



**A SYSTEMIC INVESTIGATION REPORT INTO  
OPERATIONS OF THE BOARD OF DIRECTORS OF THE  
UGANDA PRINTING AND PUBLISHING CORPORATION**

**Report of the Inspectorate of Government**

**February 2016**

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## **1.0 Introduction**

### **1.1 Background**

1.1.1 The Inspectorate of Government (IG) received complaints against the Board and some managers of Uganda Printing and Publishing Corporation wherein it was alleged that:

- (a) Following an investigation into complaints to the Board from some top managers and other staff by its ad hoc Committee that was allegedly marred with irregularities and biases and in contravention of the principles of natural justice, the UPPC Board terminated the probationary appointment of Ms. Irene Wasike Muwanguzi as Managing Director on grounds of incompetence, abuse of office and insubordination;
- (b) There was a conflict of roles between the Board and management of the Corporation which concerns were also received by the Minister as put in his letter to the IG dated 13<sup>th</sup> May 2015;
- (c) The Board made changes in the organization structure that was contained in the Strategic Plan without adjusting the expected deliverables thereby making it unlikely that staff would meet the set targets;
- (d) The Board held unnecessary meetings at the Corporation every month for purposes of drawing allowances which was costly to the Corporation;
- (e) The Board Chair illegally maintained a full-time office at the Corporation and was drawing daily lunch allowance, monthly fuel re-imbursments for fuel used for his personal work, payment for internet services via modem that he usually used to check for his personal emails or

do private work; and has continued to use an official phone to make personal calls, hence contravening the terms and conditions of his appointment;

(f) As a favour to her, the Board irregularly appointed Ms. Arihomugisha as the Assistant Manager Human Resource and Administration in that the position was not advertised and that she does not have the requisite academic qualifications to hold that position; and that,

(g) The Board irregularly confirmed Mr. Nuwagira Lawrence as Finance and Administration Manager (FAM) without any appraisal.

1.1.2 It was believed that the numerous complaints made against the UPPC Board and some Managers were symptoms of broader underlying deficiencies at the Corporation that necessitated a review of the relationship between the Board and management.

## **2.0 Objectives of the inquiry**

- i) To analyze the current organization structure of the Corporation as approved by the Board with the view of assessing its ability to deliver the targets set out in the Strategic Plan;
- ii) To establish whether the UPPC Board holds unnecessary meetings resulting in wasteful expenditure;
- iii) To establish whether the termination of the MD's probationary appointment was marred with irregularities and/or whether it was contrary to the principles of natural justice;
- iv) To establish whether the Chairman of the Board maintained a full-time office at the Corporation and whether he was paid allowances over and above the entitlements specified in his letter of appointment;

- v) To establish whether there are conflicting roles between the Corporation Board of Directors and Management;
- vi) To establish whether Mr. Nuwagira was confirmed in his appointment without an appraisal, and if so whether the confirmation was irregular; and,
- vii) To establish whether the Board favoured and irregularly appointed Ms. Arihomugisha as Assistant Manager Human Resource and Administration.

### **3.0 Scope**

The inquiry concentrated on establishing causes of governance deficiencies at the Corporation and inquiring into the specific allegations raised against the Board and some Managers.

### **4.0 Methodology**

The investigation was carried out by interviewing persons concerned, reviewing documents at the Corporation, as well as visits to the Corporation's offices to inspect the premises. A Questionnaire was administered to some members of staff that were not interviewed by investigators.

#### **4.1 Interviews**

The following persons were interviewed and where necessary written statements recorded from them:

- a) Mr. Eddy George Ococ (Chairman, Board of Directors);
- b) Mr. Moses Nyakairu (Board Member);
- c) Hon. Flora Nkurukenda (Board Member);
- d) Hon. Simon Gerald Menhya (Board Member);
- e) Mr. Geoffrey Kakira (Board Member);
- f) Hon. Jovino Akaki Ayumu (Board Member);
- g) Ambassador Stephen Nabeta (Board Member);

- h) Ms. Irene Wasike Muwanguzi (MD/Board Member);
- i) Mr. Wanyama Kodoli (CS/Secretary to the Board);
- j) Mr. Lawrence Nuwagira (Finance and Administration Manager);
- k) Mr. Calebs Owomugisha (Internal Auditor);
- l) Mr. Mubuya Joseph (Manager Printing & Publishing);
- m) Ms. Jacqueline Kagwa (Asst. Manager/Head Procurement and Disposal Unit);
- n) Mr. Mwesigwa Patrick (Asst. Manager Publishing);
- o) Ms. Arihomugisha Anne (Asst. Manager Human Resource and Administration); and,
- p) Mr. Sempa Mukuju Clement (Asst. Manager Sales & Marketing).

#### **4.2 Document Review**

The following documents, among others, were reviewed;

- a) The Corporation Organograms as at 2011, 2014 and 1<sup>st</sup> July 2015;
- b) The Corporation Strategic Plan 2015/18;
- c) Report on Forensic investigation of the operations of the Corporation by the Auditor General ref: VFMSA 191/354/01 dated 28<sup>th</sup> May 2013;
- d) Office of the President Fact finding report on the alleged Mismanagement and Embezzlement of funds from the Uganda Printing and Publishing Corporation, conducted by the Office of the President, 2012;
- e) Cabinet Minute 419(CT 2004);
- f) Relevant Minutes of meetings of the Board, Board Committees, and Board Committee reports;
- g) Corporation Staff Lists;
- h) Personal Files of all Heads of Departments;
- i) Relevant Financial records; and,
- j) Relevant correspondence and e-mails between the Minister, Board and Management of the Corporation.

#### **5.0 Law Applicable**

- a) The Constitution of the Republic of Uganda, 1995;
- b) The Inspectorate of Government Act, 2002;
- c) The Uganda Printing and Publishing Act, Cap 330 of the Laws of Uganda;
- d) The Public Enterprise Reform and Divestiture Act, Cap 98 of the Laws of Uganda;
- e) The Public Procurement and Disposal of Assets Act, 2003;
- f) UPPC Board of Directors Governance Policy Manual, dated July 2014 Edition;
- g) UPPC Human Resource Manual, 2014;and,
- h) UPPC Financial and Accounting Policy Manual, 2014



## **6.0 Findings**

### **6.1 The Uganda Printing and Publishing Corporation (UPPC)**

- 6.1.1 The UPPC is a public enterprise that is fully owned by Government which was established in 1993 by the UPPC Act, Cap 330. Specifically, Section 2(2) of the UPPC Act provides that the Corporation shall be a body corporate with perpetual succession and a common seal and may sue or be sued in its corporate name.
- 6.1.2 The Corporation started out as the Government Printer under the British Colonial Government in 1902. In 1962 the Department remained under Office of the President. During that time, it was funded using public funds allocated under the Government Printer Vote and its role was to supply stationary and provide printing and publishing facilities to all Government Ministries and Departments. It was a monopoly in the business until liberalization of the economy in the early 1990s and the enactment of the Public Enterprise Reform and Divestiture Act, Cap 98 of the Laws of Uganda (PERD Act).
- 6.1.3 According to the 1<sup>st</sup> Schedule of the PERD Act, the Corporation was placed under Class III among those public bodies that Government was required to fully divest itself from. However this was reviewed by Cabinet on the 17<sup>th</sup> November 2004 under Min. 419(CT 2004) where after recognizing the important role played by the Corporation in the printing of all Bills, Statutes and Official Gazette, Cabinet re- classified it under Class I among those public bodies that Government had to retain full ownership of .
- 6.1.4 Section 5(1) of the UPPC Act spells out the broad function of the Corporation as, *“To provide printing and publishing facilities to Government Ministries, departments, parastatal bodies and to private individuals and organizations”*. Specifically the Corporation’s functions are outlined under Section 5(3) of the UPPC Act and these are the following;

- a) *print and publish all Government legislation and documents;*
- b) *act as an in service school to train its own and other organizations' apprentice printers;*
- c) *act as the chief adviser to the Government on all printing and publishing matters;*
- d) *provide printing services to parastatals, private organizations and individuals;*
- e) *provide stationery such as envelopes, desk calendars, letterheads, visiting cards, file folders or other stationery for office use;*
- f) *produce posters and other forms of advertising materials;*
- g) *produce paper bags, paper boxes and other paper packing containers;*
- h) *provide technical drawings and architectural plans;*
- i) *publish books, booklets or other publications which enhance the culture, welfare and unity of Uganda;*
- j) *print both text books and exercise books or any other books for general reading or use;*
- k) *carry out binding services on books, magazines or other documents;*
- l) *provide business and accounting stationery such as receipt forms, cash books and ledger books;*
- m) *undertake security printing works as may be determined by the Minister in consultation with the board; and,*
- n) *carry out any other activity that may be carried out by a printing and publishing institution."*

## **6.2 Whether the current organization structure of UPPC is adequate to implement its strategy.**

### 6.2.1 Section 8 of the UPPC Act provides that

*"The Corporation shall have legislation, security, printing and publishing departments and other departments as the board may determine."*

By 2011, the structure of UPPC (**Annex A<sub>1</sub>**) comprised of the Internal Auditor who was directly responsible to the Board; the Manager Legal who also doubled as Board Secretary; five (5) managers for Human Resource, Procurement, Finance, Production and Marketing & Sales; and, **four** (4) Assistant Managers for Assistant Printing, Assistant Manager Publishing and Assistant Sales & Marketing and an Accountant.

6.2.2 In December, 2012, the Minister appointed a team to study and advise on the problems and challenges facing the Corporation at that time. In their report titled “*Fact Finding Report on Alleged Mismanagement and Embezzlement of Funds from the Uganda Printing & Publishing Corporation*”, it was noted *inter alia* that:

*“In an effort to improve the management of the Corporation, the Board established additional posts for Managers, including Human Resources, Internal Auditor, Sales and Marketing and, Legal Department. Given the size of the Corporation and the volume of work handled, some of these management positions do not have adequate work load which has led to job related conflicts. There (was) need to match staffing levels with work load requirements. The corporation should therefore down size.”*

6.2.3 By July 2014, the structure of the Corporation was as shown in the organogram in **Annex A<sub>2</sub>** had **three** (3) managers for Printing and Publishing, Finance & Administration and a Corporation Secretary (CS); eight (8) Assistant Managers for security printing, general printing, publishing and legislation, marketing, Human Resource and Administration, Accountant, Head Procurement and Internal Auditor.

### **UPPC Strategic Plan 2015/18**

6.2.4 The UPPC strategic direction is enshrined in its vision as reproduced in the Board of Directors Governance Policy Manual of July 2014 as:

*“To remain the market leader in security printing and publishing in Uganda.”*

6.2.5 According to the Strategy document 2015/18 that was adopted by the Board, *codenamed “Transforming UPPC,”* the following were the strategic focus areas with clearly identified strategic interventions that were *“linked to performance areas of the Balanced Score Card (BSC)”*:

- a) **Effective communication and partnerships** with interventions of effective and consistent branding; continuous market research aimed at understanding the target market; stakeholders and responsive products; consistent advertising in ideal media; effective prospecting and customer management to increase sales and retention and others.

The capabilities needed to drive this strategy were putting in place a *“strong marketing and creative team”* and, furniture and equipment on the backbone of systems of customer relationship; partnering; and, branding and market management. The persons responsible for this strategy to succeed were basically a proposed Executive Director and a Marketing & Public Relations Director.

The CS and ED were also responsible for the other intervention of timely communication to stake holders.

- b) **Quality products and services** which had value chain and production process management; value addition to customer requests; product and service innovations; and, effective staffing against a foundation of among other systems effective distribution and coordination system; ISO implementation & maintenance system and information systems as the interventions. The persons responsible to ensure that this strategy succeeded were the proposed Executive Director, Manager Quality Control, the Director Marketing & Public Relations; and, the Director Printing & Publishing. The Director Human Resources was responsible for effective staffing.

- c) **Sustainable and profitable business** that had the interventions including proper accountability; statutory compliance staffing; effective controls (internal controls) and investment management; and, the persons responsible were the proposed Director - Finance, Director - Human Resource and Head Procurement and Disposal Unit (HPDU).
  
- d) **Effective Governance, risk management and strategic partnerships** had interventions including managing stakeholder expectations; ensuring compliance; managing effective systems and controls; creating strategic partnerships; providing printing and publishing consultancy services to strategic partners; ensuring effective and value for money procurements; and, managing risk.

6.2.6 The strategy is closely linked to the BSC because this was the tool that the Board was to use to monitor and evaluate management's performance over the period. It is stated in the strategic plan that,

*“The balanced score dashboard ... (plus any targets board may set for the MD) shall be used to measure the performance of the Managing Director” and that “The Board shall hold the MD accountable; who in turn shall hold respective directors accountable; who shall (in turn also) make managers to account for the effective execution of their responsibilities.”*

6.2.7 According to the BSC dashboard (**Annex A3**) the performance indicators are:

- (i) financial perspective (in areas of turnover, profit margin and revenues);
- (ii) learning and growth focus (staff turnover, productivity ratio and total operating expenses per staff);
- (iii) internal business processes (zero tolerance for fraud, corruption and security breaches, compliance rate and low defect rates); and,

- (iv) Customer/stakeholder focus (customer retention ratio, referral rates and customer increase rate).

6.2.8 According to the Finance/Revenue Forecasts in the Strategic Plan (**Annex A4**) the turn over, revenues from security and general printing, gazette sales, publications, stationary sales and subscriptions were expected to be “*increasing double each year.*” Revenues from digital publishing, creative designing, publishing and rental income was expected beginning in FY 2015/16. Income from the training school and museum/resource centre was expected to be received starting FY 2016/17.

6.2.9 In order to achieve the expected growth as envisaged by the strategy, it was linked to a proposed organogram shown (in **Annex A5**) that was inclusive of an Executive Director (that required an amendment of the UPPC Act which provides for an MD) and the following Directors:

- a) Marketing & Public Relations (responsible for the Managers for Marketing and, Public Relations & Sales);
- b) Printing & Publishing (responsible for the Managers of Legislation & Publishing, Printing and, Quality Assurance);
- c) Finance and Administration (responsible for the Managers of Human Resource & Administration and, Accountant);
- d) Corporation Secretary (responsible for the Manager Procurement & Disposal); and,
- e) Internal Auditor, who was still directly answerable to the Board.

