



THE REPUBLIC OF UGANDA

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT
FOR THE YEAR ENDED 30TH JUNE 2023**

**OFFICE OF THE AUDITOR GENERAL
UGANDA**

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LIST OF ACRONYMS

ACRONYM	MEANING
Bn	Billion
ICT	Information Communication Technology
IESBA	International Ethics Standards Board for Accountants
IFMS	Integrated Financial Management System
INTOSAI	International Organization of Supreme Audit Institutions
ISSAIs	International Standards of Supreme Audit Institutions
LGs	Local Governments
MDAs	Ministries, Departments and Agencies
Mn	Million
MoFPED	Ministry of Finance, Planning and Economic Development
NTR	None Tax Revenue
PFMA	Public Financial Management Act
PPDA	Public Procurement and Disposal of Assets
PS/ST	Permanent Secretary/Secretary to Treasury
TI	Treasury Instructions
UGX	Uganda Shillings
MOLHUD	Ministry of Lands Housing and Urban Development
ULC	Uganda Land Commission

REPORT OF THE AUDITOR GENERAL ON THE AUDIT OF FINANCIAL STATEMENTS
OF MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT
FOR THE YEAR ENDED 30TH JUNE, 2023

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the financial statements of the Ministry of Lands, Housing and Urban Development (MOLHUD), which comprise the Statement of Financial Position as at 30th June 2023, the Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows, together with other accompanying statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements of the Ministry of Lands, Housing and Urban Development for the financial year ended 30th June 2023 are prepared, in all material respects, in accordance with Section 51 of the Public Finance Management Act (PFMA), 2015 and the Financial Reporting Guide, 2018 (as amended).

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Ministry in accordance with the Constitution of the Republic of Uganda 1995 (as amended), the National Audit Act, 2008, the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), and other independence requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing audits in Uganda. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined the matters described below to be key audit matters communicated in my report.

1.0 Implementation of the approved budget

Paragraph 2 of schedule 5 of the PFMA 2015 requires Accounting Officers to prepare an Appropriation Account showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by Parliament.

Entities prepare budgets every year which provide expected revenue and expenditure for the year. The budgets are supported by work plans that show what specific activities and out-put the funds will be spent on in order to deliver services to citizens.

In arriving at my findings, I reviewed documents such as work plans, budgets and performance reports. I also conducted interviews and physical inspections to corroborate my findings from the review of documents.

The mandate of MOLHUD is 'To ensure rational and sustainable use, effective management of land and orderly country development, planned and adequate housing for socio-economic transformation'.

During the financial year 2022/2023, the entity had a budget of UGX. 303,674,445,398 out of which UGX. UGX 282,106,368,536 was warranted on the various items as shown below;

Sn	Details	Budget (UGX)	Warrants (UGX)	% age
1	Recurrent (Wage)	13,367,844,775	13,367,844,775	100
2	Recurrent (Non-wage)	62,172,696,404	45,277,000,000	73
3	Development	194,794,439,100	190,122,058,642	98
	Total	270,334,980,279	248,766,903,417	92

Out of the total warrants of UGX. 248,766,903,417, I reviewed activities/outputs worth UGX 137,311,267,655 as summarized in the table below;

S/n	Details	Actual Amount (UGX)	%age
1	Wage expenditure	20,920,720,548	8%
2.	Non Tax Revenue	4,618,298,252	2%
3.	CEDP PROJECT-AF	1, 857,540,800	1%
4	Domestic arrears	33,333,365,173	12%
5	Outputs/activities selected for budget performance review	11,034,223,000	4%
6.	Transfers to other Government Agencies	18,737,965,873	7%
7.	Compensation to 3 rd Parties	20,886,999,640	8%
8	Expenditure (Audited amount)	97,686,302,142	36%
9	Total budget audited (Exclusive of procurement figure)	181,678,855,828	67%
	Total budget	270,334,980,279	

Below are my findings from the performance of revenues/warrants, absorption of warrants and implementation of out-puts and activities under the budget performance review;

