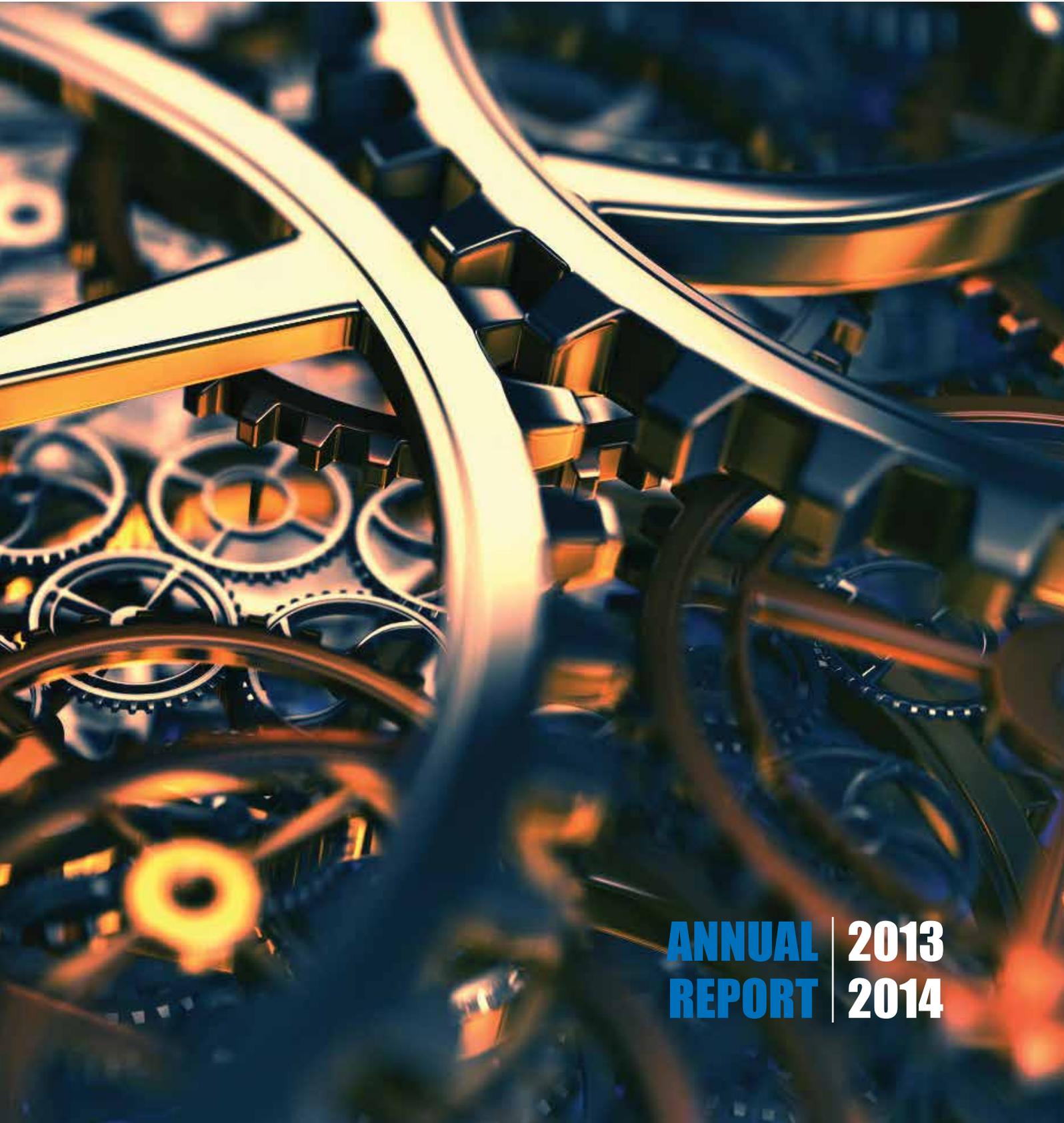




UGANDA NATIONAL BUREAU OF STANDARDS



ANNUAL | **2013**
REPORT | **2014**

UGANDA NATIONAL BUREAU OF STANDARDS

Vision:

A leading institution of international repute in provision of sustainable standardization Services.

Mission:

To provide standards, measurements and conformity assessment services for improved quality of life.

Values:

Professionalism, Customer focus, Integrity, Teamwork and Innovation.



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ABBREVIATIONS

COC	Certificate of Conformity to Standards
DDA	Dairy Development Authority
EAC	East African Community
EPA TAPSS	Economic Partnership Agreement on Trade Related Private Sector Support
KACITA	Kampala City Traders Association
MAAIF	Ministry of Agriculture, Animal Industry & Fisheries
MTIC	Ministry of Trade, Industry and Cooperatives
NSC	National Standards Council
PSFU	Private Sector Foundation Uganda
PT	Proficiency Testing
PVoC	Pre- Export Verification of Conformity to Standards
QUISP	Quality Infrastructure Standards Programme
SANAS	South African National Accreditation System
SQMT	Standards, Quality Assurance, Metrology and Testing
TBT	Technical Barriers to Trade
TC	Technical Committee
TMEA	Trade Mark East Africa
UMA	Uganda Manufacturers Association
UNBS	Uganda National Bureau of Standards
UNCCI	Uganda National Chamber of Commerce & Industry
URA	Uganda Revenue Authority
USSIA	Uganda Small Scale Industries Association
WTO	World Trade Organisation

LETTER OF TRANSMITTAL

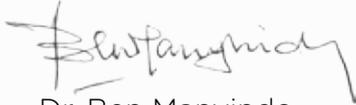
**Hon Minister of Trade,
Industry and Cooperatives
Farmers House
Kampala, Uganda.**

Honourable Minister,

Pursuant to section 40 of the Uganda National Bureau of standards Act, Cap 327, I hereby submit to you the Annual Report for Uganda National Bureau of Standards for the Financial year 2013/14. The report contains draft Accounts for the same period.

On behalf of management I wish to acknowledge and express our sincere gratitude for the support offered by Government and Development Partners through the Ministry of Trade, Industry and Cooperatives for the effective operations of UNBS.

Yours faithfully



Dr. Ben Manyindo
EXECUTIVE DIRECTOR
Uganda National
Bureau of Standards

Part 1: CORPORATE GOVERNANCE

1.1 Legal Mandate

Uganda National Bureau of standards (UNBS) is a Government body established under Cap. 327 of the laws of Uganda. The Mandate of the UNBS is to provide standardization and Metrology services to industry and for consumer protection.