6.2.10 Members of the Board and the MD all confirmed that the above mentioned strategic plan was adopted by the Board. However attempts to get a certified copy of the Board minutes that approved it were futile and by the time of writing this report the Board Chairperson and/or the CS who doubles as the Secretary to the Board were yet to provide a copy of the relevant minute.

### **Current Organization Structure adopted by the Board**

6.2.11 Contrary to what was provided for in the strategic plan, the Board adopted a leaner structure which was put in place on 1<sup>st</sup> July 2015(**Annex A6**) with the MD and the following managers:

- (a) Printing and Publishing Manager directly responsible for **four** (4) Assistant managers and indirectly a further **forty two** (42) staff and unspecified commission agents;
- (b) FAM directly responsible for **three** (3) Assistant managers and indirectly a further **nineteen** (19) staff and unspecified number of debt collectors; and,
- (c) CS who is directly responsible for a **lone** Information Assistant and indirectly only **two** (2) Records Clerks.

6.2.12 The Internal Auditor was kept directly responsible to the Board with a reporting function to the MD. Some staff interviewed understood internal audit to be a management function that necessitated the MD to be the responsible officer. However Board members insisted that the Internal Auditor was supposed to be answerable to the Board in order to secure his/her independence.

6.2.13 The Chartered Institute of Internal Auditors<sup>1</sup> defines internal auditing as

*“an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations ... by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”*

6.2.14 The Global Institute of Internal Auditors provides the International standards for Professional Practice of Internal Auditing as authoritative guidelines for internal auditing. The Standards that

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<sup>1</sup><https://iaa.org.uk/resources/global-guidance/> (07/01/2016)

are part of the International Professional Practice Framework of July 2015 provide that:

*“Internal audit’s organizational independence and internal auditors’ objectivity<sup>2</sup> are protected by direct reporting to the governing body. Organizational independence is effectively achieved when the chief audit executive reports functionally to the board.”*

6.2.13 In a statement recorded on 29<sup>th</sup> September 2015, Ms. Nkurukenda stated that when the Board adopted the July 2015 structure under discussion, the Board never made changes to the expected outputs or performance indicators. In a statement made on 6<sup>th</sup> October 2015, Mr. Kakira was not sure as to whether these were adjusted. In his statement dated 2<sup>nd</sup> October 2015, Mr. Ococ maintained that the lean structure adopted by the Board can deliver the outputs of the strategic plan. However, the MD stated that there was no way the strategic plan could be implemented with the lean structure and added that its implementation is already frustrated at the inception.

6.2.14 Attempts to get a copy of the Board minutes that have a record of the Board’s adoption of the July 2015 structure from the Corporation were futile.

### **Observations and Conclusions**

6.2.15 It was observed that the authority to create departments of the Corporation and determining the structure is vested in the Board. The assessment carried out by the office of the Minister in 2012 raised concerns that redundant senior management positions were a recipe for internal conflicts and the Board endeavoured to address this problem. However, there may be need to carry out a comprehensive organization assessment as a way of assessing the relative job worth of each position in order to have a meaningful restructuring and/or reorganizing.

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<sup>2</sup><https://iaa.org.uk/resources/global-guidance/> (07/01/2016)



- 6.2.16 It was observed that the Board adopted a strategic plan for the period 2014/15-2017/18 which had four basic strategic actions to be undertaken with each outlining at least eight strategic interventions. The strategic plan excluded the proposed structure. Hon. Nkurukenda and the MD were of the view that the leaner structure adopted by Board in July 2015 may not deliver the strategy in its present form. They argued that there is need to have the outputs aligned to the adopted structure as it would be unfair to use it to measure the performance of management.
- 6.2.17 Given the level of their competence and knowledge, the fact that the managers did not appreciate this fact suggested that there was a deliberate attempt to fail the MD in execution of her duties. The Board members seem to be defensive without clear grounds and therefore their competency when it comes to strategic planning issues is highly questionable.
- 6.2.18 It was suspicious that important Board minutes like those with records of adopting the strategic plan and structures were missing. It is possible that the information therein may be detrimental to the credibility of the Board.
- 6.2.19 It is further observed that according to international standards, the Internal Audit function should be separate from Management and the Internal Auditors are responsible to governing bodies/Boards of organizations in order to safeguard their independence. At least the Board is spot on in this regard and one would be left wondering how then, with the exception of Hon. Nkurukenda, they could fail to appreciate other aspects of strategic planning. The Board miserably failed to handle the matters of the strategic plan and have an effective organogram to execute the desired strategy in place. However they still have opportunity to cure this.

### **Recommendations**

- i) The Minister sanctions the UPPC Board for ineptly handling the implementation of the Corporation's strategic plan which was tantamount to negligence.

- ii) The Board engages an independent management consultant to carry out a comprehensive organizational assessment in order to get rid of any redundancies, determine the required jobs at the Corporation and their appropriate job descriptions and specifications to enable a meaningful comprehensive restructuring.
- iii) In the interim, the Board aligns expected outputs with the current workforce of the organization in order to fairly evaluate management's performance.

**6.3 Whether the UPPC Board holds unnecessary meetings resulting in wasteful expenditure.**

6.3.1 The IG investigating team retrieved and reviewed the Annual Budget estimates of the Corporation for FY2014/2015 and below is an extract from the budget for Board expenses:

**Table 1: Budget for Corporation Board Expenses for the Financial Year 2014/15**

Item No.	Item	Description	Rate (UGX)	Amount (UGX)
1.	Retainer	8 members	12,000,000/=	96,000,000/=
2.	Statutory board meetings	4 meetings	4,000,000/=	16,000,000/=
3.	Possible business travel	2 trips	15,000,000/=	30,000,000/=
4.	Extra ordinary meetings	4 meetings	4,000,000/=	16,000,000/=
5.	Committee meetings	6 meetings	2,500,000/=	15,000,000/=
6.	Average rate for travel during X-mas Vacation	8 members	700,000/=	5,600,000/=
7.	Board retreat	1 meeting		16,000,000/=
<b>Total</b>				<b>194,600,000/=</b>

Source: Corporation budget for FY 2014/15

6.3.2 A review of the minutes of Board meetings and attendance register for meetings showed that in the year 2014 the Board held four (4) statutory board meetings, six (6) extra ordinary board meetings and one (1) emergency meeting; while in the year 2015, the Board had so far held one (1) statutory board meeting and five 5 extra ordinary board meetings, one (1) emergency meeting and one (1) retreat (see

**Appendix 1).** It was noted that while the count of Board meetings follow the Calendar year, UPPC budgets follow the Financial Year.

6.3.3 It was found that under the provisions of Section 7.0 of the Board Manual, two Board Committees were established, namely the Finance and Audit Board(FAB)Committee (established under section 5.7) and the HR,A&M Committee (under Section 1.7that is also referred to as the Staff, Administration and Marketing Committee). According to sections 5.7(a), 1.7 and 7.6 of the Board Manual both committees are to meet at least four times a year. The members of the respective committees are as listed below;

**Table 2: Corporation Board Committees and members**

<b>S/n</b>	<b>Committee</b>	<b>Members</b>
1.	Human Resource, Administration and Marketing Board Committee(Staff, Administration and Marketing Committee)	Hon. Akaki (Chairman)
		Hon. Nkurukenda
		Mr.Nyakairu
2.	Finance and Audit Board Committee	Hon. Menhya(Chairman)
		Amb. Nabeta
		Mr.Kakira

**Source: Corporation Board records**

In his capacity as Chairperson of the Board Mr. Ococ is an ex-officio member of the two Committees of the Board.

6.3.4 When the Board committee minutes and attendance registers in respect of meetings of the Board committees held between 2014 and 2015 were examined, it was found that in 2014 the FAB committee met three (3) times but with one meeting lasting two days while in 2015 it had so far met five (5) times. On the other hand the HR,A&M committee met eight (8) times in 2014 and five (5) times in 2015 so far. In addition an *Ad hoc* committee of the board met for three (3) days in 2014 (see **Appendix 2**).

6.3.5 Mr. Nuwagira (FAM) failed to provide all financial documents required for the investigation. It was therefore not possible to analyze expenditures related to Board meetings.

## **Observations/Conclusions**

6.3.6 Article 2 of the schedule of the UPPC Act provides that,

(1) *Every meeting of the board shall be convened by the Chairperson; and the board shall meet for the transaction of business at such places and at such times as may be decided upon by the board, but the board **shall meet once every three months.***

(2) *The Chairperson, or, in his or her absence or inability to act as such, a member appointed by the board to act in his or her place, **may at any time call a special meeting** of the board, and shall call a special meeting upon a written request by a majority of the members of the board.”*

6.3.7 At Section 1.1.5(b) of the Board Manual, it is provided that “*Serving as presiding officer and chief authority in the conduct of meetings, the Chairperson shall call a board meeting not less than four times a year and at any other time where necessary.*”

6.3.8 It was observed that the Board holds one meeting every three months (referred to as statutory Board meeting) in keeping with the permitted total of four meetings in a year as provided in Article 2(1) of the Schedule of the UPPC Act.

6.3.9 However, the framers of the UPPC Act envisaged a situation necessitating the calling of special meetings but with a condition that it was on written request by the majority of members. However, the Board has held extraordinary meetings which do not qualify to be called special meetings since there was no evidence found they were called upon written requests by a majority of members. The extraordinary meetings were too frequent and therefore illegal as they contravened the UPPC Act.

6.3.10 In addition to the above-mentioned meetings, the Board also introduced two Board Committees which were expected to hold at

least eight meetings in a year; which they apparently do. In some cases, it was observed that the Committees even hold meetings to prepare for their meetings like in the case of the HR,A&M Committee meeting held on 29<sup>th</sup> October 2014 which was an outright abuse that has to be checked. It is evident that both the Board and its Committees favour holding some of their meetings in hotels instead of the UPPC Boardroom. This increases the cost of carrying out Board business.

6.3.11 Section 15(a) of the UPPC Act provides that,

*“The Corporation shall perform its functions in accordance with **commercial principles** and shall ensure as far as possible that its revenue is sufficient both to meet expenditure properly chargeable to revenue.”*

6.3.12 Cognizant of the above provision and the provisions of Article 2(1) of the schedule of the UPPC Act that empowers the Board to determine the venue of its meetings, it would be businesslike and prudent for the Board to act in the interests of growth of the Corporation. The Board ought to be considerate by being economical and save the Corporation money in order to re-capitalize it given its current financial needs to procure newer technologies and machinery. Contrary to this, the Board does not behave in a business-like manner and is wasteful.

### **Recommendations**

- i) The Minister should dissolve the UPPC Board for holding illegal meetings contrary to Article 2 of the schedule of the UPPC Act and for violating the provision of Section 15(a) of the UPPC Act by acting contrary to business principles and being wasteful. Such conduct amounted to misbehaviour and put an unnecessary strain on the UPPC budget.
- ii) The UPPC Board adopts a policy where meetings are held in the Corporation Boardrooms save for the Board retreat, in

order to save more revenue towards the much sought for recapitalization.

- iii) In order to ensure that the Board is not wasteful and in order to prevent it from abusing the provision on special meetings, the Managing Director should set a percentage ceiling of annual revenue that may be used for board expenditures.

#### **6.4 Whether the payments to Directors of the Corporation comply with terms in their appointment letters and/or the UPPC Act.**

6.4.1 It was established that the terms and conditions of service of members of UPPC Board of Directors were provided for in their appointment letters (**Annex B<sub>1</sub>**). It was provided that the Chairperson shall be paid a sitting allowance of UGX 160,000/= while each board member would be paid UGX 140,000/= per Board meeting. Transport was to be paid for in accordance with existing government mileage rates.

##### ***A. Questioned Payments to the Chairman of the Board***

6.4.1 On 2<sup>nd</sup> October 2015, Mr. Ococ stated that he asked the Board to facilitate him with transport, food, airtime and internet to carry out a range of board duties which he did not specify. By the time of writing this report, Mr. Ococ was yet to provide the relevant Board minute that resolved to facilitate him as he claimed. It was noted that according to the UPPC Act it was the Minister and not the Board that determined emoluments of Board members.

6.4.2 Mr. Nuwagira (FAM) failed to provide all relevant payments and accountability documents like payment vouchers, cash books, and vote books for financial year 2014-2015 for examination. However from the summary financial records and some payments vouchers provided and examined, it was found that at least between July 2014 and May 2015 the Board Chairperson received payments of about UGX 5,231,214/= for fuel, lunches and other meals, car hire,

mileage, internet services and phone services as shown below. He further received another UGX 1,749,200/= in unclear mileage and shared in another UGX 1,474,600/= in unclear mileage .