No	Observation	Recommendation
1.1	<p><u>Revenue Performance</u></p> <p><u>Performance of Non-Tax Revenue (NTR)</u></p> <p>The entity budgeted to collect UGX 5.39Bn during the year. However, only UGX 4.62Bn was collected representing 85.7% performance.</p> <p>Under collection of NTR negatively affects NTR collections at Treasury level thereby denying government resources for implementation of activities.</p> <p>The Accounting Officer attributed this to inconsistencies in the</p>	<p>I advise the Accounting Officer to fast track the upward revision of the land fees and enhancement of LIS revenue module to improve efficiency and effectiveness of revenue generation</p>

figures captured at the Ministry and URA. Also, these are demand driven services that the ministry has no control over hence may vary from the estimate

The Accounting Officer explained that the Ministry was reviewing the land fees upwards and shall be effective FY 2024/25. The Ministry is enhancing LIS revenue module to improve efficiency and effectiveness of revenue generation.

The Ministry adjusted the NTR in accordance with the URA policies communicating the NTR of UGX 4,968,501,138 which was collected.

Performance of GOU warrants

Out of the budgeted UGX.123.5Bn from the various programmes only UGX. 101.4Bn was warranted resulting in a shortfall of UGX.22.1Bn representing 82.1% performance.

The performance of warrants from each of the programmes from which the entity was allocated funds is shown in the table below;

Programme	Approved Budget (UGX)(Bn)	Warrants (UGX)(Bn)	Variance (UGX) Bn	%age performance
Natural Resources, Environment, Climate Change, Land and Water	31.1	23.4	7.7	75.2
Sustainable Urbanization and Housing	92.4	78.0	14.4	84.4
Total	123.5	101.4	22.1	82.1

The UGX 22.1Bn that was not warranted was meant for activities which were either partially or not implemented at all. **Appendix 1 refers.**

The Accounting Officer through letters: Referenced AD 39/61/01; dated 25th April 2023, 14th June 2023 and 14th July 2023 wrote to the MOFPED for full release of the budgeted funds though this was not achieved hence hindering the implementation of the planned activities.

Additionally, revision of work plans could not be done because the Program Based Budgeting System does not provide for immediate review of the approved work plans in a particular fiscal year.

I advised the Accounting Officer to continue engaging MoFPED so that budgeted funds are released.

Meanwhile, a revision of the work plans should always be considered where budget cuts have occurred.

1.2

Utilization of Warrants

Out of the total warrants of UGX. 101.97Bn availed to the entity during the year, only UGX.101.31Bn was utilized resulting in un-utilized warrants of UGX.0.66Bn (99.4%) as shown in the table below;

Programme	Warrants (UGX) Bn	Utilization of warrants (UGX) Bn	Variance (UGX) Bn	%age performance
Natural Resources, Environment, Climate Change, Land and Water	23.39	23.37	0.02	99.9
Sustainable Urbanisation and Housing	78.58	77.94	0.64	99.2
Total	101.97	101.3	0.66	99.3

The Accounting Officer is advised to ensure that procurements are undertaken in a timely manner

The Accounting Officer is further advised to liaise with MOPS to replace the staff that have died or exited from the Ministry.

