

TELEPHONE

General Lines: +256 - 41 - 7336000
Auditor General: +256 - 41 - 7336004 Sec.

Email: info@oag.go.ug
Website: www.oag.go.ug



OFFICE OF
THE AUDITOR GENERAL
APOLLO KAGWA ROAD,
PLOT 2C,
P.O. Box 7083,
KAMPALA.

VISION: "To be an effective and efficient Supreme Audit Institution (SAI) in promoting effective public accountability"

MISSION: "To Audit and report to Parliament and thereby make an effective contribution to improving public accountability and value for Money Spent"

IN ANY CORRESPONDENCE ON
THIS SUBJECT PLEASE QUOTE NO:.....

DCG.287/346/01

15th December, 2017

The Rt. Hon. Speaker of Parliament
Parliament of Uganda
Kampala

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE MUNICIPAL INFRASTRUCTURE DEVELOPMENT PROJECT FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2017

In accordance with Article 163, (4) of the Constitution of Uganda 1995 (as amended), I forward herewith audited Financial Statements of the above project for the financial year ended 30th June, 2017 together with my report and opinion thereon.

John F. S. Muwanga
AUDITOR GENERAL

- Copy to:
- " The Inspector General of Government, Kampala
 - " The Hon. Minister of Ethics & Integrity, Kampala
 - " The Permanent Secretary/Secretary to the Treasury
Ministry of Finance, Planning & Economic Development
 - " The Permanent Secretary, Ministry of Lands, Housing, Urban Development
 - " The Accounting Officer, Ministry of Lands, Housing, Urban Development
 - " The Project Coordinator, USMID

|| The IDA



OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF THE UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT
PROGRAM (USMID) PROJECT FOR THE YEAR ENDED 30TH JUNE 2017 (IDA
CREDIT NO.5223 – UG) IMPLEMENTED UNDER THE MINISTRY OF LANDS,
HOUSING AND URBAN DEVELOPMENT

OFFICE OF THE AUDITOR GENERAL

UGANDA

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF THE UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT
PROGRAM (USMID) PROJECT FOR THE YEAR ENDED 30TH JUNE 2017 (IDA
CREDIT NO.5223 – UG) IMPLEMENTED UNDER THE MINISTRY OF LANDS,
HOUSING AND URBAN DEVELOPMENT.**

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the accompanying Financial Statements of Municipal Infrastructure Development project, IDA Credit No.5223 - UG which comprise the Statement of Fund balance as at 30th June 2017, Statement of receipts and payments and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 16 to 24.

In my opinion, the financial statements of the Municipal Infrastructure Development project for the year ended 30th June 2017 are prepared in all material respects in accordance with IDA guidelines and the cash basis of accounting as described under Note 2.0 to the financial statements.

Basis of Opinion

I conducted my audit in accordance with 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 project/program in accordance with the Constitution of the Republic of Uganda (1995) as amended, the National Audit Act, 2008, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics 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 Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in my audit of the financial statements of the current period.

I have determined that there are no key audit matters to communicate in my report.

Emphasis of Matter

Without qualifying my opinion, I draw your attention to the Summary statement on Budget performance and the summary of fund balance as amplified in the cash book and bank balances in the financial statements;

• **Funding Gap**

A review of the Summary statement on Budget performance revealed that whereas the program budgeted for UGX.124,061,339,158 only UGX.105,820,960,552 was realized, resulting into a funding gap of UGX.18,240,378,606 (14.7%). Under funding negatively impacts on the performance of the project since all the planned activities may not be implemented.

Management explained that the expenditure budget for 2016/17 included UGX.16,754,527,825 which was rolled over from previous years. This leaves a funding gap of UGX.1,485,850,781 that is attributed to normal budget shortfalls and fluctuation in foreign exchange rates between the United States Dollars (USD), Special Drawing Rights (SDR) and Uganda Shillings (UGX).

Management explained that the shortfall arose from normal budget shortfalls and foreign exchange losses due to the fact that the loan agreement was denominated in SDR while the disbursements are made in USD.

I advised management to liaise with the World Bank and Ministry of Finance planning and economic development (MoFPED) with a view of limiting foreign exchange related losses.

• **Under-absorption of Funds by the Project Management Unit**

A review of the fund balance, cash book and bank balances in the financial statements revealed that UGX.275,932,296 and USD.1,338,850 remained un-utilized by the project at the year end.

This could threaten the attainment of the project objective of enhancing the institutional performance of Program Local Governments (LGs) in order to improve urban service delivery. Further, such unutilized funds may attract a service charge of 0.75% per annum.

Management explained that the apparent under absorption of funds was due to activities which were procured, but whose implementation spanned over the financial year 2016/17 such as GIS installation, the consultancy for engineering designs for the Municipal

infrastructure and renovation of the Ministry of Lands headquarters for which a contractor had already been procured.

I advised management to review the progress of the project with the view of fast tracking activities to avoid under-utilization of funds.

Other matter

In addition to the matters raised above, I consider it necessary to communicate the following matter other than those presented or disclosed in the financial statements

- **Under-absorption of funds by the Municipal Councils (MCs)**

All the 14 Municipal Councils (MCs) failed to utilize or absorb all their Municipal Development Grants (MDG) and Capacity Building Grants. The total un-spent balances at the close of the financial year amounted to UGX.125,626,338,586 and this comprised grants received during the year amounting to UGX.100,626,338,586 and un-spent balances brought forward from the prior year amounting to UGX.25,287,856,752. Notable among the poor performing MCs were Mbarara, Hoima, Fort Portal and Jinja which failed to even utilize funds brought forward from the previous year.

Management attributed the under-absorption of funds to delays in the procurement process; delayed execution of works by some contractors and delayed submission of certificates by contractors after completion of works.

I recommended to the Project management to design strategies to improve absorption of funds by the Municipal Councils. Municipal Councils that fail to utilize previous year funds should not be advanced more funds.

Responsibilities of the Accounting Officer 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 the Project.

The Accounting Officer is responsible for the preparation of the financial statements in accordance with the requirements of the IDA guidelines and the cash basis of accounting as described under Note 2.0 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Project's ability to continue delivering its mandate, disclosing, as applicable, matters related to delivery of services, unless Government either intends to discontinue the Project's operations, or has no realistic alternative but to do so

Auditors' 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:-

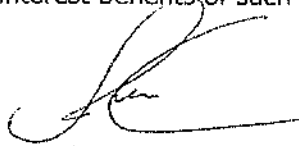
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management'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 Project's ability to deliver its mandate. 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 Project to fail to deliver its mandate.

- 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 achieves fair presentation.

I communicate with the management 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 management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with management, 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.



John F.S. Muwanga

AUDITOR GENERAL

15th December 2017.