**Table 3: Payments to Board Chairperson in FY 2014-2015**

S/n	Date	ChequeNumber	Payments Voucher Description	Amount(UGX)
1.	01/07/14	CHQ008275	Car hire	30,000/=
2.	17/09/14	CHQ000084	Lunch for Board Chairperson – EddyOcoc requisition dated 5/9/14	50,000/=
3.	17/09/14	CHQ000084	Lunch for Board Chairperson – EddyOcoc requisition dated 12/9/14	50,000/=
4.	23/10/14	CHQ008359	Post Paid Phone – Chairperson EddyOcoc	761,214/=
5.	06/11/14	CHQ008433	Lunch for Board Chairperson – EddyOcoc	50,000/=
6.	20/11/14	CHQ008438	Facilitation to Chairperson – EddyOcoc	140,000/=
7.	20/11/14	CHQ008440	Lunch for 3 Days- EddyOcoc	150,000/=
8.	20/12/14	CHQ008459	Mileage for Board Chairperson	720,000/=
9.	12/12/14	CHQ008463	Lunch for Board Chairperson – EddyOcoc	100,000/=
10.	12/12/14	CHQ008471	December fuel for EddyOcoc	600,000/=
11.	10/07/14	CHQ008348	Lunch for Board Chairperson – EddyOcoc	50,000/=
12.	10/07/14	CHQ008348	Loading modem	50,000/=
13.	25/08/14	CHQ008330	Internet for board Chairperson EddyOcoc	100,000/=
14.	27/08/14	CHQ008331	Lunch for Board Chairperson – EddyOcoc	100,000/=
15.	24/09/14	CHQ00112	Lunch to Board Chairperson	100,000/=
16.	01/10/14	CHQ00132	Lunch for Board Chairperson – EddyOcoc	50,000/=
17.	07/10/14	CHQ00140	Lunch and modem to Board Chairperson	100,000/=
18.	07/10/14	CHQ00140	Lunch for Board Chairperson – EddyOcoc	50,000/=
19.	13/10/14	CHQ008415	Lunch for Board Chairperson – EddyOcoc	50,000/=
20.	17/10/14	CHQ00149	Lunch for Board Chairperson – EddyOcoc	150,000/=
21.	07/01/15	CHQ008398	Lunch for Board Chairperson – EddyOcoc	50,000/=
22.	20/01/15	CHQ008545	Load modem for Chairman EddyOcoc	10,000/=
23.	23/01/15	CHQ008555	Lunch for Board Chairperson – EddyOcoc	50,000/=

24.	03/02/15	CHQ008407	Fuel Cards To Ococ February 2015	600,000/=
25.	18/02/15	CHQ008433	Lunch for Board Chairperson – EddyOcoc	50,000/=
26.	23/02/15	CHQ008563	Lunch for Board Chairperson-Ococ	50,000/=
27.	24/02/15	CHQ008567	Lunch for Chairperson EddyOcoc	50,000/=
28	06/03/15	CHQ008463	Lunch for Board Chairperson – EddyOcoc	50,000/=
29	06/03/15	CHQ008464	Lunch for Board Chairperson – EddyOcoc	50,000/=
30	12/03/15	CHQ008472	Lunch for Board Chairperson – EddyOcoc	50,000/=
31	12/05/15	CHQ008614	Meals for Chairperson EddyOcoc	250,000/=
32	19/05/15	CHQ008541	Chairperson’s motor vehicle hire for 2 weeks	720,000/=
<b>Sub total</b>				<b>5,231,214/=</b>
33	30/09/14	CHQ00129	Mileage to Board Chairperson EddyOcoc	648,000/=
34	20/01/15	CHQ008545	Mileage Top Up for EddyOcoc	380,600/=
35	12/03/15	CHQ008472	Mileage to Board Chairperson EddyOcoc	720,000/=
36	29/12/14	CHQ008509	Mileage for Ococ(and Kakira)	1,474,600/=
<b>Sub total</b>				<b>3,223,200/=</b>
<b>Grand Total</b>				<b>8,454,414/=</b>

Source: Corporation Payment Vouchers

6.4.3 Mr. Ococ who has an accounting background admitted to getting these payments but strangely added that he was not aware that he had to provide accountability for the lunches, fuel and vehicle hire. He also admitted that he fueled his private car but did not have any activity records for the fuel drawn.

### ***B. Full-time office at UPPC premises for the Board***

6.4.4 Ambassador Nabeta, Hon. Nkurukenda, Mr. Nyakairu and Mr. Kakira stated that indeed the Board Chairman had a furnished office at the Corporation. Ambassador Nabeta added that this was irregular. On 9<sup>th</sup> July 2015 Hon. Menhya stated that the alleged office is merely an extension to the boardroom that is used by the Chairperson and other board members.

6.4.5 On 3<sup>rd</sup> July 2015 Mr. Ococ stated that the said office was meant for the Secretary to the Board to safely keep records but that he



sometimes used it whenever he visited the Corporation to deal with two huge reports on forensic audit from the President's office and to study and guide the Board on and used that office among other things.

6.4.6 When the IG investigating team examined the "*Forensic Investigation into the operations of Uganda Printing and Publishing Corporation Report by the Auditor General*" dated 28<sup>th</sup> May 2013 and found that it was a sixty one (61) page report. Similarly when the "*Office of the President Fact Finding Report on the alleged mismanagement and embezzlement of funds from the Uganda Printing and Publishing Corporation*" of 2012 was examined, it was found to be a sixteen (16) page report.

6.4.7 There was no evidence found that the Secretary to the Board has ever used that office though staff interviewed acknowledged the fact that the office was being used by Mr. Ococ.

6.4.8 According to the *Board of Directors Register* examined (**Annex B2**) for example in the month of September 2014 Mr. Ococ signed attendance in this register on 14 (fourteen) occasions i.e. on the 2<sup>nd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 10<sup>th</sup>, 12<sup>th</sup>, 15<sup>th</sup>,16<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup>, 22<sup>nd</sup>, 24<sup>th</sup>, 25<sup>th</sup>,29<sup>th</sup> and 30<sup>th</sup>; while in the month of October 2014 he signed attendance in the register on 10 (ten) occasions on the 1<sup>st</sup>, 3<sup>rd</sup>, 7<sup>th</sup>, 9<sup>th</sup>, 13<sup>th</sup>,14<sup>th</sup>, 17<sup>th</sup>, 24<sup>th</sup>,27<sup>th</sup>, and 28<sup>th</sup>.

6.4.9 When the same Register was examined, we found no occasion where any other Board member was signing in as regularly as Mr. Ococ. The only instances other Board members usually signed in was when they went to the UPPC Headquarters to attend Board or Committee meetings like on 9<sup>th</sup> and 11<sup>th</sup> September 2014 and on 8<sup>th</sup>, 14<sup>th</sup>, 16<sup>th</sup>, and 29<sup>th</sup> October 2014.

6.4.10 It was also established that when the MD challenged the frequency of the Chairperson's visits to UPPC, the *Ad hoc* committee of the Board that investigated the MD's conduct at UPPC recommended

that the “*frequent visits*” made by the Board Chairperson would come to an end when normalcy returned at UPPC.

**C. Whether the Minister revised the terms of service of the Board members**

6.4.11 It was established that in a letter Ref:UPPC/ADM/049/2014 dated 15<sup>th</sup> December 2014 (**Annex B<sub>3</sub>**) also copied to the Chairperson of the UPPC Board, Ms. Muwanguzi (MD) wrote to the Minister in charge of the Presidency, seeking clarity on the allowances to Board members. This was because from the time of her appointment and assuming duty as MD, she had found unclear records concerning their entitlements and further made suggestions to the Minister on the allowances to be paid to the Board.

6.4.12 In his response addressed to the Chairperson of the Board Ref: ADM207/01 dated 23<sup>rd</sup> February 2015 (**Annex B<sub>4</sub>**), Hon. Frank Tumwebaze the Minister in charge of the Presidency who made reference to the appointment letters of members of the Board and in cognizance of the provisions of Section 6(1) of the UPPC Act issued new terms and conditions for the Board effective 1<sup>st</sup> March 2015 as below:

**Table 4: Terms and Conditions of service of Board members effective March 2015**

<b>Item</b>	<b>Description</b>
Transport refund	Each member of the Board of Directors will be provided a transport refund for the distance travelled to attend Board meetings.
Retainer Allowance	The Board Chairperson will be paid UGX: 1,200,000/= and each of the other members UGX: 1,000,000/= as retainer allowance per month
Mobile Phone Allowance	The Chairperson will be paid UGX: 200,000/= and each of the other members UGX: 150,000/= as mobile phone allowance per month.
Sitting Allowance	The Chairperson will be paid UGX: 160,000/= and each of the other members UGX: 140,000/= for each Board meeting attended.

Source: Minister’s letter dated 23/02/2015

## **Observations and Conclusions**

- 6.4.13 It was observed that in their respective appointment letters, the Corporation Board members were entitled to only a sitting allowance and mileage up to March 2015 when following a revision by the Minister, they were to also get a transport refund, retainer and mobile phone allowance.
- 6.4.14 However, it was observed that Mr. Ococ the Board Chairperson was, on numerous occasions before March 2015, in contravention of Section 9.3 of the Board Manual that provides that “*All expenses, including travel, will be paid within the UPPC corporate expense policies and in accordance with the conditions of appointment of each Board member as stipulated in the appointment letters*”. This was on account of illegally drawing lunch allowances, monthly fuel, and internet services via a modem, funds for motor vehicle hire and other funds for unspecified facilitations.
- 6.4.15 In taking this extra facilitation and not accounting for it was misbehaviour on his (Ococ’s) part and appropriate disciplinary action must be taken against him by the Minister. It was therefore a timely intervention by Ms. Muwanguzi to voice the concerns to the Minister.
- 6.4.16 It was observed that the framers of the UPPC Act did not envisage a situation where the Board or its Chairperson would be required to handle Corporation business on a routine basis. The impressions created respectively by Mr. Ococ and Hon. Menhya to the effect that the office was meant for the Board Secretary and was accessible to all Board members, were found to be untrue. By his own admission Hon. Menhya also irregularly accessed this office. There was no evidence to suggest that other members of the Board irregularly used that office. Mr. Ococ and Hon. Menhya allocated to themselves Corporation resources irregularly and the routine

presence at the Corporation by Mr. Ococ made him appear to be an Executive Chairman.

### **Recommendations**

- i) The Minister directs that Mr. Ococ the Chairperson of the Board of UPPC should show cause why he should not refund UGX. 8,454,414/= being monies illegally received by him in fuel, lunches, car hire and telephone services he has illegally received since July 2013.
- ii) The Minister should require Mr. Ococ the Chairperson of the Board of UPPC to show cause why he should not be removed for illegally receiving monies not stipulated in the terms and conditions of service as in his appointment letter. This action is tantamount to misbehavior under Section 6(6) of the Act.
- iii) The Minister appropriately sanctions Mr. Ococ the Chairperson of the Board UPPC and Hon. Menhya a member of the Board for illegally allocating to themselves and using office space at the UPPC headquarters.
- iv) The MD immediately closes office at the UPPC headquarters occupied by Mr. Ococ the Chairperson of the Board.
- v) The MD ensures that in future all members of Board are remunerated/facilitated according to the terms specified in their appointment letters or as determined by the Minister. The MD also ensures that all monies advanced to the Board members are properly accounted for.

**6.5** Whether the termination of the MD’s appointment was marred with irregularities and whether the board complied with principles of natural justice.

***A. History of conflicts between MDs and Senior Managers at the Corporation***

6.5.1 According to the Auditor General's Report on the “*Forensic investigation into the operations of Uganda Printing and Publishing Corporation*” dated 28<sup>th</sup> May 2013 it was observed that there existed various opposing groups among the top management. The auditors came across a number of internal and external correspondences containing counter accusations between the Board then chaired by Mr. Stephen Bandutsya, then MD Mr. Levi Malinzi and four senior managers. The allegations against the MD confirmed the existence of managerial deficiencies by the managers as they were operating as if they were “*spies or detectives to the corporation instead of concentrating on constructive work for which they were hired*” and the trend was bound to “*certainly negatively impact on productivity of the corporation*”.

6.5.2 In the minutes of the 4<sup>th</sup> Extra Ordinary Meeting of the former board held on 28<sup>th</sup> June 2013 it was recorded in Minute 25/06/2013 that:

*“It was noted that the Manager-Legal (Ms. Bibangambah who was the Board Secretary) was too much involved in creating internal wars instead of concentrating on defending the corporation ... Her professional misconduct had weakened the Corporation’s defense in Court matters ...”*

6.5.3 Hon. Nkurukenda agreed that whichever officer is Secretary to the Board becomes insubordinate to the MD and she further saw this manifested in the CS’ refusals to provide the MD with documents she requests. Ms. Muwanguzi confirmed this. She added that this is to be handled administratively at the Corporation.

6.5.4 However, subsequently investigators learnt that the conflict and the insubordination of the CS towards the MD escalated to the point of the CS making a death threat to the MD in the presence of other members of the management team. The matter was reported to the Uganda Police Force (UPF) as SD ref: 80/9/11/2015.

### ***B. Appointment of substantive Managing Director in 2014***

6.5.5 It was established that the Board resolved to recruit the MD and the FAM and procured M/s ABS Consulting Group to undertake the exercise. The positions were advertised in 2013. On 28<sup>th</sup> August 2014, the Board received the recruitment report that showed the best three candidates for the position in order of merit as Mr. Mugabi Godfrey, Mr. Wasswa Davis and Ms. Irene Muwanguzi. Mr. Ococ stated that Mr. Mugabi was not cleared by the Director General of Internal Security Organization (ISO) while Mr. Wasswa declined the offer. The Board then offered the job to Ms. Muwanguzi. Mr. Ococ did not provide the ISO report to IG.

6.5.6 According to the contract signed on 21<sup>st</sup> November 2014 (**Annex C<sub>2</sub>**), Ms. Muwanguzi was appointed as MD for three years. Clause 1 and 2 of the contract provided as follows:

#### **1. APPOINTMENT**

*I am directed by the Board of UPPC to offer you appointment as Managing Director, for a contract period of three years effective 1<sup>st</sup> December 2014. This appointment is subject to the Corporation's Policies and the terms and conditions of the Corporation, among others.*

#### **2. PROBATION**

*You will serve a probationary period of six (6) months and be confirmed, extended or terminated basing on your performance.”*

6.5.7 The said document which was signed by Ms Muwanguzi and the Chairman of the Board as well as the Chairperson of the Staff, Administration and Marketing Board Committee, Hon Jovino Akaki-Ayumu had other provisions that are worth noting here. For example, in clause 9 thereof provided for leave which was specified as 35 calendar days or payment in lieu thereof, while clause 10 provided as follows:

*“You shall be entitled to gratuity amounting to 15% of the consolidated package for the period worked payable annually. However, you will not be entitled to gratuity of terminal benefits in case of dismissal or resignation.”*

**C. Circumstances that led to decision of the Board to terminate the MD’s Contract**

6.5.8 In his statement recorded on 2<sup>nd</sup> and 3<sup>rd</sup> July 2015, Mr. Ococ stated that he received a letter dated 10<sup>th</sup> March 2015 from Mr. Nuwagira (**Annex C3**) in which he sought clarification about payment claims regarding repairs of a personal vehicle and earning of sitting allowances as a Board member by the MD. In a letter Ref. UPPC/BOD/005/2015 dated 12<sup>th</sup> March 2015 (**Annex C4**) Mr. Ococ instructed Mr. Calebs Owomuhangi the Corporation Internal Auditor to:

*“dig out all vouchers and payments made to the Managing Director since the time she took office so that he would carefully study them and advise the Finance and Administration Manager appropriately.”*

Mr. Owomuhangi submitted his report, Ref. IA-BOD-01-2015, dated 17<sup>th</sup> March 2015 to the Chairperson of the Board.

