

Makerere loses sh386m in salary payment to retired staff

By Taddeo Bwambale

Makerere University is losing millions in salary payments to scores of retired staff, who left the institution more than 16 years ago, in addition to excess pay to some of its existing staff.

The revelation is contained in the latest report of the Auditor General (AG) that highlights the leakages at Makerere University, which reopened four days ago after a two-month staff strike over unpaid emoluments.

The AG's report highlights the university's growing debt burden, anomalies in the management of revenue from tuition and functional fees as well as large sums of funds that remain unaccounted for.

One startling finding in the report is about how 14 former members of staff, who left the university in 2004, continue to earn salary from the institution, leading to a loss of over sh580m.

"The Makerere University finance manual requires management to update the payroll and delete all retired employees," the Auditor General, John Muwanga, writes in the latest report.

"Contrary to the above, it was observed that there were delays in payroll deletions of 14 former members of staff of the university, who had retired as far back as 2004, but continued being paid salaries, hence occasioning a loss of sh586,790,968," the report says.

Signed on December 27, 2016, the new report assesses the university's financial statements for the financial year ending June 30, 2016.

Although the university, in its response to the AG's query, stated that the payments were made to retired staff given new contracts, Muwanga says no evidence was provided to back the claim.

"I advised management to always ensure prompt deletions of staff who have left the service in future and to initiate recovery steps of the funds paid as salary after the staff exited service," the AG writes.

The 33-page report further lays bare excess salary payments to staff, over and above their entitlements, costing the university over sh170m.

Scrutiny of salary payment registers, monthly pay-slips, staff extracts from the Output Budgeting Tool (OBT) and the actual amounts paid out to staff showed excess pay of sh172,560,395, the report says.

Further verification involved checks on the Makerere University Bank of Uganda salaries account statements, which turn up the payments the AG describes as 'irregular and recoverable'.

Muwanga attributes the anomaly to 'laxity' on the part of the personnel officers and absence of a verification mechanism for salary payments.

According to the report, the university's accounting officer said the discrepancy was a result of claims for salary arrears by some staff, yet no evidence of the claims exists from the identified staff.

Besides directing immediate recovery of the excess funds, the AG has pressed the university to institute stronger controls for processing of salaries and



The Assistant Auditor General Audit, Keto Nyapendi (gesturing) introducing staff from the Auditor General's office, to Speaker of Parliament Rebecca Kadaga (third left). The Auditor General, John Muwanga (second right) and the Assistant Auditor General Corporate Affairs, Francis Masuba (right), look on after handing over the audit report to Parliament, yesterday. Photo by Kennedy Oryema



"Makerere University did not account for over sh1b collected from students as tuition and functional fees."

Auditor General Muwanga

amount was properly utilised for the intended purposes," Muwanga writes.

Grants and Investments

Out of 182 grants running at the university, the AG was given records for 79 non-bilateral grants, with declared revenue of over sh38.4b, whose accuracy he said he was unable to verify.

The university's 2015 annual report put the value of running projects from grants at \$50m, which the AG said he could not ascertain.

Investment activities and revenue from the Makerere University's Endowment Fund, set up in 2014, were not disclosed in financial statements available to the AG for verification.

"Under the circumstances, I cannot confirm the completeness and accuracy of the grants and investment revenues reported in the accounts," reads the report.

The university has about 50,000 students (about 45,000 private sponsored students). Revenue from the private-students' scheme, which started in 1995, has been critical in sustaining operations at the university.

In recent years, the university administration has made a marginal increase in tuition fees to support operations in the wake of inflation, rising costs and irregular

proper verification of payrolls before payment is done.

Staff employed in other institutions

The report further shows that several full-time staff at Makerere are formally employed at other institutions, in violation of the Uganda Public Service Standing Orders.

"Review of the university payroll revealed instances of staff under full employment by the university were also fully employed by other institutions. There is a risk that such staff not provide output commensurate to the needs of the university," the report notes.

The university, in its response captured in the report, said the matter had come to its attention and that relevant college principals had been instructed to verify the performance of the said officials.

Revenue from tuition and functional fees

The new report shows that Makerere University did not account for over sh1b in revenue collected from students as tuition and functional fees.

Although the university's cash book indicated revenue of sh86,816,793,063 from tuition and functional fees for

the period under review, the financial statements showed a figure of sh87,946,425,066.

"I was not provided with a satisfactory explanation regarding this discrepancy. Under the circumstances, I am unable to establish the accuracy of the revenue reflected in the financial statements," the AG writes.

Unaccounted-for funds

According to the AG's report, a total of sh882,316,616 advanced to staff to carry out activities remains unaccounted for.

"There is uncertainty as to whether the

UNIVERSITY LAND THREATENED

The AG's report details tracts of land belonging to the university that have no titles and are at risk of being lost to encroachers. These include a 2.96 acre piece of land at Kasangati on Gayaza road; a 322 acre Buyama farmland in Mpigi district and about 100 acres of a forest reserve in Kibaale district.

"Under the circumstances, there is a risk that the

university can lose land to encroachers if it remains untitled," Muwanga warns. The university says it has concluded boundary opening for the land.

In addition to having untitled land, the AG warns that the university land in the suburbs of Katanga, Bwaise, Makindye and Kabanyoro is threatened by encroachment, partly due to budgetary constraints.

disbursements from the Government. Declining enrolment and revenue from international students, coupled with high overheads have significantly reduced the institution's capacity to finance its projects.

University debts

The new report shows that the university's debts had grown to over sh119.6b by close of the financial year. Much of the debt accrues from staff arrears, among them staff incentives (sh37.7b), retirement benefits (sh18.8b), pension arrears (sh3.2b) and suppliers (sh4b).

Of the university's total debt, only sh47.1b is disclosed in financial statements and the remaining sh72.4b is only mentioned in additional notes, the AG observes. Muwanga wants the university to work out a plan to settle the debts without further delay which could lead to unnecessary legal costs.

The AG further warns that the university risks losing that in lawsuit claims, with 47 cases proceeding in different courts. He wants the university to analyse all the cases and avoid their recurrence.

Revenue collected from short courses

During the year under review, sh2,494,991,040 was collected by various colleges from the provision of short courses, yet no evidence was provided in financial statements detailing the revenue and expenditure.

However, over sh493m was not remitted to the university administration from colleges in line with a policy in which the colleges retain 20% of funds from the scheme.

"The money remitted to the centre is critical since it would help the university cover general overhead costs and utility bills such as water, electricity and other wear and tear of university assets incurred.

For instance, the College of Computing and Information Sciences collected sh940m, but did not remit any money to the university administration, denying it sh188m.

Budget performance

For the year under review, the new report shows that Makerere generated total revenue of sh216.4b against a target of sh239.4b, accounting for a sh22.9b shortfall.

It also raises red flags over 'doubtful' expenditures and payments by cheque for online transactions uploaded onto the payment system, yet they were not cleared by the end of the financial year.

Makerere University is one Africa's oldest and most respected universities, but incidents of industrial action, management and funding challenges threaten her position as a global academic powerhouse.

Over the last 10 years, the university has suffered at least one sit-down strike every two years by either lecturers or students, often over unpaid salaries and allowances or living conditions.

In 2013, staff went on strike demanding a 100% salary increment, which would translate into sh43b per year, which the Government said was unavailable at the time.