1.2 UNBS Structure

1.2.1 National Standards Council

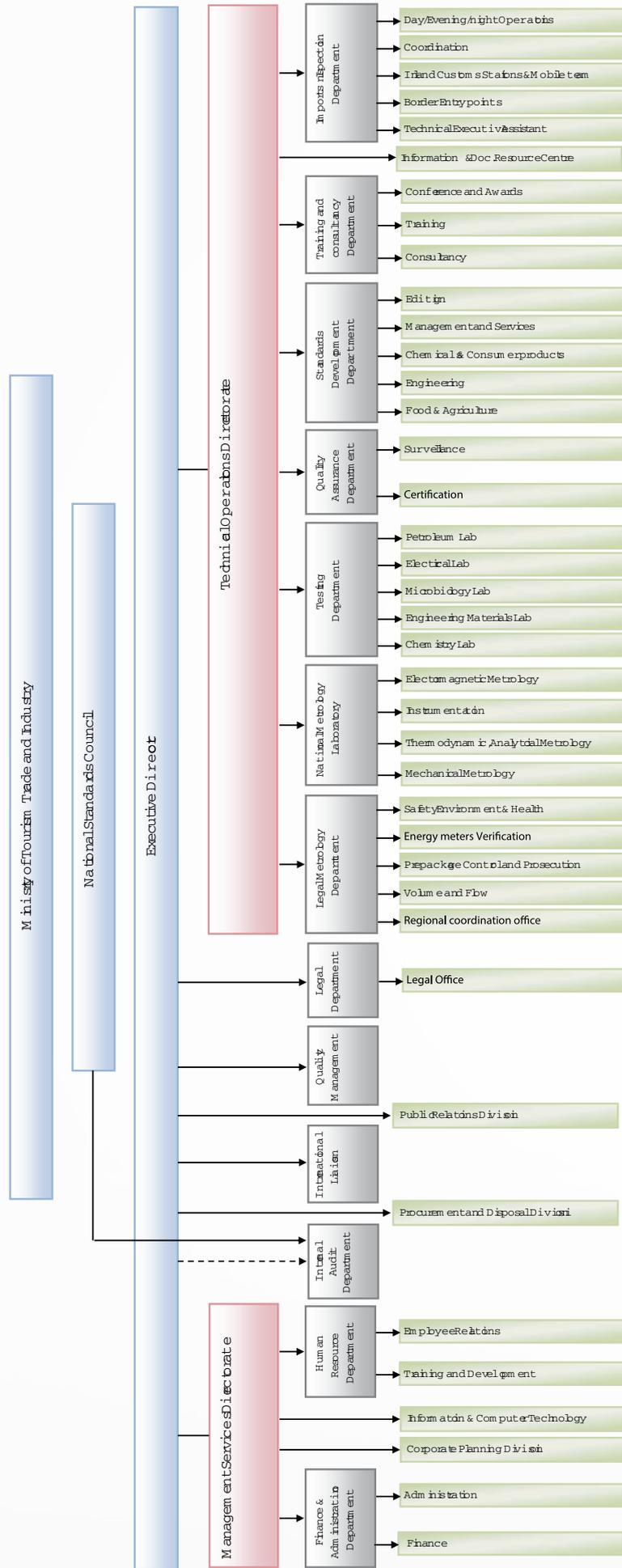
The National Standards Council (NSC) is the governing body and comprises of 10 members who are appointed by the Minister. The Council is responsible for the overall policy making, declaration of national standards and overseeing the strategic direction of the Bureau. The Council works closely with management in the development of policies and operational strategies. The Council's business is undertaken through committees namely; Finance and Planning, Staff and Administration, Standards and Technical and Construction and Audit which play an important role in supporting governance approaches.

1.2.2 Staff and Activities

The strategies and policies established by the Standards Council are implemented by staff strength currently at 238 people. The day-to-day operations of the Bureau are supervised by the Executive Director and assisted by; Deputy Executive Director responsible for Technical operations and Deputy Executive Director responsible for Management services.



UNBS ORGANISATIONAL CHART



NATIONAL STANDARDS COUNCIL MEMBERS



Dr. Moses Kizza Musaaazi
Member



Dr. William M. Ssali
Chairperson



Prof. Eriabu Lugujo
Member



Mr. Dison B. Okumu
Member



Hajat Sarah B. Lubega
Vice Chairperson



Eng. Samuel Ssenkungu
Member



Mrs. Angella R. Matsiko
Member



Dr. Ben Manyindo
E.D Secretary

Bankers

Bank of Uganda
Stanbic Bank
Standard Chartered Bank

Auditors

Office of the Auditor General

UNBS MANAGEMENT TEAM



Dr. Ben Manyindo
Executive Director



Mrs. Patricia B. Ejalu
Deputy Executive Director
Technical Operations



Mr. David Livingstone Ebiru
Deputy Executive Director
Management Services



Dr. Abdul Ndifuna
Staff
Representative



Mr. Yasin Lemeriga
Manager National
Metrology Laboratory



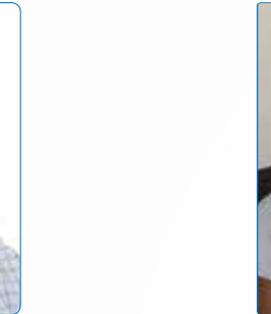
Mr. David Eboku
Manager Standards
Development
Department



Mrs. Susan Akantunga
Human Resource
Manager



Ms. Hellen
Wenene
Counsel



Eng. Jackson
Mubangizi
Training and
Consultancy
Manager



Dr. Mark Kayongo
Principal
Accountant



Mr. Deus Mubangizi
Manager Testing
Department



Ms. Barbara Kamusiime
Public Relations Officer



Mr. John Paul
Musimami
Manager Legal
Metrology



Mr. Davis Ampwera
Finance & Administration
Manager

Executive Director's Brief for the Financial Year 2013/14

On behalf of the National Standards Council, management and staff of Uganda National Bureau of Standards (UNBS) I wish to thank Government, Development Partners, all our stakeholders and the media for the support rendered to UNBS during the year. The Ministry of Trade, Industry and Cooperatives was extremely supportive and provided valuable policy guidance to the work of the Bureau and we say thank you.