6.5.9 It was established that on 1<sup>st</sup> April 2015, Mr. Ococ went to the UPPC headquarters in Entebbe expecting to receive Mr. Wanyama

Kodoli the new Corporation Secretary (CS) together with the MD but found that the MD was absent. His calls to her went unanswered. He (Ococ) further avers that while at the Corporation, he received three written complaints against the MD. The complaints dated 23<sup>rd</sup> March 2015 (**Annex C<sub>6</sub>**) were from:

- (i) Mr. Nuwagira, (FAM)
- (ii) Mr. Joseph Mubuya (Production Manager),
- (iii) Mr. Patrick Mwesigye (Asst. Manager Publishing & Printing) and
- (iv) Ms. Arihomugisha (Asst. Manager Human Resource and Administration).

6.5.10 The staff members above complained that the MD was dictatorial, greedy, an absentee, made unnecessary mistakes, prided in her past achievements, failed to pay courtesy calls to clients, lacked team building and leadership skills, failed to come up with any new ideas for the Corporation, and that, she had individually recruited people at the Corporation and was “*paying them exorbitant salaries without the consent of management.*” In particular, Mr. Mubuya in his complaint dated 23<sup>rd</sup> March 2015 (**Annex C<sub>7</sub>**) complained that his Assistant was getting a higher salary than him.

6.5.11 There was also a complaint from Mr. Alex Atuhaire the Chairperson of the Workers Union, dated 1<sup>st</sup> April 2015 (**Annex C<sub>8</sub>**) in which the MD was faulted for failure to handle staff welfare payments, appreciate contribution of lower staff to the survival of the corporation, giving an exorbitant salary to her driver instead of improving staff welfare and on her failure to ensure that there are materials for production. It was also stated in the complaint that as employees the complainants were not ready to work with the MD and that they had accordingly laid down their tools.

6.5.12 The said complaints were also listed in the explanation on the circumstances that led to the MD’s removal in a letter to the Inspector General of Government dated 20<sup>th</sup> May 2015, ref: UPPC/BOD/012/2015. In that letter Mr.Ococ included other



complaints such as the MD being selfish, fond of talking of her connections with influential persons in government, not being familiar with government operations and of “*poor emotional intelligence*” because she acted on rumours and hearsay, lacking business acumen and loving talking more than acting.

6.5.13 In e-mails about the “*fast deteriorating situation at UPPC,*” (**Annex C9**) Mr. Ococ asked Mr. Akaki and Mr. Menhya the two Chairpersons of the Board Committees, to investigate the complaints. In his email the Chairman stated as follows:

*“I write to inform you that things are getting worse at the UPPC. I have just been informed by the FAM, HR Officer and the Production Manager that for three straight days now, staff have laid down their tools. They want to meet the MD before they can resume work. I have tried to reach the MD through all her known lines in vain.*

*I have now referred the matter to the Chairman of the staff and administration committee to handle this rather sad situation.*

*My concern is that the gazette which is a statutory weekly publication may not be published which week due to this ‘go slow’.*

*I hope the Chairman of the staff and administration committee will take up this matter as it is within his docket.”*

6.5.14 In his statements dated 9<sup>th</sup> and 13<sup>th</sup> July 2015 Mr. Akaki revealed that he sent an email (**Annex C10**) to the MD requesting that a meeting of the HR,A&M Board Committee be convened to investigate the Chairperson’s concerns. He added that the MD “*rubbished any possibility of a strike. She defied and turned down the request which was gross insubordination.*”

6.5.15 Ms. Muwanguzi stated that she only informed Mr. Akaki that she wanted to investigate the matter further as she was unaware about any strike and get back to him. In her email dated 1<sup>st</sup> April 2015 in response to the request that she calls an urgent meeting of the Board she wrote:

*“I do not believe that the information that has been passed out to the members is correct as both FAM and HR have been out of office for the last two days and could have only come in today. I know that on both Monday and Tuesday, FAM was briefly in the office and left without proper explanation of where he is. Anne (HR) had travelled to her village. So I do not believe that the information you have received is totally correct. As far as I am concerned, if there were any serious issues that needed an emergency meeting of the board, I would have informed you accordingly. Otherwise, since I will be in office tomorrow, I will determine if there are any matters of significance that need board’s immediate attention and let you know accordingly.”*

6.5.16 It is this email that was construed by Board members as “rubbishing the possibility of a strike and as amounting to insubordination and disrespect to the members of the Board by the MD.”

6.5.17 Twenty seven (27) employees mostly drawn from the Production Department were requested to fill questionnaires administered to them in which they were required to, among other things, give information about who in management was aware about the strike. None of them mentioned the MD but they did mention that Mr. Ococ, FAM, Assistant Manager Human Resource & Administration and the Chairman and Secretary General of the Workers Union knew about the strike.

- 6.5.18 Mr. Akaki further stated that on his insistence the MD called the meeting on 7<sup>th</sup> April 2015 (**Annex C<sub>11</sub>**) where various persons including the MD were interviewed and documents reviewed.
- 6.5.19 Some of the twenty seven staff members in the Production Department interviewed about the strike stated that it was the FAM, Assistant Manager Human Resource, Akankiza Willy and Atuhairwe Alex, the Chairman Workers Union, who masterminded the strike while others added that the FAM used the delay in payment of lunch allowances to instigate the strike. The latter group also stated that the FAM, Assistant Manager Human Resource and Assistant Manager Publication instigated six Union members including Atuhairwe, Sempebwa Twaha the Secretary General of the Workers Union to mobilize other staff to go on strike.
- 6.5.20 These respondents added that the Board connived with the Managers to “*chase away the MD*” because she was taking measures to prevent fraud, removing the selective way advances were given, ensuring all jobs are registered with her office to prevent unnecessary commissions paid out, and fighting some people in Accounts section that “*sit on*” payments vouchers.
- 6.5.21 It was established that the UPPC signed a contract referred to as “*Terms and Conditions of Service Agreement*” with the Uganda Printers, Journalists, Media, Paper and Allied Employees Union on 15<sup>th</sup> December 2006 (**Annex C<sub>12</sub>**). UPPC also signed a Collective Bargaining Agreement Supplement with the Uganda Printers, Polyfibre and Allied Workers Union (UPPAWU) on 1<sup>st</sup> July 2015. The staff of UPPC are therefore affiliated to UPPAWU and their strike action must be governed by the Labour Unions Act of 2006.
- 6.5.22 The HR, A&M Board Committee prepared a report dated 16<sup>th</sup> April 2015 (**Annex C<sub>13</sub>**) with, among others, the following findings/recommendations:
- a) By contesting the Committee Chairperson’s directive to the MD, the MD was insubordinate;

- b) Recruitments were not properly done;
- c) There existed both institutional and personal conflict between Managers and the MD but only the latter was advised to address to build team spirit;
- d) The payments to herself (MD) without authority of the Board were wrong;
- e) Lack of finances caused the Corporation's failure to meet obligations;
- f) There was a poor working relationship between the Board Chairperson and MD and that the two need to mend fences for the good of the Corporation;
- g) Noted that the MD was still on probation and her fate would be determined by the outcome of the investigations of the FAB Committee;
- h) The workers and management team attested that there were not ready to work with the MD. The MD had also said that she should be given the opportunity to recruit her own staff;
- i) All management staff on probation should be appraised and brought to the Board to determine their confirmation, extension of probation or termination;
- j) The MD was directed to ensure that she executes her schedules of duties diligently and consults the Board; and that,
- k) Conflicts and cliques formation was discouraged.

6.5.23 The IG Investigations team also came across a "*Summary Evaluation Of The Managing Director's Performance For ... Four Months Of Probationary Period At UPPC*" signed by Eddy George Ococ in his capacity as Board Chairman (**Annex C14**) in which he stated that:

*"During the short probation period of Ms. Irene Muwanguzi as the UPPC Managing Director, (he had) discovered gross lapses in her performance which (made him to) doubt if she (was) the right person to deliver on the strategy (they had) just recently been developed ..."*

6.5.24 He raised the following new concerns about the MD:

- (a) illegal earning of allowances as a Board member and self-appointed secretary; getting fuel refunds and claims of repairs on personal vehicle;
- (b) drawing of over UGX: 10 million from the Corporation in payment for fees for private prayer meetings;
- (c) irregularly appointing personal Driver and Executive Assistant without following procedures and paying them and the new Assistant Manager exorbitantly;
- (d) procuring a consultant who developed the UPPC Strategy and threatening accounts staff with dismissal if payments were not made;
- (e) abused her office when she took UGX:1,000,000/= to assist Mr. Kakuba a Board member who was bedridden following a motor accident;
- (f) irregularly communicated directly to the Minister and presenting bizarre requests to NSSF and circulating confidential Board minutes to Managers; and,
- (g) failed to handle staff welfare payments like lunch, sugar for break tea, medical refund and transport refund and in her short time in office, staff had laid down their tools for three days in protest of her administration.

6.5.25 In his statement recorded on 2<sup>nd</sup> October 2015, Mr. Ococ acknowledged having authored the document above and explained that he was merely presenting the issues to the Committees that had been raised by the managers and union members but that he was not a complainant.

6.5.26 On 28<sup>th</sup> September 2015 Hon. Nkurukennda stated that the HR, A&M Committee

*“... considered the complaints by the Chairperson of the board during the investigations of the MD. Therefore the Chairperson was a complainant against the MD.”*

6.5.27 Hon. Akaki (Chairman of the HR,A&M Committee who also chaired the Ad hoc Committee) stated that Mr. Ococ,

*“Volunteered information on the performance of the MD to the Committee (but that he could not) accurately determine whether in so acting the Chairman was a complainant.”*

6.5.28 It was stated in the FAB report dated 10<sup>th</sup> April 2015 (**Annex C15**) that various persons were interviewed including the MD and it was recommended as follows:

- i. Managers should stop earning allowances for attending Board meetings.*
- ii. The MD appointed herself as Board Secretary and awarded herself a salary.*
- iii. CS be formally appointed by the Board as demanded by Section10 (1) of Cap 330.*
- iv. UPPC adopts the use of fuel card systems and buys an official car for the MD and it was irregular to commit UPPC funds to repair staff motor vehicles.*
- v. The MD accounts for UGX 1,500,000/= and prepares reports on the meetings attended to back up the expenditure on private prayers.*
- vi. UPPC minimizes head hunting of employees.*
- vii. The Internal Auditor was tasked to investigate how the Consultant for the strategic plan was procured.*

6.5.29 The 4<sup>th</sup> Extra-ordinary Board meeting chaired by Mr. Ococ held on 16<sup>th</sup> April 2015 considered and adopted the respective Board Committee reports as recorded under Min.003/04/2015. At Min.004/04/2015 the Board among other things constituted an Ad hoc Committee to investigate “*the root causes of the industrial unrest i.e. generally the Corporation’s problems*” and evaluate all managers. The following were the terms of reference (T.O.R);

- (i) *To establish the genesis of the current challenges at UPPC i.e. who is the chief driver of the unrest?*
- (ii) *The Ad hoc committee was tasked to investigate the latent causes of the unrest at UPPC.*
- (iii) *Look at the most appropriate remedies/interventions available in the circumstances.*
- (iv) *To consider the evaluation of the Managing Director.*
- (v) *To look at the recommendations of the two Board Committee reports i.e. focusing on both personal and Institutional issues raised.*
- (vi) *To take on the evaluation of all managers.*

### **Observations and Conclusions**

6.5.30 It was observed that the Corporation has a history of the MD and cliques of managers fighting one another. It also appears that whichever officer is assigned duties as a secretary to the Board undermines the MD which results into conflicts.

6.5.31 It was observed that complaints were brought to the Chairperson by a group of managers and unionized staff against the MD to be investigated by two Board Committees which committees did not investigate the alleged dictatorial style, greed, absenteeism, making unnecessary mistakes, failure to present new ideas and provide materials for the production section. The Committees only acted on the complaints concerning recruiting an assistant manager and driver and paying them high salaries and payment of welfare allowances to staff. The rest of the matters investigated were those contained in the Chairperson’s instructions. The inaction on the

majority of alleged complaints by some Managers and staff seemed to have been orchestrated to favour the persons complaining to the Board.

- 6.5.32 It was observed that while various people interviewed about the strike said there were concerns with regard to delay in payment of lunch and transport allowances, the submission of the Chairman to the HR,A&M Committee included failure by the MD to provide sugar for break tea and medical refund which were also never handled by the Committees. This clearly shows that when Mr. Ococ sent his instructions, it was a different complaint against the MD but not merely a reiteration of the complaints he received from other staff members of the Corporation as he suggests.
- 6.5.33 It was further observed that in his letter to the IGG dated 20<sup>th</sup> May 2016 on the circumstances that led to the removal of the MD, Mr. Ococ again framed more complaints against the MD that had not been previously raised. These complaints were to the effect that MD was selfish, fond of talking of her connections with influential persons in government, unfamiliar with government operations, was of “*poor emotional intelligence*” as she acted on rumours and hearsay, lacked business acumen and loved talking more than acting. These appeared to be personal sentiments against the MD which were never subjected to a formal and objective process of inquiry.
- 6.5.34 It was observed from his instructions considered by the Committees that Mr. Ococ noted the *fast deteriorating situation* at the Corporation and *gross lapses in MD’s performance* which shows that he had drawn his conclusions even before the committee could submit a report. As a complainant and the officer who had single-handedly evaluated the MD and made conclusions, Mr. Ococ was not fit to chair any meetings that determined any matter concerning the MD. Unfortunately he did chair the 4<sup>th</sup>Extraordinary Board Meeting which considered the Committee reports.



