAC observed the non-deduction of PAYE from political leaders. The accounting officer attributed this to the departure of the majority of the political leaders, save for a few who could be re-elected. In this regard, PAC made the following observations: The provision for the deduction of taxes on gratuity for political leaders under the IPPS system was not automated, failing by the district to carry out manual deductions. The district did not engage the Ministry of Public Service in the alternative mode of deduction in the absence of automated deductions[32].

In the case of Gulu district local government, in their recommendation, PAC added the point that *"the Permanent Secretary/ Secretary to* *the Treasury should reprimand the Accounting officer and personally hold him responsible for failure to perform his duties…".*[33] While such reprimands are good for helping people perform, when the reprimands remain on paper without action, they might not work out to achieve their ends. However, action-laden reprimands could make the accounting officers seek clarification from the MDA, which is responsible for correcting identified errors.

3.3.2 The actions undertaken by local government in response to the parliamentary resolutions

Generally, most of the districts visited indicate that after parliament's resolution, their chief accounting officers were called to appear before the Parliamentary Accounts Committee (PAC) to answer some of the queries. According to three accounting officers, they usually come when they have addressed the issues. However, when the need to appear before the parliamentary committee comes on short notice, the accounting officers usually take note of the concerns, address them soon after that, and write a report back to show how they have addressed the issues raised. For example, after appearing before the PAC, the accounting officer of Luwero district compiled the issues raised and gave a formal response addressed to the Clerk to Parliament on 26th April 2022 and 18th August 2023 for the financial year ended 30 June 2022. Arua did the same for the FY 2022/23, and other visited districts also have such records. This shows that the accounting officers are proactive in putting their records right once it is drawn to their attention. However, in the case of salary overpayments, which the district recovers, the research team wonders where such monies go or how they are used afterwards. From the PAC report of 2022, all the districts had qualified opinions from the PAC; none of them received sanction or dismissal.

3.3.3 The effectiveness of Parliament's resolutions in addressing the issues raised by the AG's recommendations

The respondents noted that the PAC's resolution has been key in the local government's implementation of AG's recommendations. As seen above, the re-emphasis by PAC on the AG's recommendations has seen a lot being corrected at the district levels. As a respondent from Arua asserts, *"When people appear before PAC, chances are that they can be detained; hence they become so careful."* Therefore, accounting officers do their best to utilise funds as expected to avoid appearing before PAC. Although not all recommendations AG directs to district local governments are addressed there, drawing their attention to certain flows, has invariably helped to reduce the misappropriation of funds at the local levels. Besides, the accounting officers have also been allowed, through such recommendations, to follow up on the utilisation of local revenues that some district officials used to abuse before the centralised collection system was introduced.

3.4 Constraints to Effective Implementation of the AG's Recommendations

Local governments in Uganda play a critical role in delivering basic public services, promoting local development and fostering democratic governance at the grassroots level. However, they face several challenges that hinder them from performing their duties effectively[34]. The challenges that affect the implementation of AG's recommendations include.

Understaffing

The study established that DLGs are faced with a limited workforce in key sectors like finance, procurement, education, audit, and Human resources, among others. This challenge is exacerbated by a government-imposed recruitment ban. This challenge strains the few available staff. A case in point is Amuria DLG's staff level, which stands at 46%, significantly below the required capacity. This human resource gap affects key departments, including the HR department, which has only two staff members who handle a myriad of tasks and responsibilities. This situation impedes the effective implementation of AG's recommendations and the overall function of the local governments. It was reported that *"…. there is a need for the central government to facilitate district officials at local governments to address the staffing gaps in local government. Besides, the few staff members in local government equally have limited technical capacity to implement the recommendations of the Auditor General at all levels. As such, the staffing gaps and gaps in the technical abilities of staff at local government should be taken seriously and potentially be addressed".*

Additionally, the study acknowledges that understaffing is a major challenge to all district and local governments involved in this study, and there is a need for a proactive approach. For, in some places, apart from the Government's ban on the recruitment of staff, the district service commission, for instance in Mukono, Luwero, and Amuru, among others, hard difficulties in the recruitment of staff because of incomplete district service commission.

Limited Information Communication and Technology (ICT)

Infrastructure and Skills

Rural DLGs face a digital divide characterised by inadequate ICT infrastructure, which hampers the adoption of modern technological systems. This challenge is exacerbated by unreliable electricity supply, limited internet connectivity, and limited computer skills, which hinder staff from performing their duties, including implementing the Auditor General's recommendations. As noted by an LG official *"… gaps in the technical capacities of most staff like ICT, among others, profoundly complicate the implementation of technical responsibilities like procurement access and ICT roles among others, hence affecting the implementation of Auditor General's recommendations."* More research shows that LGs have a Low skill base to use existing equipment, Inability to repair existing equipment due to a lack of in-house expertise, and inadequate operational funds to procure and maintain existing equipment[35]. Inadequate ICT skills, Electricity, Low ICT awareness and usage, Lack of or insufficient ICT infrastructures, especially in rural areas[36].

