



Civil Society Budget Advocacy Group

CSO ISSUE PAPER

ON FY 2016/17 FINANCING FOR THE OFFICE OF THE AUDITOR GENERAL

June 2016

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Acronyms

CSBAG	Civil Society Budget Advocacy Group
FY	Financial Year
LG	Local Government
MDAs	Ministries, Departments and Agencies
MFPED	Ministry of Finance, Planning and Economic Development
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
OAG	Office of the Auditor General
PBO	Parliament Budget Office
PPDA	Public Procurement and Disposal Act (PPDA)
UNRA	Uganda National Roads Authority
VF	Vote Function

1.0 Background and rationale:

The Civil Society Budget Advocacy Group (CSBAG) is a coalition of civil society organizations (CSOs) formed in 2004 to bring together CSOs at national and district level to influence government decisions on resource mobilization and utilization for equitable and sustainable development. CSBAG has made important strides towards ensuring that the budget-making process in Uganda is participatory and citizens' concerns are prioritized in the budget allocations and implementation. Since 2004, CSBAG members have influenced the budget process ensuring that both the local and national budgets incorporate the views of the poor and that they are gender-sensitive through strengthening citizens' voices and promoting their participation in the budgeting process.

Over the years, CSBAG has undertaken a number of activities geared at strengthening the civil society budget advocacy and making tangible impact on the budget process. In this regard the CSBAG has prepared this position paper based on the FY 2016/17 Budget for the Office of the Auditor General (OAG) to ensure that the views of the citizens are incorporated in the final preparations for the FY 2016/17 budget.

1.1 Objectives of the Report

The major objective of the position paper is to provide policy makers with key issues and recommendations on pro-poor and gender sensitive budgeting, which civil society would like to be addressed in the national budget for FY 2016/17. It will form part of the advocacy tools being developed by civil society to enhance pro-poor and gender sensitive budgeting in Uganda.

The report will be disseminated to all stakeholders including Cabinet Ministers; Ministry of Finance, Planning and Economic Development; Parliament; Donor Community and Civil Society.

The specific objectives of the position paper are:

- Provide a review and analysis of the policy options/proposals contained in the budgets for FY 2016/17 for OAG.
- Provide key policy recommendations for policy makers on improving pro-poor and gender sensitive budgeting in Uganda.



SECTION 1:

OFFICE OF THE AUDITOR GENERAL (OAG)

1.1 OAG Mandate

The office of the Auditor General derives its mandate from Article 163 of the Constitution of the Republic of Uganda. Article 163 (3) mandates the Auditor General to audit and report on the Public Accounts of Uganda and of all public offices, including the courts, the central and local government administrations, universities and public institutions, and any public corporation or other bodies or organization established by an Act of Parliament; and to conduct financial and value for money audits in respect of any project involving public funds.

Table 3 : Half Year Financial Performance FY 2015/16 and Budget projections FY2016/17 (UGX Billion)

Expenditure Category	FY 2015/16			FY 2016/17	
	Approved Budget	Half Year Release	Perf	Budget Eat	Yr – Yr change
Wage	19.59	9.79	50.0%	19.19	(0.04)
N/ wage	22.29	16.05	72.0%	22.99	0.70
Sub Total Recurrent	41.88	25.85	61.7%	42.18	0.30
GoJ-Dev't	4.94	0.02	0.4%	4.83	(0.11)
External	-	-	-	-	-
Total Dev't	4.94	0.02	0.4%	4.83	(0.11)
Grand Total	46.82	25.87	55.2%	47.01	0.19

Source: MPS FY 2016/17 for OAG and PBO computations


During the FY2015/16 the Office of the Auditor General's Budget amounted to UGX 46.82 billion of which UGX 25.87 billion was released, indicating a release performance of 55.2% by end of December 2015. The release performance for locally financed development projects was 0.4%. all the key performance indicators performed as expected except the indicator of growth in tax register which performed below the expected 50% be first half of the financial year.

There has been significant improvement in the quality and number of audit reports produced by OAG. However, there is a large backlog of audit reports that are not debated in parliament creating a missing step in the accountability cycle.