THE WORLD BANK
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MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT

UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM

Funded by:

INTERNATIONAL DEVELOPMENT ASSOCIATION/THE WORLD BANK

FINANACIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED

30 JUNE 2017

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1.1 Background and Key Performance Highlights

The Government of Uganda (GOU), represented by the Ministry of Finance, Planning & Economic Development (MOFPED), secured a long-term loan from the International Development Association (IDA) to the tune of approximately US\$150 Million) to finance the five-year of the Uganda Support to Municipal Infrastructure Development (USMID) Program. The pertinent Financing Agreement was signed on 22nd May 2013 was declared effective on 4th October 2013. GOU is providing counterpart funding worth UGX 10 Million through interventions aimed at enhancing urban service delivery such as Local Government Service Delivery and Uganda Road Fund Grants release to the Municipal Councils that are participating in USMID Program. As such, the Government of Uganda is not required to make a Special fund to co-finance USMID Program directly.

Over the duration of the Program, USMID Program has been implemented through the 14 participating Municipal Local Governments which are allocated 85% of the Program funds. The participating Municipalities are; Arua, Fort Portal, Entebbe, Gulu, Hoima, Jinja, Lira, Kabale, Masaka, Mbale, Mbarara, Moroto, Soroti, and Tororo. All the 14 Municipalities operate using IFMS after USMID Program supported installation of IFMS in 12 Municipalities that had not yet been connected to the system at the commencement of the Program.

1.2. USMID Program Objectives

1.1 Program Objectives and Results

The Program Development Objective is to enhance the institutional capacity of the 14 Municipal Local Governments to improve urban service delivery. The Program's expected outcomes are:

- i) Strengthened capacities of participating municipalities in fiduciary, safeguards, urban planning and own source revenue (OSR) generation;
- ii) Increase in total planned infrastructure completed by the 14 participating Municipal LGs; and
- iii) Enhanced capacity of MLHUD for urban development, management and back-stopping for the implementation of the Program.

The support to the Municipalities focuses on the following seven result areas:

- i) Improved linkage between Municipal Physical Development Plan, Five year Development Plan and Budgeting.

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- ii) Increased Municipal Own Source Revenue (OSR).
- iii) Improved procurement performance.
- iv) Improved Municipal Accounting and core financial management.
- v) Improved Execution/Implementation of budget for improved urban service delivery.
- vi) Improved accountability and transparency (monitoring and communication).
- vii) Enhanced environmental and social sustainability (Environmental, social and resettlement due diligence).

Improvements in these seven thematic areas constitute the core results of the Program accounting for around 85% of Program financing. Funds are disbursed in direct proportion to results achieved in these areas.

2.0 Key Performance Highlights

The performance highlights are demonstrated by achievement of the Program objectives and results.

2.1 Strengthened Capacities of Participating Municipalities

The first USMID Program expected outcome is strengthened capacities of participating municipalities development in fiduciary, safeguards, urban planning and own source revenue (OSR) generation. This result is measured through annual performance assessment by an independent verification Agency. The assessment is made based on minimum conditions and performance assessment indicators as indicated in the Program Appraisal Document and Program Operation Manual.

The annual targets were initially 50% (for 2013/14), then increased to 60%, 70%, and 80% for 2014/15, 2015/16 and 2016/17 respectively. The target for 2016/17 was achieved as all Municipalities met the minimum conditions and achieved performance level of 84.48 % (well above the target of 80%) for institutional performance (triggering release for DLI1 & 2 as detailed in table 1). Similarly, the minimum conditions for Municipal capacity building were met and capacity building plans implemented leading to release of allocated funds in DLI 4. Performance in infrastructure is highlighted in section 2.2 of this report.

The central Government had 2 performance areas; having successfully implemented capacity building plan up to 80% of planned activities and, ensuring that all 14 municipalities had Town Clerks in post and appointed as Accounting Officers. The 2 targets were achieved.

Based on the above highlighted results, the World Bank/International Development Association (IDA) released funds as indicated in the table below:

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Table 1: Funds Disbursed by IDA in 2016/17 based on Results achieved

Disbursement Linked Indicator (DLI)	2016/17 (PY 4) (Disbursed SDRs)	2016/17 (PY 4) (Disbursed USD)	2016/17 (PY 4) (Disbursed) Equivalent in UGX.	Remarks
DLI 1: Program Minimum Conditions met:	3,600,000	4,964,652	17,922,791,139	All 14 Program municipalities met the minimum conditions for accessing development grants
DLI 2: Municipal Institutional Improvement:	7,708,670	10,630,796	38,378,022,880	Based on the overall performance score of 84.48% which was above the target of 80%.
DLI 3: Urban Infrastructure Delivery:	6,238,753	8,603,677	31,059,963,051	This is based on the overall infrastructure performance score of 71.3% (provided by the VFM and APA reports) below the target of 80%.
DLI 4: Municipal Capacity Building Plan Implementation:	1,600,000	2,206,512	7,965,684,950	All municipalities had approved capacity building plans and utilized the funds on acceptable areas
Total Funds to Municipal LGs	19,147,423	26,405,637	95,326,462,020	Funds available to Municipal LGs
DLI 5: MLHUD Capacity Building Plan Implementation:	1,300,000	1,792,791	6,325,504,494	Approved CBP for MLHUD
DLI 6: Town Clerks in Post:	856,800	1,181,587	4,168,994,039	All 14 municipalities had Town Clerks in post. Funds to be used for CB and systems development at MLHUD
DLI 7: IFMS Roll out:	-	-	0	Rollout of IFMS to 12 municipalities was completed and all allocated funds disbursed.
Total Funds to Centre	2,156,800	2,974,378	10,494,498,532	Funding available for the MLHUD (Central Gov't)
Total	21,304,223	29,380,015	105,820,960,552	Total Disbursed by IDA for FY 2016/17

The performance against the targets over the previous 4 year period of USMID Program implementation demonstrated in table 2 below

**MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
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Table 1.3.1 Funds Projections and Actual Disbursements FY2013/14 to FY2016/17 in SDRs

DLI	Year 1 FY2013/14		Year 2 FY2014/15		Year 3 FY2015/16		Year 4 FY2016/17		Cumulative disbursement
	Projected	Disbursed	Projected	Disbursed	Projected	Disbursed	Projected	Disbursed	
A: Municipalities									
DLI 1: Program Minimum Conditions met:	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	14,400,000
DLI 2: Municipal Institutional Improvement:	7,300,000	7,300,000	7,300,000	7,899,904	7,300,000	7,559,224	7,300,000	7,708,670	30,467,798
DLI 3: Urban Infrastructure Delivery:	-	-	-	-	7,000,000	7,798,571	7,000,000	6,238,753	14,037,324
DLI 4: Municipal Capacity Building Plan Implementation:	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	6,400,000
Subtotal to municipalities	12,500,000	12,500,000	12,500,000	13,099,904	19,500,000	20,557,795	19,500,000	19,147,423	65,305,122
Difference (Disbursed - Projected)		0		599,904		1,057,795		-352,577	1,305,122
Actual Disbursements as % of Projected:		100		105		105		98	
B: MLHUD									
DLI 5: MLHUD Capacity Building Plan Implementation:	2,600,000	2,600,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	6,500,000
DLI 6: Town Clerks in Post:	800,000	800,000	800,000	856,800	800,000	856,800	800,000	856,800	3,370,400
DLI 7: IFMS Roll out:	1,850,000	1,300,000	1,850,000	975,000	-	1,425,000	-	-	3,700,000
Subtotal to MLHUD	5,250,000	4,700,000	3,950,000	3,131,800	2,100,000	3,581,800	2,100,000	2,156,800	13,570,400
Difference (Disbursed - Projected)		-550,000		-818,200		1,481,800		56,800	720,400
Actual Disbursements as % of Projected:		90		79		171		103	
Total	17,750,000	17,200,000	16,450,000	16,231,704	21,600,000	24,139,595	21,600,000	21,304,223	78,875,522
Difference (Disbursed - Projected)		-550,000		-218,296		2,539,595		(295,777)	2,025,522

**MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
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DLI	Year 1 FY2013/14		Year 2 FY2014/15		Year 3 FY2015/16		Year 4 FY2016/17		Cumulative disbursement
	Projected	Disbursed	Projected	Disbursed	Projected	Disbursed	Projected	Disbursed	
Actual Disbursements as % of Projected:		97		99		112		99	
% of Total Credit Disbursed		18		17		25		22	81

2.2 **Increase in total planned infrastructure completed by the 14 participating Municipal LGs**

This assessment is made on all infrastructure implemented in the 14 participating Municipalities funded by USMID and non-USMID resources. Therefore, the results in the annual performance do not reflect performance of USMID program but institutional performance of the Municipalities. However, since the final performance in value for money (VFM) audit is weighted, and considering that USMID program contributes over 80% of Municipal infrastructure development funds basket, performance in USMID significantly impacts on the final score. In the assessment tool 50% of the score is based on implementation of Municipal infrastructure plans while 50% is based on VFM report by the auditor General. The release for 2016/17 was based on the VFM report for 2014/15 while the release for 2017/18 will be based on VFM report for 2015/16. The most recent VFM results are indicated in Table 2 below.

Table 2.10.1 Value for Money Audit Results for FY2015/16

No.	Municipality	Performance Measure FY 2015/16			Municipal Total Score (%)
		Economy (Max 30)	Efficiency (Max 35)	Effectiveness (Max 35)	
1	Lira	15.36	33.74	28.61	77.72
2	Gulu	15.07	31.73	28.80	75.60
3	Entebbe	16.08	27.94	28.06	72.08
4	Arua	13.90	30.88	24.82	69.60
5	Mbarara	15.67	29.78	24.03	69.49
6	Jinja	19.92	23.71	25.07	68.71
7	Kabale	13.86	24.17	29.87	67.89
8	Masaka	23.64	22.41	18.46	64.51
9	Soroti	24.18	13.50	26.65	64.33
10	Fort Portal	16.17	19.44	22.91	58.53
11	Mbale	21.83	14.28	22.12	58.24
12	Moroto	16.96	15.97	23.80	56.73
13	Hoima	16.36	23.14	15.16	54.66
14	Tororo	16.35	17.99	16.02	50.36
Average:		17.53	23.48	23.88	64.89

- i) The assessment of economy shows that there were wide disparities in unit costs across all the participating municipalities resulting from disparities in the Engineer's estimated rates, contractors' rates for the USMID projects, SFG Projects and URF funded projects.

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- ii) Efficiency improvement is still hampered by a quite a number of projects not being executed within the planned timelines and weaknesses in supervision and certification of works.
- iii) The results for effectiveness show that although quality of works was good in some of the municipalities, quality control still poses a big challenge in various municipalities. The necessary control measures need to be enforced to achieve the expected quality and the functionality of the constructed infrastructure.

The civil works for Infrastructure sub-projects had progressed well for both the initial (batch 1a) and subsequent (batch 1b), as indicated in table 3 and table 4 below:

Table performance of batch 1 (a) infrastructure subprojects as at June, 30 2017

Cluster	No.	Municipality	Infrastructure sub projects
1	1	Arua	Enyau Road and Idi Amin Road: Total 1.68 km. Completed and commissioned
	2	Gulu	Ring Rd, Labour Line Rd, Acholi Lane Rd, Alokolum Rd, and Cemetery Rd: Total 3.637 km. Completed and commissioned
	3	Lira	Aduku Rd, Oyite Ojok Rd, Imat Maria Rd, Maruzi Rd, Awange Mola Rd, Ambobhai Rd: Total 2.285 km. Completed and commissioned
2	4	Mbale	Republic Street, Pallisa Rd, Mugisu Hill, Nabuyonga Rise: Total 3.142 km; The municipality is in the process of engaging a new contractor to complete outstanding civil works left by Plinth technical services limited whose contract elapsed.
	5	Soroti	Cemetery Rd, Central Avenue, Alanyu Rd, Liverpool Rd, Serere Rd: Total 2.862 km; The municipality is in the process of engaging a new contractor to complete outstanding civil works left by Plinth technical services limited whose contract elapsed.
	6	Tororo	Kashmir Rd, Tagore West, Bazaar Street, Obuya Lane, Park Lane and Tagore East: Total 1.503 km; Substantially completed.
3	7	Entebbe	Church Rd, Nyondo Rd, Basude Rise, Fulu Rd: Total: 2.193 km. Completed and commissioned
	8	Jinja	Nalufenya-Clive Road West: Total 2.22 km. Completed and commissioned
	9	Masaka	Yellow knife Rd Kabula Street Drainage: Total 1.559 km. Completed and commissioned
4A	10	Kabale	Nkunda Rd, Keita Rd, Nyerere Rd, Nyerere Av., Kigongi Rd. Total 2.439 km.
	11	Mbarara	Akiki-Nyabongo Rd, McAllister Rd, Constatino Lobo Rd and Buremba Rd. Total 3.43 km. Substantially completed
4B	12	Fort Portal	Nyakana Rd, Kagote Rd: Total 0.613 km; Municipality has engaged new contractor to complete outstanding civil works left by Plinth technical services limited whose contract elapsed.
	13	Hoima	Rukurato Rd, Main Street, Old Toro Rd, Coronation Rd, Persy Rd, Government Road, Kabalega Rd: Total 2.732 km; Municipality has engaged new contractor to complete outstanding civil works left by Plinth technical services limited whose contract elapsed.
5	14	Moroto	Construction of Moroto Municipal Council bus terminal and parking yard. Phase I completed.
		Total	Road length of 30.295 km and a bus terminal

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Table 4.2.2 Batch 1(b) Infrastructure Sub-Projects

