



Independent observer
of the Global Fund



Mapping of Accountability and Audit Arrangements of Donor-Supported Government-Managed Health Programs in Uganda

March 23 2023
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Implemented by:



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Direktion für Entwicklung
und Zusammenarbeit DEZA



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ACKNOWLEDGEMENTS

AIDSPAN greatly applauds the different stakeholders and respondents who shared their views and experiences as we conducted this exercise of mapping out accountability and audit arrangements for donor-supported government-managed health programs in Uganda.

We are particularly grateful to the BACKUP Health team in Uganda, who assisted us in accessing different stakeholders involved in the management and implementation of donor funded projects, especially those funded by the Global Fund to Fight AIDS, Tuberculosis and Malaria and GAVI – the Vaccine Alliance.

The data collection process was engaging and participatory. We thank the respondents from Government of Uganda’s institutions, development partners, non-government organizations and the private sector who offered their time and resources to contribute to this exercise.

We hope that this mapping of audit and accountability institutions in Uganda is useful to various stakeholders, and provides opportunities for further strengthening the assurance mechanisms for donor-supported government-managed programs in Uganda, even beyond health.

LIST OF ABBREVIATIONS AND ACRONYMS

CCM	Country Coordinating Mechanism
CIID	Criminal Intelligence and Investigations Directorate
DPP	Directorate of Public Prosecutions
FCDO	Foreign, Commonwealth and Development Office of the United Kingdom
GF	The Global Fund to Fight AIDS, Tuberculosis and Malaria
GoU	Government of Uganda
HDPs	Health Development Partners
HSSIP	Health Sector Strategic and Investment Plan
IGG	The Inspectorate of Government
LFA	Local Fund Agent
MoFPED	Ministry of Finance, Planning and Economic Development
MP	Member of Parliament
NDP	National Development Plan
OAG	Office of the Auditor General
OPM	Office of the Prime Minister
PAC	Public Accounts Committee of Parliament
PR	Principle Recipient
SAI	Supreme Audit Institution
TASO	The AIDS Support Organization
USAID	United States Agency for International Development
WB	The World Bank

1. EXECUTIVE SUMMARY

1.1 Background

Over 76% of funding to the health sector budget in Uganda is financed by international development partner organizations, especially the United States Development Agency (USAID); the Global Fund to Fight AIDS, Tuberculosis and Malaria; the World Bank; GAVI – the Vaccine Alliance. Strong public financial management structures are essential to not only give confidence to the donors that their funds are being put to good use, but also to optimize the developmental results and milestones that such funding targets.

AIDSPAN, the independent observer of the Global Fund to Fight HIV, Tuberculosis and Malaria has been working with selected countries in sub-Saharan Africa to enhance the capacity of their Supreme Audit Institutions (SAIs) to perform finance, compliance, and programmatic audit of Global Health Initiatives (GHIs) supported programs. Uganda is among the countries to benefit from the AIDSPAN support, with the specific focus on supporting the SAI in Uganda to advocate for adequate resourcing that would facilitate increased accountability and oversight over government-managed programs supported by the Global Fund and GAVI. Prior to providing the necessary support, the AIDSPAN team started with the task of mapping the audit and accountability structures for donor-supported government-managed health programs in Uganda.

1.2 Objectives



1.3 Approach/ Methodology

The team collected data through a) interviews with key stakeholders, and b) review of relevant documents to identify and map out the institutions involved in the audit and accountability of government programs. Data was collected through interviews with 23 key informants from government and non-government institutions, as well as review of several documents related to the mandate, structure, functionality, challenges and good practices involved in the audit cycle in Uganda, with specific interest in the audit of donor-supported health programs.

1.4 Summary of Findings

The Office of the Auditor General (OAG) is the Supreme Audit Institution of Uganda, mandated by the Article 163(3)(a) of the Constitution of the Republic of Uganda *to audit and report on the public accounts of Uganda and of all public offices, including Courts, the Central and Local Government administrations, Universities and Public institutions of like nature, and any public corporation or other bodies or organizations established by an Act of Parliament.* The same

mandate for the OAG is repeated in the National Audit Act, 2008 and referenced in the Public and Financial Management Act, 2015.

Article 163(4) of the Constitution requires OAG to annually submit to Parliament, and to the Inspectorate of Government (IGG), a report of the accounts audited by OAG for the year immediately preceding.

The OAG's report is discussed within the Public Accounts Committee (PAC) of Parliament, with cases of misuse of public funds and/or abuse of office referred to the IGG for further investigations. The IGG might work with the Criminal Intelligence and Investigation Division (CIID) of the Uganda Police to conduct further investigations, and can refer cases to the Anti-Corruption Division of the High Court for prosecution. In the last 10 years, the OAG has identified cases of mismanagement of donor-funded health programs that were further investigated by both Parliament and the IGG, and culprits convicted and sent to prison by the Anti-Corruption Court.

This exercise identified several limitations and weaknesses to audit and accountability structures in Uganda. The key ones include: a) limited internal capacity at OAG to audit donor funded health programs, resulting in reliance on private sector audit firms; b) technical gaps in the competencies of PAC members to not only discuss and debate OAG's audit findings but also enforce follow-through actions; c) internal capacity and process challenges by the IGG to timely and conclusively investigate abuse of office and financial mismanagement cases identified by OAG and Parliament; and d) limited harmonization of expectations and coordination of audit and accountability efforts between donor agencies and GoU institutions mandated to promote good governance and accountability.

1.5 Recommendations and Conclusion

This mapping exercise indicated that the OAG is the SAI in Uganda, reporting to Parliament and the Inspectorate of Government (IGG) for follow-through on prior year's audit findings. OAG's reports are utilized by several GoU institutions and Health Development Partners (HDPs) to ensure GoU's resources are adequately utilized to achieve intended objectives.

