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**EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY**

*Papers laid by the
Leader of the Majority
Party on 20/4/2016 (pm) A.A.A.*

**Report of the Oversight Activity undertaken with The
EAC Institutions on Governance, Projects Performance
and Implementation of Assembly Recommendations
(LVFO, IUCEA and CASSOA)**

by



THE COMMITTEE ON ACCOUNTS

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UGANDA

Clerk's Chambers
3rd Floor, EALA Wing
EAC Headquarters
Arusha, TANZANIA

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ACRONYMS

ACE II	-	Africa Higher Education Centers of Excellence Project II
AU-IBAR	-	African Union InterAfrican-Bureau for Animal Resources
BMUs	-	Beach Management Units
CAP	-	Collective Action Plan
CASSOA	-	Civil Aviation Safety and Security Oversight Agency
EACA	-	East African Community Affairs
EAIFFPA	-	East African Industrial Fishing and Fish Processors Association
EAQFHE	-	East African Qualifications Framework for Higher Education
EDF 11	-	European Development Fund
ES	-	Executive Secretary
F&A	-	Finance and Administration
FAO	-	Food and Agricultural Organization
FMP	-	Fisheries Management Plan
FOP	-	Flight Operations
GAAP	-	Generally Accepted Accounting Principles
ICAO	-	International Civil Aviation Organization
IEC	-	Independent Evaluation Committee
IPSAS	-	International Public Sector Accounting Standards
IUCEA	-	Inter-University Council for East Africa
IUU	-	Illegal, Unregulated and Undocumented Fishing
LAN/WAN	-	Local Area Network/Wide Area Network
LVEMP II	-	Lake Victoria Environment Management Programme II
LVFO	-	Lake Victoria Fisheries Organization
MOU	-	Memorandum of Understanding
NEPAD	-	New Partnership for African Development
NSSF	-	National Social Security Fund
PPA	-	Project Preparation Advance
RFMO	-	Regional Fisheries Management Organization
RFU	-	Regional Facilitation Unit
RSC	-	Regional Steering Committee
SIDA	-	Swedish International Development Cooperation
SOFIA	-	Safety Oversight Facilitated and Integrated Application software
STEM	-	Science, Technology, Engineering and Mathematics
STI	-	Science, Technology and Innovation
TASP II	-	Trade and Agricultural support Programme
USAP	-	Universal Security Audit Programme
USOAP	-	Universal Safety Oversight Audit Programme
VICRES	-	The Lake Victoria Research Initiative Project
VRMIS	-	VicRes Research Management Information System
WB/LVEMPI-	-	World Bank/Lake Victoria Environment Management Programme I

CONTENTS

1.0 INTRODUCTION.....	6
2.0 METHODOLOGY.....	8
3.0 PART ONE: LAKE VICTORIA FISHERIES ORGANISATION (LVFO).....	9
3.1 Meeting with LVFO Management.....	9
3.2 Governance	9
3.3 Performance of Programs and Projects	10
3.3.1 Fisheries Management and Development	10
3.3.2 Fisheries & Environmental Monitoring and Research.....	10
3.3.3 Information, Communication and Technology.....	11
3.3.4 Major Achievements	11
3.3.5 Challenges	13
3.4 Committee Findings and Recommendations	13
3.5 Status of Implementation of Assembly Recommendations.....	15
3.5.1 Harmonization of LVFO Financial manual with EAC Financial Rules and Regulations.	15
3.5.2 Fully Depreciated Assets Still in Use	15
3.5.3 Management of Gratuity Account.....	16
3.5.4 Unclaimed VAT -USD 13,118.80.....	17
3.5.5 Payment of Salary In Lieu of Leave USD. 5,500	18
3.5.6 Lack of an Investment Register	19
3.5.7 Lack of Approved Annual Procurement Plan	19
3.5.8 Long Overdue Outstanding Receivables USD.1,712,391	19
3.5.10 Insufficient funding of the Organization	21
3.5.11 Inadequate control over Cross Border Fish Trade	23
3.5.12 Lack of Harmonization of regulations between importing and exporting	24
3.5.13 Lack of adequate and robust control over illegal fishing practices.....	25
3.5.14 Lack of harmonized guidelines for development of cage/pen culture.....	26
3.5.15 Lack of Regional standards for fish feed manufactured in the region	26
3.5.16 Lack of Active ICT Steering Committee	27
3.5.17 Lack of Comprehensive Disaster Recovery Plan.....	27

3.5.18	<i>Lack of Best Practice in IT Project Management</i>	28
3.5.19	<i>Inadequate IT Staff</i>	28
3.5.20	<i>Inadequate IT Operations Planning</i>	29
3.5.21	<i>Lack of Backup Procedures</i>	29
4.0	PART TWO: THE CIVIL AVIATION SAFETY AND SECURITY OVERSIGHT	31
4.1	<i>Meeting with Cassoa Management</i>	31
4.2	<i>Governance</i>	31
4.3	<i>Programmes and Projects</i>	31
4.4	<i>Achievements</i>	32
4.5	<i>Challenges</i>	32
4.6	<i>Committee Findings and Recommendations</i>	32
4.7.1	<i>Lack of Segregation of Duties</i>	33
4.7.2	<i>Management of Bank Accounts</i>	34
4.7.3	<i>Expenditure not adequately Supported USD. 86,969.85</i>	34
5.0	CONCLUSION	36
6.0	ACKNOWLEDGMENTS	36
7.0	PART THREE: THE INTER-UNIVERSITY COUNCIL OF EAST AFRICA (IUCEA) 37	
7.1	<i>Governance</i>	37
7.1.2	<i>IUCEA structure</i>	37
7.1.3	<i>Governance Tools</i>	37
7.2	<i>PROGRAMMES AND PROJECTS</i>	38
7.3	<i>ACHIEVEMENTS</i>	39
7.3.1	<i>Support to universities academic and networking systems</i>	39
7.3.2	<i>Research and Innovation Development, Coordination and Support sys</i>	39
7.3.3	<i>Harmonization of Higher Education systems</i>	40
7.4	<i>CHALLENGES</i>	40
7.5	STATUS OF IMPLEMENTATION OF ASSEMBLY RECOMMENDATIONS	40
7.5.1	<i>Limitation of the accounting system to produce budget execution report</i>	40
7.5.2	<i>Deficiencies noted in the assets register</i>	41
7.5.3	<i>Un-procedural reallocations of funds</i>	41

7.5.4	<i>VAT not Claimed</i>	43
7.5.5	<i>Non Compliance with the NSSF Act where exemption is not granted</i>	44
7.5.6	<i>Procurement Issues</i>	44
7.5.7	<i>Shortfalls in funding of IUCEA</i>	45
7.5.8	<i>Non-Interest bearing Fixed Deposit Accounts</i>	46
7.5.9	<i>Outstanding balances of annual subscriptions fees</i>	48
7.5.10	<i>Long Outstanding Creditors</i>	49
7.5.11	<i>Wasteful Expenditure</i>	50
7.5.12	<i>Delay in accounting for staff imprest</i>	50
VICRES PROJECT		51
7.5.13	<i>Long outstanding research costs not accounted for</i>	51
7.5.14	<i>Absence of memorandum of understanding on accountability of funds</i>	52
7.5.15	<i>Absence of accounting research advances for innovation</i>	53
7.5.16	<i>Absence of research copy right policy</i>	53
7.5.17	<i>Review of IUCEA Information System</i>	54
7.5.18	<i>Lack of Payment Data Visibility in the Accounting System</i>	54

1.0 INTRODUCTION

The East African Legislative Assembly is the Legislative Organ of the East African Community responsible for, among other things, carrying out oversight function on all matters pertaining to the Community. Article 49 (2) (c) of the Treaty Establishing the EAC empowers the Committee on Accounts to discharge oversight functions on behalf of the Assembly on all financial matters of the Community. In accordance with the Rules of Procedure of the Assembly, particularly Annex 5A, the Committee on Accounts is particularly mandated to:-

- i) Carry out a post audit review and scrutiny of the expenditure incurred by the EAC Secretariat, the Organs and Institutions of the Community the sums appropriated in an annual budget approved by the EALA upon presentation by the Chairperson of the Council of Ministers of the EAC.
- ii) Carry out post audit review and scrutiny of the expenditure on the basis of an annual audit report of the Audit Commission, pursuant to provisions of Article 49(2) (c) and 134 of the Treaty for the Establishment of the EAC. This function is post budget and implementation of the budget by organs and institutions of the EAC.
- iii) Carry out post audit function that encompasses the need to monitor the implementation of the budget in a manner similar to internal audit, pursuant to Rule 72(1) of the Rules of Procedure of the Assembly.
- iv) Present a report with recommendations to the House for debate and adoption after the post audit review and scrutiny.

Mr. Speaker Sir,

Article 134(3) requires the Audit Commission to submit its reports to the Council which shall cause the same to be laid before the Assembly within six months of receipt for debate, adoption and such other action as the Assembly may deem necessary.

Over the last couple of years the Accounts Committee has expressed its disappointment on non implementation of Assembly recommendations on the EAC Audited Accounts report. It is on this premise that the Committee undertook the oversight activity to assess the implementation status of the Assembly recommendations. The Committee further assessed governance and management systems and performance of programs and projects both of which was seen as important areas that influence implementation or non implementation of the Assembly recommendations.

During the review and consideration of EAC Audited Financial Statements for the year ended 30th June 2014, a number of queries were reported especially in the institutions of the EAC namely; the LVFO, the CASSOA and the IUCEA. The issues arose largely from Unclaimed VAT, Lack procurement plans, Lack of harmonized Financial Rules and Regulations, Insufficient funding, Late remittance of contributions by Partner States, Lack of Active ICT Steering Committees, Lack of Comprehensive Disaster Recovery Plan, Lack of Best Practice in IT Project Management, Inadequate IT Staff, Inadequate IT Operations

Planning, Lack of Backup Procedures among others. It is against this background that the Committee on Accounts decided to carry out an oversight activity to assess the aforesaid EAC Institutions on governance to mitigate persistent audit queries.

The assessment mainly looked into the following:-

- (i) Governance and Management Systems;
- (ii) Performance of Programs and Projects;
- (iii) Status of implementations of Assembly recommendations on the EAC Audited Accounts for the year ended 30th June 2014; and
- (iv) Any other related matters.

Mr. Speaker Sir, Hon. Members,

You may recall that we held a planning session in July 2015 and developed and scheduled the Assembly activities, which were communicated to all EAC organs and Institutions. The letters were sent as follow up and reminder to the Institutions the Committee on accounts scheduled to oversee.

We regret to report that despite postponement requested by the IUCEA, which the Committee accepted, oversight on IUCEA did not take place owing to the fact that the Executive Secretary and his deputy were attending another meeting in Dar es salaam. The Committee was received by a junior officer who had not been officially authorized to act on behalf of the Executive Secretary. The officer could not therefore provide the necessary information to the Committee.

However, information on governance, performance of projects and programs and status of implementation of Assembly recommendations was sent and is attached as part three and marked as **Annex I**.

We pray that the Assembly avail time and resources to enable the Committee revisit the institution, interact with management to fulfill the Committee objectives as set out hereunder.

1.1 Objectives of the Assessment

- i) To assess whether the governance and management systems of the above institutions are good enough to guarantee performance and proper discharge of duties;
- ii) To establish if the said EAC Institutions are using modern governance and management and new applied technologies to assist them in carrying out their duties;
- iii) To understand any related challenges governance and management systems facing the EAC institutions;
- iv) To assess implementation of Assembly recommendations;
- v) To strengthen governance and management systems of the EAC Institutions; and
- v) To recommend on the improvement of the EAC Institutions Governance and Management.

2.0 METHODOLOGY

As a method of assessing the Governance and Management Systems, Performance of Programs and Projects and implementation of Assembly recommendations by the EAC Institutions, the Committee undertook the following:-

- (i) Observed the work place set up and environment;
- (ii) Interacted and discussed with Management of Institutions of the Community;
- (iii) Reviewed the reports of the institutions on the implementation status of the Assembly recommendations;
- (iv) Received presentations from the Management on governance, management systems and challenges faced while executing their duties; and
- (v) Held plenary discussions.

This report is divided into three (3) Parts namely:-

- The Lake Victoria Fisheries Organization (LVFO)
- The Civil Aviation Safety and Security Oversight Agency (CASSOA); and
- The Inter-University Council of East Africa (IUCEA)

3.0 PART ONE: LAKE VICTORIA FISHERIES ORGANISATION (LVFO)

3.1 MEETING WITH LVFO MANAGEMENT

The Committee met the Executive Secretary and his management team.

The Committee briefed the Executive Secretary (ES) on the purpose of the activity as a review and assessment of the governance and management systems, performance of programs and projects and status of implementation of Assembly recommendations. While doing so, the Committee sought to understand governance systems, status of Assembly recommendations and challenges faced in the process.

The ES gave an overview of the functions of the LVFO, financial status and the functions of the directorates and departments. He informed Members that LVFO is a regional inter-governmental organization formed by the Convention signed in 1994 by the three founding members of the East African Community (the Republic of Kenya, the United Republic of Tanzania and the Republic of Uganda). The Convention has been amended to bring on board all the EAC Partner States as a process to fully mainstream into EAC (The LVFO Council of Ministers 29th January 2016, Nairobi Kenya). The main objective of LVFO among others, is to ensure proper management and optimum utilization of fisheries and other living resources of the lake. In addition, He informed Members that the institution is faced with serious financial challenges of funding levels mainly precipitated by the decision by (F&A) Committee decision to keep the budget at zero increment. However he informed the Committee that remittance of contributions arrears from the three founding members have improved as indicated in table 3 of **Annex II**.