Cluster	No.	Municipality	Infrastructure sub.projects
1	1	Arua	Lemerijoa Rd: Total 0.875 km. Completed and technical hand over done.
	3	Gulu	Kabalega Rd, Adonga Rd, Crane Av, Philip Turner Rd, Odur Min Odyek Rd, Commercial Rd, School Rd, Salvatore Olwochi Rd, Oponya Walter Rd and Muroti Rd (10 No.): Total 4.046 km. Completed and technical hand over done.
	4	Lira	Oyam Rd, Rwot Aler Rd, Aroma Lane: Total 0.990 km. Completed and technical hand over done.
3	2	Entebbe	Gabunga Rd, Lutwama Rd, Muwawula Rd, Serumaga Rd (4 No.): Total: 1.0 km:
	5	Masaka	Budu Str (645 m dual); Edward Av (630 m dual); Jathabai str (320 m) and Sese str drainage (275 m) (4 No.): Total 1. 870 km.
5		Moroto	Construction of Moroto Municipal Council bus terminal and parking yard. Phase 2 completed.
		Total	Road length of 8.781 km

Indicator	Arua	Entebbe	Fort Portal	Gulu	Hojima	Jinja	Kabale	Lira	Masaka	Mbale	Mbarara	Moroto	Soroti	Tororo	Average
Physical progress (%)	100	100	55	100	94	100	80	100	100	90	100	100	74	99	92
Financial progress (%)	100	100	50	100	89	100	59	100	100	88	75	100	68	95	87
Time elapsed (%)	100	100	100	100	100	100	88	100	100	100	100	100	100	100	99
Time extension (months)	2	3	6	6	6	6	5	5	3	15	2	3	15	15	7

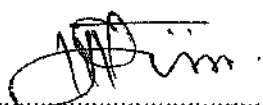
As noted in table 3 above, the average progress for infrastructure subprojects was at 92% for batch 1 (a).

COMENTARY ON THE FINANCIAL STATEMENTS BY HEAD OF FINANCE

The Financial statements have been prepared under the historical cost convention and comply with the requirements of the Government of Uganda cash accounting frame work.

There were no material receivables at the end of the financial year. The comparative payables emanated from deposit of funds held by the Ministry on behalf of the Municipalities in the FY 2015/16 for purposes of acquiring the specialised equipment. The equipment was delivered and paid for during the FY 2016/17. Therefore, the substance of recognising the payables during 2015/16 FY was on the basis that, the Ministry had funds which would be used to pay specified Firms or release it to Municipalities.

The operating risks were identified and actions taken to strengthen the operating environment. The control systems were maintained throughout the financial year. The financial statements represent the actual transactions and affairs that took place and in pursuance of the USMID Program Development Objectives as articulated in the annual work plan and Budget.



.....
Kawuma Joseph (CPA)

Finance & Accounting Specialist


STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

Management is required to prepare financial statements, which presents fairly, in all material respects funding and expenditure of USMID Program in accordance with the Financing agreement signed between Government of Uganda and IDA/World Bank.

Management accepts the responsibility for the period Financial Statements, which have been prepared using appropriate accounting policies in conformity with the terms and conditions of the financing agreement and organization policies and procedures. Management also accepts the responsibility for safeguarding the assets of the project against fraud and other irregularities. Management further accepts the responsibility for the maintenance of accounting records which may be relied upon in the preparation of the Financial Statements as well as adequate systems of internal financial control.

Management accepts the responsibility that the Program funds have been expended in accordance with the intended purposes as specified in the Financing Agreement.


.....
Eng. Dr. Isaac Mutenyoo
PROGRAM COORDINATOR


.....
Kawuma Joseph (CPA)
Finance & Accounting Specialist



.....
Dorcas W. Okalany
PERMANENT SECRETARY

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
 UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM
 STATEMENT OF FUND BALANCE AS AT 30TH JUNE, 2017


	Note	2017 (UGX)	2016 (UGX)
Opening Reserve Balance		14,783,382,352	11,756,455,837
Surplus/(Deficit) for the Year		<u>(9,698,504,525)</u>	3,026,926,515
Balance as at 30th June		<u>5,084,877,827</u>	<u>14,783,382,352</u>
Current Assets			
Cash and Cash Equivalents	8.1	5,083,607,827	16,754,527,825
Receivables	8.2	<u>1,270,000</u>	<u>136,455,440</u>
		5,084,877,827	16,890,983,265
Less: Current Liabilities	8.3	<u>0</u>	<u>2,107,600,913</u>
Net Current Assets		<u>5,083,607,827</u>	<u>14,783,382,352</u>



 Eng. Dr. Isaac Mutenyoo
 PROGRAM COORDINATOR



 Kawuma Joseph (CPA)
 Finance & Accounting Specialist




 Dorcas W. Okalany
 PERMANENT SECRETARY

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM
STATEMENT OF RECEIPTS AND PAYMENTS FOR THE FINANCIAL
YEAR ENDED 30TH JUNE, 2017

	Note	2017 (UGX)	2016 (UGX)
Receipts			
IDA - Municipal Development Grants	6.1	87,360,777,180	90,631,667,573
IDA - Municipal Capacity Building Grants	6.2	7,965,684,840	7,466,577,537
IDA - MLHUD Capacity Building Grants	6.3	10,494,498,532	18,360,066,462
GoU Contribution to VAT	6.4	<u>4,489,744,035</u>	<u>21,438,711,900</u>
Total Receipts		<u>110,310,704,587</u>	<u>137,897,023,472</u>
Payments			
IDA - Municipal Development Grants	7.1	87,360,777,180	90,631,667,573
IDA - Municipal Capacity Building Grants	7.2	7,965,684,840	7,466,577,537
IDA - Central Government Grants (DLI 5 , 6 & 7)	7.3	20,683,832,392	15,675,254,719
IDA - MLHUD Capacity Building Grants		0	0
GoU Contribution to VAT		<u>4,489,744,035</u>	<u>21,438,711,900</u>
Total Payments		<u>120,500,038,447</u>	<u>135,212,211,729</u>
Surplus/(Deficit) for the year		(10,189,333,860)	2,684,811,743
Foreign Exchange Differences - Gain/(loss)	8.4	<u>490,829,335</u>	<u>342,114,772</u>
Surplus/(Deficit) net of Forex differences		<u>(9,698,504,525)</u>	<u>3,026,926,515</u>



 Eng. Dr. Isaac Mutenyo
 PROGRAM COORDINATOR



 Kawuma Joseph (CPA)
 Finance & Accounting Specialist



 Dorcas W. Okalany
 PERMANENT SECRETARY

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2017

	Note	2017 (UGX)	2016 (UGX)
CASH FLOWS FROM OPERATING ACTIVITIES			
MDG and MCBG Grants Receipts		95,326,462,020	98,098,245,110
Central Government USMID Grants		10,494,498,532	18,360,066,462
GoU Contribution to VAT on USMID Infra.		4,489,744,035	21,438,711,900
Cash payments to employees and suppliers		<u>(20,683,832,392)</u>	<u>(15,675,254,719)</u>
		89,626,872,195	122,221,768,753
<i>(Increase)/Decrease in operating Assets</i>			
(Increase)/Decrease in Receivable to Staff		135,185,440	(15,767,763)
Increase/(Decrease) in Liabilities		(2,107,600,913)	2,107,600,913
Foreign Exchange gains		<u>490,829,335.48</u>	<u>342,114,772</u>
<i>Net cash from operating activities</i>		<u>88,145,286,058</u>	<u>124,655,716,675</u>
CASH FLOWS - INVESTING ACTIVITIES			
USMID (MDG & MCBG) transferred to MCs		(95,326,462,020)	(98,098,245,110)
GoU Contribution to VAT on USMID		<u>(4,489,744,035)</u>	<u>(21,438,711,900)</u>
<i>Net cash from Investing activities</i>		<u>(99,816,206,055)</u>	<u>(119,536,957,010)</u>
Net increase/(decrease) in Cash		(11,670,919,997)	5,118,759,665
Cash and Cash Equivalents at the beginning of FY		16,754,527,825	11,635,768,160
Cash and Cash Equivalents at the end of FY		5,083,607,827	16,754,527,825