Our findings indicate that the audit and accountability institutions strive to combat corruption as it is one of the worst enemies of development. It is also important to acknowledge that despite the existing limitations with the capacity, processes and systems supporting the existing audit and accountability structures, the affected institutions have identified a range of best practices for

enforcing accountability for government resources. OAG, Parliament and the IGG would benefit from capacity building interventions to bolster their audit and accountability competencies, as well as creating a platform for routinely engaging with donor agencies in the health sector to harmonize expectations and coordinate efforts.

2. BACKGROUND, OBJECTIVE, APPROACH, AND METHODOLOGY OF THE STUDY

2.1 Introduction and objectives

Uganda's health sector is managed by the Ministry of Health (MoH), which has the role and responsibility of developing policies, structures and frameworks for delivering health services. Uganda exercises a centralized system of governance for the health sector, with MoH setting policies and budgets for the health sector and sub-national structures implementing those policies under supervision from the central teams.

Over 76% of funding to the health sector in Uganda comes from international development partners, including bilateral institutions, multilateral institutions, international financing institutions, foundations et cetera (1). Over the last 10 years, the top funding agencies for the health sector have been the United States Development Agency (USAID); the Global Fund to Fight AIDS, Tuberculosis and Malaria; the World Bank; GAVI – the Vaccine Alliance. This funding has mainly focused on addressing specific needs related to HIV care and treatment, Tuberculosis, malaria, routine immunization and broader health systems strengthening efforts (especially in strengthening human resources for health, supply chain and health information systems).

Whereas all donor funding is aimed at supporting and financing areas aligned to both the National Development Plan 2021 – 2025 (NDP III) and the national Health Sector Strategic and Investment Plan (HSSIP), different donor agencies have adopted different models for channelling financing to the health sector in Uganda (2). USAID, for example, provides off-budget support with funds channelled through independent and private contracted organizations that provide technical assistance in areas that align with USAID's country strategy for Uganda. The World Bank, the UK's Foreign, Commonwealth and Development Office (FCDO), the Global Fund and GAVI provide on-budget support to GoU institutions, with funds included in the national budget that is approved by Parliament and subsequently dispersed through the Ministry of Finance, Planning and Economic Empowerment (MoFPED). The Global Fund works through two Principle Recipients (PRs) in Uganda, which are MoFPED (which is the GoU PR, with implementation done through MoH) and The AIDS Support Organization (TASO), an indigenous non-government organization (NGO). The Global Fund provides on-budget support to GoU, with funds for the government PR reflected in the national

budget that is approved by Parliament. Gavi, another major donor to health programs in Uganda, provides on-budget support with funds approved by Parliament and subsequently appropriated to relevant recipient institutions.

Donor organizations rely on both internal and external assurance mechanisms to determine if the resources provided are being utilized efficiently and are achieving the set objectives. Donors that provide on-budget support to GoU rely on the annual audits conducted by OAG, especially the specialized value-for-money audits for donor-funded projects. In addition, donors often contract independent and private audit firms to conduct audits, verifications and/or third-party monitoring of donor funded projects in the health sector. These external assurance mechanisms are implemented with full participation and engagement with the recipient GoU institutions, and governed by existing legal arrangements between GoU and the donor entity.

Internally, donor agencies have set up different mechanisms to determine appropriate utilization and effectiveness of their funds. USAID, for example, relies on quarterly financial and technical reports prepared by their technical assistance providers as an assurance mechanism. The Global Fund relies on Local Fund Agents (LFAs) that serve as the organization's "eyes and ears" on the ground (3). The LFA provides overall oversight over both the financial and programmatic performance of the grants on behalf of the Global Fund.

AIDSPAN, the independent observer of the Global Fund to Fight HIV, Tuberculosis and Malaria (www.aidspace.org), is implementing the third phase of a project titled 'Enhancing the capacity of Supreme Audit Institutions (SAIs) to perform finance, compliance, and programmatic audit of Global Health Initiatives (GHIs) supported programs.' The project aims to support and reinforce Public Finance Management, strengthening the capacity of seven SAIs, which are the Democratic Republic of Congo (DRC), Malawi, Mozambique, Nigeria, Tanzania, Uganda, and Zimbabwe, and help them advocate for their adequate resourcing to increase accountability of government-managed programs supported by the Global Fund and GAVI to improve performance of programs.

In June 2022, AIDSPAN contracted Mr. Robert Kyeyagalire to support the process of mapping the audit and accountability structures for donor-supported government-managed health programs in Uganda.

2.2 Methodological approach

We sought authorization from the Office of the Auditor General (OAG), the Supreme Audit Institution (SAI) in Uganda. We also worked through BACKUP Health, a GIZ-supported program

that received funding from the United Kingdom’s Foreign, Commonwealth & Development Office (FCDO) for the 2020 – 2023 phase to provide health system strengthening support to MoH in Uganda.

Data was collected through a combination of interviews with key stakeholders and review of a wide range of documents related to the governance, management and risk assurance structures for government and donor funds in Uganda.

We worked with the OAG and BACKUP Health to identify individuals and institutions who could contribute to this exercise. Using a snow-ball approach to data collection, the identified individuals were also asked to identify other individuals and institutions who were involved or adjacent to the task of providing audit and accountability functions to donor-supported and government-managed health programs in Uganda.

In September – October 2022, AIDSPAN conducted interviews with leaders of several GoU institutions, NGOs and bilateral institutions to gain a comprehensive understanding of the existing accountability and audit structures for government programs. Specifically, we carried out the following tasks:

- Collected data through the review of existing documents and interviews with 23 key informants from government and non-government institutions.
- Developed a map of existing accountability and audit arrangements of health programs.
- Documented the key challenges, lessons learned, innovations and best practices of the audit and accountability institutions for both health and non-health programs.
- Highlighted the gaps in capacity, processes, and systems within the different organizations, particularly those related to their ability to audit donor-funded programs

Interviews with selected individuals were guided by a data collection tool developed by AIDSPAN. Majority of the interviews were in person, with a relatively small proportion conducted virtually.