	<p>The warrants that were not utilized were meant for the following activities that were partially or not implemented at all as per table below.</p> <table><tr><th>N o.</th><th>Progra mme</th><th>Warra nts not Utilize d (Bn)</th><th>Activities affected by the under utilization</th><th>Reason for the underutilization of warrants</th></tr><tr><td rowspan="4">1</td><td rowspan="4">Natural Resour ces, Environ ment, Climate Change , Land and Water</td><td rowspan="4">0.02</td><td>Staff salary under Registration Services</td><td rowspan="3">Non replace of staff after death and transfers of staff to within departments and other MDA</td></tr><tr><td>Staff salary under Land Valuation Services</td></tr><tr><td>salaries under Urban Development</td></tr><tr><td>Maintenance of transport under Land Valuation Services</td><td>EGP delays</td></tr><tr><td rowspan="3">2</td><td rowspan="3">Sustain able Urbaniz ation and Housin g</td><td rowspan="3">0.64</td><td>Staff salaries under Human Resource Management</td><td rowspan="2">Non replace of staff after death and transfers of staff to within departments and other MDA</td></tr><tr><td>Staff salaries under Policies, Regulations and Standards</td></tr><tr><td>Pensions and other domestic arrears under Administrative and Support Services</td><td>Delayed submission of documents by the pensioner</td></tr><tr><td colspan="2">Total</td><td>0.66</td><td></td><td></td></tr></table>	N o.	Progra mme	Warra nts not Utilize d (Bn)	Activities affected by the under utilization	Reason for the underutilization of warrants	1	Natural Resour ces, Environ ment, Climate Change , Land and Water	0.02	Staff salary under Registration Services	Non replace of staff after death and transfers of staff to within departments and other MDA	Staff salary under Land Valuation Services	salaries under Urban Development	Maintenance of transport under Land Valuation Services	EGP delays	2	Sustain able Urbaniz ation and Housin g	0.64	Staff salaries under Human Resource Management	Non replace of staff after death and transfers of staff to within departments and other MDA	Staff salaries under Policies, Regulations and Standards	Pensions and other domestic arrears under Administrative and Support Services	Delayed submission of documents by the pensioner	Total		0.66			
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			Pensions and other domestic arrears under Administrative and Support Services	Delayed submission of documents by the pensioner																									
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	<p>The Accounting Officer cited the staffing challenges in the Ministry coupled with procurement delays due to introduction of Electronic Government Procurement system and delayed submission of documents by the pensioners.</p>																												
1.3	<p><u>Unsupported output budgets</u></p> <p>Regulation 11(2)(d) of the PFM Regulations, 2016 states that the work plans of a vote shall indicate the funding allocated to each activity.</p> <p>I observed that the budgets for forty (40) outputs assessed were not supported by individual activity costing and budgets. Appendix 2 refers.</p> <p>The Accounting Officer explained that the basis of costing the outputs is aggregate cost of inputs used to deliver the respective outputs and this is done under the performance budgeting system.</p> <p>Failure to provide detailed costing for activities implies that the costing at output level cannot be justified, and as such, there is a risk that the entity either over or under-budgeted for these outputs.</p>	<p>The Accounting Officer is advised to ensure that activities are appropriately costed to enable assessment of entity performance.</p>																											
1.4	<p><u>Implementation of outputs</u></p> <p>I assessed the implementation of ten (10) outputs fully quantified with a total of seventy-five (75) activities worth UGX.11.03Bn and noted that;</p> <p>Twenty-one (21) activities were fully implemented; twenty-four (24) activities were partially implemented, while thirty (30) activities remained unimplemented. Appendix 3 refers.</p> <p>Non-implementation of planned activities implies that the expected services to the beneficiary communities were not attained.</p> <p>The Accounting Officer explained that the un-done activities have</p>	<p>I advised the Accounting Officer to roll over activities not fully implemented in the periods in which they relate for the benefit of the community.</p>																											

been rolled over to the next financial year for implementation.

1.5 **Delivery of Services from implemented activities**

I undertook procedures to confirm if activities implemented by the entity were implemented in a timely manner, were of acceptable quality, quantity, cost and functionality. I sampled two (02) activities with a total expenditure of UGX 0.676Bn as shown below;

No.	Programme	Activity details	Total expenditure (UGX) 'Bns	Summary of findings	Audit Remarks (Time, Quality, Quantity, Cost and Functionality)	Management Response
1	06 Natural Resources, Environment, Climate Change, Land And Water	10 desktop computers procured for DLB 35 desktop computers 8 laptops 25 UPS's 1 printers 5 fridges 4 TVs 42 office chairs 2 round tables	0.080	By time of audit, these were not yet issued to the DLB activities. By the time of audit, these equipment's were still in the stores for F& A	Non issuance of the equipment's affect management of information by the DLB in their respective District	The computers procured were preferred for District Land Boards (DLBs) where Systematic Land Adjudication and Certification (SLAAC) activities were to take place which have now started and distribution is now ongoing

The Accounting Officer explained that cancellation of titles in wetlands and forest reserves is not a preserve of MOLHUD alone but rather requires a concerted/synergy of MoW&E, NEMA, NFA and Judiciary. When the Ministry commenced on the cancellation of titles in the wetlands and forest reserves, the Ministry was faced with a challenge of court injunctions by the title holders protesting that the Ministry had no capacity to determine what amounts to a wetland and a forest reserve.

This is what majorly caused the delay of the cancellation process. However, the Ministry has come up with detailed strategies of expediting the cancellation process.