3.2 GOVERNANCE

The LVFO's new Strategic Plan of 2016-2020 focuses on enhancing the LVFO coordination role for sustainable management of fisheries and the development of aquaculture to contribute to food security and economic growth in the region.

LVFO management and governance is coordinated through a secretariat headed by the Executive Director. LVFO apex body is the Council of Ministers of the Ministries responsible for fisheries/Sectoral Council.

The Council is advised by the policy Steering Committee consisting of the Permanent/Principle Secretaries who are also advised by the executive committee whose composition is the heads of fisheries management and research institution. The Executive Committee is advised by the Technical Committees: The Scientific and Fisheries management committee (Directors of Research/Directors of Fisheries management/& BMUs and EAIFFPA - chairs.

The Technical Committees receive technical reports from the Working Groups to prepare regional reports for different thematic/program areas as per the approved programs and work-plans of the organization. The working groups consist of experts from fisheries research and fisheries management institutions who are specialists in that thematic area.

3.3 PERFORMANCE OF PROGRAMS AND PROJECTS

LVFO has put in place and is undertaking the following programs:

3.3.1 FISHERIES MANAGEMENT AND DEVELOPMENT

This Program works in form of a working group. It harmonizes fisheries policy, legislation, and institutional set up and processes from what is existing at the national level in Partner States into a regional perspective. Once a product is agreed upon, it is implemented. Under the same program, another technical working group harmonizes and works out fisheries co-management.

Monitoring control and surveillance is also another working group under the same program. This working group develops institutions including promoting community participation in development and management of the fisheries resources. It also develops, harmonises and enforces fisheries policies, laws, regulations and adopts relevant international protocols and agreements to the Lake Victoria situation.

3.3.2 FISHERIES & ENVIRONMENTAL MONITORING AND RESEARCH

Under this program, there are three major working groups:

- i) Stock Assessment (Acoustic Surveys & Environmental Monitoring);
- ii) Catch Assessment and Frame Surveys; and
- iii) Socio-economic Research and Monitoring.

Under the socio-economic research and monitoring, the activities of fisheries – catch composition, fishing effort and fishing gears and methods, fish stocks – biomass, composition, distribution and population structure of fish stock, the biological and ecological parameters of fishes, lake productivity processes, and the health of the fish habitat; and fisheries socio-economics and marketing is undertaken. These are also thematic areas that breed specific projects.

LVFO using the Fisheries Policy, Legislation, Institutions and Processes has:-

- Developed a draft Fisheries and aquaculture Policy for EAC;
- Updated Fisheries Management Plan (FMP) for Lake Victoria now they have FMP III for 2016 - 2020;
- Developed Nile perch Fishery Management Plan II;
- Developed Regional Plan of Action for illegal unreported fishing;
- Developed Regional Plan of Action for Management of fishing Capacity;
- Harmonised the regulations and management measures – sizes of fish to be caught, fishing gears to be used and methods of fishing;
- Developed a regional manual for use on Monitoring Control and Surveillance;
- Trained enforcement staff and Beach Management Units;
- Provided enforcement equipment;
- Developed regional guidelines for Beach Management Units (BMUs), LVFO Council of Ministers in their meeting on 29th Jan. 2016 directed for their review of 1069 BMUs on Lake Victoria;

- Attained membership of the Regional Chair of Beach Management Units networks who is now a member of Fisheries Management Committee;
- Attained membership of the Regional Chair of Regional Association of Fish processors and Exporters Association who is now a member of Fisheries Management Committee;
- Coordinated initiatives to ensure quality and safety of fish and fishery products;
- Fish and fishery products are exported to more than 26 countries in the world (about 70% exported to Europe);
- Have been exporting fish and fishery products for more than 16 years without any ban;
- Provided Infrastructure for improved handling although still inadequate;
- Developed a regional strategy on the development of aquaculture; and
- Developed draft Regional guidelines for the development of cage culture on Lake Victoria;

3.3.3 INFORMATION, COMMUNICATION AND TECHNOLOGY

Knowledge Management and Information Sharing are key components to efficient delivery of the organisation's services. At the LVFO, the ICT directorate collaborates with Database, Information, and Communications and outreaches Regional Working Group and is comprised of the following Cost Centres:-

- Information Systems Management;
- Networks Management and Cyber Security;
- New Technology and Projects;
- Library and Documentation;
- Communications and Outreach.

LVFO has acquired LAN/WAN hardware that supports ICT infrastructure. The program has partially developed the information database, geo-referenced the landing sites of Lake Victoria, developed the website, improved intranet and internet access and acquired a new Financial Management System.

The Committee was also informed about the following ongoing works in ICT:-

- Storage Area Networks/Network Attached Storages (Data Storage improved – Data warehousing);
- Database Management and Decision Support Systems (Data capture and Processing enhanced to allow for efficient information dissemination and consumption);
- Wide Area Network – integrating the Secretariat and the implementing institutions which will enable seamless sharing of available resources regionally;
- Automated BMU register;
- Communication, Advocacy and Information Packing Strategies and plans.

3.3.4 MAJOR ACHIEVEMENTS

The LVFO has registered achievements through management efforts. The following has been put in place:-

1. The Regional Plan of Action For Illegal, Unregulated and Undocumented Fishing (IUU).

The regional plan has prohibited the use of destructive fishing gears; of Beach seines, traps, monofilament nets and cast nets. It has also eliminated illegal fishing and the trade in undersized fish; (Mesh size restrictions (7 inches for Nile perch, 5 inches for Tilapia & 8 mm for Dagaa; Hook sizes 4-9) (Slot size for Nile perch; 50-82 cm TL; and Minimum size for Tilapia – 26 cm TL.

2. The Regional Plan of Action For The Management of Fishing Capacity.

Boats are registered and licenced – freeze fishing effort at 2006 Frame Survey, Co-management is promoted through Beach Management Units (BMUs), all fishermen must belong to a MBU and there are now 1000+ of them around the lake – with networks at different governance levels to regional level, monitoring the fish stocks and the environment, assessing the state of the fishery and the level of fishing effort, monitoring commercial fisheries, setting up closed areas and seasons, and aquatic parks, regulating fishing of the recovery species, specifically haplochromines as forage base and also for biodiversity conservation for ecosystem stability, work towards promoting alternative livelihoods- policies to encourage aquaculture and credit facilities especially to women groups and youths with preference to the HIV pre – test Groups (NGO).

3. Value Addition, Certification and Ecolabelling Initiatives.

LVFO has initiated the following:-

- improving processing and packaging Dagaa and other products to the local and regional markets;
- Certification and Ecolabel of Nile perch products – Naturland certification which ensure, socio & and ecological sustainability of the fishery – currently piloted in Bukoba & Muleba – under GIZ/ANOVA & VicFISH – currently GIZ has a study through LVFO to roll-out lakewide;
- Marine Stewardship Certification – pre-assessment study was conducted and the recommendations are being followed – to qualify.

4. Harmonised Regional Action Plan for eradication of illegalities from Lake Victoria.

- LVFO and the fishing industry are working together to eradicate processing and trade in immature fish;
- Self Monitoring Teams in Fish Processing Factories & MCS Teams at cross border Points to control regional trade of immature Nile perch;
- Fishing boats and fishers are licensed and introduce Species specific licensing system;
- Customs points control the importation of illegal fishing nets;
- Sensitizing all stakeholders on the dangers and impacts of illegalities to their livelihood.

5. Aquaculture Management and Development.

- Have in place a Regional Aquaculture Strategy and Investment Plan; and
- Currently developing Cage Culture guidelines and Standard Operating procedures / Certification.

3.3.5 CHALLENGES

1. Limited funding to implement agreed measures;
2. Inadequate equipment, funding and low compliance to fisheries laws and regulations;
3. Inadequate facilities to ensure proper fish handling, limited value addition, limited diversification of markets;
4. Aquaculture is largely still on small scale, production about 150,000 tonnes compared with Egypt of 1,000,000 tonnes a year due to inadequate skill, quality fish seed and fish feed and extension services;
5. Capacity building at the LVFO institutions require enhancement;
6. Energy availability for continuous operations is inadequate;
7. Data Integrity and Security-Data collected or processed is not reliable and secure;
8. Consumption of fish in the EAC region is low despite WHO recommendation of 25 kgs. The EAC Partner States per capita consumption is below 10 kg (Consumption for Burundi 3.6 kg, Kenya 3.45 kg, Rwanda 2.3 kg, Uganda 10 kg and Tanzania 8 kg);
9. Aquaculture production in the EAC has remained below 200,000 metric tons;
10. There is inadequate quality seed and feed;
11. There is limited innovation and technology;
12. There is inadequate access to fish farming equipment and financial services;
13. There is limited value addition and diversification; and
14. Limited networking of farmers to influence the development;

3.4 COMMITTEE FINDINGS AND RECOMMENDATIONS

1. The Committee noted and commends the efforts by LVFO to amend the convention to accommodate the Republics of Rwanda and Burundi and any other new EAC Partner State as members of LVFO.

The Committee recommends to the Assembly to urge the EAC Council of Ministers to direct LVFO to:

- i) Expedite validation of the amended convention;***
 - ii) Fast track accession of other EAC Partner States to LVFO; and***
 - iii) Adopt a new name for the LVFO as "The East African Fisheries Organization".***
2. The Committee observed and was informed that LVFO like other EAC organs and institutions is experiencing the freeze on budget increment. This has curtailed the growth and performance of EAC organs and institutions. LVFO cannot fill the positions of aquaculture and procurement experts.

The Committee recommends to the Assembly to urge the EAC Council of Ministers to lift the decision of the Finance and Administration Committee on zero increment of budget to enable implementation of LVFO activities as planned.

3. The Committee observed that remittance of contributions and arrears by Partner States is still an uphill task. Whereas the Partner States of the Republics of Kenya and Uganda are remitting their contributions through the Ministries responsible for EAC Affairs, the United Republic of Tanzania has not adopted the same method.

The Committee recommends to the Assembly to urge the EAC Council of Ministers to:-

- i) Push for harmonization of remittances of contributions and arrears through the Ministries of EAC Affairs because the mode has demonstrated effectiveness; and***
 - ii) Urge and lobby responsible authorities in the Partner States to honor and fulfill their obligations.***
4. The Committee further observed that LVFO data on fish is not updated. The organization reported that the total international trade value in fishery commodities in the EAC Region was estimated at USD 312 million in 2009.

The Committee recommends to the Assembly to urge the EAC Council Ministers to direct EAC Partner States to avail current data of fish to LVFO for updates.

5. The Committee noted that the EAC Secretariat procure software without consultation and involvement of users. Customization and linkage of such shared systems require increase of the breadth of the band width which makes it expensive and inefficiency caused by clogging.

The Committee recommends to the Assembly to urge the EAC Council of Ministers to direct EAC Secretariat to decentralize ICT systems and always involve users of software before acquiring or procurement is done.

6. The Committee noted that quality of fish is declining despite achievements and initiatives by LVFO.

The Committee recommends to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to:-

- i) Implement harmonized regulations on fish farming and handling;***
- ii) Carry out comprehensive sensitization, provide all amenities and other facilities to fish farmers; and***
- iii) Push for harmonization of enforcement structure and standards in all EAC Partner States.***

3.5 STATUS OF IMPLEMENTATION OF ASSEMBLY RECOMMENDATIONS

As earlier indicated, over the last couple of years the Accounts Committee has expressed its disappointment on non-implementation of Assembly recommendations on the EAC Audited Accounts report. Upon our visit, LVFO reported on the status of implementation. The Committee has henceforth recommended accordingly and will review the matter again during the review and consideration of EAC Audited Accounts for the year ended 30th June 2015.

3.5.1 Harmonization of LVFO Financial manual with EAC Financial Rules and Regulations.

The Audit Commission had reported that a review of LVFO's financial manual states that the threshold for capitalization of fixed assets is USD200, while EAC Financial Rules and Regulations provides for USD 250 as the threshold for assets capitalization. The financial manual does not refer to a specific financial reporting frame work such as IPSAS or IFRS instead it refers to generally Accepted Accounting principles while in the real sense the Organization is using IPSAS in the preparation of its financial statements.

LVFO Management responded that the organization is in the process of fully mainstreaming into the EAC and in the process, harmonization of the manuals is one of the priority areas. In some scenarios LVFO adopts the procedures of EAC where such appear silent in the LVFO Manual. For example, the GAAP vis-à-vis IPSASs.

The Committee recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to:-

- i.) Harmonize all its policy documents with those of the EAC and report progress to the Assembly by March 2016;
- ii.) Harmonize its calendar of meetings and other activities with the EAC Secretariat; and
- iii.) Generate through the EAC Council of Ministers, a Bill for the establishment of LVFO.

During the Committee oversight, LVFO reported that at her 9th regular sitting in January 2016, the LVFO Council of Ministers approved the amended Convention which addresses the mainstreaming of the Republics of Rwanda and Burundi into the Institution. Harmonisation of the operational manuals is one of the priority areas and this has been factored in the 2016/17 work plan.

The Committee commends progress and recommends that the Audit Commission verify the status in the subsequent audit.

3.5.2 Fully Depreciated Assets Still in Use

The Audit Commission had reported that LVFO's assets register report as at 30th June 2014 had 834 PPE at Cost of \$ 1,859,255 and Net Book Value of \$ 1,127,727. It was noted that included in the assets register were 693 assets at a cost of \$ 541,147 with zero net book

value but still in use by LVFO contrary to IPSAS 17 Paragraph 67 on Property, Plant and Equipment. The 693 assets include office furniture & fixture and office equipment.