6.5.35 Article 42 of the Constitution of the Republic of Uganda provides, among other things, that any person appearing before any administrative official or body has a right to be treated justly and fairly. There was no way a Board that was chaired by Mr. Ococ who was a complainant could have been just and fair to the MD. The fact that Mr. Ococ continued to participate in proceedings concerning the MD placed him in a position where he was a complainant, prosecutor and judge in his own cause. He was already deeply biased and therefore was not suitable to participate in any decision concerning this matter. In this respect, it is conclusive that the MD was not treated justly and fairly by the Board in their proceedings that were chaired by Mr. Ococ where they considered findings of the investigations about the conduct of the MD.

6.5.36 It was evident that Mr. Ococ contravened the law. Mr. Ococ actually had the opportunity of declaring his interests at this very time and leaving since Article 2(3) of the schedule of the UPPC Act provides that, *“The chairperson shall preside at every meeting of the board; and in his or her absence or inability to act as such, the members present may appoint a member from among themselves to preside at that meeting.”* Mr. Ococ opted not to take this opportunity to step aside.

6.5.37 It was also observed that when Hon. Akaki the Chairperson of the HR, A&M Board Committee called the MD asking about a strike, the MD said she was unaware of it and needed to make an inquiry first. To Hon. Akaki this was insubordination.

6.5.38 It was unusual that Hon. Akaki did not want the MD to first inquire into and verify the information he had given her but preferred to judge her before he heard her out. It was as though he did not want her to defend herself properly and adequately. It is evident therefore that Hon. Akaki had a bias against the MD yet he continued to chair the investigation by the HR, A&M Board Committee. It was not surprising that the HR, A&M Committee that Hon. Akaki chaired found the MD guilty of insubordination.

- 6.5.39 The HR,A&M Board Committee also reported, among other things, that *conflicts and cliques formation was not encouraged* but fell short of apportioning blame on who was responsible for the cliques and sanction them.
- 6.5.40 It was observed that none of the Board Committees recommended anything adverse against the MD. It is only HR, A&M Board Committee that recommended that the outcome of the FAB Committee investigation determines the MD's *fate*. Since the two reports were presented to a Board that had an already biased Chairperson, it is not surprising that there was no satisfaction, hence the appointment of an *Ad hoc* committee to rethink the matter. The Ad hoc committee later recommended that the MD not be confirmed.
- 6.5.41 It was generally agreed among staff members interviewed that the strike was instigated by some managers and Workers Union leaders allegedly geared towards removing the MD because she was removing the loopholes open to fraud at the Corporation. This while admittedly not conclusive provides the beliefs of many staff members and is valuable information to whoever shall be tasked with healing wounds of staff of UPPC.
- 6.5.42 It was observed that the MD's contract document had ambiguities as it purported to be both probationary and full term contract. This calls for revision of contract documents at the Corporation.

### **Recommendations**

- i) The Minister requires Mr. Ococ the Chairperson of the Corporation to show cause as to why he should not be sanctioned and removed for continuing to handle a matter concerning the MD in which he was complainant, an action which was in conflict of interest and misbehaviour contrary to Section 6(6) of the UPPC Act

- ii) The Minister requires Hon. Akaki a member of the Board of the Corporation to show cause why he should not be sanctioned and removed for openly exhibiting bias against the MD when he treated her plea of ignorance about the strike as insubordination.
- iii) The Board of UPPC revises the contract documents for staff to ensure that there are no ambiguities in them.

***D. Whether the Board of Directors appraised the MD before the termination of her contract***

6.5.43 Ms. Muwanguzi was offered a three year contract as MD and that by definition it was a full term contract. However, it was stated in the same contract document that she was to serve a probationary period of six months which was found to be ambiguous.

6.5.44 Clause 3 of the contract document set out the specific targets listed as follows:

*“During the contract period, (her) performance (would) be assessed on the achievement of ...:*

- (a) Acquisition of new machinery to improve the production line;*
- (b) Restructuring of the Corporation’s human resource;*
- (c) Establishment of a strong management team to steer the Corporation operations;*
- (d) Sign Memorandum of understanding with various clients to ensure continuity of operations;*
- (e) Operationalize the function of the Corporation as the Government Security printer by amending the UPPC Act;*
- (f) Uplift the image of the Corporation via the media;*
- (g) Ensure improved financial performance of the Corporation;*
- (h) Pay off the existing statutory liabilities to URA and NSSF;*
- (i) Put systems and controls in place to check cases of embezzlement and mismanagement;*
- (j) Ensure timely submission of Statutory Reports to the Board of Directors; (and,)*

*(k) Implementation of Board resolutions”.*

It is apparent from the document that there was clearly no distinction between the targets set for the full term and probationary part of the contract. Neither was it clear whether the contract would be for three years, or three years less the said probationary period of the contract.

- 6.5.45 In his statement dated 2<sup>nd</sup> July 2015 Mr. Ococ stated that the MD was neither provided with a Performance Plan nor a performance agreement. But as Mr. Kakira had previously stated on 13<sup>th</sup> July 2015, Mr. Ococ also stated that it was the targets enshrined in the contract that she was to be appraised against, but in a six month probationary period not at the end of the three year term. It was however evident that the targets in the MD’s contract document were for the three year contract.
- 6.5.46 It was surprising as noted above that the Board now expected her to procure new equipment in six months when they were aware that the Corporation had no money for it and they were only following up Government for funds. Moreover, the HR,A&M Committee concluded, as seen above, that UPPC was so low on finances that it could not meet all its obligations.
- 6.5.47 The MD was also supposed to “*restructure the Corporation’s Human resource*” which is not easy to comprehend; and also amend the UPPC Act to make the Corporation function as the Government Security printer operational. This surely was beyond the MD’s capacity for amending laws is the constitutional preserve of Parliament.
- 6.5.48 When challenged about how the MD could manage such feats in six months, Mr. Ococ stated that the Board only expected Ms. Muwanguzi to have made some progress on the targets specified in the contract. However the Board had not given the MD timeframes or benchmarks for progress on the targets. He further stated that he had informally appraised the MD.

6.5.49 On 8<sup>th</sup> July 2015, Mr. Nyakairu stated that the Board Chairman at one time mentioned that he had appraised the MD although he had never seen the appraisal. Mr. Nyakairu and Mr. Kakira stated that the Board had never appraised the MD which Ms. Muwanguzi confirmed. On 2<sup>nd</sup> July 2015, Mr. Ococ admitted that at the time of terminating Ms. Muwanguzi's contract she had not been appraised but that the Board Committees and Ad hoc Committee that investigated her conduct and performance were a more in-depth appraisal. In his statement made on 9<sup>th</sup> July 2015, Hon. Menhya held similar views.

6.5.50 Mr. Kakira and Mr. Nyakairu believed that the Board could still fairly appraise the MD so long as the Board members who are biased do not take part in the appraisal. However Hon. Nkurukenda believed that in the circumstances the Board cannot fairly appraise the MD. Mr. Ococ and Hon. Menhya still maintained that the *Ad hoc* Committee investigation was a good performance assessment of the MD.

### **Observations and Conclusions**

6.5.51 It was observed that Section 9(3) of the UPPC Act vests the supervision and control of the MD in the Board. On the other hand, section 11.6(c) of the Board Manual provides that,

*“The Managing Director is accountable only to the full Board, not any individual Board member and has full access to the Board.”*

Section 7(c) of the UPPC Act gives one of the functions of the Board as *“to appraise and evaluate the performance of the management of the Corporation.”*

6.5.52 It was further observed that Section 11.2 of the Board Manual provides that,

*“The Staff and Administration Committee (HR,A&M) will be responsible for overseeing the evaluation of the performance of the MD and other members of senior management ... and prepare an assessment of the performance of the MD, to be discussed with the Board.”*

Therefore the Board has to appraise the MD through this Committee.

6.5.53 Mr. Nyakairu one of the Committee members gave evidence that Mr. Ococ the Corporation Chairman said he had appraised the MD but that he had never seen the appraisal document. This corroborates Mr. Ococ’s own statement that he had informally appraised the MD.

6.5.54 Section 8.0 (d) of the UPPC Human Resource Manual provides that the staff performance appraisal system in the Corporation shall be guided by **“objectivity, transparency, fairness, openness and participation.”**

6.5.55 It is further provided in section 8.1 (c) that there will be a performance review form (Appendix 8) on which the employee’s performance assessment is recorded.

6.5.56 Performance evaluation of senior management is provided for in the UPPC Board Manual in section 11.2 as follows:

*“The Staff and Administration Committee will be responsible for overseeing the evaluation of the performance of the MD and other members of senior management. The Staff and Administration Committee will determine the nature and frequency of the evaluation, supervise the conduct of the evaluation and prepare an assessment of the performance of the MD, to be discussed with the Board.”*

6.5.57 In view of the provisions of section 8.0 (d) of the UPPC Human Resource Manual, such appraisal/evaluation must also be guided by the principles of **“objectivity, transparency, fairness, openness and participation.”** As the other members of staff participate in their appraisals as provided for in section 8.1 of the UPPC Human Resource Manual, senior managers should also be given the opportunity to appraise/evaluate their own performance against set targets and respond to the appraisal by the Staff and Administration Committee and/or the full Board.

6.5.58 By purporting to single handedly appraise the MD, Mr. Ococ contravened the provisions of the UPPC Act and UPPC Board Manual which on his part amounted to misbehaviour within the meaning of Section 6(6) of the UPPC Act.

6.5.59 It was observed that Mr. Ococ continued to bring unfounded complaints against the MD to the effect that she was selfish, fond of talking of her connections with influential persons in government, unfamiliar with government operations, was of *“poor emotional intelligence”* as she acted on rumours and hearsay, lacked business acumen and loved talking more than acting, which was an indication of bias.

6.5.60 It was also observed that some Board members believe that the MD could only be appraised if members with a bias do not participate. It was therefore evident that within the Board itself, there are those who believe that some of them were biased. It is therefore apparent that in the circumstances, the current Board chaired by Mr. Ococ cannot fairly appraise the MD after her three year term and therefore should not do so. The matter of the MD’s appraisal cannot be resolved before the fundamental flaws exposed in the Board are addressed by the Minister.

6.5.61 It was further observed that it would be unfair to appraise the MD against targets which were clearly meant to be achieved in three years after only six months. Additionally, some of the targets set in the contract cannot be achieved by the MD such as amending the

UPPC Act which is a mandate of Parliament. Such targets are neither fair nor objective.

6.5.62 In conclusion, the Board did not appraise the MD six months into her employment even if it is evident that some Board members intended to do so. Furthermore, any attempt to appraise her would have been unfair because there were no identifiable benchmarks agreed upon between the MD and the Board or set by the Board for the ‘probationary period.’

***E. Whether the Board gave the MD a fair hearing before terminating her contract.***

6.5.63 It was established that at the 5<sup>th</sup> Extraordinary meeting of the Board held on 7<sup>th</sup> May 2015, the Ad hoc Committee presented its report. According to the minutes,

*“It was clarified that the appraisal of the MD as well as that of the Finance and Administration Manager (FAM) were carried out by their respective supervisors and considered by the Committee.”*

6.5.64 The Board adopted and passed for implementation the recommendations in the Ad hoc Committee report with only one minor change, that instead of Mr. Nuwagira, Mr. Wanyama Kodoli would take over as acting MD. As already cited above, the MD had never been appraised by the Board for any purpose. It was therefore not true that the MD was appraised by her supervisor which is the Board.

6.5.65 By the time of writing this report, the IG Investigating team was yet to see any appraisal of the MD and the FAM conducted by their respective supervisors, the Board and the MD.

6.5.66 However, in a letter dated 7<sup>th</sup> May 2015 (the day that the meeting was held) Mr. Ococ informed Ms. Muwanguzi that:



*“The Board during its 5<sup>th</sup> Extra Ordinary Board meeting held on 7<sup>th</sup> May 2015, after reviewing your performance unanimously resolved and agreed not to confirm you after the expiration of your probationary period on 31<sup>st</sup> May 2015.”*

Ms. Muwanguzi accordingly handed over office to Mr. Wanyama Kodoli, the Corporation Secretary.

6.5.67 In his statement dated 8<sup>th</sup> July 2015 Amb. Nabeta stated that he was not persuaded that there were any coherent and consistent reasons that led to the termination of the contract of the MD and he did not share the view that the contract should be terminated. He added that no performance targets or outputs had been given to the MD on the basis of which an objective appraisal could be carried out.

6.5.68 In his statement dated 6<sup>th</sup> October 2015, Mr. Kakira informed investigators that while it was not recorded in the minutes, he raised objections against the action the Board took against the MD. Similarly, in her statement recorded on 2<sup>nd</sup> October 2015, Hon. Nkurukenda admitted that the Board’s conduct displayed bias, was in conflict of interest and amounted to negligence. On 28<sup>th</sup> September 2015, Hon. Akaki who chaired the *Ad hoc* Committee admitted that it would have been fairer to the MD had the Committee given her ample time to respond to the findings of its report. In his statement dated the 2<sup>nd</sup> October 2015 Mr. Ococ, the UPPC Board Chairperson, admitted that there was negligence on the part of the Board in the way it handled matters related to the hearing given to the MD.

6.5.69 In summary, all members of the Board interviewed admitted that the MD was not provided with the *Ad hoc* Committee report in order for her to be able to respond to the findings; she was not given an opportunity to be heard or cross examine the Board’s

witnesses but was removed from office on the very day the Board considered the investigation report.

6.5.70 The IG Investigating team came across no evidence proving that the decision by the Board to terminate the probationary contract of the MD was subjected to a vote as required in Clause 4(1) of the schedule of the UPPC Act which provides that:

*“All questions proposed at a meeting of the Board shall be decided by a majority of the votes of the members present.”*

6.5.71 At its Extraordinary meeting which sat on 16<sup>th</sup> April 2015, the UPPC Board appointed an Ad Hoc Committee of the Board to investigate the allegations about an alleged strike, mismanagement, misconduct, and unauthorised expenditure by some members of the management team and staff.