During the year, UNBS continued to focus and consolidate on the gains achieved during the previous year. Specifically the following achievements were registered:

- 668 National Standards were developed and approved by the National Standards Council. These standards include adoption of the East African harmonized standards and international standards. The big number was attributed to the demand by the PVoC Service Providers to inspect goods before being exported into the country. As a result international standards were adopted.
- 500 permits comprising both the Q-Mark and S-Mark were issued to over 300 companies enabling them to access national and regional markets.
- The PVoC programme awareness campaigns were completed for all the product categories of goods that fall under compulsory standards. The PVoC Service Providers were also audited by the UNBS Technical Team for compliance to the requirements of the contract and were found to perform satisfactorily.
- The UNBS Amendment Act 2013 became operational and is assisting UNBS to better enforce compulsory standards and protect the consumers.
- Laboratory equipment worth U.S. Dollars 1million provided by TMEA through the QUISP project was received thus boosting the capacity of the laboratories to undertake faster analysis and reduce on turnaround time.
- The Human Resource Audit which had been ongoing for 18 months was completed by PILA Consultants and will inform a review process of the policies and structures of the organisation.
- Phase 1B of the construction of UNBS offices at Bweyogerere was 90% completed paving the way for occupation by staff.
- Having been in existence and operation for 25 years, celebrations were launched code-named UNBS@25 with the theme “Quality Products, Quality Life through Standards; Get Engaged, Get Involved”.

While UNBS was able to register the achievements indicated above, there still remain a number of challenges that need to be addressed. These include:

- (a) Increasing staff from the current levels of 238 to over 500 staff in order to deliver on UNBS' mandate. These large numbers are required to support the business community who operate 24 hours a day and 7 days a week as well as enforce standards to protect the consumers.
- (b) Increase consumer education and public awareness on quality and standards. This will enable the consumers make informed choice and reject substandard goods and services in the market place.
- (c) Funding continues to be a major challenge of the institution. During the year under review, 97% of funding from Government equivalent to UGX 11.27 billion was released while UGX 5.9 billion was collected and utilized as Non Tax Revenue giving a total of UGX17.17 billion. However, this is about 30% of the required financing as projected in the UNBS Strategic Plan 2012/2017. The Medium Term Expenditure Framework (MTEF) ceiling needs to be revised upwards in order to provide the required staffing, infrastructural and logistical capacity to UNBS.
- (d) The operationalisation of the EAC Single Customs Territory and the Common Market requires participation and involvement of UNBS. However, no extra budgetary funding was provided and the activity continues to depend on the existing budget allocation for implementation.

In conclusion, the year 2013/14 was a challenging year and UNBS looks forward to a better year as we engage our partners and stakeholder in ensuring consumer protection and trade facilitation.

Overview by the Deputy Executive Director, Technical operations.

The directorate is responsible for the core operations of UNBS. These are: standards development, quality assurance, legal and industrial metrology, laboratory testing, training and consultancy; and imports inspection.

In the financial year 2013/2014, the Technical Operations Directorate managed to overcome a number of challenges to achieve the set targets. We continued to focus on re-organization in the Departments and to improve the working relations within and between Departments and to ensure that the service delivered meets our customer requirements.

Efforts to strengthen the Departments that are responsible for the implementation and enforcement of compulsory standards continued. The Pre-Export Verification of Conformity (PVoC) program completed its first year of implementation. Sensitization activities were carried out to increase awareness within the different sectors and to ease the use of the program by importers. By June 2014, the implementation for the inspection of all categories of goods under the PVoC program was complete.

Following the signing of the MOU with ERA, efforts were made primarily by the Legal Metrology Department to work out the modalities of implementing the requirements in the MOU with emphasis on verification of electricity meters and the development of standards in the electricity sector. The need for verification in the electricity sector was overdue and UNBS is committed to providing assistance to attain customer confidence in the delivery of the required service.

With reference to the certification schemes in the Quality Assurance Department, there was an increase in the number of certified companies under the Q-Mark certification. Efforts were also made to review the regulations governing the certification schemes, with the hope of providing a better service and to improve the quality of products on the market. Through the assistance of the QUISP program more than 1000 SMEs received assistance through training and consultancy services in the implantation of standards. UNBS was also privileged to receive equipment for testing and metrology activities through the QUISP program to allow for an increased scope of work and to help reduce the turn-around time for issuing test results.

In support of the above mentioned Departments the development of standards improved greatly with over 600 standards developed in 2013/2014. The demand for standards from within UNBS and from external customers increased and the challenge to provide the required standards was taken up accordingly. The Directorate also focused on stakeholder engagement to mainly increase the awareness of standards by consumers and to obtain feedback from our customers on what efforts we need to focus on to provide the required services. The outputs of each of the departments are provided under the relevant sections in the report.

Overview by the Deputy Executive Director, Management Services

The Directorate of Management Services supports technical operations of the Bureau in terms of Finances, Human Resources, Planning, ICT and Administrative services.

During FY 2013/14 the Bureau made significant progress in implementing its Strategic Plan 2012-2017 focusing on 6 strategic objectives of increasing the visibility of the Bureau; strengthen development, promotion and enforcement of standards; strengthen Human Resource capacity to improve service delivery; create awareness and demand for the Bureau's services; promote partnerships with other Agencies and improving efficiency in the utilization of available resources.

The Bureau continued to focus on alternative sources of funding the budget with emphasis on improving efficiency in collecting Non-Tax Revenue (NTR) from services offered. We also received support from the Quality Infrastructure and Standards Programme (QUISP) under the Ministry of Trade, Industry and Cooperatives towards creating awareness, provision of laboratory equipment and support to SMEs.

The comprehensive Human Resource Audit was completed during the year and its recommendations will be considered for implementation during FY2014/15.

We managed to complete the construction of Phase 1B of UNBS Office Block at Plot 2-12 Bypass Link Byeyogerere Industrial and Business Park and 3 levels out of 6 will be ready for occupation during the 1st quarter of FY2014/15.

In the coming year, we shall continue with the implementation of the Strategic Plan, Construction of the remaining Floors of UNBS Home, implementation of the HR Audit recommendations and improving service delivery to both our internal and external stakeholders.

Performance in planned and actual for the key outputs in standards, Quality Assurance, Metrology and Laboratory Testing for the Financial Year 2013/14

Table 1 below provides a summary of the performance of the key functional areas of the Bureau during the year 2013/14.