Lack of Coordination among the different stakeholders

The study established that there was a lack of proper coordination among the critical relevant stakeholders, both the Local and central government. Yet, coordination is key in making sure that recommendations of the Office of the Auditor General are implemented. An IMF report further noted that External local government oversight is cumbersome because There are a large number of institutions with sometimes overlapping or unclear mandates for monitoring local authorities, working with little or no coordination among them[37].

System Challenges

The study established that the district depends on centrally controlled systems (Integrated Financial Management System (IFMS) Integrated Personnel and Payroll System (IPPS), Payroll Deduction Management System (PDMS), Programme Budgeting System (PBS) to manage the payroll, conduct non/statutory deductions, and submit performance reports. Nevertheless, system and network issues limit the use of these systems, making it difficult for the districts to meet their obligations. For example, technical challenges and sometimes human errors at the responsible ministries lead to wrong computations of the LST and PAYE and lead to over or under-deductions. Moreover, systems were sometimes on/off, limiting submission of reports and completion of other required processes in time. System challenges are exacerbated by the limited capacity to use systems established by government ministries. The study found that local government staff receive inadequate training in the new systems.

One of the officials indicated, *"...they used to train; we could go there for a week, two weeks or even a month, but these days, their training is online, if you grasp well and good, if you do not, then you start asking your friends. If it becomes hard for you to grasp, you board a bus and go to Kampala".* This quotation highlights the shift from in-person to online training. The implication of this shift is that it could provide for in-depth instruction and hands-on practice.

Furthermore, it was established that the CAO has no control over the PDMS. This loophole leads to lending organisations accessing the payroll and making deductions without approval from the CAO's office. This has resulted in over/under deductions and raised complaints from the borrowers, consequently leading to queries from the Auditor General's office. Noteworthy is that staff are not allowed enough time to assimilate to existing systems. For example, another system is introduced when a system is implemented before the staff adopts it. One of the officials from Sheema district indicated that *"the system has been changing...we had OBT, now we went to PBS and so on ... we keep on changing the versions".* The change in systems ensures that the district adapts to the changes in technology and signals an understanding of the problem space that may necessitate the change in the system. Nevertheless, system changes amidst limited training may lead to adoption challenges, which can affect the use of the system.

Underfunding/Inadequate Budget Allocation

DLGs in Uganda face the challenge of securing adequate funding to fulfil their core mandate of service delivery[38]. For example, in Kabarole district, activities under the Uganda Road Fund (URF) were underfunded, which hindered their implementation. This was particularly evident in the first quarter of the FY 2021/22 where only one cycle of routine manual road maintenance was carried out. The study established limited budget allocation to the key audit and human resources departments. For example, in Amuria, the HR department did not have a mobility means, as their only vehicle is old and grounded, and they have no budget allocation for fuel and communication. Moreover, it was reported that the CAO's office is insufficiently funded, and lacks transport means to undertake supervisory duties. Noteworthy is that, in most DLGs visited, many vehicles are grounded due to mechanical issues. Consequently, staff in these departments are poorly facilitated, affecting their work. Paradoxically, despite their financial difficulties, the DLGs cannot fully utilise the allocated funds due to the factors explained above.

Procedural Challenges

Procedural problems hinder the timely and effective processing of audit queries and the implementation of the Auditor General's recommendation by the DLG, including:

Procurement Challenges: The study revealed that procurement in district local governments is done through a hybrid approach where ministries take responsibility for tendering and procuring contractors on behalf of districts. However, this procurement method is associated with significant delays in the process, which has negative consequences such as under-utilisation of funds due to delayed contractor procurement and project initiation, delayed project completion and substandard quality of work. In addition, this procurement method has affected the ability of DLGs to effectively supervise contractors, as these contractors tend to align themselves with the central government that procured them rather than the district that benefits from the projects implemented.