6.5.72 The *Ad hoc* Committee comprised of Mr. Akaki (Chairperson), Ms. Nkurukenda (Member) and Mr. Menhya (Secretary) produced their undated report in which they faulted the MD for exhibiting a high degree of insubordination and gross disrespect to the Board, misconduct, putting the integrity and authority of the Board in doubt, and for having an opinion about whether there was a strike at the Corporation or not.

6.5.73 With regard to the alleged insubordination to the Board, it could be likened to *“refusing to execute a legitimate fair instruction from a superior”* which is provided for as Offence No. 2 in the Disciplinary Code of UPPC. The matter was considered by the Ad hoc Committee of the Board that was constituted by three members, which sat on 28<sup>th</sup> and 29<sup>th</sup> at the UPPC Headquarters.

6.5.74 In the undated report of the Committee, it was stated that members reviewed the emails exchanged between the Chairman of the Board, Chairman of the Committee and the MD, all dated 1<sup>st</sup> April 2015 (**Annexes C18**) Further that they interviewed the MD and

other members of staff. They then came up with the following conclusions about the alleged insubordination:

- i) The MD exhibited a high degree of insubordination and gross disrespect to the Board;
- ii) Either MD was ignorant of the situation at her work place or she deliberately concealed vital information from the Board which amounted to a major misconduct;
- iii) MD put integrity and authority of the Board in doubt;
- iv) In her two communications to the Chairman of UPPC Board and Chairman of SAM, the MD refuted the fact that there was a three day sit down strike at the Corporation, contrary to the unanimous declaration by all interviewed that, indeed, the strike took place between April 1-3, 2015;
- v) The MD challenged the legitimacy of the UPPC Board Chairman's communication, stating that it was not signed, hence, rendering it unauthentic. It is important to note that the communication was actually circulated through an email and the Ad hoc Committee considered it genuine. The Ad hoc Committee faulted the MD for lack of diplomacy in her communication to her superiors.

6.5.75 However, a recommendation and finding about the alleged offence had already appeared in a document titled *“Report of Staff, Administration and Marketing Board Committee to the Full Board of Uganda Printing and Publishing Corporation on 16<sup>th</sup> April 2015.”* In that report it was stated that:

*“The Chairman’s directives to the Managing Director was (sic) contested. This amounts to insubordination.”*

- 6.5.76 It is also clearly stated in the report that the Committee reviewed the *appraisal* of the MD's performance conducted by the Chairperson of the Board. However, the responsibility to appraise the MD is vested in the entire Board of the Corporation rather than the Chairperson of the Board. Therefore the Committee members were wrong to consider the purported appraisal of the MD by the Chairperson of the Board. The Board did not at any one time appraise the MD for any purpose.
- 6.5.77 It was found that the MD was faulted on many complaints raised by the Chairperson. It was also noted that the Committee faulted the MD for breach of the Board of Director's Policy Manual (pg.25, section 9.4a-d) when she wrote to the Minister without consulting the Chairperson of the Board who is the spokesperson on Board governance related matters. It was found that Section 1.1.8 of the Board Manual provides that "*The Chairperson shall be the sole spokesperson for the Board*".
- 6.5.78 It was found that in a letter to the Minister for the Presidency & KCCA ref. UPPC/ADM/040/2015 dated 2<sup>nd</sup> March 2015 (**Annex C19**) the MD appreciated his honouring an invitation to close the UPPC Board retreat. In a letter to Ms. Muwanguzi ref. UPPC/BOD/003/2015 dated 6<sup>th</sup> March 2015 (**Annex C20**), Mr. Ococ cautioned the former for writing to the Minister without the Board's consent contrary to Section 9.6.4(a) of the Board Manual. In her response to Mr. Ococ dated 9<sup>th</sup> March 2015 (**Annex C21**), Ms. Muwanguzi admitted her error. It was therefore established that the Ad hoc Committee faulted the MD on a matter for which she had already been sanctioned.
- 6.5.79 Under Recommendation No. 4 of the report, the Committee recommended *inter alia* that:

*"The MD's **probationary contract** with UPPC should not be confirmed because of incompetence, abuse of office and disrespect for the Board her appointing authority and supervisor."*

6.5.80 The MD was to immediately vacate office and that Mr. Nuwagira Lawrence (FAM) was to take over as the Acting MD. It was further recommended that staff who had been appraised and found to have successfully completed their probationary period be confirmed. The IG investigation team noted the ambiguity of the language used in the recommendations concerning non-extension of the MD's probationary contract above.

***F. Reinstatement of the MD and proposed appraisal by the Board***

6.5.81 Following interventions by the Inspector General of Government and the Hon. Minister in Charge of the Presidency, at the 7<sup>th</sup> Extraordinary Board Meeting held on 20<sup>th</sup> May 2015 the Board resolved under Min: 10/05/2015 to rescind their earlier decision terminating the probationary appointment of Ms. Irene Muwanguzi (MD).

6.5.82 On 3<sup>rd</sup> July 2015 Mr. Ococ stated that the Board considered the directives of the Minister, among other things, and resolved to reinstate the MD. As already noted above, Section 7(f) provides that one of the Board's functions is "*to perform any other functions relating to the (the other functions of the Board) as the Minister may direct*".

6.5.83 In a letter Ref: UPPC/BOD/008/2015 dated 20<sup>th</sup> May 2015 (**AnnexE<sub>6</sub>**) Mr. Ococ wrote to Ms. Muwanguzi reinstating her in office as MD. In a letter Ref: UPPC/ADM/074/2015 dated 27<sup>th</sup> May 2015 (**AnnexE<sub>7</sub>**) Ms. Muwanguzi confirmed that she resumed work on Monday 25<sup>th</sup> May 2015.

**Observations and Conclusions**

6.5.84 According to the Labour Disputes (Arbitration and Settlement) Act, 2006, labour action or a strike should be preceded by negotiations or conciliation between the employer and the

employees, according to the Recognition Agreement signed by the union and the employer. Section 3 of the Act provides that the dispute may also be reported to the Labour Officer by a party to the dispute. The Labour Officer is then required to react to the report of the dispute within two weeks and appoint a conciliator to conciliate the parties to the dispute, and inform the parties in writing of the appointment.

6.5.85 In this case, it is clear that the employees on the floor of the production facility did not bring their grievances to the attention of management collectively. Instead, it appears they brought their grievances to the attention of the FAM and HR Officer and then purported to lay down their tools. It also seems that before the two officers could inform the MD about the strike, which according to the Chairman had been going on for three days, they chose only to inform the Chairman about it.

6.5.86 It is clear from their conduct above that the FAM and HR Officer took sides with the members of staff who purported to strike when they failed to inform the MD about it. Since the strike was described by the Chairman of the Board as a “go slow” it was not possible for the MD to know about it because the strikers did not give notice of their intention to strike. For all intents and purposes the alleged strike was illegal and should not have been given the prominence that it was by the Chairman of the Board.

6.5.87 There was no chance for conciliation between the parties because the Chairperson and the Board then took the MD to task because she informed them that she did not know about the strike. Interestingly, the strike was described as a “**go-slow**” by the Board Chairperson in his email dated 1<sup>st</sup> April, 2015 to the rest of the members of the Board.

6.5.88 It was observed that the Ad hoc Committee of the Board produced a report which faulted Ms. Muwanguzi and recommended that her “*probationary contract not be confirmed*”. This statement as appears to be the tradition with phrasing in other documents at

the Corporation is ambiguous. The question to be addressed given the phrasing of clauses 1 and 2 of the contract (reproduced in paragraph 6.4.6 above) would be whether Ms. Muwanguzi's contract was a probationary contract or a full term contract.

6.5.89 Section 2 of the Employment Act of 2006 provides for the interpretation of the term "*probationary contract*" as follows:

*"probationary contract" means a contract of employment, which is not of more than six months duration, is in writing and expressly states that it is for a probationary period;"*

6.5.90 In High Court Miscellaneous Cause No 249 of 2013,<sup>3</sup>(hereinafter referred to as *Atuzatirwe v. URSB*) while interpreting the effect of this provision, the High Court held that for a contract to be termed a probationary contract to which section 67 of the Employment Act applies, it has to be exclusively for probation, and strictly for a period of six months renewable up to not more than another six months.

6.5.91 In this case the UPPC Board signed and issued a contract that purported to be both a probationary and a full term contract for three years. This created an ambiguous situation in which it could not be determined when the probation ended and the full term began. The situation was made worse because the same contract laid out targets in which it was not specified whether they were for probation of 6 months or for the substantive contract of three years.

6.5.92 The same contract granted the employee all the accruals that she would enjoy under a substantive contract for three years, such as leave and gratuity. Clause 17 thereof even provided for the possibility of re-appointment after the three year term as follows:

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<sup>3</sup>MaudahAtuzarirwev. Uganda Registration Services Bureau (URSB), the Board of Directors of Directors URSB, the Chairman Board of Directors URSB and the Registrar General; judgment of Hon Justice Elizabeth Musoke

*“Should you wish to be re-appointed you shall express your interest in writing two months before the expiration of the contract to the Corporation. The Corporation shall respond within one month of receipt of the request. Your contract shall be renewed on the basis of performance.”*

6.5.93 The three years duration stated in the contract took the contract outside the ambit of the definition of “probationary contracts” envisaged by the Employment Act. And as was held in the case of **Atuzarirwe v. URSB** the provisions of section 67 of the Act which limit the rights provided for in section 66 to notice and a hearing before termination of a probationary contract did not apply to it.

6.5.94 Given that Ms. Muwanguzi was told to immediately vacate office, it essentially meant that the entire contract which was stated to be for three years had been terminated as though it was a probationary contract.

6.5.95 It was observed that in the Ad hoc Committee report and the Board minutes of its meeting held on 7<sup>th</sup> May 2015 contain a falsehood that the MD had been appraised whereas not. It is surprising that the UPPC Board members could not recall that they had not appraised the MD. This gives credence to the fact that it was deliberate action to include this falsehood in the minutes. This action also amounted to misbehaviour on the part of the Board.

6.5.96 Schedule I to the Employment Act provides for a Disciplinary Code and states that all organisations set up in accordance with the Act shall have disciplinary rules. It is specifically provided that the rules shall be in writing and shall be expressed in a manner and language which the employer’s employees may reasonably expect to understand.

6.5.97 Although the UPPC Human Resource Manual contains a Disciplinary Code, the same does not provide the procedure for



disciplinary hearings but only sets out offences and penalties that may be awarded to staff members. As a result, it was not possible to tell whether the proceedings of the Board that took place on the 28 and 29<sup>th</sup> of April 2015 constituted a disciplinary hearing or an investigation.

6.5.98 The absence of specific procedures for the Board to follow led to a situation where the MD was placed before a body that behaved like a kangaroo court. She was tried for offences in respect of which decisions had already been taken by the two Board Committees that had investigated her alleged misdeeds and adopted by the full Board on 16<sup>th</sup> April 2015. The allegations in the report presented following the proceedings in which the MD was said to have been appraised contributed to the confusion that resulted from the absence of clear procedures for disciplinary proceedings.

6.5.99 Section 66 of the Employment Act 2006 outlines what constitutes a fair hearing. Board members interviewed admitted that they fell short of the set standards in that they did not formally give the MD a copy of the Ad hoc Committee Report or give her any opportunity to respond to it. This omission on the part of the Board pointed to negligence on their part. It was however noted that the Board members had asserted that because the MD responded to questions during the investigations, she had then been accorded a hearing.

6.5.100 In High Court Misc. Cause No. 249 of 2013, Maudah Atuzarirwe Vs Uganda Registration Services Bureau (Hon. Lady Justice Elizabeth Musoke) it was held that

*“... the right to be heard reserved under the Act (and the Constitution) is meant to be accorded after the employer finds that there is conduct that may call for the dismissal of the employee.”*

In light of the decision in the Atuzarirwe case, Ms. Muwanguzi's contract could not be deemed to be a probationary contract, and in the absence of any express terms in the contract to the contrary, the process of termination of the contract had to follow Section 66 of the Employment Act. She therefore qualified to be given a hearing which the Board did not accord her.

6.5.101 It would have been prudent and legal for the Board to issue one preliminary contract for the probation period and thereafter a substantive contract on successful completion of probation.

6.5.102 It was observed that in a letter dated 7<sup>th</sup> May 2015 Ms. Muwanguzi was informed that after reviewing her performance, the Board at its 5<sup>th</sup> Extra Ordinary Meeting held on 7<sup>th</sup> May 2015 decided not to confirm her. Mr. Ococ who had illegally single handedly evaluated the MD and was one of the complainants against her chaired that meeting. The fact that he was a complainant against her before the Ad hoc Committee and he had purported to single handedly appraise her performance did not bode well for these proceedings. They were definitely tainted with bias.

6.5.103 It was also established that the Disciplinary Code set out in section 9.2.4 of the UPPC Human Resource Manual holds a table of offences in respect of which an employee of the Corporation can be disciplined. It also prescribes the punishments for each of them. It was noted that the list does not include the offences that the Board purported to dismiss the MD for, i.e. *incompetence, abuse of office and disrespect for the Board*, as it was described in recommendations of the Ad hoc Committee of the Board.

6.5.104 In order to establish that the MD was incompetent, the Board had to carry out a technical assessment of the outputs of the MD on the basis of targets set for a period of time, which the Board did not do. Instead the Board focused on the alleged misconduct or breach of some procedures by the MD which they tasked the Ad hoc Committee of three to investigate. The result could not prove that she was incompetent to carry out her responsibilities as MD.

6.5.105 The Board also purported to dismiss the MD for the offence of “*abuse of office.*” This is an offence provided for by section 11 of the Anti-Corruption. For the MD to be dismissed for this offence she had first be prosecuted before a court of law of competent jurisdiction and proved to be guilty beyond reasonable doubt, as is required for all criminal offences in Uganda. With due respect, the UPPC Board did not have the jurisdiction to make this determination as they purported to have done.