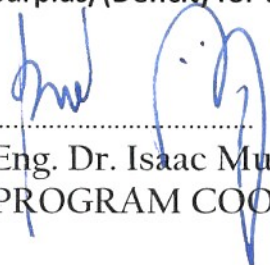
.....
Eng. Dr. Isaac Mutenyo
PROGRAM COORDINATOR


.....
Dorcas W. Okalany
PERMANENT SECRETARY

.....
Kawuma Joseph (CPA)
FINANCE & ACC. SPECIALIST

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM
SUMMARY STATEMENT ON BUDGET PERFORMANCE FOR FY
ENDEDE 30TH JUNE, 2017

Receipts	Note	Annual Budget	Actual Perf.	Variance
IDA – Mun. Development Grants	6.1	87,445,764,550	87,360,777,180	84,987,370
IDA – Mun. Capacity Building Grants	6.2	8,008,000,000	7,965,684,840	42,315,160
IDA - Central Government CB Grants	6.3	<u>28,607,574,608</u>	<u>10,494,498,532</u>	<u>18,113,076,076</u>
Total		<u>124,061,339,158</u>	<u>105,820,960,552</u>	<u>18,240,378,606</u>
Payments				
IDA - Municipal Development Grants	7.1	87,445,764,550	87,360,777,180	84,987,370
IDA – Mun. Capacity Building Grants	7.2	8,008,000,000	7,965,684,840	42,315,160
IDA - MLHUD Capacity Building Grants	7.3	<u>28,607,574,608</u>	<u>20,683,832,392</u>	<u>7,922,472,216</u>
Total		<u>124,061,339,158</u>	<u>116,010,294,412</u>	<u>8,049,774,746</u>
Surplus/(Deficit) for the year			<u>0</u>	<u>(10,189,333,860)</u>
			<u>10,190,603,860</u>	


 Eng. Dr. Isaac Mutenyo
 PROGRAM COORDINATOR


 Kawuma Joseph (CPA)
 Finance & Accounting Specialist

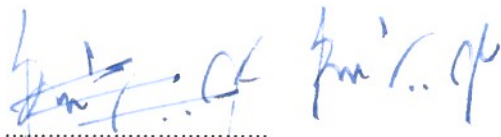

 Dorcas W. Okalany
 PERMANENT SECRETARY

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM
STATEMENT OF SPECIAL ACCOUNT ACTIVITY/RECONCILIATION
STATEMENT AS AT 30TH JUNE, 2017

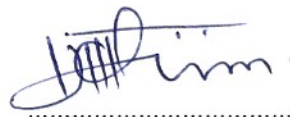
Program Implementing Agency	Ministry of Lands, Housing and Urban Development	
Project Name:	Uganda Support to Municipal Infrastructure Development Program	
IDA Credit No.:	5223-UG	
Report:	Designated Account Activity & Reconciliation Statement	
Period of Report:	From: 1st July 2016 to: 30th June, 2017	
DA Deposit Bank	Bank of Uganda (BOU)	
Account No:	000120088400024	
Currency of DA:	Unites States Dollars (US\$)	
		US\$
PART I		
1. Cumulative advances to the end of current reporting period		112,289,120.50
2. Cumulative expenditures to the end of last reporting period		74,493,218.56
3. Outstanding advance to be accounted for (Line 1 minus Line 2)		37,795,901.94
PART II		
4. Opening DA balances at the beginning of reporting period as of 01/07/2016		4,934,531.93
5. Add/subtract: cumulative adjustments (if any)		0
6. Add: advances from World Bank during current reporting period		29,380,014.82
7. Add line 5 and 6		29,380,014.82
8. Outstanding Advance to be accounted for (Line 4 + Line 7)		37,795,901.94
9. Closing DA balances at end of current reporting period, as of 30/06/2017		1,415,875.67
10. Add/subtract: cumulative adjustments (if any)		0
11. Add/subtract: Expenditures for the current reporting period		36,380,026.27
12. Add line 10 and line 11		36,380,026.27
13. Add line 9 and 12		37,795,901.94
14. Difference (if any), Line 8 minus line 13		0.00

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM

	US\$
PART III	0
15A. Total forecast amount to be paid by World Bank	
15B. WA No..... (Cumulative adjustments)	0
15C. Total adjusted forecast amount to be paid by World Bank (Line 15A minus Line 15B)	0
16. Less: Closing DA balance after adjustments	0
17. Direct payments/SC payments	-
18. Add Line 16 and Line 17	-
19. Cash Requirements from the World Bank for the next two reporting Periods (Line 15C minus Line 18)	-
PART IV	
20. Designated Account Balance per Accounting records	1,415,875.67
21. Designated Account Balance as per bank Statement	1,415,875.67
22. Difference (21-20)*	0.00
23a. Deposits into DA not reflected in bank statement	0
23b. Deduct unrepresented effects/Un cleared EFTs	0
24. Deduct payments from DA not reflected in Bank Statement	0
Sub-totals (23b+24)	0
Reconciled DA Cash Balance	1,415,875.67



.....
 Eng. Dr. Isaac Mutenyo
 PROGRAM COORDINATOR



.....
 Kawuma Joseph (CPA)
 Finance & Accounting Specialist



.....
 Dorcas W. Okalany
 PERMANENT SECRETARY

Notes forming part of the Financial Statements for the year ended 30th June, 2017

1.0. REPORTING ENTITY

Uganda Support to Municipal Infrastructure Development (USMID) is a World Bank funded Project. Implementation is executed by Ministry of Lands, Housing and Urban Development in partnership with 14 Municipal Local Government and other Central Government Ministries, Departments and Agencies (MDAs).

2.0. BASIS OF ACCOUNTING / FINANCIAL REPORTING

The financial statements have been prepared under the historical cost convention and comply with the requirements of the Government of Uganda cash accounting frame work.

3.0. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the reporting period and have not changed from those that were applied in the previous year(s).

3.1. Revenue Recognition;

Income of the Project mainly comprises of Loan proceeds from International Development Association.

3.1. Property, Plant and Equipment;

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributed costs which have been incurred in bringing the assets to the present location and condition necessary for their intended service.

3.2. Depreciation;

UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM

All Property and Equipment of the Project are expensed (or depreciated at 100 percent in the year of acquisition). As such, no Project Assets have been recognized in the financial statements in line with cash accounting policy adopted.