Table 1: Summary performance comparison for three financial years

Outputs	2011/12	2012/13		2013/14	
	Actual	Planned	Actual	Planned	Actual
Number of Standards developed	317	160	145	165	668
Number of samples tested in laboratories	9,713	7,440	9,585	6,000	7,888
Equipment calibrated	1,960	1,815	1,446	1,790	877
Weights and Measures Equipment verified	561,114	563,191	562,239	3,360	3,265
Consignments of Imports inspected	29,130	3204	57239	50,000	52,649
Permits of Product certification issued (Q and S-mark)	294	540	407	420	502
Companies certified under System certification	12	20	12	40	20
Inspections of factories, super markets, shops and ware houses	53	1000	968	750	863

PART 2

Standards development and
Standards related activities



2.0 Standards development and Standards related activities.

Standards awareness and training standards and standards related activities encompass standards development, standards documentation, International partnerships, training and awareness creation among others.

2.1 Standards Development

2.1.1. Introduction

UNBS provides various platforms known as Technical Committees (TCS) for development of National Standards, harmonization of regional standards and input in International standards. UNBS TCs are composed of experts drawn from various disciplines including industry, academia, and professional associations, Government Ministries, Departments and Agencies (MDAs), Non-Governmental Organizations, among others. The role of the Technical committee is to debate a draft standard and build consensus among stakeholders. In general UNBS bases its standard development process on international best practices as advocated under the World Trade Organization of Technical Barriers to Trade(WTO/TBT).

2.1.2 National Standardization

Developing standards to promote trade, industry and welfare of Ugandans has remained the main objective of the UNBS Standards development function and all projects undertaken are required to demonstrate Net benefit to the Ugandan society and broad stakeholder support.

The National Standards Council approved 556 new Uganda Standards and Technical specifications that were developed during the period FY 2013/14.

2.1.3 Regional standardization

At the Regional level, UNBS continued to play an active role in the standardization harmonization activities. Under the East African harmonization Programme, 128 standards were harmonized.

S/N	Sector standards	Totals 2013/14	Total Uganda standards
1	Food and Agriculture standards	152	738
2	Engineering	326	1002
3	Chemicals and consumer products	113	187
4	Management systems	77	511
5	EAC Harmonized standards	128	-
	Total	796	2438

Table 2: Total number of Uganda and East African Standards in 2013/14

2.2 Publicity and awareness of standards and standards related services.

UNBS implements its mandate through collaboration and networking with stakeholders in the public, private sectors as well as civil society. The Bureau is therefore able to publicize the various standards and standards related activities through a number of ways including holding regular press conferences/briefings, press releases through print media adverts, radio and Television Talk –shows, seminars and conferences among others.

In the year under review, UNBS undertook over 12 stakeholder sensitizations meetings, 12 radio talk shows, and 10 TV talk shows. Additionally UNBS participated in the various trade fairs hosted by partners such as PSFU, UMA, USSIA and others. A customer satisfaction survey was also conducted as part of stakeholder feedback to the organization. To take advantage of the social media in information dissemination, UNBS Face book and twitter accounts were activated.

2.3 Training, Consultancy and Technical Advisory Services.

The Bureau offers Training, Consultancy and Technical Advisory services whose main objective is to empower the various stakeholders in the Trade and Industry sectors to effectively understand and implement different national and International standards.

In 2013/2014 Training and Consultancy department conducted 31 training sessions during the year in which 724 participants (mainly SMEs) were trained in various SQMT programmes as part of building capacity in the industry in implementation of standards.

These programs covered the following areas;

- Quality Management Systems (ISO 9001),
- Food Safety Management systems (ISO 22000),
- HACCP Environmental Management systems, (ISO 14001),
- Competence of testing and calibration laboratories (ISO/IEC 17025),
- Good Manufacturing and Good Hygiene Practices,
- Water Safety Management, Quality Control and Documentation,
- Occupational Health and Safety Management systems (OHSAS 18000),
- Internal Auditing of Quality Management systems,
- Certification and Capacity Building Programs for SMEs.

The trainings were organised in all regions of Uganda. Participants also included UNBS staff as part of internal capacity building to enable UNBS build capacity for the industry.

In addition to training, technical advisory was provided to 130 SMEs to equip them with the knowledge in implementation and compliance to standards as a competitive tool in the local, regional and international markets.

2.4 Standards Information and Facilitation of International Trade

The Bureau operates an Information Resource Centre (IRC) with mandate of developing and maintaining a collection of materials on standardisation and related matters and helps disseminate the information to stakeholders which include Industry, business enterprises,

Government agencies, Ministries, Academia, and Researchers etc. It is also responsible for sale of National, Foreign and International Standards. The IRC also serves as the World Trade Organisation (WTO) National Enquiry Point on Technical Barriers to Trade (TBT).

In 2013/2014, the performance of the Bureau under this activity was as follows:

- Six hundred and fifty six (656) clients accessed and obtained information on standardization and related matters from the Information Resource Centre.
- Eight hundred and seven (807) standards were sold
- Two thousand and two (2,002) new materials on standardization and related matters were collected by the IRCD.
- Support to the National Monitoring Committee on NTBs, standardization of Agricultural Market Information Services; Post code project technical committee; Single Window Entry System; Experts meetings on SPS and TBT Component under EAC-U.S.A Trade and Investment Partnership negotiations among others.

PART 3

Conformity Assessment



3.0 Conformity Assessment

3.1 Introduction

The Bureau provides conformity assessment services in a number of areas including laboratory testing, industrial and scientific metrology, Legal metrology, and Certification among others.

3.2 Testing and Analytical laboratories

3.2.1 Introduction

The main objective of the laboratories at the Bureau is to support trade, industry and consumer protection activities through providing services that assist in evaluating the safety and quality of goods and services. As such the laboratories support the standards development function, product certification and research activities of both the Bureau and our stakeholders who include; industry , exporters , importers, academia , researchers among others.

UNBS laboratories have been established in the areas of Micro biology, Chemistry, Engineering materials, Electrical, and Petroleum. The petroleum laboratory is joint venture with Ministry of Energy and Mineral Development. These laboratories test products against a Uganda Standard or customer specifications, and according to standard testing procedures, and issuing test certificates or test reports. The Microbiology laboratory and the Chemistry Laboratory are accredited by SANAS. Samples are received from both internal (UNBS) and external clients, from both public and private sectors. The level of performance is given in Table 3 below.