6.5.106 There was no evidence that the MD was ever advised that she would be undergoing disciplinary proceedings for insubordination at a later date. According to the provision in the HR Manual of UPPC, the disciplinary action for the offence would be “*1<sup>st</sup> offence – immediate suspension, institute investigation, pending dismissal.*”

6.5.107 It is clear that what transpired before the Ad hoc Committee appointed by the Board to investigate the matter was just a farce. The members of the Committee had already made a decision about this issue on the 16<sup>th</sup> April 2015.

### **Recommendations**

- i) The Minister dissolves the UPPC Board for misbehaviour for not according Ms. Muwanguzi the UPPC MD a fair hearing before terminating her contract. A fair hearing is a fundamental right in any administrative process and is guaranteed under Article 42 of the Constitution of Uganda. The failure of the Board to respect this most basic and yet fundamental right in an administrative process was tantamount to misbehaviour and warrants their removal.
- ii) The Minister dissolves the UPPC Board for misbehaviour in claiming that the MD had been appraised by them whereas not. There was no evidence that this took place prior to her attempted removal.

iii) In future contracts for Managing Directors and all other contracts for UPPC staff should be preceded by an exclusive probationary contract for avoidance of doubt and for purposes of clarity of the intentions of the appointing authority, as is required by the Employment Act. Such contracts should also be specific on how the appraisal will be conducted at the end of the probationary period and the agreed targets.

## **6.6 Whether there are conflicting roles between the Corporation Board of Directors and management**

6.6.1 Section 6(1) of the UPPC Act provides that,

*“There shall be a board of directors of the corporation which shall consist of **eight** members appointed by the Minister on such terms and conditions as he or she may determine”*

Subsection (4) provides for the competencies one should possess to be appointed a Board member *which include being a capable and versatile person of high integrity.*

6.6.2 The current Board was appointed by Hon. Frank Tumwebaze the Minister for the Presidency with effect from 1<sup>st</sup> July 2013 for a period of three (3) years. It includes the following:

- a) Mr. Eddy George Ococ (Chairperson);
- b) Mr. Moses B. Nyakairu;
- c) Hon. Flora Kambarara Nkurukenda;
- d) Hon. Simon Gerald Menhya;
- e) Mr. Geoffrey N. Kakira;
- f) Hon. Jovino Ayumu Akaki;
- g) Amb. Stephen S. Nabeta; and,
- h) Mr. Denis Bekunda Kakuba.

However, it was established that Mr. Kakuba passed away on 19<sup>th</sup> March 2015 and was yet to be replaced by the time of reporting.

6.6.3 By virtue of Section 9(4) of the UPPC Act, the MD is a member of the Board. It is there provided that for avoidance of doubt, the Managing Director shall be entitled to attend and participate in all meetings of the Board and “*have a voting right*”.

6.6.4 The functions of the Board are provided in Section 7 of the Act as:

- a) to formulate and review the policy of the Corporation;*
- b) to set targets for the annual performance of the Corporation;*
- c) to appraise and evaluate the performance of the management of the Corporation.*
- d) to appoint and discipline members of staff of the Corporation;*
- e) to determine the organizational structure and staffing of the Corporation; and,*
- f) to perform any other functions relating to the above as the Minister may direct.*

6.6.5 Section 5.1.1 of the Board Manual spells out the following responsibilities to be attended to by the Board members:

- a) review and approve on a regular basis and as the need arises, fundamental operating, financial and other strategic corporate plans which take into account, among other things, the opportunities and risks of the business;*
- b) evaluate the performance of the Corporation, including the appropriate use of corporate resources;*
- c) evaluate the performance of and oversee the progress and development of senior management and take appropriate action, such as promotion, change in responsibility and termination;*
- d) approve senior management succession plans;*
- e) evaluate the Corporation’s compensation programs;*
- f) establish a corporate environment that promotes timely and effective disclosure (including appropriate controls), fiscal accountability, high ethical standards and*

- compliance with applicable laws and industry and community standards;*
- g) oversee the Corporation's auditing and financial reporting functions;*
  - h) evaluate the Corporation's systems and business to identify and manage the risks faced by the Corporation;*
  - i) evaluate insurance programs and approve insurance policy limits;*
  - j) review and decide upon material transactions and commitments;*
  - k) develop a corporate governance structure that allows and encourages the Board to fulfill its responsibilities; and,*
  - l) provide assistance to the Corporation's management, including guidance on those matters that require Board involvement and evaluate the overall effectiveness of the Board and its committees.*

6.6.6 In his statement dated 8<sup>th</sup> July 2015 Amb. Nabeta one of the Board members stated that the problem at the Corporation is that the Board failed to understand and distinguish the roles and responsibilities of the Board and the Executive role and functions of Management and the MD as clearly spelt out in the Act.

### **Observations and Conclusions**

6.6.7 It was observed that the Corporation's eight member Board was appointed by the Minister in July 2013 for a three year term. This means that their tenure expires in July 2016.

6.6.8 It was also observed that Mr. Kakuba one of the Board members passed away on 19<sup>th</sup> March 2015 and has since then never been replaced. The Board has therefore had only seven (7) members instead of eight (8) as provided for under Section 6(1) of the UPPC Act since the death Mr. Kakuba. This will require the line Minister to fully constitute the UPPC Board.

6.6.9 In addition to the mandate provided in the UPPC Act, the Board Manual spells out various responsibilities for Board members. It is important to note that the responsibilities spelt out therein appear policy related. However the Board put in place a governance structure that encourages the respective Board members to directly interface with staff and employees as they deem fit. This situation arises out of the provisions of Section 8.1 of the Board Manual that states,

*“All directors have, at all reasonable times and on reasonable notice, full and free access to, officers and employees of the Corporation. Any meetings or contacts that a director wishes to initiate should normally be arranged through the MD. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Corporation.”*

6.6.10 Despite the requirement for interaction between the Board and staff members who are substantively answerable to the MD to be non-disruptive, the effect was found to be the opposite. On at least two occasions, being the 16<sup>th</sup> of June 2015 and 28<sup>th</sup> July 2015, Mr. Wanyama Kodoli who doubled as Corporation Secretary and Board Secretary wrote highly critical and insubordinate emails to the MD attacking her character. Although the emails appear to have been shared with the Board, there was no evidence that Mr. Kodoli was ever called to order.

6.6.11 This sort of insubordinate communication method was also emulated by Ms. Anne Arihomugisha who authored an email to the MD on 17<sup>th</sup> September 2015 responding to warnings issued by the MD. In that email she went beyond defending herself to outright insubordination by counter-accusing the MD of stalling HR matters and went on to even suggest that directives issued by the Inspectorate of Government were not binding on the Corporation among other things. This email was also copied to the Board who did nothing to address what was clearly an overstepping of boundaries by a subordinate staff thus strengthening the notion of cliques among the staff of UPPC.

6.6.12 It should be further noted that the involvement of the MD in interactions between staff and members of the Board is left to the judgment and discretion of the respective Board members. This state of affairs creates an impression that there is an executive Board at the Corporation even if the Manual dictates that the Board shall confine itself to policy matters. It is also important to note that despite the provision above emphasizing that contact by Board with staff should not to be disruptive, the situation at UPPC has shown that contact is actually detrimental, disruptive and conducive to the formation of cliques among staff.

**Recommendation:**

- i) The Minister should ensure that current and future members of the UPPC Board of Directors are advised against direct interactions with staff especially where such interactions encourage wholly unbecoming and openly insubordinate behaviour to the Managing Director or any other member of the management team.
- ii) The Board should caution Mr. Kodoli and Ms. Arihomugisha against authoring insubordinate communications attacking the person of the MD especially as concerns the manner in which she conducts her duties. It is neither the responsibility of Mr. Kodoli nor that of Ms. Arihomugisha to make judgments about the MD's abilities as she is not answerable to them and is actually their superior.

**6.7 Whether the Confirmation of Lawrence Nuwagira (FAM) by the Board was lawful.**

6.7.1 According to the Contract signed on 29<sup>th</sup> September 2014 (**Annex D<sub>1</sub>**), Mr. Lawrence George Nuwagira was offered an appointment as the Finance and Administration Manager for a contract period of three years effective 3<sup>rd</sup> November 2014. It was stated in the letter of offer that he was to serve a probation period of six (6) months within the three years and thereafter be either confirmed, extended



or terminated basing on his performance. As already seen above, a contract that purports to be both probationary and full term does not comply with the provisions of the Employment Act of 2006.

6.7.2 According to clause 3 of the Contract, he was given the following specific targets that were to be met during the contract period:

- a) Establishing a transparent financial system;*
- b) Initiatives towards the improvement of the Corporation's financial performance;*
- c) Timely remission of taxes and NSSF;*
- d) Timely payment of employees' salaries;*
- e) Ensure availability of production materials;*
- f) Timely submission of financial reports;*
- g) Timely submission of Corporation draft budgets for approval; and,*
- h) Proper maintenance of the Corporation's Assets, specifically Houses."*

6.7.3 As already seen, at the 5<sup>th</sup> Extra-ordinary meeting of the Board held on 7<sup>th</sup> May 2015, staff who had been appraised and found to have successfully completed their probationary period had to be confirmed in their positions.

6.7.4 Ms. Muwanguzi stated that before her contract was terminated by the Board on 7<sup>th</sup> May 2015, she was in the process of appraising Mr. Nuwagira the FAM as was the practice. The appraisal form seen was only signed by Mr. Nuwagira on 20<sup>th</sup> April 2015 (**Annex D<sub>2</sub>**). Ms. Muwanguzi added that at this point in time, she had requested him (Nuwagira) to provide documentary evidence of his performance before finalizing the appraisal.

6.7.5 In her statement dated 20<sup>th</sup> July 2015 Ms. Arihomugisha the Assistant Manager Human Resource and Administration stated that after Ms. Muwanguzi was removed from office, she was verbally instructed by Mr. Wanyama Kodoli (Acting MD) and Mr. Nuwagira (FAM) to draft a confirmation letter for the latter for the

former's signature as Acting MD. She added that she requested them to avail her with a copy of the relevant appraisal form of Mr. Nuwagira and Board resolution confirming him.

6.7.6 That however they availed her with the Board minutes of the 5<sup>th</sup> Extra-ordinary meeting of the Board held on 7<sup>th</sup> May 2015 but not the appraisal form. It was noted that there is no minute of the Board directing that the FAM be confirmed.

6.7.7 It was found that in a letter dated 12<sup>th</sup> May 2015 (**Annex F<sub>3</sub>**) signed by Mr. Wanyama Kodoli the Acting MD (who was himself still on probation in similar irregular circumstances since his contract document had ambiguities like the others), Mr. Nuwagira was confirmed as FAM with effect from 1<sup>st</sup> May 2015. In the same letter Mr. Wanyama Kodoli referred to,

*“the Board’s resolution during its extra ordinary meeting held on 7 May 2015 which resolved to confirm all managers that (had) been appraised and found worth confirmation.”*

Mr. Wanyama Kodoli continued to state that:

*“Having served a probationary period of six months, on behalf of the Board, I am glad to inform you that you have been confirmed as Finance and Administration Manager at the level of full manager with effect from 1 May 2015.”*

6.7.8 Mr. Wanyama Kodoli confirmed that he signed that letter and confirmed that he did not ask for the appraisal of FAM but added that the relevant Board minutes are for the meetings of the Board held on 16<sup>th</sup> April 2015 and 7<sup>th</sup> May 2015. It was found that none of these minutes had a minute confirming Mr. Nuwagira as FAM.

6.7.9 Mr. Wanyama Kodoli also stated that in confirming the FAM, he relied on the provision of the following sections of the Corporation's Human Resource Manual of March 2014:

(a) Section 2.4 which states that new employees must serve a probationary period at the beginning of their employment that is intended to give the Corporation time to assess whether the employee satisfies its present needs. (This clearly suggests that every new employee must be given a probationary contract before a full term contract is given and Mr. Wanyama Kodoli as a legal adviser to the Corporation should have realized the ambiguities in the contract documents but failed to do so).

(b) Section 2.8 which states that one month before the expiration of the prescribed probationary period, the departmental manager shall carry out the final evaluation of the performance of the concerned employee and submit a confidential report, the report shall be discussed by management and in the case of staff in scales of 1 – 2 by the Board and a final decision made. Upon successful completion of the probationary period, the employee supervisor shall make a recommendation to the appointing authority on the basis of which the employee shall be confirmed in writing with the Corporation.

6.7.10 Mr. Kodoli added that in confirming the FAM he also relied on the following Court precedents:

(a) AHMED IBRAHIM BHOLM Vs CAR & GENERAL LTD as per the Judgment of JSC Tsekooko at page 19-20 and HCCS No: 072-2007 M/s Akello Beatrice Vs World Vision Uganda as per Justice Remmy Kasule at page 3.

It was noted that the decision in the above authorities is to the effect that after expiry of probation, the staff in continuation of service is deemed confirmed by law.

(b) High Court of Uganda decision in Civil Suit No. HCT – 02 – CV – CS – 072 of 2007: Akello Beatrice versus World Vision

Uganda in which Court in interpreting a provision in the Appointment letter of the Plaintiff (employee) that stated;

*“Your appointment will be contingent on a satisfactory review after a three month probation period. If the review is satisfactory, you will be confirmed as a regular, full time employee and will be subjected to annual performance review...”*

*Court in its considered view found that the above provision placed upon the Defendant (an employer) the obligation to expressly inform the plaintiff (employee), after the 3 months’ probation had expired, that her performance was not satisfactory ...”*

That in absence of such communication the employer made the employee act in such a way that she was now a regular confirmed employee of the Defendant.

6.7.11 From the above decision, it is inferred that an employer is obligated to notify the employee that his probation period is coming to an end, appraise him/her then thereafter expressly inform the employee that his/her performance has been satisfactory so that he/she is confirmed or unsatisfactory and either extend the probation or terminate the contract. Failure to do this would mean that when the probation period lapsed the contract became effective and should last its full course.

6.7.12 It was however found that in the FAM’s case he had been notified by the employer and had partially filled out the appraisal forms. What Mr. Wanyama Kodoli should have done was to complete the appraisal process already began by Ms. Muwanguzi and forward the same to the Board for final decision provided for under Section 2.8 of the Human Resource Policy Manual as was the practice.