The LVFO Management had responded that Management communicated to the Ministry of Works requesting to reassess the useful lives of all LVFO assets; the team had concluded the exercise and a report is yet to be issued to Management. All Assets with zero book values have been disclosed in the notes.

The Committee had recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to:-

- i.) Re-assess its PPE useful lives annually and identify those assets which are likely to be fully depreciated while they still have economic benefits or service potential;
- ii.) Ensure that all assets with zero book values should be disclosed by way of a note indicating both their costs and net book values; and
- iii.) Adopt a model that allows establishment of economic benefits and service potential of its assets.

During the oversight, the LVFO reported that the Ministry of Works Uganda concluded the reassessment of all LVFO assets on May 31st 2015. The Financial Statements for 2014/2015 reflect the revised estimates with the applicable depreciation charges.

The Committee noted progress and recommends to the Assembly to urge the EAC Council of Ministers to direct that the Audit Commission confirm the report in their next audit exercise.

3.5.3 Management of Gratuity Account.

The Audit Commission had reported that a review of the gratuity operations revealed the following irregularities:

a) Irregular expenditure of staff gratuity

It was noted that in the months of September, October and December 2013, February, March and May 2014, LVFO did not transfer the staff's monthly gratuity contributions amounting to USD 42,090 to the gratuity bank account. The staff's gratuity entitlements were instead utilized to meet other operational costs of the Organization.

b) Asset not matching Liability

Whereas the liability due to be paid has accumulated to USD 93,266, the corresponding asset to match this liability stands at USD 64,689 as of 30th June 2014 with an unaccounted for difference of USD 28,577.

c) Borrowed Reserve funds, USD 254,777

It was noted that in the year under review a total of USD 254,777 was borrowed from EAC's Reserves to pay for staff gratuities that were due for payment during the year under audit.



The LVFO Management had responded that due to Partner States' failure to remit their respective obligations in a timely manner at the time, the organisation could not honour the full monthly staff remuneration package, apart from the salaries.

The situation improved following the decision to route the funds through the respective Ministries of EACA, and the entire outstanding gratuity amount is remitted to the gratuity account. To date the gratuity asset and liability component are matching.

The Committee had noted progress, commended the initiative to route the funding through the Ministries responsible for EAC now implemented by the Republics of Kenya and Uganda and discouraged any future mismanagement of the gratuity account.

The Committee had recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to:-

- i.) Urge the United Republic of Tanzania to also remit its contributions through the Ministry responsible for EAC Affairs; and
- ii.) Review the rules to enable accrued interest on gratuity belong to the owner and this should apply to all EAC organs and institutions.

During the oversight, LVFO reported that the gratuity asset and liability component are matching and that the position is reflected in the 14/15 Financial Statements and the same is running to date.

The Committee noted progress and recommends to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to present progress report to the Audit Commission for verification in the next audit exercise.

3.5.4 Unclaimed VAT -USD 13,118.80

The Audit Commission had reported that during the year under review, the Organization paid taxes amounting to USD 10,812.80 in its procurement of goods and services. As at the year end, the total unclaimed VAT was USD 13,118.80 which included the previous financial year's unclaimed tax of USD 2,306 contrary to Section (1) subsection 1(e) of the Annex to the convention establishing the LVFO.

The LVFO Management had responded that the tax body introduced a new system for filing at the end of 2013 and the Organization was re-registered from 1st May 2014. Management wrote to URA requesting the VAT Registration to be back-dated to 1st July 1996 to allow to claim VAT for the period not covered. As at 30th April 2015, LVFO has filed a total of US\$73,811,418 to the tax body.

The Committee had recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to:-

- i) Always file and submit for tax refunds;
- ii) Assign an officer to make a regular follow up on VAT refunds; and

- iii) Show evidence of steps taken on VAT claims in the next audit.

During the oversight, LVFO reported that it files all her VAT refunds in a timely manner. As at to-date, a total of Ushs. 111,822,571 (USD 32,888.99) had been filed to the tax body. URA has so far made a refund of USD 1,284.41 to LVFO.

The Committee noted slow implementation of Assembly recommendation and further recommends to the Assembly to direct the EAC Council of Ministers to ensure strict implementation of Assembly recommendations.

Secondly, the Committee recommends that the Audit Commission verify the report in the next audit exercise.

3.5.5 Payment of Salary In Lieu of Leave USD. 5,500

The Audit Commission had reported that a total of USD 12,000 was paid to LVFO staff as compensation for 30 days leave not taken in the previous financial year ended 30th June 2013. However, it was observed that, payment of leave was calculated by using the rates of daily subsistence allowances of USD 400 per day for 30 days. The officer therefore was paid USD 5,500 in excess of what his entitled monthly basic salary of USD 6,500.

The LVFO Management had responded that although the LVFO Staff Rules and Regulations state that annual leave can be converted into monetary payment with the approval of the Executive Secretary, the manual doesn't specify what method of payment should be applied. The former Executive Secretary applied this rule to execute the payment.

The Committee had observed abuse of office and conspiracy and noted that excess amount should have been deducted from the staff's terminal benefits. The Committee recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to:-

- i.) Re-enforce internal mechanisms of recovery in such cases; and
- ii.) Follow up the matter and recover from the officer who processed the payment and report progress in the next audit.

During the oversight, evidence was availed to the Committee on the communication made to the ex-staff vide letter dated 26th August 2015. LVFO Management was still looking at other available options to recover the irregularly spend funds.

The Committee revisited the matter with concern and recommends that:

- i) The Clerk of the Assembly summon the ex-staff to appear before the Committee in May 2016; and***
- ii) In the event that he does not respond to the summons, inform the EAC Council of Ministers to direct EAC Secretariat to initiate proceedings***

against the ex-staff and recover the amount of money in question including damages accrued thereof.

3.5.6 Lack of an Investment Register

The Audit Commission had reported that as at 30th June 2014, LVFO had invested USH 28,749,324 in fixed deposits. The Organization does not maintain an investment register contrary to LVFO's Financial Manual Chapter 6 (6.2.10 b).

The LVFO Management had responded that the Investment Ledger has been opened to track the Organization's investments and provided to the Auditors.

The Committee had recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to report progress in the next audit for verification.

During the oversight, LVFO confirmed to the Committee that it maintains an Investment ledger, which is available for verification.

The Committee noted progress and recommends that the Audit Commission verifies the report in the next audit exercise.

3.5.7 Lack of Approved Annual Procurement Plan

The Audit Commission had reported that during the year under review, LVFO lacked an approved procurement plan to LVFO's financial manual Chapter 5 (5.2.3)

The LVFO Management had responded that due to a bleak position on the ground then, insufficient/ doubtful funding and grossly under budgeted lines, Management failed to come up with a procurement plan for the period. Indeed no major procurements occurred during the year. The situation has however improved and the approved procurement plan will be in place.

The Committee had recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to avail the procurement plan to the Audit Commission for verification in the next audit.

During the oversight activity, LVFO management reported that the approved LVFO budget in the Budget Management System (BMS) run concurrently with the Procurement Plan; an approved Annual Procurement Plan (2015/2016) is in place.

The Committee noted progress and recommends that the Audit Commission verify the report in the next audit.

3.5.8 Long Overdue Outstanding Receivables USD.1,712,391

The Audit Commission had reported that as at 30 June 2014, LVFO had outstanding receivables from Partner States on regular contributions and supplementary emergency

budget. Receivables from fixed deposit in bank of USD 1,712,391 were also outstanding. The aging analysis indicated that USD 663,343 (39 percent) and USD 1,049,048 (61 percent) were outstanding for more than 12 months and 24 months respectively. The concern is the recoverability of these amounts as some of them may remain outstanding for a long period without being collected as indicated below:

PARTNER STATES	Outstanding Up to 12 months		Outstanding for more than 12 months		Total	
	Amount USD	%	Amount USD	%	Amount USD	%
Govt of Kenya (Annual contribution)	122,208	18.42	0	0	122,208	7.14
Govt of Kenya (Nile Perch Fund)	0	0.00	29,093	2.77	29,093	1.70
Govt of Tanzania (Annual contributions)	270,050	40.71	212,777	20.28	482,827	28.20
Govt of Tanzania (Nile Perch Fund)	0	0.00	414,987	39.56	414,987	24.23
Govt of Uganda (Annual contributions)	270,050	40.71	230,142	21.94	500,192	29.21
Govt of Uganda (Nile perch)	0	0.00	159,840	15.24	159,840	9.33
SUB Total	662,308		1,046,839		1,709,147	
Bank of BARODA-Fixed Deposits Interest	1,035	0.16	2,209	0.21	3,244	0.19
	663,343	100	1,049,048	100	1,712,391	100

The LVFO Management had responded that following the LVFO 8th Council of Ministers decision recommending the rerouting of funding through MEACAs of the respective Partner States, which was followed by a directive of the 28th EAC Council of November 2013, the situation has improved. As at to-date the receivable figure has reduced to US\$ 703,875.41.

Follow up with the Bank was concluded and the status of the Fixed Deposit is up to date.

The Committee had observed reluctance of the LVFO Management to claim interest on fixed deposit accounts and recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to:-

- i.) Always follow up and claim interest on contributions and fixed deposit accounts; and
- ii.) Report progress on the outstanding receivables for verification in the next audit.



During the oversight activity, LVFO Management reported that through written and telephone communications has consistently reminded Partner States of their respective outstanding obligations; as at 15th February 2016, the outstanding position (including arrears), stand at USD 1,423,204.92 (63%).

The Committee recommends that the Audit Commission verify information provided in the next audit exercise.

3.5.9 Procurement of Goods and Services using Uncompetitive bidding method

Review of procurement procedures, records and other related documents of LVFO had revealed that, the Agency entered into agreement with various suppliers for procurement of goods and services without competitive bidding procurement process contrary to Section 5.2.1 of the LVFO financial manual. A sample of the procurements conducted is given here under:

PV	CHQ	AMOUNT USD	Payee
5505	93046	1,050	2 Morrow Consult
5544	93085	1,990	Extra Mark Solution
6430	93549	2,633.56	Technology Associates Ltd
5487	641476	534.95	Mike Chris Kiganda
300	198	3,154.9	Ridar Hotel Ltd
TOTAL		9,363.41	

The LVFO Management had responded that the Providers are among the pre-qualified list of 'Service Providers' for 'Minor Works, goods and Services' for FY 2012/2013 & FY 2013/2014. In future thorough procurement bidding procedure will be emphasized.

The Committee had observed that procurement procedures were breached in the disguise of minor works and recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to:-

- i.) Always comply with procurement procedures; and
- ii.) Report rectification of the anomaly for verification in the next audit.

During the oversight activity, LVFO Management reported that LVFO acquires all her goods and services as per the EAC procurement guidelines. Currently, all goods and services acquired are competitively procured.

The Committee noted and recommends progress subject to verification by the Audit Commission during the next audit exercise.

3.5.10 Insufficient funding of the Organization

The Audit Commission had reported that the Organization had budgeted to receive a total of USD. 3, 203,041 of which USD. 810, 150 was expected from Partner States and USD.

2,392, 891 from development partners. However, during the year under review, no funds were realized from the Partner States in respect of that financial year while USD 579,631 was received from donors. This represents a paltry performance of 37% of the annual approved budget. A sum of USD. 600,146 received during the year from Partner States was in respect of contribution arrears which at the yearend amounted to USD. 1,709, 147. According to management, this inadequacy in funding the Organization operations has resulted into LVFO failing to implement its planned activities which included;-

- Recruitment of the senior scientist a gap which is considered by the Organization to be critical for the effective delivery of its mandate.
- Data gaps in updating the management indicators for sustainable utilization of the fisheries resources.
- Delaying in the process of amending LVFO convention in order to improve the visibility of the organization and widen its scope.

The LVFO Management had responded that in the Financial Year 2014/2015, two Partner States started forwarding Country Contributions through the Ministry of East Africa Community Affairs. Management has advertised for the post of the Senior Scientist, and interviews are planned in March 2015.

With support from EAC/Partnership Fund, LVFO conducted Hydro-acoustic Survey and with support from LVEMP II Project, it conducted a lake wide Frame Survey on Lake Victoria in December 2014. LVFO is preparing Project Proposals to source funding for the core program activities which update the management indicators and also review regulations and other management measures for sustainable management of the fisheries and development of aquaculture. A Donors' Conference is planned towards the end of May 2015. LVFO is also involved in the Development of the EDF 11 Program and main focus is in commercialization of aquaculture and the provision of Guidelines and Operating Procedures. The 8th Session of LVFO Council in November 2013 requested Partner States to budget for resource monitoring activities to improve the information base on fisheries management (3.4 (I&II)).

The Committee had observed that the organization's funding required enhancement and recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to:-

- i) Initiate mechanisms for additional resources mobilization;
- ii) Always follow up on non-remittances of the committed funds and take appropriate actions; and
- iii) Develop a proposal on increasing annual Partner States contributions.

During the oversight activity, the LVFO Management reported that the status of Partner States contributions for the FY 2014/2015 greatly improved with the overall contribution at USD 1,408,153.73 (52%) compared to USD 600,146.51 (30%) for previous FY 2013/2014. As at to-date, the position stands at 37%.

The LVFO Senior Scientist and an Internal Auditor were recruited and in office by August 2015.