Labaratory	No. of Samples tested 2013/14
1.Chemistry	4166
2.Electricals	285
3.Materials	1341
4.Micro Biology	2059
Total	7851

3.3 Traceability of the National Measurement System

Metrology is the main foundation of Industrialisation and scientific advancement. Metrology provides secure technical basis on which to anchor international agreements relating to trade and regulatory affairs. A metrology infrastructure in countries is critical in removing technical barriers to trade and a means for inculcating greater confidence in the measurement capabilities of individual countries resulting in fair trade, interoperability and technological development and transfer.

The UNBS National Metrology Laboratories handles both scientific and Industrial Metrology. The role of the laboratories is to maintain the primary standards and offer traceability of the National Measurement System to the International system of Unit (SI). The services are offered in the areas of: Mass, Dimensions, Temperature, Pressure, Density and Viscosity, Volume and Flow, Electrical laboratories and Instrumentation.

In the financial year under review NML calibrated 789 equipment for clients in the manufacturing industry sector.

3.4 Product and Systems Certification

The demand for product certification generally continues to grow mainly a result of increased consumer awareness, requirements for cross-border trade within the EAC Region, requirements from major institutional buyers and demand by major supermarkets to stock goods only approved by UNBS. Under product certification, the Bureau issues both the Q-mark (quality mark) that is voluntary and S-mark (standardisation mark) that is compulsory.

On the other hand, demand for system certification is growing slowly but steadily. We expect growth to accelerate especially with the growth of the oil sector where suppliers of services are increasingly required to have certification to either ISO 9001, 14001 or 22001. With increased marketing it is also possible to penetrate the government sector – introducing certification to most service focused department of government.

The certification activities are also supported by market surveillance to ensure that consumers are protected and a level playing field is provided for industry. Inspections with a purpose of removing expired and substandard products from the market place are undertaken. The presence of substandard goods on the market is still a challenge and the Bureau is exploring a number of strategies to curtail this given the limited capacity and resources at its disposal.

A total of 502 permits were issued to industry in the following areas.

Activity	FY 2013/4
Product certification (Q Mark) permits issued to Large companies	412
Product certification (S Mark) permits issued	90
Consumer product safety (Market Surveillance) inspections	863

3.5 MSMEs Assistance

UNBS has desk that handles MSMEs in terms of technical advice, standards implementation and certification. This sector has the greatest potential for growth especially if UNBS is able to build partnerships for funding MSMEs targeted activities. Majority of MSMEs are willing and committed to implementing standards and having their products certified, but are usually limited from accessing these services by lack of adequate finance. During this reporting period alone, with support from QUISP, 1,064 MSMEs were reached and assisted. Out of these, over 200 SMEs have been provided with on-site assistance, product testing and development and over 20 have had their products certified.

PART 4

Legal and regulatory affairs



4.0 Legal and regulatory affairs

4.1 Legal affairs

The main thrust of the Bureau in the area of legal affairs was to ensure that prosecutions are undertaken with respect to those who violate the laid standards together with the weights and measures requirements; legal reforms are initiated /supported through strengthening the UNBS Act/Weights and measures and new bills drafted where there are existing legal gaps.

In the 2013/14, the following were achieved:

- UNBS Act - Cap 327 of the laws of Uganda was amended and became effective on 17th February 2014.
- Uganda National Bureau of Standards (Import Inspection & Clearance) regulation, 2013 was gazetted on 11/10/2013 taking into consideration aspects of PVoC.
- Three criminal cases and six civil cases were handled and many have not been concluded.
- 14 contracts were drawn largely related to procurements ad over 15 memorandum of understanding with different stakeholders were drafted or reviewed.

1.2 Promotion of Fair Trade in the market place.

The activities for promotion of fair trade are undertaken through the Legal Metrology (Weights and Measures) function of the Bureau. The main objective is to protect society from the consequences of wrong measurements and therefore ensuring the equipment used for is verified at regular intervals as required by the Weights and Measures Law cap 103 of Laws of Uganda.

In the year under review, more than 661,986 equipment were verified.

Equipment	2013/14
Weighing scales	122,675
Weights	521,127
Fuel Tankers	443
Bulk Meters	268
Static Tanks	448
Fuel Dispensers	13,516
Pressure Gauges	244
Consumer goods	3,265

On top of verifying equipment, LMD registered an increased number of submissions particularly; weighing instruments, weights, depot meters, fuel dispensers and pressure gauges. The UNBS Calibration Rig was successfully upgraded. Through QUISP the department acquired; Electrical meter testing equipment and master flowmeter. This capacity will enable the Bureau to embark on verification of electricity meters and verification of unloading depot meters and aviation meters.

4.3 Import inspection

The main focus of the Bureau's function of import inspection is to implement the import inspection and clearance regulations of 2013 with a view to protect the public against substandard product products that can endanger public health, safety and environment, prohibit the entry of shoddy, protect local manufacturers against unfair competition form imported products which do not comply to national standards.

The scheme requires all imported products whose standard specifications were declared compulsory to be inspected for conformity to the relevant standards before release onto the domestic market. Inspection is done by inspectors from UNBS at the entry points. To date the Bureau man's 19 entry points out of 52 and it is the wish of the Bureau to station staff at all entry points.

During the period under review, UNBS introduced in June 2013, a programme that requires imports into Uganda to be inspected in the country of origin or export. This is what is referred to as Pre-Export Verification of Conformity to Standards Program (PVoC). The programme however does not cover groupage cargo which continues to fall under destination inspection. More than 50,000 consignments were subjected to conformity assessment either through a destination inspection process or through PVoC.

PART 5

Management support services



5.1 Finance and Administration

5.1.1 Overview of Financial Performance for FY 2013/2014

The Bureau's performance improved tremendously and generally reflected the outturn of the economic environment that prevailed during the year under review. Total expenditure rose from shs13.7 billion to shs15.8 billion.

Financial support from government remained the single main source of revenue providing over 62% of the total revenue; NTR providing approximately 33% while the balance was provided by development partners through project support.

As was seen in the past, the Bureau continues to rely on its NTR for most of its operational (recurrent) budgetary support as government support is majorly to cover employee costs that account for approximately 76% of the government funding (i.e.shs8.6 billion out of shs11.4 billion).

The Bureau's fixed asset base continued to grow mainly due to the on-going capitalization of the construction costs at Bweyogerere. During the year, shs3.5 billion was spent and this resulted into partial completion of the premises ready for occupation in the next financial year.