- 6.7.13 On 13<sup>th</sup> October 2015 Mr. Nuwagira (who was issued with official witness summons dated 18<sup>th</sup> September 2015) was asked to come to this office on 14<sup>th</sup> October 2015 to be interviewed on the matters arising which he did not honour. On 14<sup>th</sup> October 2015 he was still reminded on phone to come for the interview. Unfortunately to date, he has not done so or offered any explanation thereof.
- 6.7.14 It was observed that the law provides that it is the Board of the Corporation that confirms staff. The appraisal for Mr. Nuwagira (FAM) was in process but not yet completed by the time Ms. Muwanguzi was asked to leave office on 7<sup>th</sup> May 2015.
- 6.7.15 It was also observed that the procedure for confirmation of Senior Managers at the Corporation is that the Supervisor carries out a performance appraisal and makes a report to the Board which has the final say on the matter as provided by the Human Resource Procedures Manual.
- 6.7.16 It was observed that there is no Board minute that confirmed Mr. Nuwagira as FAM. The minutes that Mr. Wanyama Kadoli referred to in his letter to Mr. Nuwagira provided that staff who had been appraised and found to have successfully completed their probationary period should be confirmed in their positions. It is unfortunate that Mr. Wanyama Kodoli whose duty is partly to give legal guidance at the Corporation failed to comprehend and understand this simple phrase in the Minutes of the Board.
- 6.7.17 In addition, he misled himself and quoted precedents of Court that are completely unrelated to the circumstances in question. Mr. Wanyama Kodoli must have been aware that it is the Board that confirms staff and it does so through its minutes. Therefore, even if it were true, that the period to appraise Mr. Nuwagira had lapsed as Mr. Wanyama Kodoli seems to suggest, he should still have taken such a report for the Board's consideration and determination before communicating to Mr. Nuwagira about the confirmation as he did.

6.7.18 Furthermore, Mr. Wanyama Kodoli as a legal adviser to the Corporation failed to notice the ambiguities in the contract documents including his own.

6.7.19 If Mr. Wanyama Kodoli's actions above are not those of an incompetent lawyer, then he deliberately acted irregularly when he confirmed Mr. Nuwagira as FAM in total disregard of the relevant provisions of the Act and UPPC Board Manual. We were inclined to believe that Mr. Wanyama Kadoli who is a Principal State Attorney is no stranger to interpretations of the law. This was purely deliberate action that is unethical and unacceptable and is not desired at the Corporation.

6.7.20 Further to that, by his actions in confirming the FAM without the Board's authority, Mr. Wanyama Kodoli usurped the powers of the Board and in his letter to the former stated a falsehood that he was acting on behalf of the Board whereas not since the confirmation was not backed by any Board minute and is therefore void.

### **Recommendations**

- i) The MD immediately recalls the confirmation of Mr. Nuwagira Lawrence George as FAM and completes the due appraisal process to have him properly confirmed or otherwise.
- ii) The Board takes appropriate disciplinary measures against Mr. Wanyama Kadoli the CS for incompetence and for usurping the powers of the Board when he confirmed Mr. Nuwagira as FAM without authority.

### **6.8 Whether the Board irregularly appointed Ms. Anne Arihomugisha as Assistant Manager Human Resource and Administration**

6.8.1 As already seen above, Section 7(d) of the UPPC Act provides for one of the functions of the Board as "*to appoint and discipline*

*members of staff of the Corporation*".Section 7(e) of the Uganda Printing and Publishing Corporation Board of Directors Governance Policy Manual July 2014 Edition provides that:

*"The Board may delegate any of its powers to committees of the Board, except that it may not delegate the powers to change the membership or fill vacancies in a Board committee, or remove or appoint officers who are appointed by the Board"*.

6.8.2 The procedure for recruitment and appointment is provided for under Section 2.2 of the Uganda Printing and Publishing Corporation Human Resource Manual, among other things, as follows:

- (a) For posts at Level 3 Assistant Heads of Department like in the case of the Assistant Human Resource and Administration Manager the appointing authority shall be the Board (section 2.2.1(b));
- (b) Management shall determine whether to fill the position internally or externally (section 2.2.2 (a)(iii));
- (c) Internal advertisements shall be publicized on the Corporation Notice Boards for a period of not less than two (2) weeks (section 2.2.2 (b)(iii));
- (d) Short listing and interviewing shall be carried out by an appropriate panel according to the level of the position (section 2.2.2 (c)(ii)); and that,

The Board will determine the interview procedures for positions at management levels 1, 2 and 3 (section 2.2.2 (d)(i)).

6.8.3 It was established that there was no provision for any other method of filling positions such as *head hunting* in the Corporation's Human Resource Policy Manual except the use of internal or external advertising.

6.8.4 The IG investigating team did not come across any signed Corporation Manual that provides job descriptions and specifications for the different positions at the Corporation. It was found that whenever a vacancy came up, the Board would ask the management to come up with the job descriptions/specifications for that particular position. Ms. Arihomugisha the Assistant Manager Human Resource and Administration provided a draft “*Uganda Printing and Publishing Corporation (UPPC) Job Descriptions August 2014*” manual that is under consideration by Management.

6.8.5 According to the proposed manual the following are the required basic qualifications for the position of Assistant Manager Human Resource and Administration:

- a) Degree in Business Administration majoring in Management;*
- b) Postgraduate Diploma in Human Resource;*
- c) 3years experience as at supervisory level in administration;*
- d) Good supervisory skills;*
- e) Good analytical skills; and,*
- f) Good interpersonal and communication skills.*

6.8.6 It was found that at one time the Corporation advertised for the position of Human Resource/Administrative Manager in the New Vision newspaper of Monday, 22<sup>nd</sup> March, 2010 with the following job specifications:

- (i) A university degree in BBA, Social Sciences/Arts or related field;*
- (ii) A post Graduate Diploma in Human Resource Management is a must;*
- (iii) A master’s degree is an added advantage.*
- (iv) At least Seven (7) years’ experience in a busy work environment that embraces employee rights to unionize;*



- (v) *Computer skill is a must, Good communication skills, problem solving skills, team player and good interpersonal skills.*
- (vi) *Innovative, transparent and self-motivated capable of working for long hours; and,*
- (vii) *Integrity and trustworthy as values.*

6.8.7 Section 6(7) of the UPPC Act provides that,

*“The provisions of the schedule to this Act shall apply to the custody and application of the corporation seal and to the meetings of the board; and the Minister may, by statutory instrument, amend the Schedule”.*

Article 7 of the Schedule on “*Meetings and seal of the board*” of the UPPC Act provides that “*Subject to (the) schedule, the board may regulate its own proceedings*”.

6.8.8 Investigations established that at its 6<sup>th</sup> Extra-ordinary meeting held on 20<sup>th</sup> November 2014, the Board noted at Minute No. 35/11/2014(e)

*“That the Staff, Administration and Marketing Board Committee (also known as HR,A&M Board Committee) be authorized to make conclusive decisions on how to fill the vacant positions and report back to Board on the recommendations”.*

6.8.9 The Board then resolved under Minute No. 35/11/2014 that:

*“That the Staff, Administration and Marketing Board Committee should go ahead and carry out the exercise of filling vacant positions and report back to the Board on progress”.*

6.8.10 At its meeting held on 11<sup>th</sup> December 2014 attended by Hon. Akaki, Mr. Kakuba, Mr. Nyakairu, Mr. Kakira, Mr. Ococ and Ms. Muwanguzi (MD who had just been appointed effective 1<sup>st</sup> December 2014), the HR,A&M Committee as recorded under minute 27/12/2014 of the minutes observed that the Committee had

noted that the position of Assistant Manager Human Resource and Administration required urgent filling and that there **were capable people internally** who could fill it. It was then resolved to appoint Ms. Anne Arihomugisha to fill the position effective January 2015.

6.8.11 It was established that Ms. Arihomugisha holds the following qualifications:

- i) Bachelor of Business Administration (Hons) of Nkumba University (2011);
- ii) Diploma in Education (Secondary) of The Institute of Teacher Education Kyambogo (2000); and the following certificates:
  - a. Certificates in Sensitization on the new procurement and Disposal Framework;
  - b. Training on the Disposal of Public Assets;
  - c. Conflict Management in the Corporate world;
  - d. Effective records Management;
  - e. Meeting Management & Minutes writing skills; Front Office Management;
  - f. Computing;
  - g. Community Empowerment for Development;and,
  - h. Political Science and Military Science

6.8.12 A review of the Curriculum Vitae (**Annex E<sub>1</sub>**) she submitted to the IG Investigation team on 23<sup>rd</sup> July 2015 for the purposes of defending her suitability to hold the position of Assistant Manager, Human Resource and Administration, revealed that she has the following working experience:

- i. January 2015 to date: Assistant Manager, Human Resource and Administration UPPC;
- ii. February 2013- 2014: Assistant Manager, Information and Administration UPPC;
- iii. 2009-2013: Information Officer/Personal Assistant/Administration Supervisor UPPC;
- iv. 2003-2008: Administrative Assistant to the Chief Executive Director/Secretary/ Receptionist UPPC;

- v. 2002: Data Entry Clerk: Uganda Bureau of Statistics (UBOS);
- vi. 2001-2002: Data Entry Clerk (Planning Department)/Secretary to Principal Personnel Officer, Ministry of Education and Sports; and,
- vii. 2000-2002: Secretary/Trainer at Global Services Ltd.

6.8.13 Mr. Ococ explained that the Board decided to use the method of “**hand pick or head hunt**,” which is one of the established methods of recruitment employed by the Corporation, and appointed Ms. Arihomugisha.

6.8.14 When required to comment on whether Ms. Arihomugisha met the qualifications to be appointed as Assistant Manager Human Resource and Administration, all Board members interviewed stated that any due diligence on whether she was qualified or not was the duty of Management and not the Board which only deals with Policy and Governance matters. The Board members further stated that the Board usually relies on management or consultants to determine whether a person is qualified for a position or not.

6.8.15 Clause 1 of Ms. Arihomugisha’s contract dated 18<sup>th</sup> December 2014 (**Annex E2**) provided that:

*“At its Staff, Administration and Marketing Committee Board meeting held on 11 December 2014, the Board of Directors resolved to appoint (her) Assistant Manager, Human Resource and Administration for a contract period of three years effective 1 January 2015”.*

Clause 12 of the contract goes on to provide that either party to the agreement may terminate it upon giving the other 30 days’ notice or payment in lieu thereof.

6.8.16 When the personal records of the Corporation for Ms. Arihomugisha were examined, there was no indication that she

formally accepted the appointment but she is the substantive Assistant Manager, Human Resource and Administration.

6.8.17 There were allegations to the effect that in appointing Ms. Arihomugisha as the Assistant Manager, Human Resource and Administration, the Board ring fenced it for her as a favour since she had closely worked with Board members when she was Board Secretary. Investigations did not reveal evidence to support this claim save for the fact that the Board did not insist that the recruitment procedures be followed by the Committee. Staff members at the Corporation insisted that Ms. Arihomugisha was favoured by the Board.

### **Observations and Conclusions**

6.8.18 It was observed that the power to appoint staff of the Corporation is vested in the Board and while the Corporation Board Manual clearly specifies that the Board Committees cannot appoint staff of the levels 1, 2 and 3 since these are appointed by the Board, it would still be illegal for any entity (like sub-committees of the Board) other than the Board to appoint any staff of whatever level at the Corporation.

6.8.19 It was observed that the prescribed procedures to appoint any staff according to the Corporation's Human Resource Policy manual is through internal or external advertising of the positions, but not any other method including head hunting. However, as observed at paragraph 6.7.4.6 above, following its investigations in the conduct of the MD, the FAB committee recommended that *UPPC minimizes head hunting of employees*. It is therefore evident that head hunting for employees although illegal was a practice at the Corporation. Mr. Ococ was mistaken when he believed that head hunting was among the established methods of recruitment at the Corporation, although as Chairman of the Board of the Corporation he ought to have known better.

6.8.20 It was further observed that the Committee that was dealing with the filling of positions was aware that there were capable people internally who could fill the position of Assistant Manager for Human Resource and Administration. The Committee therefore had the opportunity to internally advertise the position but opted not to do so and inexplicably selected Ms. Arihomugisha.

6.8.21 It was observed that Ms. Arihomugisha was therefore appointed to the position of Assistant Manager for Human Resource and Administration which is at level 3 without any advertising. Moreover she was appointed to that position by the *Staff, Administration and Marketing Board Committee* (sometimes referred to as HR,A&M Board Committee) which was not legally competent to appoint her as it was using the method of head hunting which is not provided for in the Human Resource Policy manual of the Corporation.

6.8.22 It was also peculiar that in the appointment instrument it is stated that at the committee meeting held on 11<sup>th</sup> December 2014, the Board of Directors appointed her to that position is no Board minute appointing Ms. Arihomugisha to that position. The appointment is a nullity and should accordingly be revoked.

6.8.23 The Board exhibited their incompetence in handling human resource matters when they admitted that they rely on the management to determine person specifications and rubber stamp the same with no input of their own. As already recommended above, if implemented a comprehensive organizational assessment shall cure this problem by suggesting acceptable person specifications for all respective positions.

6.8.24 It was observed that since there were no known predetermined qualifications for the position of Assistant Manager, Human Resource and Administration, it was not possible to determine whether Ms. Arihomugisha is qualified to hold that position or not. The Board did not insist that the Committee follow the recruitment procedures as laid down in the UPPC HR Manual. This can only be

read to mean that the Board kept a blind eye as a favour to Ms. Arihomugisha.

**Recommendations**

- i) The Board should require Ms. Arihomugisha - Assistant Manager, Human Resource and Administration to show cause as to why her contract should not be terminated as it was secured irregularly and she lacked the qualifications required for the position at the time she took on the position.
- ii) The Board should conduct a transparent recruitment for the position of Assistant Manager, Human Resource and Administration to allay fears of staff concerning favouritism by the Board.

**INSPECTORATE OF GOVERNMENT  
FEBRUARY, 2016**