MINISTRIES ON THE SPOT OVER

By John Odyek

Fort Portol Hospital. Five regional referral hospitals; Hoima, Jinja, Mubende, Fort Portal and Kabale lacked reliable power backup systems, affecting installation and operation of intensive care unit equipment, oxygen plants and diagnostic machine

The Auditor General (AG), Edward Akol, yesterday released the 2024/25 annual audit report with a major highlight being the persistent inflation of the costs of goods and services in government procurements. Akol described it as a major drain on public resources.

Presenting the report to Parliament, Akol said wide price variations for similar items across ministries, departments and agencies (MDAs) point to weak standardisation and poor procurement controls.

The report, submitted to Parliament in line with Article 163 of the Constitution and the National Audit Act, covers the Government of Uganda's consolidated financial statements, MDAs, public corporations and state enterprises, as well as local governments.

It was received by Speaker of Parliament Anita Among and Clerk to Parliament Adolf Mwesige.

"When Parliament appropriates money, its use must be audited. We want to see that public funds released actually reach the intended beneficiaries," Among said.

She pledged that the report would be swiftly scrutinised by the public accounts committee, debated by Parliament and forwarded to the finance ministry to produce treasury memoranda.

The Speaker dismissed claims that the Office of the Auditor General was ineffective, urging the public to co-operate with auditors. She noted that the office continues to grapple with low staffing levels and inadequate transport facilities, and called on the finance ministry to increase its funding.

INFLATED PROCUREMENT COSTS

The audit revealed major inconsistencies in pricing of common-user items due to lack of standardised specifications and prices.

For instance, computers with the same specifications were procured at significantly different prices across entities sometimes at double the cost. Construction of office space showed cost variations ranging from sh3.7m to sh5.27m per square metre, while tarmacked road construction costs ranged from sh299,977 to sh609,639 per square metre.

Furniture of identical specifications was procured at widely varying prices, with differences of up to sh3.2m per item.

"It was noted that government incurred different costs on common-user items due to price variances that ought to be standardised. Standardisation of specifications and prices would eliminate the associated variances on costs incurred by various government entities on common user works, services, and goods and also provide a benchmark for budgeting purposes," the Auditor General said.

Akol advised the permanent secretary/Secretary to the Treasury and the public procurement and disposal of assets executive director, to urgently work with relevant ministries to standardise specifications and prices to eliminate cost disparities and improve budgeting.

DELAYS THREATEN FIRST OIL TARGET

On oil development, the Auditor General warned that delays in key projects threaten Uganda's target of first oil production by mid-2026.

He said that project completion rates stand at 61.3% for Tilenga Project against a target of 73.18%.

However, the Kingfisher Development Area Project has progressed well, standing at 75.35% against a target of 73.18%. This is similar to the East African Crude Oil Pipeline (EACOP) project, which has attained a 75% progress against a target of 72%.

Although progress has since improved, Akol cautioned that missed milestones pose significant schedule risks. He raised concern over the National Oil Spill Response and Monitoring Infrastructure Project, which has stalled due to inadequate funding. Of the estimated sh59.9b, only sh1.2b was released between FY 2022/23 and FY 2024/25.

"Failure to achieve critical deliverables poses serious environmental and safety risks ahead of first oil," Akol warned.

WATER INFRASTRUCTURE DETERIORATING

The audit found that many valley tanks and dams constructed in the Karamoja sub-region were in poor condition due to inadequate maintenance.

Inspections showed that 72% of valley tanks were heavily silted, while others had damaged inlets, eroded embankments and dilapidated cattle ramps. One dam in Kawomeri was found non-functional due to encroachment of its catchment area.

Akol attributed the deterioration to unclear maintenance responsibilities, limited community ownership, weak training of water user committees, and overgrazing.

EXPIRED DRUGS

A sample of 70 government infrastructure projects worth sh6.5 trillion experienced delays ranging from 153 to 1,089 days, mainly due to delayed compensation of project affected persons, late payments to contractors and weak contract management.