Other than the capitalization of construction costs, the Bureau asset book value particularly in regard to office and laboratory equipment as well as motor vehicles declined by shs166,799,287. This requires immediate address as failure would lead to diminished capacity to provide quality assurance services to the public. The unfortunate implication of this is that repair and maintenance costs have been rising over the years amidst an almost static Bureau budget.

UNBS wishes to applaud and recognize development partners who have maintained the financial support to the Bureau through projects. This year's project support amounted to shs0.9 billion which is approximately 5% of the total revenue. Overall, the Bureau's total recurrent expenditure increased from shs13,661,002,298 to shs15,824,997,352 mainly due to increased project support, employee costs (due to staff replacement recruitments), travel abroad (Uganda chairing all the scheduled EAC meetings), and procurements for laboratory consumables.

Despite the increment in expenditure, the Bureau was able to control its indebtedness having reduced the creditors from shs3.27 billion to shs2.99 billion which is attributed to a reduction in trade creditors. However, there is urgent need to address arrears that has accumulated over the previous years totaling to over shs 2.06 billion. The indebtedness to statutory organizations arose from the budgetary cuts that were experienced in the years when UNBS' budget operated as a subvention under its parent ministry. This heavy debt burden continues to frustrate the Bureau's effort to effectively execute its mandate. We pray that government through the Ministry of Finance, Planning and Economic Development takes responsibility to clear them so that the Bureau can focus its resources

to standardisation and quality assurance activities needed to support the industrialisation/development effort.

5.1.2 Revenue and Non Tax Revenue (NTR) Performance

In the FY under review NTR performance was impressive having increased by 56% over the last FY. NTR also contributed 62% of the total recurrent expenditure excluding employee costs and this is an improvement over the previous year where NTR contributed slightly over 58%.

NTR posted a substantial increase by a factor of 55.7% (i.e. from shs3.8 billion to shs5.9 billion. and this was largely realized from PVoC that was implemented during the year. During the year under review, UNBS received Shs. 11,365,570,227 from government and internally generated revenue (NTR) amounted to shs.5, 978,692,863. Government continues to be a major revenue source and the proportion to total expenditure was 56.29% having declined from 69.08% that realised in FY2012/13. This trend, if maintained, will ensure realisation of UNBS objective to move towards financial self-sustainability relying mainly on NTR.

Tables 8: Summary of Revenue for FY 2013/14

Revenue source	FY2011/2 (shs)	FY2012/3 (shs)	FY2013/4 (shs)
Recurrent	7,396,285,387	7,720,235,269	8,050,656,023
Development	1,789,617,354	2,119,287,569	3,314,914,204
Total Government	9,185,902,741	9,839,522,838	11,365,570,227
Non-Tax Revenue (NTR)	3,731,339,359	4,217,006,597	5,978,692,863
Grand Total	12,917,242,100	14,056,529,435	17,344,263,090

The revenue, both Government and NTR, over-performed by about shs3,287,733,655 and this is attributed to reasons - increment in development budgetary support majorly for construction of shs1,195,626,635 and NTR of shs1,761,686,266 mainly arising from performance of PVoC.

5.1.4 NTR trends (Shs billion)

Income Item	2011/2012	2012/2013	2013/2014
Legal Metrology	1.76	1.92	2.42
Quality Assurance	0.58	0.76	0.80
Testing	0.74	0.80	0.84
Inspection	-	-	1.61
Others	0.65	0.34	0.31
Totals	3.73	3.82	5.98

Tables 9: Trends of Non-Tax Revenue for FY 2011- FY2013/14

Despite the increases in Government support over the years, the current total revenue of Shs17.344bn remains inadequate as the ideal budget requirement exceeded Shs 20bn so that UNBS build capacity to be able to provide standardisation and quality assurance services and fight the increasing influx of substandard goods on the market. Inadequate government financial support also explains why UNBS has remained critically understaffed and with insufficient resources to finance the day to day operations.

5.1.5 Government Budgetary support over the last five years:

FY	Total approved budget (000's)	Rec'nt approved (000's)	Actual Rec'nt expenditure (000's)	% Actual Rec'nt to budget	Dev't Budget (000's)	Actual Dev't release (000's).
2009/10	9,825,000	6,215,000	6,215,000	100%	3,610,000	3,542,832
2010/11	9,690,285	7,396,285	7,396,285	100%	2,294,000	1,789,617
2011/12	10,525,000	7,531,001	7,531,001	100%	2,994,000	2,295,500
2012/13	10,309,983	7,720,235	7,720,235	100%	2,589,748	2,589,748
2013/14	11,629,748	8,350,000	8,338,445	99.9	3,279,748	3,279,748

Tables 10: Budget performance between 2009/10 – 2013/14

- As indicated in the table above, there has been a gradual increase of resources available to UNBS and during the year, we received an additional shs1.32 billion compared to FY 2012/13. The increase in resources is however disproportionate to the existing demand for UNBS services and additional challenges arising from the global trends and requirements of the regional integration protocols.
- Comparatively, UNBS seems to be disadvantaged in as far as government financial support in concerned. Whereas total government expenditure has increase over the last five years from shs5.6 trillion to shs13.419 trillion, UNBS' budgetary support has just increased marginally from shs10.54 billion to shs11.63 billion (increment of shs1.09 billion). This is in spite of the reported annual growth rates of the economy over the same period. This definitely exerts a lot of pressure onto the meagre resources and compromises on the service delivery.

FY	Total Gov't Support (shs bns)	Recurrent Gov't Support (shs bns)	Payroll Costs (shs bn)	% of Payroll Costs to Recurrent Support	% of Payroll Costs to total Gov't Support
2009/10**	9.83	6.22	6.70	108%	68%
2010/11	9.96	7.40	7.40	100%	74%
2011/12	10.53	7.53	7.00	93%	67%
2012/13	10.31	7.72	6.81	88%	66%
2013/14	11.63	8.35	7.15	86%	61%

** Partly funded by the NTR.

Tables 11: Percentage of Pay roll costs to Recurrent and total Government between

2008/09 - 2013/14

- As can be noted from the table above most of the government's recurrent government support is directed to payroll costs leaving very minimal resources for operational activities. NTR therefore meets most of the Bureau's operational budgetary requirements. It is therefore apparent that UNBS will have to identify other NTR sources so that it gradually becomes more financially self-sustaining like the sister bureaux of Kenya and Tanzania where NTR contributes in excess of 80% of the total budget.
- As such, therefore, UNBS should continue lobbying government to allow for the introduction of other schemes such as the industrial levy and import inspection levy that are the two single biggest revenue sources for the sister East African bureaux (the two contribute over 55% of total revenue for KEBS and TBS).
- UNBS management will continue engaging with government especially the URA and the business community to ensure that PVoC is effectively implemented. This will enable the Bureau not only to stem the influx of substandard good into the country but also build capacity using the royalties received from the PVoC service providers.