In addition to interviews, several documents were identified and used to facilitate the data collection process. Results from the document review process provided context and enabled us to triangulate the findings obtained from the in-person interviews.

2.3 Outline of the report

The report is structured to provide findings to the mapping exercise of audit and accountability structures in Uganda. In the following pages, the findings have been structured into specific sub-sections:

- Description of the mandate, objectives, capacity of the SAI in Uganda.
- Description of institutions that utilize audit findings provided by the SAI.
- Description of alternative assurance mechanisms used by some donor agencies and health development partners in Uganda.
- Recommendations for strengthening the capacity of the SAI and the broader audit and accountability landscape especially for donor-supported health programs in Uganda.

3. FINDINGS

3.1 Background of country audit and accountability context

Uganda has a robust audit and accountability industry in both the public and private sector. The public sector audit function is under the Office of the Auditor General, while the private sector audit practice is composed of large multi-national audit and accounting firms as well as smaller regional/national firms.

3.2 The Office of the Auditor General

3.2.1 Legal mandate of the Office of the Auditor General

The Office of the Auditor General (OAG) is the Supreme Audit Institution of the Republic of Uganda, mandated by the Constitution of the Republic of Uganda, 1995.

Article 163(3)(a) Constitution of Uganda mandates OAG to audit and report on the public accounts of Uganda and of all public offices, including Courts, the Central and Local Government administrations, Universities and Public institutions of like nature, and any public corporation or other bodies or organizations established by an Act of Parliament. The same mandate for the OAG is repeated in the National Audit Act, 2008 and referenced in the Public and Financial Management Act, 2015. Following the annual audits, Article 163(4) of the Constitution requires OAG to annually submit to Parliament, and to the Inspectorate of Government (IGG), a report of the accounts audited by OAG for the year immediately preceding.

The Constitution mandates the Auditor General to audit and report on all public accounts of Uganda and to further conduct financial and Value for Money audits in respect of any project involving public

funds. In executing his or her mandate, the Auditor General is guided by national laws and regulations, International Standards on Auditing and International Standards for Supreme Audit Institutions (ISSAIs). The Auditor General performs his mandate independently; not under the direction or control of any person or authority.

Some of the specific provisions of laws that provide for the mandate and the office of the Auditor General include;

1. The Constitution of the Republic of Uganda, 1995 as amended Article 163
2. The National Audit Act, 2008, which gives effect to Articles 154 (3) and 163 of the Constitution by further providing for the tenure, removal and mandate of the Auditor general and establishing the Office of the Auditor General
3. The National Audit (Terms and Conditions of Staff) Regulations,2011, which further prescribes the terms and conditions of OAG staff
4. The Local Government Act, 1997 as amended; Section 86 on Accounts and Section 87 On Audit of accounts
5. Public Finance Management Act, 2015 (PFMA);
 - a. Section 26 on the Contingencies Fund
 - b. Section 31 on Grants of credit on the Consolidated Fund
 - c. Section 32 on Withdrawals from the Consolidated Fund
 - d. Section 51 on Annual accounts
 - e. Section 54 on Accounting for classified expenditure
 - f. Section 58 on Withdrawals from the Petroleum Fund
 - g. Section 62 on the Petroleum Revenue Investment Reserve

Article 163(3)(b) of the Constitution requires the Auditor General to conduct financial and value for money audits in respect to any project involving public funds, while Article 163(4) requires him or her to submit to Parliament a report of the accounts audited by him or her for the financial year immediately preceding, and audits undertaken under clause 3. Article 154(3) requires the Auditor General to approve the withdrawal of funds from the consolidated fund as prescribed by Parliament. Furthermore, section 19(2) of the National Audit Act (NAA), 2008 as amended by section 82(4), of the PFMA 2015, requires the Auditor General to audit and report to Parliament within six months after the end of the financial year (4).

Objectives: The functions and powers of the Auditor General as specified in Part III of the National Audit Act 2008 and the Public Financial Management Act 2015 include;

1. To approve withdrawal of funds from the Consolidated Fund.

2. To audit and report on the public accounts of Uganda and all public offices, including;

- i. Audit of accounts of the Central Government.
- ii. Audit of accounts of Local Government councils and administrative units.
- iii. Audit of accounts of public organisations.
- iv. Audit of public monies in private organisations and bodies.
- v. Certification and report on the audit.
- vi. Refer to the appropriate committee of Parliament any non-compliance, deficiency and none attainment of value for money.
- vii. Conduct Value for Money audits.
- viii. Conduct special audits and investigations
- ix. Engage private auditors to assist him or her in the performance of his or her functions.
- x. Recommend to Parliament that a person in default or responsible for any loss or deficiency established in the course of audit show cause why he or she should not be surcharged with the amount.
- xi. Make recommendations to the Minister of Finance, Planning and Economic Development to minimize unproductive expenditure and maximize revenues, as well as averting any loss.
- xii. Grant warrants for the withdrawal of funds from the Petroleum Fund.

Staff capacity: The OAG is constituted by a team of twenty members at the headquarters among whom the proportion of females is 25%. The team consists of an Auditor General (1), Assistant Auditor Generals (2), Directors (6) and Assistant Directors (11). The total workforce of the OAG is 528 comprising of 447 permanent staff, 37 contract staff at senior management level, 8 consultants and 36 graduate trainees (5). Considering only the permanent and contract staff collectively, 163 (34%) are female while 321 (66%) are male.