In the health sector, the audit revealed expired drugs worth sh8.04b at the National Medical Stores (NMS) by June 2025, although this marked a 97% reduction from the previous year.

Through inspection of Essential Medicines and Health Supplies (EMHS), Akol noted challenges in the management of expired medicines across several health facilities, including the presence of expired items in 44 health facilities worth sh2.648b, improper storage of expired stock alongside usable medicines in 15 health facilities, and failure to return expired EMHS to NMS.

"These weaknesses increase the risk of accidental use of expired medicines, compromise patient safety, and reflect ineffective inventory control and accountability for medicines management," the Auditor General said.

The audit revealed widespread challenges in blood supply management at health facilities, including under-supply of blood in 67 health facilities, lack of functional cold-chain storage facilities in 13 health facilities and prolonged blood stock-outs of up to 365 days in 34 health facilities.

Akol said these deficiencies elevate the likelihood of service disruptions, jeopardise patient safety, and increase patient morbidity and mortality.

Five regional referral hospitals; Hoima, Jinja, Mubende, Fort Portal and Kabale lacked reliable power backup systems, affecting installation and operation of intensive care unit equipment, oxygen plants and diagnostic machines.

The X-ray machines at Entebbe, Hoima and Jinja referral hospitals were non-functional due to delayed maintenance and mechanical/technical faults.

He said there were gaps in the functionality, reliability and safety of oxygen supply systems in Mubende, Fort Portal and Kabale referral hospitals.

UNDERSTAFFING

The audit showed that Uganda's public service staffing level stands at 54%, leaving a gap of over 301,600 positions, which Akol said continues to undermine service delivery.

PARISH DEVELOPMENT MODEL

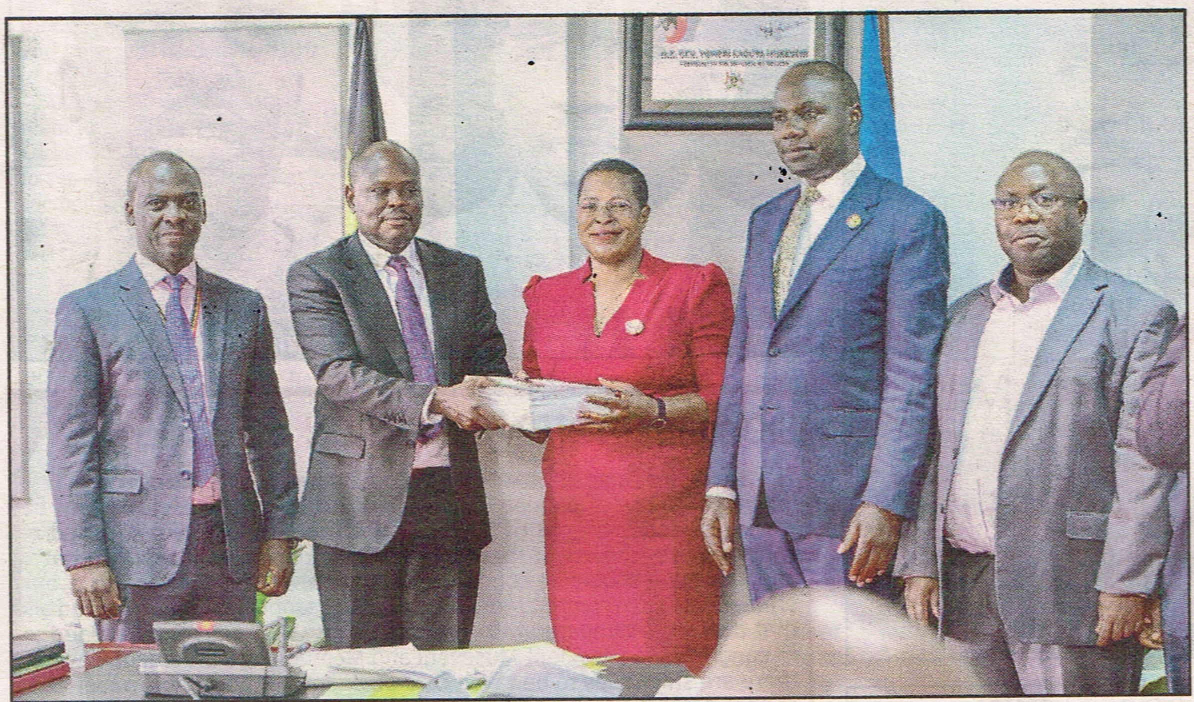
The auditors sampled 34 local governments that received sh3.94b to co-ordinate implementation of the Parish Development Model (PDM) activities. However, sh900m was overpaid to parish chiefs in six local governments while sh31m was underpaid in nine local governments. In addition, sh55m was paid to 49 ineligible individuals and sh30m was unaccounted for.