Recommendations

I advised the Accounting Officer to;

- Lay strategies to ensure that, cancellation of land titles in the wetlands and forest reserves is expedited.
- The distributions of equipment are done soonest to allow serve the intended purposes.
- The consultation on review of the Land Act and Land Regulations should be prioritized.

2.0 **Management of the Government Salary Payroll**

Over the years, execution of the Government budget has been characterised by wage overruns and persistent requests to the Minister for Finance Planning and Economic

Development (MoFPED) by entities, for supplementary funding to cater for shortfalls on salaries, yet this is an area where employee numbers are certain and specific. In his letter to the Auditor General dated 29th November 2022 referenced HRM 155/222/02, the Minister for Finance Planning and Economic Development (MoFPED) highlighted that, despite the reforms introduced by Government to mitigate against persistent supplementary requests for additional funds to cater for wage shortfalls, there has not been significant results and yet expenditure on wage is a substantial percentage of all entity budgets. Other anomalies highlighted included: payments for non-existent employees, underpayments to staff and irregular overpayments to staff, among others.

Accordingly, during the annual audits of all Government entities for the year ended 30th June 2023, I carried out the audit of all salary payrolls across Government, as a key audit matter, to establish the root causes of the identified challenges and propose remedial measures accordingly. The audit covered the last four financial years 2019/2020 to 2022/2023.

During the audit, I undertook a physical headcount/validation of all employees at the ministry of lands who existed on the February 2023 payroll, and further examined their records supporting their appointments into service. I further undertook other procedures to review the accuracy of the payroll including: reviewing the planning, budgeting and payments during the four year period.

I established that, during the last four financial years, MOLHUD had a wage budget of UGX 37,119,632,525, out of which UGX. 37,662,558,610 was utilised as shown below;

No	Financial Year	Approved Estimates (A)	Expenditure (B)	% absorption
1	2019/2020	8,189,262,280	7,696,045,258	94%
2	2020/2021	8,302,662,280	7,830,148,612	94%
3	2021/2022	8,296,378,138	8,233,205,939	99%
4	2022/2023	12,331,329,827	13,903,158,801	113%
	Grand Total	37,119,632,525	37,662,558,610	

I issued a separate detailed audit report upon completion of the audit procedures. Below is a summary of the key findings from the Audit;

No	Observation	Recommendation															
2.1	<p><u>Validation of Employees on the Entity Main payroll</u></p> <p>Out of 526 staff on MOLHUD February 2023 salary payroll, 485 staff (92%) were fully verified, 28 (6%) partially verified, 13 (2%) not verified as per table below;</p> <p>Table showing summary of staff validation results</p> <table> <tr> <th>Details</th><th>Staff No.</th><th>Amount (UGX)</th></tr> <tr> <td>Staff fully verified (A)</td><td>485</td><td>11,387,096,612</td></tr> <tr> <td>Staff partially verified (B)</td><td>28</td><td>602,502,000</td></tr> <tr> <td>Staff not verified (C)</td><td>13</td><td>7,462,332</td></tr> <tr> <td>Total (A+B+C)=D</td><td>526</td><td>11,997,060,944</td></tr> </table>	Details	Staff No.	Amount (UGX)	Staff fully verified (A)	485	11,387,096,612	Staff partially verified (B)	28	602,502,000	Staff not verified (C)	13	7,462,332	Total (A+B+C)=D	526	11,997,060,944	<p>I advised the Accounting Officer to routinely maintain an updated payroll ensuring that prompt adjustments are made for any new staff as well as deletion of employees who have left the entity.</p> <p>Additionally, the Accounting Officer should engage the affected staff and ensure that the missing documents are presented to the Ministry of Public</p>
Details	Staff No.	Amount (UGX)															
Staff fully verified (A)	485	11,387,096,612															
Staff partially verified (B)	28	602,502,000															
Staff not verified (C)	13	7,462,332															
Total (A+B+C)=D	526	11,997,060,944															