During planning for the audit cycle, some staff are clustered and assigned to specific tasks and entities dependent on the objectives of that particular audit cycle. Specifically, staff can be assigned to conduct specialized audits (including VfM and IT audits), while others can be assigned to audit Local Governments or Statutory Authorities and State Enterprises. OAG does not maintain a stand-alone list of auditors specific to a sector like health or education. It is worth noting that OAG often contracts independent and private audit firms in Uganda to bolster their internal capacity and audit specific institutions and/or projects as assigned.

Staff training and development: In line with the Strategic Plan 2020-2025, under the initiative of implementing a comprehensive capacity building programme to enhance performance, the office undertook training needs assessment to establish the OAG training needs. The exercise covered assessment of skills, knowledge and competencies that OAG staff required to deliver effectively. OAG staff needed training in conducting audit of information systems, supply chains, and conducting audits (and managing teams) in a virtual environment. With support from GIZ (German Corporation for International Cooperation) the needs assessment was conducted and during the year 2020, 213 staff were facilitated to undertake trainings and professional development programs. The trainings addressed some of the capacity and skills gaps identified above, including specific training sessions on audits in IT and cyber security, SQL database audits, legal frameworks that govern audits, stakeholder engagement and performance auditing (5). As a result of the impact of COVID-19, the office adopted the virtual and e-learning training approaches to facilitate professional development and attainment of higher qualifications. Other trainings were also conducted as indicated in Table 1 below.

Table 1: Staff training activities conducted by the OAG

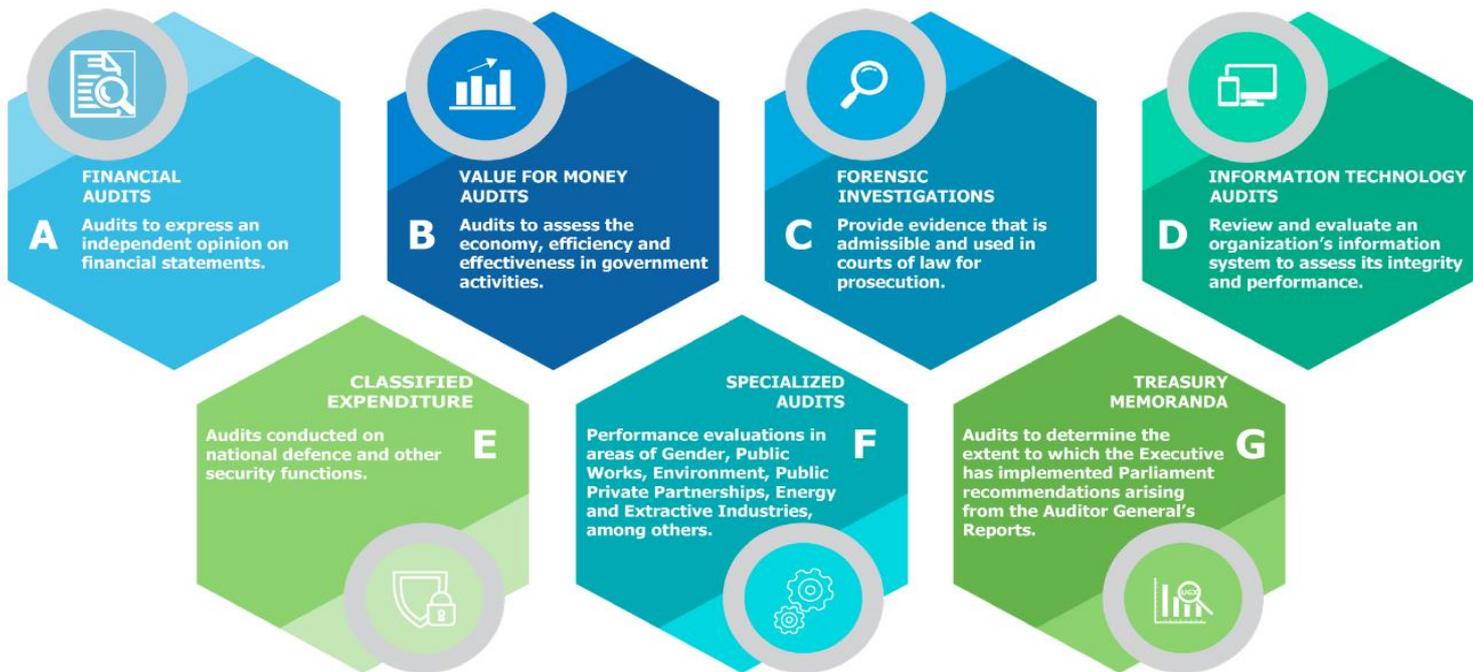
No.	Subject	No. of staff trained
1.	IT Training on Cyber Security	55
2.	IT SQL Database Audit Training	22
3.	Audit Follow-Up and Team Central Capacity Building Workshop	56
4.	Managing Employee Performance in the Digital Age	2
5.	Continuous Legal Education	9
6.	Quality Assurance Practices	8
7.	Training on Stakeholder Engagement	4
8.	AFROSAI-E Basic Course in Performance Auditing	26

Source: OAG, 2021b

3.2.2 Audit / accountability processes of the Office of the Auditor General

There are several types of audits performed by the OAG on behalf of government, and these include; financial/regularity audits, performance audits, compliance audits, forensic investigations, environmental audits, Information Technology audits and audits of procurement processes (Figure 1).

Figure 1: Illustration of different audits conducted by OAG



Standards for Supreme Audit Institutions (ISSAIs). These standards require that the auditor complies with the ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. The OAG follows five key audit processes as summarized below:

1. Pre-engagement activities

This 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, finances, appropriate staff competence and capability and discussing with management of the audited entity the terms of engagement through an engagement letter.