He noted that out of sh3.2 trillion released cumulatively by Government to 10,589 PDM SACCOS, only sh2.750 trillion (84%) was disbursed to households by the end of the financial year 2024/25, leaving sh508.6b (16%) undisbursed.

He said that physical inspections and review of loan files in a sample of 108 local governments revealed weaknesses in the implementation of funded household projects. He noted that 619 beneficiaries in 267 PDM SACCOS in 55 local governments had implemented ineligible projects, 109 beneficiaries in 86 PDM SACCOS in 42 local governments had non-existent projects, 328 beneficiaries in 52 local governments diverted funds worth sh263m, and 2,336 households in 506 PDM SACCOs had received Parish Revolving Fund multiple times.

He observed inadequate Wendi agency network coverage in 121 local governments, whereby 5,373 parishes lacked access to Wendi agents to facilitate PDM transactions.

INFLATED PROCUREMENTS



Akol (second-left), presenting the 2024/2025 Annual Audit Report to Among (centre) as state minister for finance Henry Musasizi (second-right) and other officials look on at Parliament yesterday

Poor procurement planning

The audit revealed that 111 procurements worth sh501.37b, initiated in previous years and completed in financial year 2024/25, lacked the required multi-year procurement plans.

Akol warned that failure to prepare such plans creates funding uncertainty, accumulation of domestic arrears and risks project delays or cancellations.

Additionally, 22 procurements worth sh7.72b were undertaken outside approved procurement plans and were not emergency-related, contrary to the law.

"Undertaking procurements outside approved plans leads to diversion of funds and affects implementation of planned activities," he noted.

From a sample of 19 entities, Akol found that while procurements worth sh5.07 trillion were planned for 2024/25, contracts worth only sh2.39 trillion were awarded making an implementation rate of 47%. Of these, contracts worth sh353.46b were completed, representing 14.8%.

The audit identified 74 procurement requirements worth sh158.29b that were unnecessarily split, leading to loss of economies of scale and higher management costs.

The report also revealed that many entities continue to conduct procurements outside the electronic government procurement (e-GP) system.

It was observed that out of a total of 2,896 procurements worth sh826.08b conducted by 13 entities, 60 procurements (2.1%) valued at sh14.67b (1.8%) were implemented manually outside the e-Government Procurement (e-GP) system, without any justification for bypassing the system.

Akol warned that the failure to use the e-GP system undermines the Government's efforts to enhance transparency, accountability and efficiency in the procurement process.

While nine out of 15 public enterprises recorded profits led by the Uganda National Oil Compay, Mandela National Stadium, National Housing and Construction Company and Uganda Electricity Generation Company Ltd, others posted increased losses, mainly due to declining revenues without corresponding cost reductions.

TAX APPEALS BACKLOG

The Tax Appeals Tribunal (TAT) is facing a growing backlog, with pending cases rising from 169 in FY 2022/23 to 476 in FY 2024/25, valued at sh1.5 trillion.