An interview with an official from Kabale district revealed that the hybrid procurement method was introduced on the assumption that DLGs could not manage their own procurement processes. Another LG official noted that *''there are cases where a single contractor has been allotted several projects in different parts of the country with or without meaningful involvement of local government authorities.''* Ironically, while DLGs are believed to have limited procurement capacity, they are expected to have the capacity to oversee project implementation by contractors. *"Local governments do not benefit from the hybrid projects in any way…. This is because contractors are given many projects, yet they cannot undertake them at the same time. Besides, the local government staff cannot afford to supervise projects that have come from 'above', given that such projects always prove difficult to monitor as the contractor, in a way, has no 'regard' for local government authorities but instead aligns with the central government. The general feeling is that ''these are sometimes projects of big 'people'! In any case, one wonders how one can supervise his or her boss?"*

Drawing on the above submission, it is clear that hybrid procurements are problematic, and as acknowledged by the MoFPED during the stakeholders tripartite meeting between MoFPED, MoPS, and all MDAs/LGAs on payroll harmonisation in 2023, *''the lesson learnt in using the procurement method of the hybrid project ought to be used in successful programmes.''* This, in a way, calls for review or abolition of hybrid contracting and thus builds the capacity of local government to manage contractors.

Furthermore, public Procurement in LGs is shrouded with corruption and fraud driven by conflict of interest by some key actors, thus threatening its legitimacy. Across the Local Governments covered by this study, it was found that fraudulent and corrupt procurement practices were evident, thus undermining the integrity of financial management and impeding the implementation of recommendations. This implies that colossal sums of money are lost due to poor public procurement management and the failure of local government structures to ensure strict oversight and accountability.

Delayed Release of Funds: The Ministry of Finance releases the money late, yet they know the lengthy procurement procedure for bidders for various government projects. The late release of funds compromises the absorption capacity of the local governments, resulting in audit queries. Returning monies taken back to the consolidated fund takes a long time, bringing implementation lapses and frustration to the tenderer and the recipient communities. Noteworthy is that the IRAS-requires that all local revenues collected be sent to the centre and returned to the district per quarter as per the budget. However, in some cases, there is a delay in remittances from the centre, which affects the operations of districts. For example, in Tororo district, remittance of local revenue for the third quarter of the 2022 financial year was received in August 2023. Consequently, this affects the provision of services to the community and limits the response to the Auditor General's audit queries.

Political Interference: In some districts, political pressures or interference has affected the commitment to implementing recommendations, especially if they involve politically sensitive issues or persons who have political backing from politicians.

Corruption: The study noted that there were reports of corruption among the Auditor General's officials. Precisely, the study noted that some of the Auditor General's officials ask for kickbacks in case one ought to get a good report. This was further been triangulated by some media reports[39].

CHAPTER FOUR

CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

The findings generally underscore the fact that the Office of the Auditor General audits local governments, and they receive the audit report at the end of the financial year. However, while Local Governments have attempted to address the audit queries raised to fix the shortfalls therein, there are still several gaps in their attempt to execute the implementation of the Auditor General's recommendations and parliamentary resolutions. While the responsible centres for implementing Auditor General recommendations are clearly outlined in several accounting and reporting procedures laid out in the Government of Uganda' structures under the mandate of the Auditor General, the study reveals that more effort is needed. Addressing the constraints identified by this study requires a multi-faceted approach to enhance oversight, effectiveness, efficiency, and accountability in Ugandan Local Governments.

4.2 Recommendations

4.2.1 The Ministry of Public Service

- The Central Government (Public service) ought to facilitate local governments with adequate staffing in critical areas to facilitate the oversight function (through lifting the ban on staff recruitment in local governments). This will quicken tracking of non-response to the Auditor General's recommendations and parliamentary resolutions in the respective financial years. The study recommended improved staffing levels facilitate quick responses and better quality monitoring of government programmes.
- There is a need to strengthen human resource management practices within the Ministry of Public Service, such as payroll audits, to address issues related to payroll discrepancies, ghost workers, and other personnel-related audit findings.

4.2.2 The Ministry of Finance Planning and Economic Development

- The MoFPED should ensure the timely release of funds to enable Local Governments to implement their projects on time.

- Owing to the fact that most departments are underfunded, future government projects should ensure that the design of government projects incorporates and finances the monitoring, evaluation and learning of these projects.

4.2.3 The Office of the Auditor General

- The Office of the Auditor General should investigate and provide platforms for whistle-blowers to report corruption tendencies among the audit officers to restore confidence among the Local Government's stakeholders in the audit process.
- There is a need to establish a mechanism to track, monitor and evaluate the implementation of audit recommendations at the Local Government Level.

4.2.4 The Ministry of Local Government (MoLG)

- The Minister of Local Government should exercise his mandate as stipulated in the Local Government Act Cap 243 Section 88 (8), which requires him to lay out the reports of different LGPAC reports before parliament.
- MoLG should strengthen the capacity of local government councils to follow up on LGPAC and auditor general's recommendations through induction and capacity building.
- The MoLG should ensure that the Auditor General's recommendations are communicated timely to local governments, and where local governments require support from Ministries, Departments and Agencies, the MoLG should play a coordinating role to ensure that Local Governments are duly supported for effective implementation recommendations.