In FY 2016/17, the office was allocated UGX 47.01 billion as compared to UGX 46.82 billion in FY 2015/16. The increase is due to the non-wage recurrent budget increasing by UGX 0.7 billion. However, the wage bill will decline by UGX 0.4 billion, creating a wage bill shortfall.

OUTPUT PERFORMANCE ANALYSIS

In FY 2015/16, the Office of the Auditor General (OAG) planned to conduct a total of 2,212 financial audits, 10 Value for Money (VfM) audits and 6 specialised on Government's accounts for FY 2014/15. As of December 2015, OAG had completed 1,518 financial audits, 11 VfM audits and 4 specialised audits. Findings of the OAG raised 24 key challenges that the Central Government continues to face including nugatory expenditure; unsustainable pension liabilities; escalating liabilities; and outstanding court awards and compensations and other liabilities. The findings of OAG's offices also identified other key fiscal challenges with Statutory Corporations (7) and Local Authorities (12).



1.2 CSBAG Observations and recommendations OAG 2016/17 Budget

CSBAG observed that:

2.2.1 Performance during the FY 2015/16.

During the half year period of the FY 2015/16 OAG achieved more than 50% of its outputs. However, there is a large backlog of audit reports that are not debated in parliament creating a missing step in the accountability cycle.

CSBAG recommends that government should support OAG by having parliament discuss all the audit reports which are still lying undiscussed.

2.2.2 Fixed salary structure.

The enhanced salary structure of OAG since the commencement of the National Audit Act in 2008 has been fixed. The office proposed an annual salary increment of 5% since 2008 cumulatively to cater for inflationary pressures but this has never been provided for despite the numerous recommendations by parliament.

Recommendation

CSBAG recommends that government provides funds to OAG to cater for its unfunded priorities including a wage shortfall of UGX 0.392 billion to effectively fulfill its mandate.

2.2.3 Operational funds for Directorate of forensic investigations and IT Audit.

Following the creation of the Directorate of Forensic investigations and IT Audit, the approved staff establishment increase by 47m, from 481m to 528m. However, there were no operational funds which have put huge strain on the available OAG staff. The estimate of these additional resources is UGX 5.343 billion. This will enable the office to operate effectively and efficiently.

Recommendation

CSBAG recommends that government provides UGX 5.34 billion to facilitate the directorate to enable it perform its functions

2.2.4 Inadequate funding

Section 13 of the National Audit Act, 2008 requires the Auditor General to report on all public accounts of Uganda and of all public offices. However, due to inadequate funding, the office has suffered an accumulation of audit backlog combined with emergence of new audit area. The MTEF provision for audit execution is UGX 3.4 billion. However, the office requires UGX 9.88 billion to cover the entire population as required by law. This implies additional funding of UGX 6.43 billion is required to enable the office effectively cover its audit scope.

Recommendation

CSBAG recommends that government provides UGX 6.43 billion to enable the Auditor General fulfill his mandate.

2.2.5 Outstanding legal commitment

The office has an outstanding legal commitment amounting to UGX 8 billion. However, this money is not provided for in the budget. CSBAG took note of the increasing amounts in awards against government which have reached very high levels across various government departments.

Recommendation

CSBAG recommends that government provides UGX 8 billion to OAG to settle this court award.





References

- Ministerial Policy Statement, Office of the Auditor General , 2016 Kampala, Uganda
- Ministerial Policy Statement Ministry of Finance Planning and Economic Development, Kampala Uganda, March 2016, Kampala, Uganda
- National Budget Framework Paper FY 2016/17, Ministry of Finance Planning and Economic Development, Kampala Uganda
- Background to the Budget FY 2016/17, Ministry of Finance, Planning and Economic Development, June 2016 Kampala Uganda

VISION

A Uganda with a people centered budget that dignifies humanity

MISSION

Working towards ensuring that budgets at local and national levels are financed, designed, implemented and monitored to promote prudent and transparent allocation of national resources for the benefit of marginalized groups.

OBJECTIVES

1. To influence Government decisions on resource mobilization and utilization for equitable and sustainable development.
2. To advocate for increased transparency and accountability in national priorities, financing and public spending at all levels.
3. To build and strengthen the capacity of CSBAG to carry out its mandate



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