Akol attributed the delays to inadequate funding, noting that despite an increase in membership, the tribunal's budget has remained static at sh7.7b.

UPTAKE OF AVAILABLE ELECTRICITY

A review of quarterly operations reports showed mixed performance across major hydropower plants. Nalubaale-Kiira power plant exceeded its declared capacity, dispatching 778.8GWh (112%), while Isimba operated below capacity at 1,046.41GWh (72%). Karuma recorded significantly low performance, producing only 808.27GWh (30%) against its declared capacity. Low dispatch at Karuma has limited the identification and correction of latent defects during the defects liability period.

As a result, the company realised only sh148.16b (46.8%) of its expected revenue, raising concerns about its ability to meet loan repayments and operational costs.

Management attributed the low dispatch to insufficient electricity demand and prioritisation of lower-cost and private generators. They also reported ongoing engagements with the regulator and transmission company to expand power purchases and export capacity.

MINERAL ROYALTY PAYMENTS

The report revealed that the Ministry of Energy and Mineral Development received sh5.8b into the mineral royalties sharing fund account, in addition to the opening balance of sh3.913b from the previous period. However, sh8.3b (85%) was paid out leaving an outstanding balance of sh1.4b.

Under remittance of the mineral deposits due to the beneficiaries undermines the intention of fair distribution of economic benefits arising from mining activities among stakeholders and poses the risk of conflict over resource use.

The Auditor General advised the accounting officer to identify bottlenecks leading to non-payment and have them resolved on a case-by-case basis, to enable payment of the outstanding royalties to the intended beneficiaries.

Section 187(1) of the Minerals Act, Cap. 159 provides that assessed mineral royalties shall be due and payable within 30 days from the date of assessment. However, a review of mineral royalty records in the mine cadaster revealed that payment of assessed royalties was not made within the prescribed thirty-day period. Consequently, royalty revenues amounting to sh2.82b remained outstanding beyond the statutory timeline.

Among

"The delay in remitting mineral royalties denies Government timely revenue required to support service delivery," says the report.

WETLANDS

Akol said Uganda's wetlands continue to face widespread encroachment across at least 14 major water bodies, driven by construction, agriculture, mining, settlements, and other economic activities, in violation of national environmental laws.

An estimated 6.3% of Uganda's total land area has degraded wetlands, with restoration efforts falling significantly short of targets. The water and environment ministry demarcated only 18% of planned wetland areas, while more than half of restoration orders issued by the environmental authority remain unimplemented.

The bad performance has been attributed to severe funding shortfalls, weak enforcement mechanisms, limited staffing and institutional constraints. Continued encroachment has resulted in pollution, flooding, declining water quality, biodiversity loss, increased treatment costs, and heightened public health risks.

The National Teacher Policy 2019 and related reforms aim at improving the quality, equity, and relevance of secondary education in Uganda, including the establishment of the Uganda National Institute for Teacher Education (UNITE) in 2024 to oversee teacher training across six campuses. The policy requires repurposing 22 non-core Primary Teacher Colleges (PTCs) into TVET institutions, health training colleges, secondary schools, or university campuses.

However, UNITE's operations are severely constrained by underfunding. Only sh9.1b (11%) of the approved sh81.1b staffing budget was provided, resulting in recruitment of only 104 out of 1,108 planned staff. Similarly, of the 23 non-core PTCs targeted for repurposing, only four (18%) are fully operational, leaving 82% idle, causing maintenance costs, infrastructure deterioration, and delays in expanding secondary, TVET and health education.

Akol said the underfunding and slow operationalisation undermine teacher preparation and threaten achievement of National Teacher Policy objectives. He advised the Ministry of Education to collaborate with that of finance to prioritise UNITE's funding and to develop a funded, time-bound repurposing plan with clear roles, milestones, and monitoring mechanisms.