4.2.5 The District Local Governments

- Strengthen the District Council's Oversight Role. The District Local Governments should provide enough resources for oversight functions, particularly for the standing committees, the Local Government Public Accounts Committees and the audit department.
- Ensure Compliance with the Recommendations. The accounting officers should ensure timely compliance with the Auditor General's or PAC's recommendations.

4.2.6 Different line ministries (MoFPED, MoPS, MoLG, Ministry of ICT and National Guidance)

Among others should provide up-to-date ICT infrastructure and Continuous training and capacity-building programs on centrally controlled systems (Integrated Financial Management System (IFMS) Integrated Personnel and Payroll System (IPPS), Payroll Deduction Management System (PDMS), Programme Budgeting System (PBS) to manage the payroll, conduct non/statutory deductions, and submit performance reports for Local Government staff to enhance their understanding and timely implementation.

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CONSULTANTS' PROFILES

Omona Andrew David (Rev. Prof.) Is an Associate Professor of Ethics and International Relations, and Dean- School of Social Sciences at Uganda Christian University. He holds a PhD in Political Studies, MA in International Relations, and Diplomacy, MA in Theology, BA with Education and several specialised Diplomas and Certificates. As a former District Service Commissioner, his working knowledge of the Local Government system will add to understanding key issues.

Dr. Katono Isaac holds a PhD in Business Science (Entrepreneurship) of the University of Cape Town. Currently, he is a Senior Lecturer in the School of Business at Uganda Christian University. Prior to that, Isaac was the Associate Dean Faculty of Business and Administration, Uganda Christian University as well as Head, Department of Management and Entrepreneurship. He has attended and presented papers in several international conferences, and has published works in the area of Entrepreneurship and Management plus other related areas. Isaac was a Councillor in Mukono District Local Government 1996-2006, during which time he served as the Chairperson of the Finance Committee, and later as Secretary for Finance and Planning. This experience has enabled him to publish two articles and two book chapters on local government issues. Isaac is a reviewer for a number of international journals and is a member of the European Association of Science Editors.

Dr. Waiswa Jeremy holds a PhD in Development Studies and currently serves as the head of department for Research and Postgraduate Studies at Uganda Christian University. Jeremy has conducted impactful consultancies for local and international organisations, focusing on gender, education, and maternal health for the last 12 years. He has demonstrated skills in policy analysis, research methodology design and data analysis. His research interest includes urban planning, governance, informality, and monitoring and Evaluation.

Dr. Olobo Maurice holds a PhD in Management Science and Engineering and a Master's Degree in Business Administration from Wuhan University of Technology. He currently serves as a senior lecturer of finance and risk at Uganda Christian University. Maurice also serves as an Associate Consultant UMI, Board Director and Head of Department (Risk Department and Business Development Department) at Top Finance Bank. He has demonstrated experience in both the academic and professional field of Finance and Banking. Maurice has conducted consultancies for both local and international organisations in the area of financial and risk management.

Wonyaka Alfred (Rev) is a candidate for doctor of philosophy in theology, at Uganda Christian University. He holds a MA. Degree in theology, and development Studies, PGD in teacher education, BA in Divinity, and Certificate in Administrative laws. Alfred currently serves as part-time Lecturer at Uganda Christian University, and Tutor at Nakeseske primary teachers college. He is also a panellist for Religious Education at National Curriculum Development Centre, worked as programme officer Human Rights and Justices for Women Youth and Children at Inter Religious Council of Uganda (IRCU) (2012-2016), he is founder and director Bulambuli Initiative for Sustainable Rural Development (BIRD), 2009 to date, Clergy of North Mbale Diocese. Skills: Teaching and training, analytical skills research and documentation, negotiation, grant writing among others.

Mr. Mukisa Simon Peter is a lecturer at Uganda Christian University. He has a Master of Economics, Bachelor of Arts in Education, and several specialised certificates. His contribution to the consultancy will be in qualitative data analysis, interpretation, and constructing questionnaires. As a person who teaches economics, he will contribute greatly in dealing with matters related to economics.

ABOUT ACODE

The Advocates Coalition for Development and Environment (ACODE) is an independent public policy research and advocacy think tank based in Uganda. ACODE's work focuses on four programme areas: Economic Governance; Environment and Natural Resources Governance; Democracy, Peace and Security; Science, Technology and Innovation. For the last eight consecutive years, ACODE has been ranked as the best think tank in Uganda and one of the top 100 think tanks in Sub-Saharan Africa and globally in the Global Think Tanks Index Report published by the University of Pennsylvania Think Tanks and Civil Societies Program (TTCSP).

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