Support for other core program activities also improved. The activities include:

- i) Review of the Fisheries Management Plan and development of a Fisheries and Aquaculture policy received funding from WB/LVEMP II;
- ii) Finalisation/reorganising the Nile perch Fisheries Management Plan II received technical support from SMART FISH Project;
- iii) Development of the new LVFO Strategy Plan 2016/2020; Information and Communication Strategy; Resource Mobilisation Strategy; all received funding from the EAC – Partnership Fund);
- iv) Conducting the main resource monitoring surveys, the Hydro-acoustic (Sept. 2014); Catch Assessment (May 2014) and Frame Surveys (Dec. 2014) received funding from EAC – PF; LVEMP II – National Project Funds; and TASP II.

NEPAD also provided some funding for a study on – realigning LVFO as a Regional Fisheries Management Organisation (RFMO) in Jan. 2015 while FAO collaborated with LVFO to Organise an African Regional Workshop on Aquaculture genetics in Entebbe in July 2015.

The LVFO approved Budget for 2015/2016 has an increment of almost 50% for the Partner States contribution indicating their commitment to support the Organisation.

The Chairperson of the LVFO Council of Ministers took the lead in the process to amend the Convention. He wrote to the Depository of the Convention, the Director General FAO Legal Department and the Director General of FAO wrote to the three Contracting Parties informing them about the proposed amendments on 15th May 2015. The LVFO Council was to convene ninety days from the date of notification to consider the amendments. However, due to Presidential Election in October in Tanzania, the convening of a Special Council has not been possible.

The Committee noted progress and recommends to the Assembly to direct the EAC Council of Ministers to direct LVFO Management to follow up all the matters to the logical conclusion and report to the Audit Commission for verification.

3.5.11 Inadequate control over Cross Border Fish Trade

The Audit Commission had reported that cross boarder fish trade within the Partner States is mainly informal with some consignments crossing the borders without being recorded or inspected to guarantee safety of the fish being traded. Only few borders have systems in place to monitor consignments crossing the borders.

The LVFO Management had responded that with support from NEPAD and AU-IBAR, LVFO will collaborate with the respective Countries to handle the issue of informal fish trade.

The Committee had observed that uncontrolled fish trade might be going to importing countries in unhygienic conditions and recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to:-

- i) Liaise with directors of fisheries in Partner States to work out control strategies; and
- ii) Carry out training and sensitization sessions with fish traders on the importance of records.

During the oversight activity, the LVFO Management reported that the 9th Regular Session of LVFO Council of Ministers held on 29th January 2016 urged Partner States to establish a functional Monitoring Control and Surveillance inter-agency structure and support a single spine enforcement with appropriate funding. The LVFO Council of Ministers meeting of 29th January 2016 also approved the Nile perch Fishery Management Plan II and Lake Victoria Fisheries Management Plan III which include strategies to handle the cross-border trade.

LVFO has also received support from Smartfish Project to develop a manual for fish inspection to be used by fisheries inspectors at the border points.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct LVFO Management to relay progress report to the Audit Commission for verification.

3.5.12 Lack of Harmonization of regulations between importing and exporting countries on fishing of immature fish

The Audit Commission had reported that while fishing and exporting small sizes of fish in Kenya, Tanzania and Uganda is illegal, in other EAC states of Rwanda and Burundi and the neighboring countries of the Democratic Republic of Congo and South Sudan its importation is not illegal.

The LVFO Management had responded that efforts are underway to broaden the scope and mandate of LVFO to include the Republics of Rwanda and Burundi and this will include harmonization of fisheries regulations. LVFO will continue to engage stakeholders for compliance while urging Partner States to intensify enforcement of the regulations.

The Committee had observed that the decline of Nile perch and tilapia fish in Lake Victoria is as a result of fishing of immature fish. This would certainly affect the sustainability of the fishing industry within the region and recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to:-

- i.) Enhance collaboration with Partner States to devise strict control measures of banning exportation of immature fish;
- ii.) Liaise with Partner States to destroy, ban importation and local manufacturing of small nets used to fish pre-mature fish; and
- iii.) Carry out training and sensitization sessions with customs officers on all to forms of illegal fishing practices and control thereof.



During the oversight activity, the LVFO Management reported that it initiated a process in January 2015 to develop an EAC Regional Policy for Fisheries and Aquaculture with support from WB/LVEMPII. The policy covers all the 5 EAC Countries and as it will be adopted and regulations harmonized at regional level, the issues of importing and exporting fish are addressed. The draft policy was discussed at national level in all the 5 Partner States in December 2015 and the development process was noted by the LVFO Council of Ministers meeting in January 2016. Issues of fish trade are addressed.

Nevertheless, engaging and empowering BMUs to take an active role in management is also considered and LVFO Secretariat has initiated a process to assess their performance and review the BMU guidelines.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct LVFO Management to relay progress report to the Audit Commission for verification.

3.5.13 Lack of adequate and robust control over illegal fishing practices

The Audit Commission had reported that Illegal fishing practices including using monofilament gillnets and use of illegal fishing gears are still prevalent in the lake despite efforts being made by the individual Partner States.

The LVFO Management had responded that in addition to the harmonized measures which are in place, the revised Management Plan for Lake Victoria (2016-2020) has identified other measures which include among others the installation of deterrent structures in critical habitats and sandy beaches to deter beach seining and also protect juveniles. The 8th Session of LVFO Council requested Partner States to strengthen Monitoring Control and Surveillance to prevent the catching of and trade in immature fish as well as preventing monofilament as well as other illegal gears from entering into the lake (4.2). The 6th Special LVFO Council also retaliated and urged the Partner States to work with the Revenue Agencies to curb the importation of monofilament nets and other illegal fishing gears.

The Committee had observed and warned that if fishing malpractices is not addressed, sustainability of the fishing industry within the region is at stake and had recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to enhance collaboration with Partner States to put an end all forms of illegal fishing.

During the oversight activity, the LVFO Management reported that a regional meeting of officers responsible for fisheries enforcement was held in January 2016 and made recommendations for consideration by LVFO Council of Ministers. The 9th Regular Session of LVFO Council of Ministers held on 29th January 2016 urged Partner States to establish a functional Monitoring Control and Surveillance inter-agency structure and support a single spine enforcement with appropriate funding. The LVFO Council of Ministers meeting of 29th January 2016 also approved the Nile perch Fishery Management Plan II and Lake Victoria Fisheries Management Plan III which include strategies to strengthen control of illegalities in fisheries.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct LVFO Management to relay progress report to the Audit Commission for verification in the next audit exercise.

3.5.14 Lack of harmonized guidelines for development of cage/pen culture

The Audit Commission had reported that Cage or pen culture is a system that confines the fish in a mesh enclosure using existing water resources.

According to management, the three Partner States do not have specific policies, strategies and guidelines although this type of fish culture is being used in some of the Partner States though at a very low scale. Cage or pen culture has both advantages including resource use flexibility, multiuse of water resources low initial investment relative to cost of pond construction etc and disadvantages such as water quality problems, environmental problems, cultured fish breaking through the existing water resources thus introducing foreign species in the existing water bodies etc. Hence adequate control, monitoring and harmonized guidelines is of critical importance.

The LVFO Management had responded that the 6th Special LVFO Council of Ministers directed Partner States to provide advice on the development of cage culture on Lake Victoria with consideration of environment and biological limits. LVFO Secretariat wrote to the Partner States to request them to provide/develop National Guidelines and Standards which will be harmonized / developed at regional level to guide the development of cage culture. The consultative and harmonization meeting of the Scientific Committee is planned for May 2015.

The Committee had observed that lack of harmonization on Cage or pen culture guidelines in this area which may cause water quality and environmental problems within the water resources and recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to enhance collaboration with Partner States to put in place guidelines on cage guidelines and report progress in the next audit for verification.

During the oversight activity, LVFO Management reported that it coordinated and drafted guidelines for development of cage culture by technical officers from Partner States. They are to be discussed at national level for input and ownership before a regional validation and approval by LVFO Council of Ministers.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct LVFO Management to relay progress report to the Audit Commission for verification.

3.5.15 Lack of Regional standards for fish feed manufactured in the region

The Audit Commission had reported that the three Partner States have not developed standards for fish feed manufacturers in that the quality of the feed produced is not properly controlled.

The LVFO Management had responded that the meeting of LVFO Scientific Committee was planned for May 2015, but it was re-scheduled for January 2016 pending availability of funds. The meeting was to address among other things the issue of standards for feed manufacturing.

The Committee had observed that there is need to developed standards for fish feed manufacturers in order to attain quality of the feed. To this end, the Committee recommended to the Assembly to urge the EAC Council of Ministers to direct LVFO Management to convene the meeting as scheduled and address the issue of fish feed manufacturing.

During the oversight activity, LVFO Management reported that the issue of standards for fish feeds manufactured in the region is addressed in the draft regional guidelines for cage culture.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct LVFO Management to present the draft guidelines for cage culture to the Audit Commission for verification in the next audit exercise.

3.5.16 Lack of Active ICT Steering Committee

The Audit Commission had reviewed the activity of ICT steering Committee for LVFO for the year of audit and identified that no formally established ICT Steering Committee exists. Additionally, they had been notified that LVFO is in the process of changing its Accounting System from "Palladium" to SUN System, it is our view that this type of change requires proper governance structure to properly steer the activities of the project. LVFO Management responded by identifying that ICT management is part of overall management of the Organization.

The Committee had recommended establishment of an ICT Steering Committee that shall oversee implementation and operation of ICT related matters, and ensure its implementation.

During the oversight activity, LVFO Management reported that the ICT Steering Committee has formally been established and is expected to meet three times yearly.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct LVFO Management to relay progress report to the Audit Commission for verification in the next audit exercise.

3.5.17 Lack of Comprehensive Disaster Recovery Plan

The Audit Commission had reviewed the Disaster Recovery Plan (DRP) of LVFO and noted that development of DRP was not based on business impact analysis to identify critical systems in conjunction with identified risk scenarios. Consequently, the existing DRP does not contain enough instructions to enable effective recovery when followed by IT personnel. Management accepted the need to improve the DRP to make it comprehensive.

The Assembly had recommended that LVFO should review and update its disaster recovery plan and implement it accordingly.

During the oversight, LVFO Management informed the Committee that the disaster recovery plan had been comprehensively updated and approved by the LVFO Executive Committee.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct LVFO Management to relay progress report to the Audit Commission for verification in the next audit exercise.

3.5.18 Lack of Best Practice in IT Project Management

The Audit Commission had reported that the Lake Victoria Fisheries Organization (LVFO) has been in the process of changing its accounting system from "Palladium" to SUN System since July 2014. The Audit commission requested for project plan, issue register and risk register in order to review the progress of the project. However, none of these key project management documents existed and an interview with end user of the accounting system indicates that there was unavailability of consultant on site. Further, LVFO has no guideline showing how the IT project needs to be conducted in the Organization.

The Assembly had recommended developing a project plan for the existing project as well as keeping track of project issues and risks by recording the issues in the risk register in order to improve control over the project. The Assembly had also recommended developing project management guideline to direct IT project management activities in the organization.

During the oversight activity, LVFO Management reported that a project plan and project management guidelines have been customized and will be used in future projects with single values of USD 20,000 or more.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct LVFO Management to relay progress report to the Audit Commission for verification in the next audit exercise.

3.5.19. Inadequate IT Staff

The Audit Commission had noted that, LVFO had one IT personnel to handle its strategic and support activities that range from maintaining IT applications, IT applications users support and administrative issues. The activities cannot be handled effectively by one person. Management notified the Audit Commission that it is planning to hire additional IT personnel possibly in the next financial year.

The Assembly had recommended that LVFO Management should endeavor to hire additional IT personnel to enhance the effectiveness of IT operations within the Organization.

During the oversight, LVFO Management informed the Committee that the process of recruiting a principal Database administrator is already in progress and is expected to be completed by the end of FY 2015-2016.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct LVFO Management to relay progress report to the Audit Commission for verification in the next audit exercise.

3.5.20 Inadequate IT Operations Planning

The Audit Commission had received LVFO Information and Data Policy which is the ICT strategic plan that covers five years from year 2009 to 2014. The Audit Commission noted that no approved ICT annual plan existed and during the year under audit LVFO management decommissioned the IT applications for fishing activities survey data, research data, aquaculture information, digital mapping for the lake and budget management . The reason for the decommissioning of these still useful IT applications were that, the server was needed to host a new incoming application called SUN System. Management notified Audit Commission that the process of acquiring a new server is underway in order to re-commission the named IT applications. The act of decommissioning and then re-commissioning these IT applications is a result of weak IT operations planning.

The Assembly had recommended that LVFO should annually develop and approve an ICT annual plan that is aligned with the existing ICT strategic plan.

During the oversight, the LVFO Management reported that the process of revising the ICT strategy is ongoing and has been sent to the Partner States for discussion before it is approved in the next LVFO Council of Minister's meeting.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct LVFO Management to relay progress report to the Audit Commission for verification in the next audit exercise.

3.5.21 Lack of Backup Procedures

The Audit Commission had reported that LVFO runs a number of critical IT applications in areas such as Geo-referencing, financial management and email exchange. However, when we requested for evidence of backup procedures for identified critical systems, management responded that no approved backup procedures have been established.

The LVFO Management had responded that it has formally established ICT Steering Committee, updated the DRP to make it comprehensive, put in place IT project management guidelines with EAC Secretariat and being customized to ensure LVFO IT Project Management activities are effectively carried out, included in the FY 2015-2016 budget for recruitment of Principal Database Administrator, revised the ICT Strategic Plan July – June 2015 and consequently ICT Annual Plans will be developed and approved. The draft backup guidelines are in place but will be improved and approved.