5.2 Human Resource Development.

The main role of human resource function is to offer a supportive role with an objective of attracting; developing and retaining competent and motivated human resources to enable UNBS achieve its objectives. The current staffing level is at 235 and the desired staffing level is 473.

In 2013/14, various activities were undertaken to fulfill the above objectives including;

5.2.1 Recruitment

UNBS recruited eleven (11) staff in total last financial year that is nine (9) on long term contract and three (3) on short term contract terms. Two staff was recruited under Fuel Marking Project. Internship placement for 2014 was done and thirty (30) students from different universities were placed in different Departments for internship which ended on 15th August 2014.

1.1.2 Staff Training;

The following trainings were conducted;

- Negotiation skills training
- Finance management for non-Finance Managers
- Technical refresher training for Imports Inspection staff
- Thirteen (13) sponsored short courses abroad and four (4) in Uganda

5.2.3 Staff motivation schemes

Medical Scheme;

- 95% of UNBS staff are registered.
- Various review meetings have been conducted with the service provider for purposes of better service delivery.
- The running contract is expiring in December and the procurement process for the new service provider is ongoing.

Group personal insurance policy

- One member of staff was compensated under Staff Group personal insurance policy.
- The running contract is expiring in December and the procurement process for the new service provider is ongoing Gratuity

- o UGX. 286,755,767 was processed and paid as gratuity to staff.

1.1.4 The Human Resource Audit

- o The consultant has so far submitted the following reports;
- o Human Resource policies and procedures Manual
- o Restructuring report
- o Job evaluation and Salary survey report
- o Job Descriptions report
- o Competence profiles
- o Council and Management retreat was successfully organized to receive draft reports from the Consultant. Council and Management's comments and contributions were submitted for inclusion.
- o Various performance management trainings were organized for staff

1.1.5 Employee welfare

- o A six months contract was signed with Fitness 4 life Uganda to offer health and fitness services to staff. The health and fitness program is intended to enhance staff's quality of life through various health programs conducted at Lugoggo Cricket Oval.
- o In appreciation of Staff performance and contribution towards achieving UNBS' mandate, an end of year sports event was organized for all staff and a Christmas shopping voucher worth UGX. 180,000/= was given to every staff.
- o Health and wellness camps were organized for staff by AAR where staff received voluntary counseling, testing , health and wellness advice
- o Staff who lost their dear ones were supported as per the HR guidelines
- o UNBS continued to provide bouquets to staff upon giving birth
- o The provision of drinking water is steadfast

1.1.6 CHALLENGES

- Inadequate capacity in terms of staffing levels.
- Lack of adequate Staff Training
- Lack of a registry
- Inadequate funds to clear out standing terminal benefits and gratuity

Recommendations;

- Increase on the Budget ceiling to accommodate more staff or attract any other sources of funding.
- Lobbying Government and other relevant development partners for more training funding
- Need to designate space for registry
- Gratuity payments should be made first to the deceased, then follow the date of separation from UNBS service in a chronological manner.
- There is need to prepare adequately for the implementation HR Audit recommendations.
- Managers/ Supervisors are required to always evaluate staff performance under their respective Departments/Divisions and submit the appraisals in time latest by end of July.
- There is need to raise finances so as to implement first instalment of salary increment as proposed by Management and approved by Council.
- There is need to acquire an HR software to enable HR Department to capture and store data properly

1.3 Internal Audit

Internal Audit was established in 2006, seventeen years after birth of UNBS, firstly as unit and then fully fledged department with reporting relationship to the NSC Audit Committee and Executive Director. The department is responsible for provision of independent, objective assurance and consulting services that add value and contribute to continual improvement of the Bureau's operations. The primary focus of the Internal audit department is to provide NSC and Management with objective information to assist in determining whether the bureau operations are adequately controlled and the required degree of accountability is maintained over public funds as well as achievement of efficiency and effectiveness of bureau's business. To accomplish this; we perform audit reviews and provide a variety of assurance and consulting services to ensure reliability and integrity of financial records, compliance with established policies and procedures; accountability and protection of bureau's assets.

FY 2013/14 Service milestones

As in the past years, Internal audit undertook several assignments both planned and unscheduled which saw marked improvements in the reviewed functional areas.

- Treasury operations received continuous reviews throughout the year resulting in improved accountability pattern of funds disbursed. Similarly, the department got engaged in advisory and consulting roles to both executive and line management on the continuous basis. Other planned activities executed during the year were the Legal Metrology audit, Imports inspection audit and the financial statements review.
- Internal audit served as central point in monitoring projects jointly operated under collaborative arrangement between UNBS and its partners in Quality infrastructure & Standards program (QUISP) and the Fuel marking & quality monitoring program (FMP). The department undertook advisory role and review works on the QUISP and FMP activities resulting in better processes and transactions handling.
- To supplement and reinforce the PVoC audit efforts, the internal audit staff was part of the UNBS team that conducted reviews on the service providers' revenue and financial operations. This audit was done with a goal to provide assurance on reliability of reporting systems, compliance effort; and promote efficiency and accountability by service providers and minimize risks of loss. This engagement resulted in UNBS registering commendable contractual compliance milestones by the PVoC service providers.
- In a bid to promote good organizational practices and fulfil its secondary role in risk management, the department spearheaded the cultivation of road map for establishment of Risk management framework to assist in optimal navigation of bureau's risks. The department took the lead in the awareness creation to the UNBS Management and Audit Committee that has so far yielded positive acknowledgement at both levels. To this end, Risk management policy has been drafted and is under consideration by Management.
- Internal Audit treasures the role of capacity building initiatives in organizational effectiveness and service delivery. In response to identified training needs within the bureau, the department made presentations at workshop "Finance for non-

finance managers” aimed at equipping non finance leaders within the bureau with basic financial management skills to enable them effectively manage their functional areas. Additionally, the department has from time to time provided resource persons to facilitate in other areas like Quality Management Systems training programs among others.