	<p>Below are details of the validation results;</p> <p>a) 485 staff (92%) appeared for the validation exercise and presented all the required documents and were fully verified.</p> <p>b) 28 staff (6%) appeared for the validation exercise and were partially validated due to lack of some required information such: as National ID, Appointment letters, Confirmation Letters and Minutes of Appointment.</p> <p>c) 13 staff (2%) did not appear for the validation exercise.</p> <p>The Accounting Officer concurred with my findings and committed to periodically update the employee information and payroll, as well as complete verification of the partially verified employees.</p>	<p>Service for validation within a specified timeline, failure of which they should be removed from the payroll.</p> <p>Initiate investigations for non-existing employees and take appropriate action for the amounts expended to them.</p>															
2.2	<p><u>Validation of Short-term/temporary staff</u></p> <p>I noted that Public Service Standing Orders, 2021 do not provide guidance on the management of short-term /temporary employees. However, I verified employees in this category in line with Regulation 39 (2) of the Employment Regulations, 2011 and case law.</p> <p>Out of 274 staff on MOLHUD February 2023 salary payroll, 258 staff (94%) were fully verified, 10 (4%) partially verified and 6 (2%) not verified as per the table below;</p> <p>Table of validation results of Short-term/temporary staff</p> <table> <tr> <th>Details</th><th>Staff No.</th><th>Amount (UGX)</th></tr> <tr> <td>Staff fully verified (A)</td><td>258</td><td>1,618,419,960</td></tr> <tr> <td>Staff partially verified (B)</td><td>10</td><td>49,496,184</td></tr> <tr> <td>Staff not verified (C)</td><td>6</td><td>24,504,000</td></tr> <tr> <td>Total (A+B+C)=D</td><td>274</td><td>1,692,420,144</td></tr> </table> <p>Below are details of the validation results;</p> <p>a) 258 staff (94%) appeared for the validation exercise and presented all the required documents and were fully verified.</p> <p>b) 10 staff (4%) appeared for validation exercise and were partially validated due to lack of some requisite information such as: National ID, Appointment letters, Confirmation Letters and Minutes of Appointment.</p> <p>c) 6 staff (2%) did not appear for the validation exercise.</p> <p>The Accounting Officer concurred with the validated Short-term/temporary staff payroll and committed to periodically update the employee information and payroll as well as complete verification of the partially verified employees.</p>	Details	Staff No.	Amount (UGX)	Staff fully verified (A)	258	1,618,419,960	Staff partially verified (B)	10	49,496,184	Staff not verified (C)	6	24,504,000	Total (A+B+C)=D	274	1,692,420,144	<p>I advised the Accounting Officer to routinely maintain an updated short-term payroll ensuring that prompt adjustments are made for any new staff as well as deletion of staff who leave the entity.</p> <p>I advised the Accounting Officer to engage the affected short-term staff and ensure that the missing documents are presented to the Ministry of Public Service for validation within a specified timeline failure of which they should be removed from the payroll.</p> <p>I further advised the Accounting Officer to initiate measures of recovering the amounts paid in the period to staff who left Government service.</p>
Details	Staff No.	Amount (UGX)															
Staff fully verified (A)	258	1,618,419,960															
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2.3	<p><u>Inconsistencies in Employee Details</u></p> <p>69 and 62 staff on the Main and on the Short term /temporary payroll respectively had inconsistencies in their names, NINs, birth dates and gender captured in the main and short-term contract payrolls and data captured by NIRA on the National Identity cards.</p> <p>Inconsistent information undermines the integrity of the entity's records and may complicate the employee service history and retirement procedures.</p> <p>This was attributed to among others: errors at the time of data capture by NIRA, errors at the time of data capture for payroll preparation and changes initiated by employees but without corresponding adjustments on the payroll.</p>	<p>I advised the Accounting Officer to engage the affected staff and ensure that employee records are duly updated and brought to the attention of the appropriate authorities within a specified timeline for action.</p>															
2.4	<p><u>Utilization of the Wage Budget</u></p> <p>I reviewed the Budgets and Actual Expenditure for the period 2019/20</p>	<p>I advised the Accounting</p>															