The Assembly had recommended that LVFO should develop a backup procedure and implement it to ensure that data can be recovered in the event a disaster strikes a system.

During the oversight exercise, LVFO Management reported that the data backup and restoration procedures have been improved and approval was done during the 9th LVFO Council of Ministers.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct LVFO Management to relay progress report to the Audit Commission for verification in the next audit exercise.



4.0 PART TWO: THE CIVIL AVIATION SAFETY AND SECURITY OVERSIGHT AGENCY

4.1 MEETING WITH CASSOA MANAGEMENT

The Committee met with the Executive Director who presented an overview of CASSOA establishment, governance and performance of programmes and projects.

The Committee briefed the Executive Director on the purpose of the activity as an oversight activity to assess institutional governance, performance of projects and programmes and implementation of Assembly recommendations.

The Executive Director gave an overview of CASSOA history, its objectives and the achievements so far registered. The Executive Director also briefed the Committee on the challenges faced by the Agency.

The CASSOA came into existence following the recommendations from the International Civil Aviation Organization (ICAO) to pull the regional resources together to create safe and orderly development of international civil aviation.

In the international arena, the existence and effective operation of regional organizations is a demonstration of regional solidarity and increases the involvement of individual States in aviation activities relating to the region or sub region.

On 18th April 2007 EAC Council of Ministers approved the establishment of the EAC Civil Aviation Safety and Security Agency (CASSOA) as an autonomous self-accounting institution of the EAC.

Mandate: In accordance with Article 92 of the Treaty, CASSOA assists the Partner States in their undertaking to make air transport services safe, efficient and profitable while adopting common policies for the development of civil air transport in the region.

4.2 GOVERNANCE

CASSOA's supreme organ is the Council of Ministers, followed by the Board of Directors to which the Executive Director reports. The proposed internal audit section shall report to the Board of Directors, whereas the medical assessor, the Deputy Executive Director (Technical), the Deputy Executive Director (Finance and Administration) and the Legal Officer, report to the Executive Director. These are the major departments with staff that man other relevant sections.

4.3 PROGRAMMES AND PROJECTS

CASSOA has and is undertaking projects and programmes. The following activities are ongoing and have been undertaken. To this end, CASSOA has:-

1. Harmonized seventeen (17) Safety and Security Regulations;
2. Developed Technical Guidance Materials for the seventeen (17) Regulations;

3. Assisted Partner States in preps for ICAO USOAP and USAP, and thereafter developing CAPs;
4. Done Capacity building for safety and security inspectors;
5. Establishment of EAC Centre for Aviation Medicine;
6. Harmonized computerized EAC Aviation Examination System;
7. Harmonized EAC ITS for AIR and FOP Inspectors;
8. Developed a Safety Oversight Facilitated and Integrated Application software – SOFIA, that assists Inspectors to carry out their safety oversight obligations effectively.

4.4 ACHIEVEMENTS

The major achievements of CASSOA since its establishment have been the harmonization of regulations and development of guidance materials which have been promulgated in the Partner States. CASSOA has also trained inspectors in Partner States to oversee the aircrafts. Each aircraft has an inspector despite the challenges of new aircrafts whose technological knowledge is limited to supervisors.

4.5 CHALLENGES

CASSOA requires more funds for continuous training of inspectors to catch up with the emerging new technology. However, inspectors are shared among the EAC Partner States.

4.6 COMMITTEE FINDINGS AND RECOMMENDATIONS

1. The Committee observed that like other EAC Institutions, CASSOA has a budgetary problem making it non attractive to qualified personnel. To this end, the most important, central and core area of security is not catered for. This further explains why most and key positions at CASSOA are not filled yet CASSOA organ gram is very good with relevant and desirable positions.

The Committee recommends to the Assembly to urge the EAC Council of Ministers to ensure that CASSOA funding is given priority by exploring funding options and expedite recruitment to at least bridge security gap in air navigation services. To this end, positions should be filled in phases considering priority.

2. The Committee observed that CASSOA budget is not approved by the Assembly yet the Assembly reviews CASSOA audit report. The non approval of the CASSOA budget by the Assembly is hinged on the protocol establishing CASSOA. The protocol provides that the power for the final approval of CASSOA budget rests with the Council.

The Committee recommends to the Assembly to urge the EAC Council of Ministers to:

- i) Lay before the House CASSOA budget for information;***
- ii) Amend CASSOA protocol to enable the Assembly approve CASSOA budget in accordance with the Treaty.***

3. The Committee observed that the Agency has developed useful regulations whose promulgation process consume substantial amount of time. EAC Partner States exercise different processes to promulgate the regulations.

The Committee recommends to the Assembly to urge the EAC Council of Ministers to direct EAC Partner States to expedite promulgation of the regulations.

4. The Committee noted that CASSOA has never been issued with the Land Title despite provisions of the Headquarters Agreement. The Committee was informed that the formal process had started but taking very long. The Board had directed CASSOA secretariat to also employ informal processes.

The Committee recommends to the Assembly to urge the EAC Council of Ministers to ensure that CASSOA land title is issued at their Headquarters as required by the Headquarters Agreement.

4.7 STATUS OF IMPLEMENTATION OF ASSEMBLY RECOMMENDATIONS

4.7.1 Lack of Segregation of Duties

The Audit Commission had reported that the payment process allows for person to undertake all duties of requesting, approving and claiming or receiving the payments. On the other hand imprest retirements were being claimed and approved by the same officer without being checked for authenticity and genuineness by another person either from accounts department or from any department within CASSOA. This contravenes the good practice in relation to segregation of duties.

CASSOA Management had responded that the Agency takes note of the observation and agrees to immediately adopt a new system for segregation of duties on the payments and claims processes. The Agency shall henceforth establish a policy where all payments, claims and retirements are independent and are void of duplication of signature. The system shall ensure that situations of Executive, delegated staff or other staff duplicating roles in the requesting, checking and process is eliminated.

The Committee had observed the weakness but noted the undertaking by the management to adopt a new system and recommended to the Assembly to urge the EAC Council of Ministers to direct CASSOA to report operationalization of the new system to the Audit Commission for verification.

During the oversight activity, the Committee was informed that the directive was implemented and that all claims payments and retirements are void of duplication.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct CASSOA Management to relay progress report to the Audit Commission for verification in the next audit exercise.

4.7.2 Management of Bank Accounts

The Audit Commission had reported that the Agency manages four bank accounts as follows:

Name	Account Number	Account Type	Amount(USD)
Barclays bank	6003614873	Current-USD Account	20,606 (reserve)
Barclays bank	6002220448	Current-UGX Account	45,412 (equivalent)
Barclays bank	6002220456	Current-USD Account	174,669 (operational)
Barclays bank	6002376715	Current-USD Account	53,841 (Gratuity)

It was noted that all the Agency's bank accounts are operated under Barclays bank of Entebbe.

The CASSOA Management had responded that it agrees with the observation and the added value to risk diversification and shall bring the need to operate different accounts in separate banks to the attention and approval of the Board.

The Committee then observed that the process is taking unnecessarily long and recommended to the Assembly to urge the EAC Council of Ministers to direct CASSOA to expedite implementation diversification of bank accounts and report progress to the Audit Commission for verification.

During the oversight activity, the Committee was informed that the Agency is in the process of moving some bank accounts out of Barclays Bank –Uganda Ltd.

The Committee was informed of the report and recommends to the Assembly to urge the EAC Council of Ministers direct CASSOA Management to expedite the process and relay progress report to the Audit Commission for verification in the next audit exercise.

4.7.3 Expenditure not adequately Supported USD. 86,969.85

The Audit Commission had reported that payment vouchers for USD 86,969.85 were lacking some of the supporting documents such as acknowledgement receipts, invitation letters, attendance register sheets etc. It was also noted that all supporting documents to the journal vouchers which were passed during the year under review were not stamped "PAID" on their face contrary to CASSOA Financial Rules and Regulations (2013).

CASSOA Management had responded as follows:

(a) Missing receipts

The Absence of receipts in some payments is effectively compensated by other applied control measures related to payments by the Agency. All payments made by the Agency are supported by:-

1. Availability of valid contracts or Purchase orders
2. Payments against duly approved invoices or debit notes
3. Payments by either crossed cheques in the names of suppliers or service providers or direct bank transfers to suppliers accounts;
4. For payments made by crossed cheques, acknowledgement of cheques payment by suppliers by way of signing on the payment vouchers (Received by section in the payment vouchers)
5. For payments of training fees, attendance of training by staff members

However, Management agrees that there is need to secure receipts for all payments to enhance on the above controls. With immediate effect (05/02/2015) the Agency will adopt a mechanism to ensure that all payments are supported by receipts.

(b) Missing Boarding passes

1. For all staff travels on official duty, the Agency requires staff to submit boarding passes that form part of the retirement supporting documentation. This requirement is an assurance for the Agency to satisfy the confirmation of period spent out of station on official travel as approved and claimed. All boarding passes for staff travels on official duties are available.
2. Currently the Agency does not request for submission of boarding passes from staff for travels on entitled home leave
3. Currently, the Agency does not request submission of boarding passes for travels by board members when attending board meetings

With effect from 05/02/2015 the Agency will require submission of boarding passes for travels by Board members and staff home leave beneficiaries.

(c) Missing attendance sheets

The Agency has been using registration forms that are signed only on the first day of the meeting as evidence of attendance. With effect from 05/02/2015 the Agency will introduce attendance sheets to be completed daily for all Working Group and Technical Committee meetings.

a. Supporting documents not stamped "PAID"

1. All payment vouchers and their supporting documents are stamped "PAID"
2. The Agency has not been stamping "PAID", claims made by receipts attached to retirement forms. The claims are mainly airport transfer expenses paid by staff members on official travels. The Agency does not anticipate a situation where

these receipts can be submitted more than once as they are submitted together with retirement forms and boarding passes and verification is made to the effect that the dates of the receipts match with travel dates. This verification on retirement is a measure to assure that resubmission is completely eliminated.

Management agreed that there is need to enhance on the above controls. With immediate effect (05/02/2015) the Agency will stamp "PAID" all claims made by receipts attached to retirement forms.

The Committee then observed weakness in CASSOA accountability measures and recommended to the Assembly to urge the EAC Council of Ministers to direct CASSOA to institute control measures and expedite correction of the anomaly and report progress to the Audit Commission for verification.

During the oversight activity, CASSOA informed the Committee that the directive was implemented. Today, all payments are supported by receipts, boarding passes and meeting attendance sheet where applicable.

The Committee was informed of the progress and recommends to the Assembly to urge the EAC Council of Ministers direct CASSOA Management to relay progress report to the Audit Commission for verification in the next audit exercise.

5.0 CONCLUSION

The EAC Institutions have clear mandates that promise to fulfill the East African Community potential. This has been expressed by achievements registered despite budgetary constraints. The EAC Council of Ministers should fully support strategies of the EAC Institutions. Funding is a prerequisite to capacity building, quality assurance, sustainability and effective competition. There is need for increased funding for EAC Institutions. The EAC Council of Ministers should overrule the decision by (F&A) Committee on zero increment of budget. By doing so, it will enable institutions implement their planned activities and Assembly recommendations. The EAC Council of Ministers should also play their role to ensure Assembly recommendations are implemented especially where it specifically requires Council action.

6.0 ACKNOWLEDGMENTS

The Committee on Accounts wishes to thank the Rt. Hon. Speaker, the Clerk and the entire administration of the Assembly for allowing it to carry out its oversight function. The Committee further appreciates valuable time accorded to it by the Institutions visited.

7.0 PART THREE: THE INTER-UNIVERSITY COUNCIL OF EAST AFRICA (IUCEA)

7.1 GOVERNANCE

The IUCEA was established by a Protocol that was signed in 2002 by the Ministers in charge of higher education of the then three Partner States of Kenya, Uganda and Tanzania. In 2009, the East African Legislative Assembly enacted an Act that mainstreamed IUCEA into EAC framework. Operationalization of the Act showed gaps and shortfalls that prompted IUCEA to undertake a comprehensive review of the Act and the Protocol. The Council of Ministers approved the reviewed Bill and Protocol and forwarded the Protocol to the Sectoral Council on Legal and Judiciary Affairs for legal inputs. The same Council decided to stay consideration of the Bill until the Protocol is concluded.

The objectives of IUCEA are:-

- (a) To facilitate networking among Universities in East African Community, and with Universities outside the region;
- (b) To provide a forum for discussion on a wide range of academic and other matters relating to higher education in East Africa; and
- (c) Facilitate maintenance of internationally comparable education standards in East Africa so as to promote the region's competitiveness in higher education.

7.1.2 IUCEA structure

The mainstreaming of IUCEA into the EAC framework and coming into force of the Common Market in 2010 expanded the mandate of IUCEA to human capacity development to support regional integration and socio-economic development. Therefore IUCEA had to adjust its structure to the new mandate. A functional analysis was undertaken to propose an adequate structure for IUCEA to fulfill its mandate. The new structure was approved by the Executive Committee in 2013. The new structure aligned IUCEA to EAC framework in terms of requirements at entry, staff benefits and grades.

The new structure describes the link between IUCEA and the Council of Ministers and IUCEA and the Sectoral Council on Education, Science and Technology, Culture and Sports. It also describes the functions of the Annual meeting which is composed of Vice Chancellors of member universities, the Executive Committee and the IUCEA Secretariat.