2. Strategic Planning

This stage involves determining the materiality (referring to the significance/importance of an amount that is not only limited to the quantified amount but also the effect that amount has on various contexts) (ISSAI 1320), understanding the entity and its environment including the internal controls (ISSAI 1315), identifying and assessing the risk of material misstatements (RMM), linking of 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 stage of audit involves developing an Overall Audit Strategy (ISSAI 1300.7) which sets out the scope, timing and direction of the audit; guides the development of a more detailed audit plan and involves the summary of audit work completed during pre-engagement & strategic planning phase of audit.

3. Detailed Planning and Fieldwork (ISSAI 1330, 1530, 1500)

This stage requires that for each financial statement audit component identified in the audit lead schedule, the auditor documents the system description by identification and assessment of more risks, controls and assertions; documents the preliminary reliance on key controls; designs an audit program; determines the appropriate sample size for 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.

4. Audit Summary

The key activities involved under this stage include;

- i. Performing of the overall audit programs (presentation and disclosure- ISSAI 1330.24, 1700.13 - 15, 1710.7, subsequent events management representations).
- ii. Aggregate and conclude on audit results (ISSAI 1450).
- iii. Assessing final compliance with the code of ethics

5. Audit Conclusions and Reporting (ISSAI 1700)

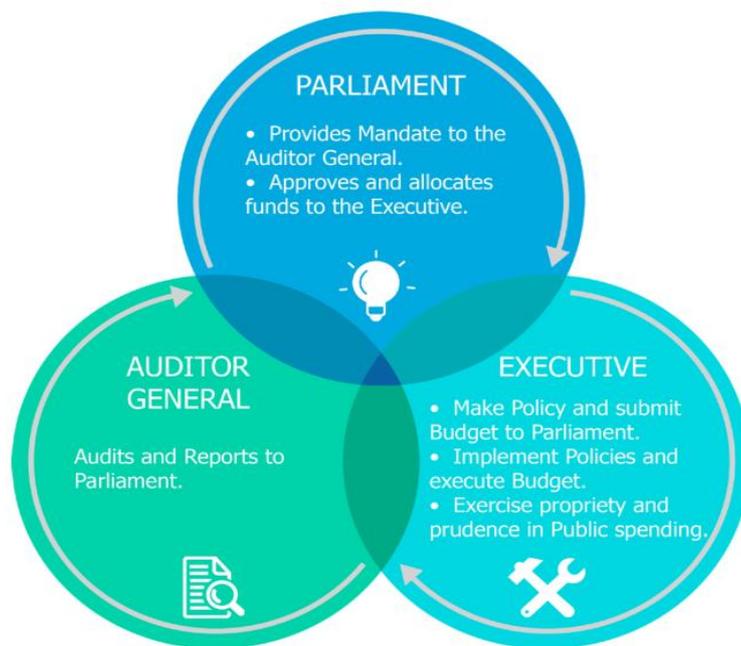
This stage involves three key steps of Audit reporting procedures

- i. Compilation of the management letter (written communication prepared by the auditor and addressed to the management of the audited entity bringing out the weaknesses identified during the audit process) ISSAI 1265.

- ii. Obtaining audit management representation for all the changes which are made to the auditor’s report as it progresses up the line and provides for statements by senior/top SAI management relating to the audit work.
- iii. Forming an Audit opinion and preparation of the final audit report for signing by the Auditor General (ISSAIs 1700, 1705, 1706, 1710).

Auditor General’s statutory reporting period: Whereas the operation periods of Government Ministries, Departments, Agencies and Local Governments follow the Financial year running from 1st July to 30th June the following year, the Audit year runs from 1st January to 31st December following the enactment of the PFMA Act, 2015 under section 82 (4). As such the Auditor General is required to submit a report of the accounts audited annually to Parliament by 31st December for the year immediately preceding. Concerning who audits the Auditor General, it should be noted that Section 36(1) of the National Audit Act, 2008 states; “The accounts of the Office of the Auditor General shall, in each financial year, be audited and reported upon by an auditor appointed by Parliament.”

Figure 2: Role of the Auditor General in the national accountability value chain



As illustrated in Figure 2, Parliament provides the mandate and discusses the Auditor General’s report in executing its oversight role, whereas the Executive provides resources (budget) to the Auditor General and in turn, the Auditor General provides audit assurance on the management of resources. The Accountability value chain as provided for by various pieces of legislation has four steps namely: planning and budgeting, implementation, audit and oversight, and follow up of Parliament’s recommendations to the executive through the audit of the Treasury memoranda.

Audit of donor grants: The OAG audits donor-supported government-managed health programs. Reports that illustrate this fact are indicated in Table 2. Due to resources limitations (including time, personnel, expertise et cetera), the OAG often contracts private international audit firms to conduct audits of grants funded by certain donor agencies, especially the Global Fund and Gavi. Most recently, OAG has contracted KPMG and Deloitte to conduct these audits. The reliance on external audit firms (due to limited internal capacity) erodes institutional memory and further decimates internal capacity to conduct these audits. It is essential that OAG’s internal capacity to audit donor funded health programs is further enhanced.

Table 2: Examples of OAG audits of donor-supported government-managed health programs

Institution	Donor/Health Program	Reporting period	Source
1. Hoima Regional Referral Hospital	USAID, UNICEF	2020	(6)
2. China Uganda Friendship Hospital Naguru	People’s Republic of China	2020	(7)
3. Moyo district Local Government	Global Fund for HIV, TB and malaria, WHO-Immunization, UNHCR, UNFPA, GAVI	2020	(8)

Source: OAG, 2020a, 2020b, 2020c

According to World Bank (9) up to the end of fiscal 2014–15, the projects implemented through the Ministry of Health in Uganda were using the Navision accounting system for accounting and reporting. The Ministry of Finance piloted a projects module using an Integrated Financial Management Information System (IFMIS), and scaled up its implementation to cover more projects. In spite of this development, project personnel were still required to report back to development partners using different, un-harmonized formats on the basis of each partner’s own requirements and templates. Partner-specific reports require the use of spreadsheets to adapt reports to the required formats, mainly due to the need to attribute expenditure and revenue for particular outputs and outcomes. Due to such requirements, there was a possibility that the use of IFMIS as a single accounting system may not turn out to be attractive to the development partners. Likewise, the use of a single financial statement may also not have turned out to be attractive, due to the need to attribute funds and expenditures.