3.6. Inventories;

These are stated at the lower of cost or net realizable value. At close of the year the Project had no inventories held in stores in respect of unused inputs that would qualify for disclosure.

3.8. Foreign Currency transactions;

The financial statements have been prepared in Uganda Shillings. Monetary assets and liabilities expressed in foreign currencies are translated into Uganda Shillings at the spot rate of exchange ruling at the date of transaction. The closing cash balances on designated (dollar account) were translated at the ruling foreign exchange rate on 30th June, 2017 (UGX 3,590.90/USD). The funds transferred from designated account to operational (UGX) account are translated at the spot foreign exchange rate used in the transaction. The income and expenditure items which occurred on the designated (US\$) account were translated at the annual average rate (UGX 3528.30/USD).

3.9. Taxation;

The current Income Tax legislation does not impose tax on the income received by Government as loans and grants from Development Partners. Therefore, the current taxes such as pay as you earn (PAYE), and withholding tax were deducted and paid to Uganda Revenue Authority and are reported as part of expense from the source where the taxes were withheld.

3.10. Cash and Cash Equivalents;

For purposes of presentations in the statement of Cash flows, cash and cash equivalents comprises of cash in hand and demand deposits held with Bank of Uganda.

3.11. Comparatives;

Where deemed appropriate, comparative figures have been adjusted to conform to changes in presentation in the current period.

**MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM**

3.12. Reporting Currency;

The Financial Statements have been presented in Uganda shillings expressed in full values.

4.0. CONTINGENT ASSETS AND LIABILITIES

There were no litigation cases registered by or against the Project or the Ministry of Lands, Housing and Urban Development regarding execution of this Project. Hence there is no disclosure regarding contingent liabilities or assets disclosed in the financial statements.

5.0. OTHER KEY DISCLOSURES

5.1 Statement of reconciling total expenditure as per performance and appropriation

5.2 Statement of Revenues collected during the Year

USMID Program is fully funded by the International Development Association/World Bank. There were no revenues collected by the Program

5.3 Statement of Outstanding Commitments

The following key commitments were outstanding as at 30th June, 2017.

Invoice Date	Completion certificate Date	Contractor/ Payee	Description	Amount in USD	Equivalent in UGX.
28/06/2017	28/06/2017	Sivan Designs	35% Contract sum to set up GIS unit (Certificate 3)	469,174	1,684,756,917
28/06/2017	28/06/2017	URA	6% WHT deducted from Sivan	25,134	90,253,681
10/06/2017	12/06/2017	Ferdous Jhan	80% completion for devt of MLARR -Certificate 2	9,622	34,551,640
10/06/2017	12/06/2017	URA	6% WHT from Ferdous	1,698	6,097,348
TOTAL					1,815,659,586

5.4 Statement of Losses of Public Monies and Stores Written Off, and Claims abandoned during the Year

There were no public monies lost, and no stores were written off, nor were there claims abandoned.

5.5 Statement of Losses of Public Monies and Stores Reported

There were no reported losses of public monies and stores.

5.6 Statement of Stores and other assets Acquired

There were no Non-Current assets acquired and all stores were charged to expenditure.

6.0 Receipts/Withdrawals from IDA/World Bank

	2017 (UGX)	2016 (UGX)
6.1 IDA Municipal Development Grants		
DLI#1 Program LGs have met all Minimum Conditions	17,922,791,156	17,515,297,340
DLI#2 Program LGs have strengthened Institutional perf.	38,378,021,138	36,778,348,913
DLI#3 Program LGs have strengthened Institutional perf.	31,059,964,887	36,338,021,320
Total	<u>87,360,777,180</u>	<u>90,631,667,573</u>
6.2 IDA Municipal Capacity Building Grants		
DLI#4 Program LGs Implemented their CBG utilizing the Financing	<u>7,965,684,840</u>	<u>7,466,577,537</u>
Total	<u>7,965,684,840</u>	<u>7,466,577,537</u>

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM

	2017 (UGX)	2016 (UGX)
6.3 IDA _ MLHUD Capacity Building Grants		
DLI#5 MLHUD has Executed Capacity Building Activities for Program LGs	6,325,504,494	7,621,203,908
DLI#6 Program LGs with Town Clerks in Place	4,168,994,039	5,022,959,622
DLI#7 Program LGs with Functional IFMS	<u>0</u>	<u>5,715,902,931</u>
Total	<u>10,494,498,532</u>	<u>18,360,066,462</u>
6.4 VAT Contribution to USMID Program by Government of Uganda		
Quarter 1 Release	<u>4,489,744,035</u>	<u>21,438,711,900</u>
Total	<u>4,489,744,035</u>	<u>21,438,711,900</u>
7.0 Payments/Expenditure Notes		
7.1 Transfer of Mun. Dev. Grants		
Arua	5,761,392,014	5,978,459,725.00
Entebbe	4,716,174,938	4,476,461,524.00
Fort Portal	3,296,297,262	-
Gulu	19,664,659,438	20,563,376,340.00
Hoima	6,614,771,497	8,193,155,502.00
Jinja	5,119,949,571	5,391,907,848.00
Kabale	3,125,241,202	3,615,636,975.00

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM

	2017 (UGX)	2016 (UGX)
Lira	9,385,087,431	9,253,225,709.00
Masaka	6,968,257,174	7,661,500,167.00
Mbale	5,357,213,739	6,235,129,960.00
Mbarara	9,038,299,897	10,441,719,236.00
Moroto	1,130,563,700	1,176,993,517.00
Soroti	3,499,086,285	3,840,185,797.00
Tororo	<u>3,683,783,032</u>	<u>3,803,915,273.00</u>
Total	<u>87,360,777,180</u>	<u>90,631,667,573</u>

	UGX	
7.2 IDA - Municipal Capacity Building Grants to Program Municipal Councils	2016 (UGX)	2015 (UGX)
Arua	725,038,973	137,464,691.98
Entebbe	462,475,833	128,805,131.91
Fort Portal	633,660,952	220,675,675.97
Gulu	669,817,492	338,395,106.66
Hoima	642,989,327	413,685,355.46
Jinja	725,297,129	61,229,279.82

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM

	2017 (UGX)	2016 (UGX)
Kabale	704,923,354	322,556,964.32
Lira	579,232,679	457,751,933.03
Masaka	256,665,641	-
Mbale	243,555,672	325,698,634.08
Mbarara	477,531,094	273,631,448.36
Moroto	574,745,674	268,033,685.09
Soroti	537,720,586	454,393,940.67
Tororo	732,030,434	444,905,698.65
MCBG used to procure specialised Equipment for Municipal LGs	-	1,511,749,078.32
MCBG - held with MLHUD for Equipment	-	<u>2,107,600,913.16</u>
Total	<u>7,965,684,840</u>	<u>7,466,577,537</u>