to 2022/23 and noted that out of the UGX 37,119,632,525 Budgeted and approved wage funds for the four financial years, only UGX 37,662,558,610 was spent giving rise to excess balances amounting to UG X542,926,085 as shown in the table below;	Officer to always adopt prudent budgeting principles by using the positions in post and approved recruitment plan as a basis for budgeting, as guided by the Ministry of Public Service.																								
Table showing analysis of spending on budgeted wage funds																									
<table><tr><th>Years</th><th>Budget - UGX</th><th>Actual - UGX</th><th>Un-utilized funds - UGX</th></tr><tr><td>2019/2020</td><td>8,189,262,280</td><td>7,696,045,250</td><td>493,217,020</td></tr><tr><td>2020/2021</td><td>8,302,662,280</td><td>7,830,148,610</td><td>472,513,660</td></tr><tr><td>2021/2022</td><td>8,296,378,130</td><td>8,233,205,930</td><td>63,172,190</td></tr><tr><td>2022/2023</td><td>12,331,329,820</td><td>13,903,158,800</td><td>-1,571,828,970</td></tr><tr><td>Grand Total</td><td>37,119,632,520</td><td>37,662,558,610</td><td>-542,926,080</td></tr></table>	Years	Budget - UGX	Actual - UGX	Un-utilized funds - UGX	2019/2020	8,189,262,280	7,696,045,250	493,217,020	2020/2021	8,302,662,280	7,830,148,610	472,513,660	2021/2022	8,296,378,130	8,233,205,930	63,172,190	2022/2023	12,331,329,820	13,903,158,800	-1,571,828,970	Grand Total	37,119,632,520	37,662,558,610	-542,926,080	
Years	Budget - UGX	Actual - UGX	Un-utilized funds - UGX																						
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Grand Total	37,119,632,520	37,662,558,610	-542,926,080																						
Failure to utilize the budgeted wage funds implies unrealistic budgeting in respect of the wage bill and locks resources which could have been used to deliver other public services. Besides, this could also expose the unutilized funds to the risk of misuse. The Accounting Officer attributed the over-absorption to supplemented funds availed to the Ministry.																									

Other matters

I consider it necessary to communicate the following matter(s) other than those presented or disclosed in the financial statements;

3.0 Construction and Equipping of Ministerial Zonal Offices

In the year under review, four (4) activities related to equipment of 22 Ministerial Zonal Offices (MZO's), and National Land Information System (NLIS) were budgeted at \$497,600 (UGX 1,857,540,800) representing 9% of the total budget for the year of \$5,528,707 (UGX 20,638,663,231).

I reviewed documents such as project and Ministry work plans, budgets and performance reports, contract documents. I also conducted interviews to corroborate my findings from the review of documents. The following anomalies were identified;

3.1 Delayed procurements

Section 18 of the project operational manual stipulates that the Specialist is to ensure that there is a proper system for ensuring that (1) contracts and all other significant aspects of procurement are properly approved and monitored to ensure that goods and services have been provided in accordance with the terms of procurement, and are properly managed.

The Ministry entered into two (2) contracts and review of the annual progress project reports as at 30th June 2023 indicated the following anomalies;

Project name	Contractor and Amount	Date of contract signing	Purpose of Equipment	Remarks/progress
NALICEP	IGN-France international at	22 nd Sept 2023	Enhancing & upgrading the existing National Land Information System. (NLIS)	<ul style="list-style-type: none"> CEDP work plan indicated that this will be executed in the 4th quarter of 2023, but contract was signed on 22nd September 2023 (that is Quarter 1 for FY 2023/24)

	\$2,168,095 Approx. 8bn			<ul style="list-style-type: none"> Discussion with contract manager indicated that due to the limited time left to project completion, it was agreed to reduce on the project scope hence compress the project duration to only 8 months. Project implementation is yet to commence
Security & Access Control Project	A & S Electronic Limited at UGX. 695,801,750	26 th July 2023	Installation of security gadgets; Camera's, biometric in all the 22 MZO's.	<ul style="list-style-type: none"> Contract was signed on 26th July 2023 to be executed in six weeks after contract signing date hence expected to be completed by 13th September 2023 Though a letter requesting for contract extension up to 30th November 2023 from the contractor was availed, there was no approval from the Accounting Officer extending the contract to the said date <p>There was no contract management file for this procurement</p>

Delayed procurements of equipment and systems affected the implementation of project activities.

The Accounting Officer attributed the delays to Covid – 19 out-break and use of hybrid procurement system involving both the World Bank and PPDA which caused delays.

Recommendation

The Accounting Officer is advised to fast track the outstanding activities so that the National Land Information Centre and the Ministerial Zonal Offices are adequately facilitated to perform their functions.