Nevertheless, the quality of the audits done by the OAG has been reported by various respondents to be high and meets international standards. Moreover, the 2008 Audit Act strengthened the OAG's independence, and the office's audit scope and coverage were expanded. The constraint to this external oversight, however, is the inadequate and delayed follow-up on the audit recommendations by agencies tasked with conducting further (criminal) investigations including IGG and CIID. Where wrong doing is determined by OAG, limited follow up and enforcement of legal penalties undermines accountability.

International Engagements by the OAG

The Office of the Auditor General of Uganda (OAG) is a member of the International Organisation of Supreme Audit Institutions (INTOSAI) which has 195 full members, five Associate Members and one Affiliate member. INTOSAI provides an institutionalised framework for Supreme Audit Institutions (SAIs) to promote development and transfer of knowledge, improve Government auditing worldwide and enhances professional capacities, standing and influence of member SAIs in their respective countries. The exchange of experience among INTOSAI members and insights which result, are a guarantee that government auditing continuously improves. SAI Uganda in its capacity as Chair of the Working Group on Audit of Extractive Industries attends the INTOSAI Governing Board meeting as an observer. OAG is also a member of the following INTOSAI affiliated organisations; African Organisation of Supreme Audit Institutions (AFROSAI), African Organisation of English-Speaking Supreme Audit Institutions (AFROSAI-E), and the Working Group on the audit of Extractive Industries (WGEI).

AFROSAI is structured into sub-groups organised around common languages. OAG is a member of AFROSAI-E and is dedicated to strengthening the institutional capacity of its members to fulfil their audit mandates. OAG-U is proud to be a member of the AFROSAI-E governing board. Relatedly, OAG is honoured to have a staff seconded on full-time basis to the AFROSAI-E Secretariat.

The Auditor General of Uganda chairs WGEI and its Steering Committee since it was established in 2013 under INTOSAI Goal 3: Knowledge Sharing. WGEI's goal is to promote the audit of extractive industries (EI) within the INTOSAI community in order to promote good governance and achievement of the Sustainable Development Goals. The OAG also hosts the Secretariat whose main responsibility is to provide administrative support to the Chair in implementation of working group activities. WGEI developed two products that were adopted by INTOSAI namely:

- a) Briefing Note on the role of Supreme Audit Institutions in the Good Governance of the Extractive Industry, and

b) Training Framework for the Audit of Extractive Industries. The Working Group is currently in the process of developing Extractive Industries Auditor Toolkit and the Proposed Framework of Government Auditing Standards for Oil Companies under Service Contracts.

The OAG is part of the Regional East African Cooperation of the Supreme Audit Institutions of Kenya, Rwanda, Sweden, and Tanzania. The project is an initiative of the Swedish National Audit Office which proposed the cooperation as a replacement of its previous bilateral relationships with the participating SAIs. The overall goal of the cooperation, which runs from 2021 to 2024, is to contribute to the development, establishment and maintenance of the institutional, organizational and professional capacity and ability of the participating SAIs to conduct auditing and communicate in compliance with international principles and standards. The cooperation is anchored on the principle of sharing knowledge and information among SAIs.

The Office has had a longstanding cooperation agreement with the Office of the Auditor General of Norway (OAGN) to aid the institutional capacity development of SAI Uganda. The cooperation started as an effort to leverage OAGN's extensive experience in the petroleum sector to build the capacity of SAI Uganda to undertake audits in the sector. It has since evolved to encompass support in the areas of value for money, data analysis and information technology. The collaboration includes support for training activities, professional dialogue and advice on ongoing audits. In 2020 the two offices agreed to extend the cooperation for a period of five years.

OAG provides peer support to other SAIs in areas where they have high levels of expertise and competence. The support is intended to develop the capacity of recipient SAIs and improve their performance. The resource persons offer training, guidance on audit methodology and on-the-job assistance to execute selected audits. To this end, the Office is providing a long-term advisor to SAI South Sudan and two short term advisors to SAI Somalia.

SAI Uganda is a member of the East African Community Audit Commission, together with SAI Kenya, Tanzania, Rwanda, South Sudan and Burundi which audit all East African Community activities and projects in accordance with the EAC treaty. The Office participates in the audit on an annual basis and deploys a minimum of three staff, including a senior staff.

3.3 Mapping of institutions that utilize audit findings produced by the SAI

Whereas the mandate for conducting audit for GoU programs and funds rests with the OAG, there are several other GoU institutions that rely on those audit findings to perform their oversight function

and/or pursue follow-on actions. Below, Figure 3 illustrates the different institutions that utilize OAG’s findings.

Figure 3: Institutions that rely on OAG’s reports to conduct their oversight functions and/or conduct follow-on actions



Article 163(4) of the Constitution requires OAG to submit to Parliament an annual report of accounts he has audited for the year immediately preceding. After the audit report is submitted to Parliament, Article 163(5) of the Constitution requires Parliament, within six months after OAG’s submission of the audit report, to debate and consider the OAG report and take appropriate action. As illustrated in

Figure 2 above, the appropriate action might be to forward certain cases to IGG and CIID for further investigations.

During this mapping exercise, we synthesized key challenges, lessons learned and best practices utilized by these institutions as they enforce and promote good governance and accountability measures. Below, Table 3 details experiences of the different institutions.