7.3 IDA - MLHUD Capacity Building Grants	2016 (UGX)	2015 (UGX)
Outreach Activities to the 14 Municipalities	2,239,357,830	2,887,778,126
Development of Systems for Urban Management	9,017,512,386	1,841,436,284
Capacity Building of MLHUD	469,959,368	1,411,763,479

**MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM**

	2017 (UGX)	2016 (UGX)
Retooling MLHUD	130,550,155	1,226,023,893
Program Management	7,105,096,957	5,665,408,751
Installation of IFMS in 12 Municipal Councils	568,215,409	2,642,844,186
Grants Transferred to Moroto by MLHUD	<u>1,153,140,287</u>	=
	<u>20,683,832,392</u>	<u>15,675,254,719</u>

7.4 VAT Releases to Municipal Local Governments as Government Contribution

	2016	
	UGX	
Municipal LG		0
Arua	521,840,678	1,146,046,929
Entebbe	499,238,332	1,284,754,084
Fort Portal	0	1,448,459,730
Gulu	2,327,106,150	2,638,130,616
Hoima	0	1,640,772,070
Jinja	0	1,361,294,315
Kabale	0	1,758,035,480
Lira	302,516,130	1,687,881,929
Masaka	839,042,745	1,066,192,928
Mbale	0	1,933,143,208
Mbarara	0	2,361,290,979
Moroto	0	927312067
Soroti	0	1,163,663,151
Tororo	<u>0</u>	<u>1,021,734,414</u>
Total	<u>4,489,744,035</u>	<u>21,438,711,900</u>

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM

	2017 (UGX)	2016 (UGX)
8.1 Cash at Bank	2017 (UGX)	2016 (UGX)
Cash at UGX Bank Account	275,932,296	1,864,816,918
Cash at US\$ Bank Account	4,807,675,531	<u>14,889,710,907</u>
	<u>5,083,607,827</u>	<u>16,754,527,825</u>
8.2 Receivables (MLHUD)	2017 (UGX)	2016 (UGX)
ARSDP (Salaries for Project Engineer)	<u>1,270,000</u>	<u>136,455,440</u>
	<u>1,270,000</u>	<u>136,455,440</u>
8.3 Liabilities (Deposit of MCBG for Procurement of Equipment)	2017 (USD)	2016 (Equiv. UGX)
Geo Civil Engineering Ltd	0	7,634,732
Geo Information Communication Ltd	0	1,587,100,832
Venefir Srl	0	328,229,057
Mfi Document	<u>0</u>	<u>184,636,674</u>
	<u>0</u>	<u>2,107,601,295</u>
 <i>The Funds for Municipal LGs was withheld by MLHUD for Specialised Equipment which had been delivered at close of FY. The funds are were initially accounted for as deposits with MLHUD (Liability) but payments were effected and liability account closed.</i>		
8.4 Foreign Exchange Gain on Designated Account		
Gain on USD Receipts translated to UGX		342,114,772
	490,829,335	
	<u>490,829,335</u>	<u>342,114,772</u>

**MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM**

ANNEXTURES

Annex I: Detailed Trial Balance

Item	Item	Debit	Credit
1.1	MCBG	7,965,684,840	
1.2	MDG	87,360,777,180	
2.1	Support MCs to link Municipal Physical Development Plans, Five year Development Plans and Budgets	273,637,660	
2.2	Support Municipalities to review and update ten year physical development plans in all the 14 municipalities	494,983,499	
2.3	Review and Develop OSR Enhancement framework for Urban Local Governments	201,913,750	
2.4	Build Capacity of MCs in Procurement Planning and Management	197,259,110	
2.5	Build capacity of Municipal Councils in Financial Management	36,121,000	
2.6	Build Capacity in Environment and Social Safeguards Assessment, MDFs, management and reporting for Municipalities	573,298,311	
2.7	Build Municipalities Capacity for M&E	308,763,200	
2.8	Enhance Professional and Administrative Capacity at Municipalities and MLHUD for Program Implementation	153,381,300	
3.1	Develop a GIS-based urban development management system	2,046,070,601	
3.2	Annual Lands, Housing and Urban Development Sector Review	680,019,777	
3.3	IEC on USMID/ MLHUD	222,770,021	
3.4	Development of Masterplans, Strategies and Engineering designs for second Batch of Municipal Infrastructure Investments	5,419,670,227	
3.5	Support to Establishment of the Physical Planning Registration Board	400,621,352	

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM

Item	Item	Debit	Credit
3.6	Develop urban development database	55,650,065	
3.7	Develop a National Resettlement Policy	67,426,628	
3.8	Implementation of the National Housing policy	90,919,245	
3.9	Implementation of the National Urban Policy (NUP)	34,394,470	
4.1	Training of MLHUD staff	140,806,359	
4.2	International capacity building activities	329,153,009	
5.1	Procurement of office furniture and equipment	40,071,956	
5.2	Renovation of MLHUD Headquarters at Paliament Avenue	90,478,199	
6.1	Program Committees	873,124,693	
6.2	Provide adequate office space for PST	-	
6.3	Emoluments for PST Staff	2,547,723,312	
6.4	Municipal Performance Assessment	1,029,906,215	
6.5	Program Audits	1,158,387,904	
6.6	Program Reviews	564,548,539	
6.7	Back-up support, Program operational and monitoring activities	716,972,870	
6.8	Program Specific Professional activities and international forums	214,433,424	
7.1	Procure IFMS for 12 MCs (Follow up activities/invoices)	568,185,409	
8.1	Transfer to Moroto to enable completion of Bus terminal in time	1,153,140,287	
	Opening Reserve Balance		14,783,382,352

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM

Item	Item	Debit	Credit
	DLI#1 Program LGs have met all Minimum Conditions (Receipt)		17,922,791,156
	DLI#2 Program LGs have strengthened Institutional perf. (Receipt)		38,378,021,138
	DLI#3 Program LGs have strengthened Institutional perf. (Receipt)		31,059,964,887
	DLI#4 Program LGs Implemented their CBG utilizing the Financing (Receipt)		7,965,684,840
	DLI#5 MLHUD has Executed Capacity Building Activities for Program LGs (receipt)		6,325,504,494
	DLI#6 Program LGs with Town Clerks in Place (Receipt)		4,168,994,039
	Foreign Exchange Gain		490,829,335
	Receivable	1,270,000	
	Closing Cash Balance (UGX)	275,932,296	
	Closing Cash Balance (USD)	4,807,675,531	
	Totals	121,095,172,239	121,095,172,239

Annex 2: Inventories

There were no inventories in stores for the USMID Program.

MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM

Annex 3: Detailed Receipts Analysis for the Financial Year 2016/17 (UGX)

No.	Item	Key Activity/ Sub Activity	Annual budget FY2016/17	Actual Expenditure	Budget Balance	%
1.0		Transfer Grants to Municipal Councils	95,453,764,550	95,326,462,020	127,302,530	99.9
1.1		MCBG	8,008,000,000	7,965,684,840	42,315,160	
1.2		MDG	87,445,764,550	87,360,777,180	84,987,370	
2.0		Outreach activities to the 14 municipal LGs	2,467,181,417	2,239,357,830	227,823,587	90.8
2.1		Support MCs to link Municipal Physical Development Plans, Five year Development Plans and Budgets	276,525,636	273,637,660	2,887,976	99.0
2.2		Support Municipalities to review and update ten year physical development plans in all the 14 municipalities	499,416,538	494,983,499	4,433,039	99.1
2.3		Review and Develop OSR Enhancement framework for Urban Local Governments	247,185,641	201,913,750	45,271,891	81.7
2.4		Build Capacity of MCs in Procurement Planning and Management	212,292,103	197,259,110	15,032,993	92.9

**MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM**

No.	Item	Key Activity/ Sub Activity	Annual budget FY2016/17	Actual Expenditure	Budget Balance	%
2.5		Build capacity of Municipal Councils in Financial Management	66,296,757	36,121,000	30,175,757	54.5
2.6		Build Capacity in Environment and Social Safeguards Assessment, MDFs, management and reporting for Municipalities	620,015,181	573,298,311	46,716,870	92.5
2.7		Build Municipalities Capacity for M&E	386,497,039	308,763,200	77,733,839	79.9
2.8		Enhance Professional and Administrative Capacity at Municipalities and MLHUD for Program Implementation	158,952,522	153,381,300	5,571,222	96.5
3.0		Development of systems for urban development	11,520,400,519	9,017,512,386	2,501,618,133	78.3
3.1		Develop a GIS-based urban development management system	3,350,227,288	2,046,070,601	1,304,156,687	61.1
3.2		Annual Lands, Housing and Urban Development Sector Review	681,401,005	680,019,777	1,381,228	99.8
3.3		IEC on USMID/ MLHUD	398,387,410	222,770,021	175,617,389	55.9
3.4		Development of Masterplans, Strategies and Engineering designs for second Batch of Municipal Infrastructure Investments	5,786,997,698	5,419,640,227	367,357,471	93.7

**MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM**

No. Item	Key Activity/ Sub Activity	Annual budget FY2016/17	Actual Expenditure	Budget Balance	%
3.5	Support to Establishment of the Physical Planning Registration Board	601,119,999	400,621,352	200,498,647	66.6
3.6	Develop urban development database	58,969,822	55,650,066	2,049,757	96.5
3.7	Develop a National Resettlement Policy	459,599,886	67,426,628	392,173,258	14.7
3.8	Implementation of the National Housing policy	148,414,411	90,919,245	57,495,166	61.3
3.9	Implementation of the National Urban Policy (NUP)	35,283,000	34,394,470	888,530	97.5
4.0	Capacity Building of MLHUD	472,012,446	469,959,368	2,053,078	99.6
4.1	Training of MLHUD staff	142,560,962	140,806,359	1,754,603	98.8
4.2	International capacity building activities	329,451,484	329,153,009	298,475	99.9
5.0	Retooling of MLHUD	4,385,927,409	130,550,155	4,255,377,254	3.0
5.1	Procurement of office furniture and equipment	558,762,758	40,071,956	518,690,802	

**MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM**

No.	Item	Key Activity/ Sub Activity	Annual budget FY2016/17	Actual Expenditure	Budget Balance	%
5.2		Renovation of MLHUD Headquarters at Pallament Avenue	3,827,164,652	90,478,199	3,736,686,453	
6.0		Program Management	8,039,867,318	7,105,096,957	934,770,361	88.4
6.1		Program Committees	921,118,351	873,124,693	47,993,658	
6.2		Provide adequate office space for PST	470,911,616	-	470,911,616	
6.3		Emoluments for PST Staff	2,826,469,981	2,547,723,312	278,746,669	
6.4		Municipal Performance Assessment	1,030,998,303	1,029,906,215	1,092,088	
6.5		Program Audits	1,161,220,505	1,158,387,904	2,832,601	
6.6		Program Reviews	576,783,691	564,548,539	12,235,152	
6.7		Back-up support, Program operational and monitoring activities	800,133,761	716,972,870	83,160,891	
6.8		Program Specific Professional activities and international forums	252,231,110	214,433,424	37,797,686	

**MINISTRY OF LANDS HOUSING AND URBAN DEVELOPMENT
UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID) PROGRAM**

No. Item	Key Activity/ Sub Activity	Annual budget FY2016/17	Actual Expenditure	Budget Balance	%
7.0	Monitoring Operation of IFMS in 12 Municipalities Rollout of IFMS to 12 MCs	568,185,500	568,185,409	91	100.0
7.1	Procure IFMS for 12 MCs (Follow up activities/invoices)	568,185,500	568,185,409	91	
8.0	Support to Municipal infrastructure Sub-Projects by MLHUD	1,154,000,000	1,153,140,287	859,713	99.9
8.1	Transfer to Moroto to enable completion of Bus terminal in time	1,154,000,000	1,153,140,287	859,713	
	Total - MLHUD	28,607,574,608	20,683,802,392	7,922,502,216	72.3
	Grant Total - MLHUD & Municipal Councils	124,061,339,158	116,010,267,412	8,049,804,746	93.5

BANK OF UGANDA

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BANKING



37-45 KAMPALA ROAD,
P.O. BOX 7120,
KAMPALA

DIRECT LINE 256-414- 233722
GENERAL LINE 256-414- 258441
FAX LINE 256-414- 259343
TELEX 256-414-61059

BAN.306.7

CABLES UGABANK
Email info@bou.or.ug
Web site www.bou.or.ug

July 7, 2017

The Permanent Secretary
Ministry Lands, Housing and Urban Development,
P.O. Box 7096,
Kampala, Uganda.

CERTIFICATE OF ACCOUNT BALANCES AS AT JUNE 30, 2017

Reference is made to your letter Ref ADM 15/39/01 dated July 7, 2017 requesting for a certificate of balance.

Here below were the balances on the accounts held with Bank of Uganda as at June 30, 2017.

Account Number	Account Title	CCY	Balance
000120088000031	WORLD HABITAT DAY	UGX	57,308,878
000120088000058	ALBERTINE REGION SUSTAINABLE DEV PROJ - LOCAL ACCESS, PLANNING AND DEV	UGX	2,661,193,154
000120088400028	ALBERTINE REGION SUSTAINABLE DEV PROJ - LOCAL ACCESS, PLANNING AND DEV	USD	4,953,500.18
000120088000056	COMPETITIVENESS AND ENTERPRISE DEVELOPMENT - LAND ADMINISTRATION REFORM	UGX	1,764,501,523
000120088400025	COMPETITIVENESS AND ENTERPRISE DEVELOPMENT - LAND ADMINISTRATION REFORM	USD	8,888,162.34
000120088400027	MUNICIPAL DEVELOPMENT STRATEGY (MDS)	USD	47,069.67
000120088000055	UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT(USMID)	UGX	275,932,296
000120088400024	UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT (USMID)	USD	1,338,849.74
000120088000060	GIZ SUPPORT TO AU BORDER PROGRAMME	UGX	64,000

Attached are the copies of the statements of account for ease of reference.