4.0 Land Compensations

The Ministry is mandated to promote effective and efficient land administration and management and this involves making compensation to third parties who may include Ranchers, Individual land owners and other claimants. The Ministry paid UGX 55,229,120,784 as compensations to various land owners. However, the following anomalies were noted;

4.1 Lack of Guideline for Compensations

Whereas best practice requires that proper guidelines are in place for successful implementation of the program, it was noted that the Ministry lacks guidelines for the compensation process. As such, it is difficult to assess the performance and criteria being used in payment of compensations.

The Accounting Officer indicated that the process of developing compensation guidelines would be undertaken.

Recommendation

The Accounting Officer is advised to develop and implement land compensation guidelines as they will prescribe the criteria of compensations and hence improve transparency in the process.

5.0 Divesture of Pool Houses

The Government of Uganda adopted the Pool Houses Divesture policy in 1992 and regulations were developed to guide the process. The Government of Uganda signed an agency contract with Housing Finance Bank (HFB) to collect money on behalf of government.

Section 6.8 of the GOU Asset Management Policies and Guidelines 2023 requires that Accounting Officers are responsible for ensuring that Government assets are valued and registered at their correct values. It is therefore necessary to carry out regular reviews of all classes of assets in a vote to be able to establish their correct values. The review and valuation of assets shall be carried out as prescribed under Section 7 of these guidelines. The following anomalies were identified;

5.1 Failure to value properties

It was however noted that UGX 11,020,244,520 in respect of 141 properties was paid as deposits without valuation.

The Accounting Officer explained that the Pool Properties were valued by the Chief Government Valuer and the report was communicated to the Uganda Land Commission. However, a copy of the valuation report was not availed for verification.

Recommendation

I advised the Accounting Officer to provide the valuation report for audit review.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises the statement of responsibilities of the Accounting Officer and the commentaries by the Head of Accounts and the Accounting Officer and other supplementary information. The other information does not include the financial statements and my auditors' report thereon. My opinion on the financial statements does not cover the other information, and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Management Responsibilities for the Financial Statements

Under Article 164 of the Constitution of the Republic of Uganda, 1995 (as amended) and Section 45 of the Public Finance Management Act, 2015, the Accounting Officer is accountable to Parliament for the funds and resources of ministry of lands housing and urban development.

The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the Public Finance Management Act, 2015 and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Ministry's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Accounting Officer has a realistic alternative to the contrary.

The Accounting Officer is responsible for overseeing the Ministry's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accounting Officer.
- Conclude on the appropriateness of Accounting Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that is in compliance with the Government of Uganda Public Financial Management laws and

regulations.

- I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide the Accounting Officer with a statement that I have complied with relevant ethical requirements regarding independence and, to communicate with the Accounting Officer all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.
- From the matters communicated with the Accounting Officer, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

In accordance with Section 19 (1) of the National Audit Act (NAA), 2008, I report to you, based on my work described on the audit of Financial Statements, the activities, financial transactions and information reflected in the financial statements that have come to my notice during the audit, are in all material respects, in compliance with the authorities which govern them.

Report on the Audit of Compliance with Legislation

In accordance with Section 19 of the NAA 2008, I have a responsibility to report material findings on the compliance of the Ministry with specific matters in key legislations. I performed procedures primarily to identify findings but not to gather evidence to express assurance.



John F. S. Muwanga
AUDITOR GENERAL

19th December 2023.

APPENDICES

Appendix 1: Showing activities whose funds were not or partially warranted

No.	Programme	Amount not warranted(Bn) /partially	Activities not/Partially implemented	Purpose of the unimplemented activity
1.	Natural Resources, Environment, Climate Change, Land and Water	7.7	Technical staff training in specialized short courses on Land Management and Administration	To strengthen the capacity of land management institutions in executing their mandate geared towards securing land rights.
			Training DLBs, DLOs in land management and workshops, Meetings and Seminars	
			Information and Communication Technology Services.	
			Cancellation of 10 land titles issued in wetlands and forest reserves	To promote land consolidation, titling and banking.
			Training of 20 Land registrars in LIS	
			Insurance and licenses under Land Information Management	To complete the rollout and integration of the Land Management Information System with other systems.
2.	Sustainable Urbanization and Housing	13.4	Development of Land values collection software	To develop and implement a Land Valuation Management Information System (LAVMIS)
			Salaries under Slum redevelopment and improved housing standards	Design and build inclusive housing units for government workers (civil servants, police and army)
			30 stakeholder engagements on the Land Use regulatory framework undertaken in the 4 regions	To implement participatory and all-inclusive planning and implementation mechanism to enforce the implementation of land use regulatory and compliance frameworks
			Development of Comprehensive guidelines for integrated development planning	To develop and implement integrated physical and economic development plans in the new cities and other urban areas
	Total	21.1		