Table 3: Experiences and lessons learned by the different institutions involved in the audit and accountability cycle

Institution	Institutional mandate	Key challenges	Lessons learned	Best practices
Parliament of Uganda	To ascertain that funds allocated by Parliament were available for and used for the applicable service or purpose.	<ul style="list-style-type: none"> • Short turn-around time for reviewing audit reports. • Limited experience and skills and competencies in audit findings and conducting investigations. • Limited focus on donor funds due to off-budget support, exacerbated by limited interactions with donor agencies conducting independent audits and verifications of their projects. • Political interference in the investigative processes, including protecting certain individuals on political grounds. 	<ul style="list-style-type: none"> • Adequate planning by ensuring Parliamentary calendar allows for adequate time for PAC deliberations after OAG report is submitted. • MPs assigned to the PACs might not have the technical competencies for PAC roles, it is important that these skills are built. 	<ul style="list-style-type: none"> • Adequate planning • Orientation sessions for new MPs. • Encourage on-budget financing for donors. • Conduct field visits to verify OAG's findings. • Participate in development sector round tables with donor organizations.
Inspectorate of Government	To eliminate corruption, abuse of authority and	<ul style="list-style-type: none"> • Staffing and system challenges to handle the various cases of public interest. 	<ul style="list-style-type: none"> • The public often has limited trust in IGG and government officials, it is 	<ul style="list-style-type: none"> • Hold public information sessions about IGG's mandate and processes.

Institution	Institutional mandate	Key challenges	Lessons learned	Best practices
	abuse of public office.	<ul style="list-style-type: none"> Limited public trust in public officials and institutions. Lack of adequate evidence to pursue prosecution, or costly processes for obtaining the required evidence. Limited coordination with other government institutions tasked with accountability and good governance. Limited interactions with the donor sector (especially health) to understand challenges, and establish working relationships. 	<ul style="list-style-type: none"> important that IGG engages with the public to build trust. IGG staff are not immune to corruption tendencies, it is important that controls are put in place and prevent, detect and penalize corruption amongst staff. 	<ul style="list-style-type: none"> Maintain a hotline for anonymous reporting of corruption cases. Publicise cases, investigations and convictions to demonstrate transparency to the public. Work with the criminal investigations team of Uganda Police to gather evidence. Establishment of a separate unit to follow-up on IGG recommendations and court orders.
Anti-Corruption Division of the High Court	To adjudicate corruption and corruption related cases	<ul style="list-style-type: none"> Staffing challenges to handle the several cases brought forward. Limited interest from donors to pursue criminal prosecution. 	<ul style="list-style-type: none"> Justice delayed is often seen as justice denied by the public, it is important that cases are disposed of quickly. 	<ul style="list-style-type: none"> The staffing and case allocations among staff is designed to ensure timely and expeditious disposal of cases.

Source: Primary data collected through interviews and discussions with staff as well as documents review

3.4 Alternative audit and accountability mechanisms used by health development partners

Several health development partners have established alternative mechanisms for obtaining assurance that their funds are being utilized for the intended purposes and are achieving the set objectives.

Examples of three such institutions are described below:

- The Global Fund to fight AIDS, Tuberculosis and Malaria: The Global Fund relies on in-country structures like the LFA and the Country Coordinating Mechanism (CCM) to provide both financial and programmatic oversight over Global Fund resources. These act as the first layer of defence for Global Fund resources invested in Uganda, and report directly to the Global Fund Secretariat in Geneva, Switzerland. Findings from these oversight roles are often shared with GoU (especially MoH and MoFPED) as well as well HDPs. It should be noted that OAG also conducts audits of Global Fund grants, as part of the responsibility of the GoU PR (MoFPED). These audit reports are shared with the LFA, the CCM and the Global Fund Secretariat.
- GAVI – the Vaccine Alliance: Gavi has established fiduciary agent within the MoH to provide oversight over Gavi resources availed to GoU. This is in addition to internal audit function performed by MoH and the external audit function performed by OAG.
- USAID: Unlike Global Fund and Gavi funds that have both OAG and their own assurance mechanisms, USAID funds are not audited by OAG at all. Since USAID provides its funding directly to third-party organizations contracted by USAID, the audit function is limited to those institutions. There is also very limited sharing of audit findings with GoU institutions including the OAG.

4 SUMMARY OF FINDINGS

The OAG has the Constitutional mandate to conduct the audit and accountability functions for government programs in Uganda, including donor-supported government-managed health programs. The OAG has the capacity, staffing and resources to perform this task and reports to Parliament. The OAG’s report is discussed within the PACs of Parliament, with cases of misuse of public funds and/or abuse of office referred to the IGG for further investigations. The IGG might work with the Criminal Intelligence and Investigation Division of the Uganda Police to conduct further investigations, and can refer cases to the Anti-Corruption Division of the High Court for prosecution. In the last 10 years, we have seen cases involving mismanaged of donor-funded health programs identified by the OAG, investigated by both Parliament and the IGG, and culprits convicted and sent to prison by the Anti-Corruption Court.

5 DISCUSSION AND RECOMMENDATIONS

Accountability involves both answerability and enforcement. In Uganda, the Constitution has established mandates for institutions such as the OAG, the Parliament, the IGG and the Anti-Corruption Court to ensure that public money is spent most economically and efficiently to avoid wastage or theft.

Our findings indicate that the audit and accountability institutions strive to combat corruption as it is one of the worst enemies of development – diverting resources, weakening public institutions, eroding the credibility of state action and ultimately destroying citizen’s trust in government.

When internal capacity is limited, it was noted that the OAG relied on external private firms to conduct audits of donor funded programs in the health sector. It is also important to acknowledge that despite the challenges with the existing audit and accountability structures, the affected institutions have identified a range of best practices for enforcing accountability for government resources.