7.1.3 GOVERNANCE TOOLS

In 2014, IUCEA has developed operational instruments and policies that are aligned to those of EAC to facilitate efficient discharge of its mandate. These are:

- (a) **Rules and Regulations**
 - (i) Staff Rules and Regulations
 - (ii) Financial Rules and Regulations

(iii) ICT Policy, Guidelines and Procedures

(b) Operational Manuals

- (i) Accounting Manual
- (ii) Procurement Manual
- (iii) Audit and Risk Management Manual
- (iv) Governing Board Manual

These tools were approved by the IUCEA Executive Committee at its 16th Meeting held in Dar es Salaam, Tanzania in June 2014.

7.2 PROGRAMMES AND PROJECTS

In collaboration with the Governments of Burundi, Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe, the World Bank is preparing the Eastern and Southern Africa Higher Education Centers of Excellence Project (ACE II). The main objective of this regional project is to meet the demand for skills required for Africa's development in priority areas identified by participating countries in consultation with the World Bank that are: (i) Science, Technology, Engineering and Mathematics (STEM); (ii) Agriculture; (iii) Health and (iv) Science, Technology and Innovation (STI) - Quality of Education and Applied Statistics. Nine countries in the region are participating in the Eastern and Southern Africa Higher Education Centers of Excellence (ACE II) Project: Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe.

The Regional Steering Committee (RSC), comprised of representatives from participating countries, academia, regional bodies and private sector, provides overall guidance to the project. The Inter-University Council for East Africa (IUCEA) was selected by the RSC as the Regional Facilitation Unit (RFU) for day to day implementation and facilitation of the project. IUCEA/RFU received a Project Preparation Advance (PPA) of USD 1,000,000 to finance the project preparatory activities including selection of proposals.

At its second meeting held on 27th -28th July 2015 in Kampala, Uganda the RSC decided to send out a call for proposals by 31st July 2015. The RSC also finalized four documents to guide the selection process, namely: (i) Proposal Submission Form; (ii) Protocol for Proposal Assessment; (iii) Terms of Reference for the Regional Steering Committee; and (iv) Terms of Reference for the Independent Evaluation Committee. The ACE II Call for Proposals was posted on the IUCEA's website and advertised in major regional and national newspapers by IUCEA. The RSC members helped to disseminate the call to their main stakeholders, particularly their higher education institutions, and to encourage interested institutions to initiate the process of forming partnerships with other institutions and the industry early enough for developing their proposals. They also coordinated submission of proposals from their respective countries to RFU.

The selection of the ACEs has been done through a competitive and transparent process, managed by IUCEA and overseen by the RSC. An Independent Evaluation Committee (IEC) to carry out the evaluation of eligible submitted proposals was constituted by RSC in consultation with the World Bank. The RSC was mandated to make the ACE selection

based on recommendations from the IEC. Proposals were submitted, evaluated, upraised and a workshop was held to finalise documents for final selection by the World Bank.

7.3 ACHIEVEMENTS

IUCEA is implementing a five year Rolling Strategic Plan 2012-2016 that will end on 30th June 2016. The Strategic plan takes into account the 4th EAC Development Strategy, the directives of the Council of Ministers, the resolutions of the Executive Committee and emerging issues.

The main achievements of IUCEA are as follows:

7.3.1 Support to universities academic and networking systems

The Staff Exchange policy has been developed and approved by the Executive Committee as well as the Student Mobility policy. These policies are meant to improve mobility of staff and students within the region. The IUCEA secretariat has also developed the following guidelines to mainstream cross cutting or emerging issues:-

- (i) Guidelines for mainstreaming EAC ideals into university curriculum
- (ii) Guidelines for mainstreaming HIV-AIDS into university curriculum
- (iii) Guidelines for developing an introductory course on gender for universities in East Africa
- (iv) Guidelines for MSc. In Climate Change and Food Security in Universities in East Africa

7.3.2 Research and Innovation Development, Coordination and Support system in the Community

IUCEA has established a research unit to coordinate research and innovation activities in the region. A research and innovation policy framework was developed and approved by the Executive Committee. The Unit is also in charge of development of the partnerships between academia, private and public sectors that were initiated by IUCEA and EABC in 2012 and that have already made tremendous progress. IUCEA is facilitating a project funded by the World Bank on establishment of centers of excellence in Eastern and Southern Africa. The project is focused on producing skills which are needed to address development challenges of the region in four priority areas that are: (i) Science, Technology, Engineering and Mathematics (STEM); (ii) Agriculture; (iii) Health; (iv) Science, Technology and Innovation(STI)-Education and STI-Applied Statistics. 24 centers were conditionally selected of which 15 are within East Africa. They are undergoing appraisal by the World Bank for final selection.

In addition, IUCEA has developed an information management system to package the VicRes database for utilization by universities, researchers, decision makers and other stakeholders.



7.3.3 Harmonization of Higher Education systems

IUCEA has developed a Quality Assurance handbook with 4 volumes which constitute modules guiding development of a Quality Assurance system in institutions. IUCEA has started developing training modules on various QA domains, whereby a total of 72 QA officers have been trained. In addition, IUCEA had allocated funds to train QA coordinators on institutional Total Quality Management and to develop Training Modules. On the other hand, IUCEA is developing subjects/disciplines' benchmarks for the universities to ensure harmonized curricula for academic programmes.

As to now, harmonization of Quality Assurance methods, development of benchmarks for Business Studies, Information Technology and Computer Sciences have been attained, to facilitate curriculum development and review. On the other hand, capacity building in Quality Assurance matters is being planned with modules being developed, and QA practitioners' forum being held annually. IUCEA has also developed a regional Qualifications Framework, and Advocacy and Sensitisation forums in the 5 Partner States are in progress. Principles and Guidelines for Quality Assurance were developed as a policy document to provide a common frame of reference that will assist and guide universities and national commissions and councils for higher education in developing and practicing a common quality assurance culture in line with the regional aspirations and international developments in quality assurance.

7.4 CHALLENGES

The main challenge IUCEA is facing is understaffing that make it difficult to achieve the Strategic Plan as planned. A number of activities are rolled over for the subsequent years due to the delay in remittance of funds by the Partner States and member institutions. The limitation of the budget growth (0% increase) delays the implementation of the Strategic Plan 2012-2016.

7.5 STATUS OF IMPLEMENTATION OF ASSEMBLY RECOMMENDATIONS

7.5.1 Limitation of the accounting system to produce budget execution report

The Audit Commission had reported that during the year ended 30 June 2014, the IUCEA was using Microsoft Dynamic (Solomon) to record accounting transactions based on chart accounts (accounting codes) to identify the nature and classes of each accounting transactions. The budget of IUCEA was prepared based on activities to be conducted and each activity was given a different code for identification. The budgetary codes for the year under review were different to accounting codes. According to IUCEA management, the budget codes included in the approved budget have been changed while upgrading the accounting system to accommodate changes in the accounting codes. The budget for the year under review was prepared in such a way that each activity in the budget has its own code to easy the monitoring of cost on activity basis. However, IUCEA failed to extract the budget execution from the system both by activities and by nature of expenditure and revenue including upgraded codes. In addition, IUCEA failed to extract from the system (accounting system) the budget with the upgraded codes. Therefore, due to above irregularities, it was difficult to match accounting transactions against budget.

The IUCEA Management reported that the Budget report from the system is activity based from the MTEF and will be improved. There is a system limitation in the automatic extraction of budget execution reports. After migrating to BMS, same coding will be used and after sun system implementation, the two systems will be automatically linked together.

The Committee then observed the anomaly and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- i) Expedite adoption of BMS and implementation of sun system; and
- ii) Present progress to the Audit Commission for verification.

The Committee was informed that the Sun Financial Management System has been installed and transfer of data is ongoing. The system will address the issues of the budget execution report.

7.5.2 Deficiencies noted in the assets register

The Audit Commission had reported that a review of IUCEA assets register revealed that all property, plant and equipment were recorded without showing their locations, current users, insurers, insured value, premium, when paid and disposal policy contrary to the requirements of the financial Rules and Regulations.

The IUCEA Management had responded that there is a limitation of the system in generating the fixed asset register as required.

The Committee then observed that IUCEA did not keep a comprehensive assets register and therefore not able to implement its own financial rules and regulations. To this end, the Committee recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- i) Upgrade the system to put in place a complete assets register and always be guided by rules and regulations while executing their duties;
- ii) Always avail required information to the Audit Commission as and when they need it.

The Committee was informed that the Sun Financial Management System will address this challenge and data transfer in the new Sun Financial Management system is on-going.

7.5.3 Un-procedural reallocations of funds

The Audit Commission had reported that during the period under review, the IUCEA made the following reallocations contrary to para 3.5.1 (iii) Staff and Financial Rules and Regulations of March 2010.

s/n	Activity undertaken	Value (Usd)	Budgeted amount (Usd)	Activity affected	% reallocated from the affected activity	Other auditors' observation
1	Support	101,400	0	Allocate funds	46%	

	Authors to write a book on East Africa			for 5 post graduates students to selected High Education Institutions in the Northern hemisphere		
2	Development of Risk management Framework and board manual.	50,860	0	Not clear where the funds was sourced.		The support documents for the payment shows that there was no budget for this activity, the budget line to pay this activity was not disclosed.

The IUCEA Management reported that reallocation of funds has been usually done internally and not always documented. Reallocation of funds will be done according to the requirements of the regulations.

The idea of writing a book on EAC was an opportunity to scholars to do research and publish an authoritative book on EAC that would be used for their academic promotion, by researchers, students and East African citizens. In that spirit a modest budget was allocated to that activity. A call for application was sent to local newspapers and in universities and three authors were selected. However the financial offer was higher than the available budget.

Considering the importance of the book for the Community, the academic world, the people of East Africa and the international community, IUCEA reallocated internally funds from activities that were not approved to the project of writing a book on EAC. The budget was drawn from the activity " facilitate 5 post graduate students to selected higher education institutions in the Northern Hemisphere".

Management is now implementing the new Budget Management System (BMS) that does not allow for internal reallocation of funds.

The Committee then observed that IUCEA irregularly reallocated funds for an activity that was not planned or budgeted for and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- i.) Always ensure that reallocations of funds respect the provisions of the financial rules and regulations; and
- ii.) Always avail required information to the Audit Commission as and when they need it.

The Committee was informed that the Current budgetary reallocations are going through proper procedures as required by the financial Rules and regulation.

7.5.4 VAT not Claimed

The Audit Commission had reported that a review of various accounting records revealed that IUCEA paid VAT amounting to USD 12,566.92 and UGX 2,612,106 during the year 2013/2014. However, these transactions were not recognized in the Council's primary books of account and no reconciliation was done against VAT claims as detailed below:

Table 1: VAT Paid in USD

S/n	Payee	Details	Reference	Amount Paid USD	VAT Paid 18%	Payment Voucher No	Date of payment
1	Symbion (U) Ltd	Fees for Final design	Invoice No 071FD/13	82,383.13	12,566.92	VR 24122	10/9/2013

Table 2: VAT paid in UGX

S/n	Payee	Details	Reference Invoice	Amount Paid UGX	VAT Paid 18%	Payment Voucher No	Date of payment
1	National Media Group Ltd TIN No 1000092362	Bid Notes for procurement of consultancy	2307739/ 2307914	8,577,000	1,308,357	2356	7/8/2013
2	Vision Group TIN No 1000027144	Bid Notice for procurement of contractor	AD-411756	3,998,000	610,017	2357	7/8/2013
3	National Media Group Ltd TIN No 1000092362	Advertisement on TOR for designing continuity recovery plan	2339753	2,4237,356	341,292	3541	21/2/2014
4	Security Group Uganda Ltd TIN No 1000026136	Payment for security services	IG14077	1,248,440	190,440	3510	20/1/2014
5	Pinnacle Security Limited VAT No 1000127917	Payment for security services	6365	1,062,000	162,000	3509	20/1/2014
	Total				2,612,106		

The IUCEA Management had earlier reported that the Ministry of East African Community Affairs- Uganda said that the Headquarters Agreement had not been ratified by the Parliament of UG. The management met the Minister of EAC UG and agreed that there will be a follow up. The shorter route was to be included in the privileges schedule. It has taken time to follow up the matter. It also relates to the history of the Council where it was operated as an institution of the government. The Council is now included in the schedule.

The Committee then observed reluctance and irregularity on the part of IUCEA. It was not convincing that IUCEA had not made any follow up on the matter for this entire long! Non-disclosure of non-refundable VAT in the books of accounts is also an irregularity. The Committee therefore recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- i) Follow up and recover all refundable VAT and other taxes;
- ii) Follow up and Expedite harmonization of Headquarters agreement with other EAC Institutions and organs.

The Committee was informed that the IUCEA has registered for VAT, the claimable VAT amounts are being recorded in the books of account with effect from 1st July 2015.

7.5.5 Non Compliance with the NSSF Act where exemption is not granted

The Audit Commission had reported that the IUCEA did not comply with NSSF Act by not effecting monthly contributions to NSSF considering that a Certificate of Exemption from the Fund was not availed for verification.

The IUCEA Management reported that the matter has been pursued through Ministry of East African Community Affairs - Uganda as per the directive from the Council of Ministers of 31/08/2013 held in Arusha and the issue is now being handled by the Uganda Retirement Benefit Regulatory Authority.

The Committee then observed that IUCEA has been reluctant to follow up the matter and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to follow up the matter with the regulatory authority, obtain exemption certificate and report progress to the Audit Commission for verification in the next audit.

The Committee was informed that Uganda Retirement Benefit Regulatory Authority is handling the issue of exemption of IUCEA from payment of NSSF.