Appendix 2: Unsupported output budgets

S/N	Budget output Code	Budget output	Amount(UGX)(Budget)(000,000)
1	12	Legal and Advisory Services	0.37
2	78	Land Management	0.41
3	140030	Enhanced tenure security	6.86
4	140035	Land Information Management	5.72
5	75	Registration Services	0.47
6	140032	Land surveys and updated topographic, large scale maps and National Atlas	2.82
7	140033	Land Valuation Services	1.76
8	140035	Land Information Management	93.27
9	140031	Efficient and functional Land Valuation Management Information System (LAVMIS)	11.59
10	39	Policies, Regulations and Standards	0.10
11	280006	Land Use Compliance	0.44
12	32	Board Management	3.86
13	39	Policies, Regulations and Standards	0.11
14	280002	Physical Panning	0.73
15	39	Policies, Regulations and Standards	0.10
16	280010	Urban Development Services	0.41
17	17	Infrastructure development	36.87
18	12	Legal and Advisory Services	11.90
19	280003	Development and Implement Physical Development Plans	9.26
20	280010	Urban Development Services	30.00
21	280004	Economic and Physical development services	0.51
22	12	Legal and Advisory Services	0.34
23	280005	Housing Development Services	0.32
24	280005	Housing Development Services	0.27
25	280009	Slum redevelopment and improved housing standards	0.21
26	1	Audit and Risk Management	0.11

27	4	Finance and Accounting	0.26
28	5	Human Resource Management	2.36
29	7	Procurement and Disposal Services	0.09
30	8	Records Management	0.09
31	10	Leadership and Management	1.81
33	11	Communication and Public Relations	0.14
34	14	Administrative and Support Services	71.41
35	39	Policies, Regulations and Standards	0.71
36	51	Affiliated and professional Bodies	1.79
37	6	Planning and Budgeting services	0.54
38	15	Monitoring and Evaluation	0.25
39	56	Data Management	0.02
40	280012	Support to UGIFT	4.00
41	3	Facilities and Equipment Management	1.40
	Total		303.67

Appendix:3 Implementation of Planned Outputs

Partially Implemented out-puts

No.	Program	Sub-program	PIAP-Outs	Budget Out-put	Total Out-put expenditure UGX '000"	Total activities	No	Number of fully implemented activities	No of partially implemented activities	No of activities that were not implemented
1	06 Natural resources, environment, climate change, land and water	02 Land, Administration and Management	06070601 Land Laws, Policies, Regulations, standards and guidelines formulated and reviewed	000012 Legal and Advisory Services	335,88		6	3	1	2
			06071001 Capacity of Land Management Institutions (state and non-state actors) strengthened	000078 Land Management	124,244		6	1	4	1
			06070801 Land demarcated, surveyed, registered and certified	140030 Enhanced tenure security	5,105,060		6	0	6	0
			06070303 Revised topographic maps, large scale maps and National atlas.	140032 Land surveys and updated topographic, large scale maps and National Atlas	2,482,112		14	0	5	9
			06070401 National Valuation Standards and Guidelines developed and disseminated	140033 Land Valuation Service	1,324,369		8	4	2	2

2	10 Sustainable urbanisation and housing	Physical Planning and Urbanization	10050101 Compliance to land use frameworks and orderly development	000039 Policies, Regulations and Standards	69,000	3	1	0	2
			10050103 Physical Planning & Urban management system scaled						
			10010101 Integrated physical and economic development plans for cities	280002 Physical planning	510,637	5	1	3	1
				280010 Urban Development Services	285,773	12	7	2	3
		Project:1528 Hoima Oil Refinery Proximity Development Master Plan	100101 Develop and implement integrated physical and economic development plans in the new cities and other	280004 Economic and physical development services	506,399	8	4	3	1
		SubProgramme:02 Housing Development	10040501 Building codes and standards in place	000012 Legal and Advisory services	290,741	6	0	3	3
	Total				11,034,223	74	21	29	24