Nevertheless, four recommendations are suggested here:

- a) Enhance internal capacity of OAG to conduct audits of donor funded health programs, especially for the Global Fund and Gavi grants. Whereas the reliance on external and private audit firms ensures that these audits are completed on time and with the right expertise, it does not strengthen the internal capacity within OAG to audit donor funded health programs.
- b) Build capacity of Parliament’s PAC to competently and expeditiously review, discuss and debate OAG’s findings and develop appropriate recommendations: MPs will benefit from capacity building interventions to improve their capacity to utilize and follow-through on audit findings presented by OAG.
- c) Harmonize collaboration and coordination between OAG, Parliament, IGG and development partner organizations (especially in the health sector): To ensure value for money, and sharing of lessons from different audits, OAG and development partners should be supported to develop a mechanism through which audit findings specific to the health sector are routinely shared and recurring challenges discussed. These platforms can also be utilized for sharing lessons learned and emerging best practices in enforcing accountability and governance in the development sector.
- d) Ensure legal framework has follow through: Parliament should be guided on how to ensure the existing legal framework can be strengthened to enforce audit findings that highlight mismanagement of GoU and/or donor funds.

6 CONCLUSION

This mapping exercise indicated that the OAG is the SAI in Uganda, whose results are primarily utilized by the Parliament of Uganda and the Inspectorate of Government to ensure efficient and correct use of GoU funds in the public sector. The Anti-Corruption Court is mandate with adjudicating corruption and corruption related cases, often produced by the IGG.

In addition to the OAG, development partner institutions have established different mechanisms to provide oversight, including independent audits and verifications, over the funds directed to their sectors of interest (including the health sector). This exercise identified challenges of coordination and harmonization of these dual streams, as well as challenges with the capacity (including competencies and legal framework) to act on the audit findings. Support to strengthen the audit and accountability functions in Uganda should address capacity gaps as well as alignment of different initiatives.

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3. The Global Fund. Role of Local Fund Agent in the programs funded by the Global Fund. 2022.
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7. Office of the Auditor General Uganda. Report of The Auditor General on The Financial Statements of China Uganda Friendship Hospital Naguru for the Year ended 30th June 2020 [Internet]. 2020b. Available from: https://www.oag.go.ug/storage/reports/HLT_VFM_RRH_2019_20_1655456321.pdf
8. Office of the Auditor General Uganda. Report of The Auditor General on The Financial Statements of Moyo District Local Government for the Year ended 30th June 2020 [Internet]. 2020c. Available from: https://www.oag.go.ug/storage/reports/PSM_LA_DLG_2019_20_1645867262.pdf
9. World Bank Group. Financial Management Arrangements for Externally Funded Projects in The Health Sector: A Cost-Benefit Analysis Uganda Case Study. 2016.

APPENDICES

Appendix 1: List of Respondents

#	Name of organization	Nature of organization (GoU institution or NGO)	Name of respondent	Role of the respondent in the organization
1.	OAG	GoU	David Galiwango	Audit team
2.	OAG	GoU	Anthony Kimuli	Audit team
3.	MoFPED	GoU	Johnson Mutesigensi	Team Lead, FCU
4.	PwC/LFA	Private	Norbert Nuwahereza	Senior Manager
5.	Gavi FA	Private	Nathan Musinguzi	Associate
6.	Ministry of Health	GoU	Calvin Kantu	Internal Auditor
7.	Ministry of Health	GoU	Edbert Oyesiga	Internal Auditor
8.	Directorate of Public Prosecutions	GoU	Irene Nakimbugwe	Office of DPP
9.	BACKUP Health	NGO	Agnes Bantangira	Technical Advisor
10.	Parliament of Uganda	GoU	Jackson Atima	MP
11.	TASO	NGO	Mary Tabaaro	Technical Advisor
12.	Action for Health Uganda	NGO	Chleophus Orikiriza	MEAL Coordinator
13.	Action For Fundamental Change and Development (AFFCAD)	NGO	Prudence Atukwatse	Executive Director
14.	Development Network of Indigenous Voluntary Associations (DENIVA)	NGO	Fredrick Olinga	Coordinator, Civil Society Strengthening
15.	Sexual Reproductive Health and Rights Alliance Uganda (SRHR Alliance Uganda)	NGO	Charles Owekmeno	Country Director
16.	Uganda National NGO Forum	NGO	Sarah Pacutho	Team Leader, Civil Society Strengthening
17.	Uganda Water and Sanitation Network (UWASNET)	NGO	Kwebiha Bernadette	Monitoring Evaluation and Learning officer
18.	Parliament of Uganda	GoU	Sharon Balmoyi	MP
19.	PwC/LFA	Private	Josephine Kahangirwa	Senior Manager
20.	Country Coordinating Mechanism	GF/NGO	Andrew Musoke	CCM Board
21.	Ministry of Health	GoU	Stavia Turyahabwe	Program Manager
22.	Ministry of Health	GoU	Hudson Balidawa	Technical Officer
23.	Ministry of Health	GoU	Jimmy Ameny	Supply Chain, Gavi
24.	IGG	GoU	Lisa Adupet	Judicial Officer

Appendix 2: List of documents and websites reviewed

Key documents

1. The Constitution of the Republic of Uganda, 1995
2. The National Audit Act, 2008
3. The National Audit, 2008
4. The Local Government Act, 1997
5. The Public Finance Management Act, 2015
6. The Third National Development Plan 2020/21 – 2024/25 (NDP III)

Websites

1. Uganda's Office of the Auditor General: www.oag.go.ug
2. The Global Fund to Fight AIDS, Tuberculosis and Malaria: www.theglobalfund.org
3. Uganda's Ministry of Finance, Planning and Economic Development: www.finance.go.ug
4. Uganda's Office of the Prime Minister: www.opm.go.ug
5. Uganda's Parliament: www.parliament.go.ug
6. Gavi – the Vaccine Alliance: www.gavi.org