5.4.1 Quality Management System

The department recognizes the role played by other assurance providers within the bureau, like QMS in promoting effective achievement of results and objectives. The QMS under leadership of the Quality Management Representative (QMR) has from time to time contributed to continual improvement of UNBS operations while keeping processes under control. The Internal audit department has always enjoyed good working relationship with the Quality team and often supported the QMS program in its activities. The FY 2013/14 saw the bureau host SANAS that successfully conducted external quality audits on both chemistry and microbiology laboratories. In the same vein, internal quality audits were conducted on Mass, chemistry and microbiology laboratories. All these have culminated into system improvements and constructive issue resolution in these reviewed areas. To date plans are in advanced stages to have Material laboratory accredited by SANAS.

5.4.2 Office of the Auditor General (OAG)

Internal audit reserves time to accommodate work arising from the OAG activities in the Bureau. During the year the audit office worked closely with OAG officials and coordinated implementation of recommendations arising from the annual external audit of UNBS financial statements 2011/12. This culminated into effective resolution of audit issues and unqualified audit opinion on the bureau’s financial statements.

5.4.3 NSC Audit Committee

Internal audit works with and reports to the Audit Committee as its functional supervisor. The Audit Committee provided ongoing advice and direction to the internal audit team. The team appreciates the support and valuable input provided by the members of the audit committee. The Audit Committee convened twice and discussions were held encompassing variety of topics and issues. Further, the Audit Committee received and considered periodic reports from the internal audit department; approved annual audit plan 2014/15 and reviewed and commented on UNBS Risk management roadmap.

In order to maintain its viability and continue to effectively serve the country, for 2014/15 the Bureau has taken on several strategic initiatives. While these initiatives present opportunities they can also introduce significant risks to the bureau. Internal audit is looking forward to work with Management to navigate these risks and provide assurance that existing internal controls and processes in place are optimized for effective and efficient risk mitigation and achievement of set objectives. Our services this year are designed to provide reliable, valued and reasonable assurance to Audit Committee and Management on effectiveness of governance, risk management and internal controls. We intend to align our processes to the UNBS silver jubilee thinking by doing our work in “Simpler, Faster and Better” manner and strive to engage and involve our clients.

PART 6

Financial Report (Unaudited)



UGANDA NATIONAL BUREAU OF STANDARDS
Statement of Financial Position as at 30th June 2014

ASSETS			
Non-Current Assets	Note	2014	2013
		UGX	UGX
Property, Plant & Equipment	1	11,757,900,282	7,882,277,737

Current Assets			
Accounts Receivables	2	334,212,571	537,995,579
Cash at Bank	3	1,176,194,244	1,659,662,703
Total Current Assets		1,510,406,815	2,197,658,282
Total Assets		<u>13,268,307,097</u>	<u>10,079,936,019</u>

EQUITY & RESERVES			
Capital & Reserves			
Capital		2,903,770,727	2,903,770,727
Cumulative Surplus/Deficit		7,357,111,124	3,891,194,204
Capitalised Grants	4	11,486,040	13,126,903
		10,272,367,891	6,808,091,834
Current Liabilities			
Accounts Payables	5	2,995,939,206	3,271,844,185
		2,995,939,206	3,271,844,185
Total Equity & Liabilities		<u>13,268,307,097</u>	<u>10,079,936,019</u>



UGANDA NATIONAL BUREAU OF STANDARDS

Statement of Comprehensive Income for the Year ended 30th June 2014

INCOME		2014	2013
Government Funding	Note 9	11,365,570,227	9,839,522,838
Non Tax Revenue	Note 10	5,978,692,863	3,838,123,828
Project Income	Note 11	938,346,548	386,445,409
Total Income		18,282,609,638	14,064,092,075

LESS EXPENDITURE:			
Employee Costs	Note 6	8,622,529,178	7,458,988,490
Medical Expenses		179,406,156	273,153,985
Offices Expenses/Welfare	Note 7	1,017,966,862	883,169,685
Travel Inland/Abroad	Note 8	1,604,822,416	1,191,875,060
Staff Training/Workshops		114,048,825	241,496,154
Laboratory Chemicals/Consumables		504,610,872	273,739,046
Laboratory Repairs		119,115,120	67,553,930
Utilities		159,038,720	125,207,479
Legal Fees		13,450,000	29,460,000
Printing & Stationery		195,196,337	327,685,525
Operation & Maintenance of Vehicles		613,992,731	766,059,168
Security		101,650,542	77,939,440
Contribution to Intern'l & Local Org.		123,736,135	156,997,307
Advertising/Publicity & Newspapers		281,233,326	171,838,779
WHT Expenses		-	9,904,117
Technical Committee Expenses		41,787,500	154,537,600
Death Benefits		15,060,000	22,153,171
Bank Charges		32,309,895	24,241,395
Office Accommodation		543,100,384	537,648,176
NSC Expenses		107,495,015	90,395,231
Projects Expense		647,031,360	192,479,286
Telephone/Postages Expenses		186,496,698	173,452,233
Consultancy Expenses		77,437,686	24,388,380
Gazetting Standards		105,943,345	-
Foreign Exchange Loss		26,695,412	-
Depreciation of Assets		390,842,837	386,638,661
		15,824,997,352	13,661,002,298
Surplus/Deficit		2,457,612,286	403,089,777

UGANDA NATIONAL BUREAU OF STANDARDS
Statement of Cash flows as at 30th June 2014

Cash Flow from Operating Activities	Notes	Year 2014	Year 2013
Surplus/Loss for the Year		15,824,997,352	403,089,777
Depreciation for the year	1	26,695,412	386,638,661
Prior Adjustment		1,008,304,634	(256,036,507)
Operating Surplus before change in working capital		16,859,997,398	533,691,931
Changes in Working Capital			
Changes in Accounts Payables		(275,904,979)	1,117,244,751
Changes in Accounts Receivables		203,783,008	100,741,167
		16,787,875,427	1,751,677,849
Cash Flow from Investment Activities			
Purchase of Fixed Assets		(12,698,536,408)	(2,529,458,540)
Fixed Assets Adjustments		(539,466,798)	-
		3,549,872,221	(777,780,691)
Changes in Cash & Cash Equivalent			
Cash & Cash equivalent at the beginning of the year		1,659,662,703	2,437,443,394
Cash & Cash equivalent at the end of the year	2	5,209,534,924	1,659,662,703



UGANDA NATIONAL BUREAU OF STANDARDS

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