7.5.6 Procurement Issues

The Audit Commission had reported that the IUCEA contracted the following suppliers for provision of services using single source method of procurement contrary to Staff and Financial Rules and Regulations March 2010. See details in the table below:

Date of signing the contract	Procurement	Contractor	Reported expenditure in 2012/13 (USD)
12 October 2013	Consultancy for facilitation of the development of Qualifications Framework	Dr. Mohamed Kerre	20,883
22 April 2014	Consultancy Services for the development of a Risk Management Framework and board manual.	ABS Consulting Group	26,500
31 July 2013	IPSAS Training	ABS Consulting Group	10,000
5 September 2013	Development of IPSAS Manual	ABS Consulting Group	18,600
18 February 2014*	Customization of Financial Rules and Regulations	ABS Consulting Group	7,660

The IUCEA Management then responded as follows:

(1) Engagement of Dr. Mohammed Kerre on the Development of the East African Qualifications Framework for Higher Education

Prior to this engagement Dr. Kerre participated in the development of an Academia-Public Private Partnership framework that now guides IUCEA in this area, after having been identified together with our partners, GIZ and East African Business Council. In that initial engagement he demonstrated outstanding competence in higher education policy analysis, a subject still new in East Africa. It was during this engagement that he exemplified outstanding competence in analyzing higher education systems, qualifications and human resources development matters, areas that are relevant to the development of a qualifications framework. It should also be noted that the concept of qualifications framework is new in the region, which is still only vaguely understood by the cross section of the higher education fraternity. Hence, it was considered risky to source for experts from the general public to undertake such a specialized task, as it could have ended up producing useless output, to the dismay of the donor who funded the activity. Therefore, it was on this basis that Dr. Kerre was nominated through single sourcing.

(2) Single Sourcing of ABS Consulting Group

The ABS Consulting Group was also single sourced because there was already existing contract between IUCEA and ABS for service of similar nature.

Additionally, given the Commitment that Management had made to carry out the activity during the Financial Year, the procurement was handled as a matter of urgency. ABS was consulted as a result of two studies. One was a World Bank consultant that was sent the EAC secretariat to look at the IPSAS implementation and the consultant identified a number of issues to be addressed in compliance with IPSAS. These include the need for IPSAS manual and training. The IUCEA board tasked the IUCEA management to get a clean audit report. ABS was contracted to come up the road map and carries training based on the fact that they were handling similar assignment in EAC secretariat.

The Committee then observed that IUCEA acted in contravention of Staff and Financial Rules and Regulations of March 2010 and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to always comply with Staff and Financial Rules and Regulations.

The Committee was informed that Procurements using single sourcing methods are now justified once they go through the Tender Committee for approval.

7.5.7 Shortfalls in funding of IUCEA

The Audit Commission had reported that the review of the financial statements revealed that IUCEA was unable to collect expected contributions from Partner States of USD 2,015,320.42 (revenue for the year). In addition, it was also noted that the arrears of contributions from the Partner States as at 30th June 2014 had accumulated to USD 13,372,917.05 as shown in the table below:-

COUNTRY* *	Arrears b/f 1 st July 2013	Expected contribution for F/Y 2013/2014	F/Y 2012/2013 contribution received	Current year outstanding as at 30 th June 2014	Total arrears c/f as at 30 th June 2014**
	A USD	B USD	D USD	E=B-D USD	A+B-D USD
BURUNDI	1,343,854.66	809,241.00	240,790.30	568,450.70	1,912,305.36
KENYA	4,328,128.77	809,241.00	2,067,104.48		3,070,265.29
TANZANIA	3,823,307.66	809,241.00	171,612.28	637,628.72	4,460,936.38
UGANDA	3,120,169.02	809,241.00		809,241.00	3,929,410.02
Closing	12,615,460.1 1	3,236,964.0 0	2,479,507.06	2,015,320.42	13,372,917.0 5

This table does not include the Republic of Rwanda because it paid more contributions than required. The overpaid amount was accrued as payments in advance and was adjusted against the current year's Rwanda's obligation.

The IUCEA Management then responded as follows:

- Reminders have been sent.
- Matters relating to arrears have been addressed from IUCEA Board level to Council of Ministers level.
- Visits to Partner States have been made as follow up missions of arrears.

In 2012 the matter was taken to the EAC Council of ministers where it was agreed that the debt will be paid. In 2013 the IUCEA considered writing off the debt but the Partner State agreed to pay. The IUCEA still does follow up and some Partner States are now honoring their obligations. Effort will continue to ensure regular payments from Partner States are achieved.

The Committee then observed delayed remittances at the IUCEA. Partner States apart from the Republic of Rwanda had not honored their obligations. The Committee then recommended to the Assembly to urge the EAC Council of Ministers to direct Partner States to honor their obligations and promptly remit their contributions.

The Committee was informed that since June 2015, arrears amounting to USD 219,679 have been recovered and that IUCEA management will continue to make a follow up with the Partner States to ensure that the funds in arrears are recovered.

7.5.8 Non-Interest bearing Fixed Deposit Accounts

The Audit Commission had reported that IUCEA made investments with various banks. However these accounts have remained dormant some for more than two years. Details of the Bank Accounts were shown as below:

S/n	Name of Banks	2013/2014	2012/2013
		USD	USD
2	National Bank of Commerce – Arusha	5,121	5121
3	National Bank of Commerce-DSM	1,923	1923

In addition, the following weaknesses were identified:

- IUCEA did not obtain fixed deposit receipts issued by these banks to acknowledge that funds were deposited with the banks and that the same receipt will be produced upon maturity.
- The terms and conditions eg. Period, rate, maturity etc were not specified.
- IUCEA does not maintain an investment register as required by IUCEA Staff Rules and regulations
- The Council has not developed an Investment policy that guides investment in fixed deposit and other investments
- Details of the finding is as shown

S/n	Name of Banks	A/c No	Amount (USD)
1	National Bank of Kenya-Nairobi	01345003158900	13,451
2	National Bank of Commerce – Arusha	C014059002596	5,121
3	National Bank of Commerce-DSM	014059002496	1,923

The IUCEA Management then responded as follows:

- For the Accounts at NBC Dar es salaam it was dormant and Management is in process of closing down.
- NBC Arusha was also dormant, but has recently been activated to facilitate closure.
- There is also an investment register and investment policy in place.

The Committee took note of IUCEA response and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to avail information to the Audit Commission for verification in the next audit.

The Committee was informed that IUCEA Management is in the process of closing the Bank Accounts in National Bank of Commerce – Arusha National Bank of Commerce Dar es Salaam and that the one in the National Bank of Kenya has been closed.



7.5.9 Outstanding balances of annual subscriptions fees

The Audit Commission had reported that included in the financial statements of IUCEA for the year ended 30 June 2014 was Subscriptions from member Universities and Corporate Institutions of USD. 346,500.

The review of the contributions revealed that Universities were contributing varying amounts ranging between USD. 2000, and USD. 8000. However, the Audit Commission was not given the basis for paying the subscriptions at those rates. It was noted that the budget for the subscriptions was reduced from USD 298,400 in 2012/2013 to USD. 238,300 in 2013/2014. The reasons for budget reduction were not given.

The IUCEA Management then responded that:-

- Membership fees billing is based on individual University student's population, and also on category of either Public or Associate Member University.
- For the difference noted between the previous budget for membership contribution was due to the fact that we budgeted based on the previous year billing from membership fees.
- The tariff was approved and would provide documents for approval.
- Also the fact that National University of Rwanda had requested to be singly billed rather than billing it and its constituent University Members.
- Also the Business Councils of East Africa have been merged

All the above mergers have an impact on the receivables from University annual subscription.

There is limitation in enforcing the obligation. Since it is only required to be suspended. In 2012 the matter was taken to the Executive Council (EC). The EC refused the idea of suspension because of the mandate of the council and it was decided to engage the debtors and reporting the matter in the AGM. The draft bill prepared includes a clause of on the enforcement where the Permanent Secretary in the respective Partner States take up the matter.

The IUCEA management made an undertaking that documentation in regard to the decrease of budgeted revenue will be provided in the next audit.

The Committee then took note of IUCEA response and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- i.) Follow up the matter by sending regular reminders;
- ii.) Put in place robust mechanisms of recovery of membership subscription fees; and
- iii.) Present evidence of follow up to the Audit Commission for verification.

The Committee was informed that Fixed deposit accounts opened in Stanbic bank by IUCEA have now been closed and an updated list of member Universities and their current financial status in the IUCEA books of accounts will be availed during the next audit.

7.5.10 Long Outstanding Creditors

The Audit Commission had reported that IUCEA reported USD 54,236 as project liability which has been outstanding from previous financial year. In addition creditors ledger showed that a total of USD 17,772.46 accounting to 20% of the total accounts payable have been outstanding for over seven months as shown in the table below. It was further noted from most of the invoices that they were dated 27 November 2013 an indication that these were brought forward balances whose actual dates were not properly captured in the ledger.

The nature of the related transactions were not identified as indicated below:

VENDOR	INVOICE	DATE	AMOUNT	
IMPERIAL RESORT BEACH HOTEL	2120	7/31/2013	4,782.00	Payment voided in May. PV 3280
GLOBETROTTERS TRAVEL & TOURS	841	8/5/2013	150.00	Investigation continues
BUNYONYI	44901	10/18/2013	378.00	Investigation continues
UGANDA TRAVEL BUREAU	13101361,13,98	10/31/2013	801.35	Investigation continues
UGANDA TRAVEL BUREAU	13101290	10/31/2013	428.20	Investigation continues
BUNYONYI	June 2013 Inv.	11/27/2013	2,130.60	Investigation continues
ELITE ENTERPRISES	0114/0146	11/27/2013	-14.39	Forex differences
KARIBU TRAVEL SERVICES LIMITED	9178/263	11/27/2013	1,453.00	Investigation continues
MUGERWA & MASEMBE	LPO 2604	11/27/2013	1,445.35	Investigation continues
SECURITY GROUP UGANDA LTD	20,20,21,973	11/27/2013	1,413.63	Amount captured twice and reversed on the wrong sides now to be reversed
THE NEW VISION		11/27/2013	1,432.28	Cheque 102297 Invoice booked twice
TOYOTA (U) LTD	90078979	11/27/2013	378.98	
UGANDA REVENUE AUTHORITY	LPO 2604	11/27/2013	1,862.46	Cheque 102380.
UGANDA TELECOM	LPO 2604	11/27/2013	43.04	Forex differences
ULTRA UGANDA LTD	11854/7	11/27/2013	1,087.96	Ch 102296. Invoice booked twice
Total			17,772.46	

The IUCEA Management then responded that although the above amount has not been spent, the audit observation has been noted and this will be improved. All the above payables are still being investigated.

The Committee observed weaknesses in the accounting process, poor internal control system and general incompetence in book keeping and record keeping and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- i.) Initiate real time processing to avoid unnecessary investigations;
- ii.) Strengthen internal control systems; and
- iii.) Investigate the nature and origin of such payables.

The Committee was informed that to date, out of the USD17,772.46 management has cleared USD 6,758.

7.5.11 Wasteful Expenditure

The Audit Commission had reported that contrary to Staff and Financial Rules and Regulations (March 2010), IUCEA undertook the process of the recruitment of Chief Principal Planning, Finance and Administration Officer. As of 30 June 2014, a total of USD 20,773 had been incurred as recruitment expenses for this position. A review of the Council's organization structure as indicated in the functional analysis report approved by the Governing Committee on 25th March 2013 showed that the position of Chief Principal Planning, Finance and Administration officer did not exist in the structure. Further, correspondences on the recruitment indicated that the process was halted at the interview stage due to anomalies in the constitution of the short listing panel and professional qualification requirements. It was however not clear why the Council undertook the process of recruitment for a non-existent position in the approved organizational structure.

The IUCEA responded that at its 11th meeting held on 25 March 2013 in Kampala, Uganda, the Executive Committee approved the Functional analysis report that provided for the new structure of IUCEA. Among the recommendations was the recruitment of the Deputy Executive Secretary in charge of Planning, Finance and Administration. As the current Act 2009 does not provide for that position, the Executive Committee directed IUCEA to recruit the Chief Principal, Planning, Finance and Administration as an interim measure awaiting for the enactment of the new Act that would provide for the position of the second Deputy Executive Secretary. This directive is in line with section 13(2) of the IUCEA Act 2009 that stipulates that "The Secretariat shall be composed of the Executive Secretary, the Deputy Executive Secretary and such other staff as the Executive Committee may from time to time appoint".

Although the approval to establish the position was granted by the Executive committee, the basis was on functional analysis and did not consider the approved organizational structure that does not consider the position of Chief Principal Planning, Finance and Administration officer.

The Committee observed breach of IUCEA Staff and Financial Rules and Regulations (March 2010) and non compliance with the IUCEA structure and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- 1.) Comply with the regulations and recruit in accordance with the existing structure; and
- ii.) Expedite amendments to the Act and address the need.

The Committee was informed that recruitment is now being done, following the proper approved structure.

