



THE REPUBLIC OF UGANDA

OFFICE OF THE AUDITOR GENERAL

ANNUAL REPORT OF THE AUDITOR GENERAL FOR THE YEAR ENDED 30TH
JUNE 2015

CENTRAL GOVERNMENT AND STATUTORY CORPORATIONS

78.0 THE UGANDA PERMANENT MISSION TO THE UNITED NATIONS, NEW YORK

a) Staffing Structure

Whereas the approved staffing structure for the Embassy is 1+5, it was noted that the current staffing is 1+8.

Management explained that the issue of the approved structure of 1+5 not being adequate given the workload at the United Nations has been brought to the attention of the Ministries of Foreign Affairs, Public Service and Finance, Planning and Economic Development and the Mission will continue to follow up the matter of regularising the current staffing level and ensuring that the budget allocated caters for all the staff to avoid shortfalls.

I have raised this issue in my previous reports and continue to await results of the action taken by the concerned ministries and the Mission.

79.0 UGANDA HIGH COMMISSION, OTTAWA

a) Delayed construction of the Chancery

The Chancery is a two storeyed building with a basement located at 231 Cobourg Street Sandy Hill, Ottawa, Ontario. It was acquired in 1987 and has been occupied until July 2013 when it was vacated due to extensive cracking and basement damage. Since 2012 various consultants have undertaken reviews and inspections on the property. In 2013 a consultant carried out various surveys which recommended the following;

- Remedial work to be undertaken within one year on installations and systems that were potentially unsafe otherwise significant escalation of costs would result if delayed.
- Trees located within 8 meters of the building be removed since they demand too much water leading to shrinkage of foundation.

At the time of inspection, in July 2015, all the above recommendations had not been undertaken despite the fact that the MoFPED had cumulatively released an

amount of UGX.2,762,000,000 (approx. USD.1m) for that purpose. The trees were neither removed nor were the renovations undertaken within the recommended one year.

Besides, the delay in renovations causes further deterioration as earlier predicted by the Consultants. After two years without the renovations, the property has now been recommended for demolition by a Board of Survey (BoS) team from Uganda comprising MOFA, MoWT and MoFPED officials.

Management is advised to always undertake agreed construction works in a timely manner.

(i) Consultancy for the design and supervision of contract for development of a new Chancery

In March 2015 a new consultant, Ms Ten2-Four, was procured at a cost of CAN\$397,590 to design and supervise the demolition and development of a new Chancery for a period of 36 months starting 20th March 2015. By the time of audit an amount of CAN\$79,518 (20%) had been paid to the Consultant. I noted the following:

- **Expired Performance Security**

I noted that although the duration of the contract was for three (3) years up to 2018, the professional indemnity insurance, issued in lieu of the performance security, was valid for only up to 06/09/2015 which had expired. Without a performance guarantee, there is a risk that unsatisfactory services rendered by the Consultant may not be appropriately compensated.

Although the accounting officer had promised to renew the performance guarantee to match with the performance contract, by the time of reporting, this had not been done.

- **Delays in implementation**

According to the inception report from the consultant, the proposed demolition and development will delay due to unapproved demolitions by the City Authorities. Apparently the approvals have been delayed because the building is located in an Heritage zone and has been designated as a heritage property under the Ottawa Heritage Act (OHA). The consultants estimated that this would take between 8 to 12 months before approvals are obtained.

Management stated that they have met with the relevant City officials and provided documentation.

Furthermore although the PPDA Act requires that prior approval is obtained from the Minister responsible for Finance before demolition of the building, this has not been obtained. This will impact on both the project timelines and cost. Management stated that the process of obtaining the necessary approval had been started by Ministry of Foreign Affairs (MoFA).

I advised management to expedite the process and to also ensure that prior approvals are obtained before committing government to such major projects.

- **Proposed variations in scope**

In June 2015 the Consultants requested for additional costs amounting to CAN\$ 122,000 due to a revised scope of work for the Heritage Review and Site Plan Control. This variation amounts to almost 30% of the original contract. According to the PPDA Act, this would necessitate the prior approval of the Authority; however this had not been obtained by the time of reporting.

Without prior approval the payments would be irregular.

In their response management stated that the inception report from the consultant was forwarded to the MoFA to analyze and make decision on the way forward. The MoFA informed the mission that consultations were being

undertaken with PPDA and other stakeholders regarding all aspects in the inception report.

I await the outcome of the Consultations.

80.0 UGANDA HIGH COMMISSION, PRETORIA

a) Non remittance of NTR - UGX.564,939,303 to the UCF account

A review of the statement of arrears of revenue and the NTR report for the year revealed that the High Commission collected NTR totaling to UGX.871,120,249 from issuance of Visas, travel documents, passports and other sources. However, by the close of the year, only UGX.504,305,299 had been remitted to the Uganda Consolidated Fund (UCF) account, while another UGX.105,291,496 was cash-in-transit. This left a total of UGX.261,523,454 not remitted to the UCF account in the year under review.

I noted further, that the High Commission was not regularly remitting NTR as indicated by the failure to remit outstanding NTR arrears of the previous year (2013/14) totaling to UGX.209,383,035. In addition, outstanding miscellaneous income arrears of UGX.94,032,814, was not remitted. This implies that a total of UGX.564,939,303 remained unremitted to the UCF by the Mission.

Failure to remit NTR intact exposes the amounts to a risk of misuse, especially when it involves spending at source. The Accounting Officer admitted the anomaly and attributed this to expenditure at source on Capital Development budget; however, she anticipates a refund of the amounts during the financial year 2015/16.

I advised the Accounting Officer to always ensure that NTR collections are banked intact and remitted to the UCF promptly. In addition all arrears of NTR and miscellaneous income used at source should be recovered and the amount remitted to the Consolidated Fund account.