7.5.12 Delay in accounting for staff imprest

The Audit Commission had reported that some staff issued with imprest delay to account for more than a year as detailed in the table below:

Name	Balance as at 30 June 2013	Accountability/ further imprest	Balance as at 30 June 2014	Other observation
Ms. Balyagati Wilhelemina	11,540.18	10,453.00	21,993.18	Not accounted as at the time of audit in Feb 2015
Dr. Joseph Cosam Chawanga	1,426.00	9,270.50	10,696.50	Not accounted as at the time of audit in Feb 2015
Dorine Rwehera	2,291.44	2,093.05	4,384.49	Not accounted as at the time of audit in Feb 2015
Anna Akot	1,651.70	1,190.00	2,841.70	Not accounted as at the time of audit in Feb 2015
ISAAC Maliim	0.00	1,500.00	1,500.00	Not accounted for as at the time of audit in Feb 2015 and subsequent to June 2014, received usd 1,000 not accounted for
Ms. Gertrude Lutaaya	1,818.75	(354.49)	1,464.26	Not accounted as at the time of audit in Feb 2015
Irene Wasswa	500.00	-	500.00	Not accounted as at the time of audit in Feb 2015
Alice MURONDO	380.00	0.00	380.00	Not accounted as at the time of audit in Feb 2015
Ms. Nightingale Mirembe	0.00	100.00	100.00	Not accounted as at the time of audit in Feb 2015
Total	19,608.07	24,252.06	43,860.13	

The IUCEA Management responded that it agrees with auditors concern. Measures will be taken to ensure that staffs that have outstanding accountable advances are no longer advanced imprest until they account. Similarly, management is going to enforce application of the rules on recovery of unaccountable advances by deducting the funds from staff salaries.

The Committee then observed negligence by IUCEA to recover unaccounted for imprest which became unsecured loans and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- i.) Recover unaccounted for imprest; and
- ii.) Report progress to the Audit Commission for verification.

The Committee was informed that IUCEA Management is in the process of recovering the imprest from Staff.

VICRES PROJECT

7.5.13 Long outstanding research costs not accounted for

The Audit Commission had reported that according to VICRES annual review meeting held on 15th October 2013, it was noted that there are researchers who delay to account for research funds advanced to them for research activities. The Audit Commission noted that

funds advanced amounting to USD 811,040 was not accounted for as per the agreement signed between the Council and the specific researchers.

The IUCEA Management responded that emphasis on recoverability is ongoing with physical visits to the researchers and this is towards making sure that by the end of project all funds are accounted for.

As of 30th April 2015, the outstanding research funds advanced had reduced from USD 811,040 to USD 17,176. Research reports are also available.

The Committee then observed weaknesses in the reporting mechanisms and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- i.) Recover unaccounted for advances to researchers; and
- ii.) Avail report to the Audit Commission for verification in the next audit.

The Committee was informed that the VicRes Research Management Information System (VRMIS) has been developed and data entry into the system is ongoing making it easy to recover unaccounted for funds from researchers.

7.5.14 Absence of memorandum of understanding on accountability of funds to IUCEA

The Audit Commission had reported that on 5.07.2013, SIDA/ VICRES approved USD 285,000 to be disbursed to IUCEA to implement East African Qualifications Framework for Higher Education (EAQFHE). However, it was noted that there is no memorandum of understanding signed between IUCEA and SIDA in regard to how funds disbursed would be accounted for. In addition, it was noted that out of this funds USD 200,381 was utilised for the agreed activity and the remaining USD 84,619 was neither accounted for in terms of submitting expenditure accountabilities nor remitted back to the project (VICRES).

The IUCEA Management responded that there was no MOU. The budget and activity plan were prepared and approved by the donor based system on which the donor approved expenditure of funds. The IUCEA had promised to effect an adjustment to recognize the deferred component of the fund.

The Committee then observed inconsistency and inappropriate management of funds and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- i.) Account for remaining balance of the funds;
- ii.) Always strive to have proper documentation of donor funds.

The Committee was informed that the funds were fully accounted for and the project was completed.

7.5.15 Absence of accounting research advances for innovation

The Audit Commission had reported that in April and June 2013, VICRES disbursed USD 259,734.00 to researchers to support innovation project. It was agreed with the researchers to complete the projects not later than June 2014. It was however noted that only USD. 2,566 was surrendered during the year under review. In addition, there was no any report issued on the activity undertaken.

The IUCEA Management responded that emphasis on recoverability has been ongoing and the status to-date stand at \$193,899. Physical visits are ongoing in making sure that funds are accounted for before the end of the project.

The Committee observed delays in accountability and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- i.) Double efforts in recovering unaccounted for funds; and
- ii.) Avail progress report on recovery to the Audit Commission for verification.

The Committee was informed that the funds were fully accounted for and the project was completed.

7.5.16 Absence of research copy right policy

The Audit Commission had reported that VICRES financed different researchers to conduct research, where 104 research projects were funded from 2003 to 2013. The agreement with researchers was that the copy rights for these researches will be for IUCEA and research products should be freely distributed. According to the strategic plan of VicRes 2010-2014, it was planned to develop intellectual copy rights policy and establish intellectual property notes/committees in each Partner State to handle intellectual property through VicRes project.

The IUCEA Management then responded that it agrees that this was not covered by VICRES, and IUCEA is planning to develop IP copy right in the future.

The Committee observed lack of coordination and lack of information flow and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- i.) Institute proper coordination to facilitate information flow;
- ii.) Develop IP copyright policy and report progress to the Audit Commission.

The Committee was informed that the IUCEA will develop an Intellectual Property copy right regime during the operationalization of the research and innovation policy framework that was approved by the Executive Committee.

7.5.17 Review of IUCEA Information System

Inadequate IT Staff

The Audit Commission had reported that the approved structure of IUCEA requires 3 IT personnel to perform IT function. However, during the year under review, it was found that only one IT personnel remained in IT section after the second one moved to other department.

The IUCEA Management then reported that it understands the risk of having one staff in the department and has planned the recruitment of one additional staff in the next financial year as outlined in the functional analysis report. However, in the meantime, management is in the process of recruiting an IT Support Assistant as a temporary staff. Furthermore, management is in the process of outsourcing some of the routine ICT operations.

The Committee then noted management report and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to endeavor to assess the complexity of the work of its current staff and establish whether there is need to fill current vacancies in the IT function and report progress to the Audit Commission.

The Committee was informed that an IT support assistant has been recruited on temporary basis and that the recruitment of a senior systems analyst is ongoing.

7.5.18 Lack of Payment Data Visibility in the Accounting System

The Audit Commission had reported that the IUCEA accounts unit records financial information using an accounting system named "SOLOMON" with the following modules:-

- Fixed assets
- Account Payable
- Account Receivable
- Cash Manager
- Payroll
- Budget/Project Controller
- Management Reporter
- General ledger

In addition, the accounting unit is using CityDirectSystem, provided by City Bank, to effect IUCEA payment transactions in its accounts with City Bank. When payment is effected using CityDirectSystem the system issues a confirmation note with referent number of the transaction effected.

A review of the payment process in the Accounts Payable module noted that the Council was using voucher numbers in updating the payment transactions in both the cash book and creditor's ledgers. There was no link between the payment voucher number and the actual reference number from CityDirectSystem in the system. Management informed the Audit Commission that the actual reference numbers coming from CityDirectSystem contain about twenty digits making difficult to manual input in the "SOLOMON" system.

The IUCEA Management then reported that it will endeavor to create a linkage between the reference number from the Citi direct system and payment voucher in Dynamics Solomon system.

The Committee then noted lack of payment data visibility in the accounting system and recommended to the Assembly to urge the EAC Council of Ministers to direct IUCEA to:-

- i.) Initiates a linkage between reference numbers generated by CityDirectSystem and the payment vouchers in the 'SOLOMON' system;
- ii.) Report correction of the anomaly to the Audit Commission for verification.

The Committee was informed that reference numbers used on payment vouchers are now obtained from the citidirect system.

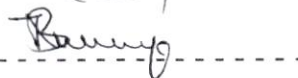
MEMBERS OF THE COMMITTEE ON ACCOUNTS

Oversight Activity on the Management systems, performance of projects and implementation of Assembly Recommendations in the EAC Institutions (LVFO, IUCEA, CASSOA), 14th – 20th February 2016, Uganda

1. Hon. Amb. Jeremie Ngendakumana -



2. Hon. Bernard Murunya -



3. Hon. Shyrose Bhanji -



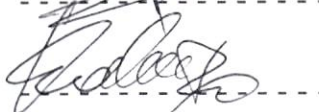
4. Hon. Straton Ndikuryayo -



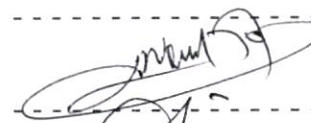
5. Hon. Bernard Mulengani -



6. Hon. Dr. Francois Xavier Kalinda -



7. Rt. Hon. Margaret Nantongo Zziwa -



8. Hon. Emmanuel Nengo -



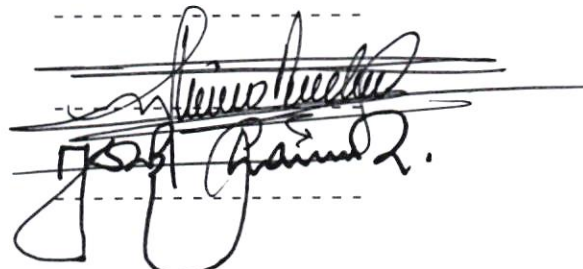
9. Hon. Mumbi A. Ng'aru -



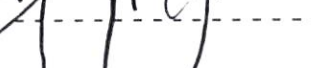
10. Hon. Nderakindo P. Kessy -



11. Hon. Pierre-Celestin Rwigema -




12. Hon. Saoli Ole Nkanee -



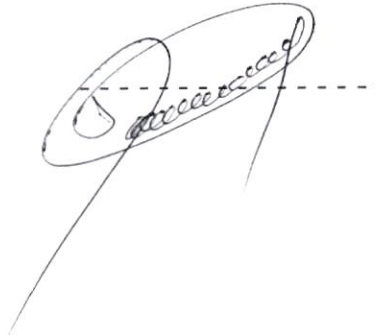
13. Hon. Peter Mathuki -

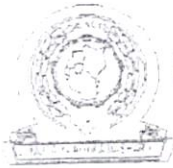


14. Hon. Nusura Tiperu -



15. Hon. Yves Nsabimana -





EAST AFRICAN COMMUNITY
LAKE VICTORIA FISHERIES ORGANIZATION
SECRETARIAT



REPORT OF THE 9TH REGULAR SESSION OF LVFO COUNCIL OF MINISTERS

NORFOLK HOTEL, NAIROBI KENYA

29TH JANUARY 2016

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29 JANUARY 2016

East African Community Affairs in the respective Partner States (The Communiqué Article 9). This was further emphasized by the 28th EAC Council of Ministers Session in November 2013 held in Kampala, Uganda (EAC/CM28/Directive 54). So far the Republics of Kenya and Uganda started remitting their respective contributions through Ministry of East African Community Affairs (MEACAs) from the FY2014/2015. United Republic of Tanzania is yet to follow suit.

As at to-date, the Status of Country Contribution is as summarized below:

Table 3: Status of Partner States Contribution

No.	State/Country	Contributions Outstanding as at end of (2014/2015)	Contributions due for (2015/2016)	Total Contributions due for	Contributions received during (2015/2016)	Balance due (To date)
1	Republic of Kenya	102.26	518,069.00	518,171.26	518,119.91	51.35
2	United Republic of Tanzania	520,871.78	518,069.00	1,038,940.78	69,501.22	969,439.56
3	Republic of Uganda	180,810.88	518,069.00	698,879.88	245,114.52	453,765.36
	Total	701,784.92	1,554,207.00	2,255,991.92	431,424.65	1,423,256.27

b) Status of 'Operation save Nile perch' Contribution

The last regular session, the 8th Regular Session of the Council of Ministers in November 2013 requested Partner States to fulfill obligations towards operationalizing the plan by June 2014 (The Joint Communiqué of the Council of Ministers issued in Arusha, Tanzania on 13th November 2013, Article 5).

The Status as to-date is as presented below:

Table 4: Status of 'Operation Save Nile perch' Contribution

No.	Country	Partners State Obligations	Contributions to Date	Balance owing Due to date
1	Republic of Kenya	600,000.00	570,907.00	29,093.00
2	United Republic of Tanzania	600,000.00	185,013.00	414,987.00
3	Republic of Uganda	600,000.00	440,159.98	159,840.02
	Total	1,800,000.00	1,196,079.98	603,920.02

Action: The CoM took note of the status of Country Contribution and 'Operation Save Nile perch' and Urged Partner States to pay their respective outstanding contributions by June 2016.

9.1.3. Financial and Management Systems

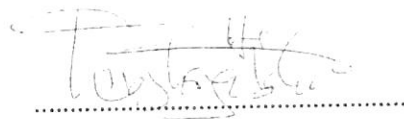
With support from the EAC, LVFO upgraded her financial systems, with a new accounting

11. Adoption of the LVFO Council of Ministers Report

The report of the 9th Regular Session of the LVFO Council of Ministers was adopted at the Norfolk Hotel, Nairobi - Kenya on 29th January 2016.

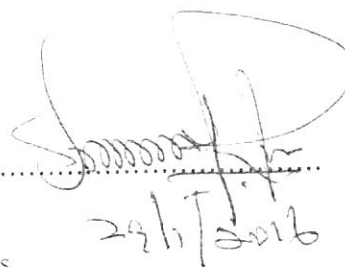
HON. MR. WILLIAM OLE NASHA (MP),
DEPUTY MINISTER

Chairperson, LVFO Council of Ministers,
Ministry of Agriculture, Livestock and Fisheries,
P.O. Box 9152, Dar es Salaam, Tanzania.



HON. PROF. ZERUBABEL M. NYIIRA (MP),
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Vice Chairperson, LVFO Council of Ministers,
Ministry of Agriculture, Animal Industry and Fisheries,
P. O. Box 102, Entebbe, Uganda



29/1/2016

MR. WILLY BETT,
CABINET SECRETARY

Member, LVFO Council of Ministers,
Ministry of Agriculture, Livestock and Fisheries,
P.O. Box 34188, Nairobi, Kenya.

