

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

REPORT AND OPINION OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF ADJUMANI TOWN COUNCIL
ADJUMANI DISTRICT
FOR THE YEAR ENDED 30TH JUNE, 2014

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FOR THE YEAR ENDED 30TH JUNE, 2014

THE HON. SPEAKER OF PARLIAMENT

I have audited the financial statements of Adjumani Town Council for the year ended 30th June 2014. These financial statements comprise of the statement of financial position as at 30th June, 2014, statement of financial performance, statement of changes in equity, Cash flow statement, together with other accompanying statements, notes and accounting policies.

Management responsibility for the Financial Statements

Under Article 164 of the Constitution of the Republic of Uganda and section 65 and 86 of the Local Governments Act, 1997 (as amended), the Accounting Officer is accountable to Parliament for the funds and resources of the Local Government. The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the Local Governments Financial and Accounting Manual, 2007, and for such internal control as management deems necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

My responsibility as required by Article 163 of the Constitution of the Republic of Uganda, Section 87 of the Local Governments Act and Sections 13, 16 and 19 of the National Audit Act, 2008 is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements as well as evidence supporting compliance with relevant laws and regulations. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Part "A" of my report sets out my unqualified opinion on the financial statements. Part "B" which forms an integral part of this report presents in detail, all the significant audit findings made during the audit which have been brought to the attention of management.

PART "A"

Unqualified Opinion

In my opinion, the financial statements of Adjumani Town Council as at 30th June 2014 are prepared, in all material respects, in accordance with the Local Governments Financial and Accounting Manual, 2007, Section 31(6) of the Public Finance and Accountability Act 2003, the Local Governments Financial and Accounting Regulations, 2007 and the Local Governments Act cap 243 (as amended), of the Laws of Uganda.



John F.S. Muwanga

AUDITOR GENERAL

20th February, 2015

PART "B"

ADJUMANI TOWN COUNCIL DETAILED REPORT OF THE AUDITOR GENERAL FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2014

1.0 Introduction

In accordance with Article 163(3), of the Constitution of the Republic of Uganda I am required to audit and report on the public accounts of Uganda that is to say, all public offices including the courts, the central and the local government administrations, universities and public institutions of the like nature and any public corporation or other bodies or organizations established by an Act of Parliament. Accordingly, I carried out the audit of Adjumani Town Council to enable me report to Parliament.

2.0 Audit Objectives

The audit was carried out in accordance with International Standards on Auditing and accordingly included a review of the accounting records and agreed procedures as was considered necessary. The audit was carried out with regard to the following objectives:-

- a. To verify whether the financial statements have been prepared in accordance with the requirements of the Local Governments Financial and Accounting Manual, 2007 and the Local Governments Financial and Accounting Regulations,2007; and fairly present the income and expenditures for the year and of the financial position as at the end of the year.
- b. To verify whether all the funds of the entity were utilized with due attention to economy and efficiency and only for the purposes for which the funds were provided.
- c. To verify whether the goods and services financed have been procured in accordance with the PPDA Act.
- d. To evaluate and obtain sufficient understanding of the internal control structure of the entity, assess control risk and identify reportable conditions, including material internal control weaknesses.

- e. To verify whether the management of the funds of the entity was in compliance with the Government of Uganda financial regulations.
- f. To verify whether all necessary supporting documents, records and accounts have been kept in respect of all activities, and are in agreement with the financial statements presented.

3.0 Audit Methodology

The following audit procedures were undertaken:-

a. Revenue

Obtained all schedules of all revenues collected and reconciled the amounts to the cashbooks and bank statements of the entity.

b. Expenditure

The payments vouchers of the entity were examined for proper authorization, eligibility and budgetary provision, accountability and support documentation.

c. Internal Control System

Reviewed the internal control system and its operations to establish whether sound controls were applied throughout the period.

d. Procurement

Reviewed the procurement of goods and services under the entity during the period under review and reconciled with the approved procurement plan.

e. Fixed Assets Management

Reviewed the use and management of the assets of the entity during the period under review.

f. Financial Statements

Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessed the accounting principles used and significant estimates made by management; as well as evaluated the overall financial statement presentation.

4.0 Entity Financing

Adjumani Town Council is financed by grants (Conditional and Unconditional) from the Central Government; development partners; and locally generated revenues from taxes, fees, licenses and charges. During the year, the Town Council received grants totaling to UGX.558,269,201 from the Central Government; and donations and UGX 409,069,440 from locally generated revenues. The total revenue of UGX 967,338,641 constituting 93.7% of its revised approved budget estimates of UGX 1,032,017,695.

5.0 Detailed Audit Finding

This section outlines the detailed audit finding, management response thereof and my recommendation;

5.1 Understaffing

The Town Council has a staff structure of 63 approved posts. However, out of the 63 approved posts, only 36 are filled leaving 27 posts vacant representing 43% of the staff establishment as shown below;

S/n	Departments	As per 2005 Restructuring (Approved structure)	Status	Gaps
1	Town Clerk's officer	2	2	Nil
2	Administration	19	12	7
3	Internal Audit	3	1	2
4	Finance	10	6	4
5	Technical works	15	8	7
6	Community	3	1	2
7	Public Health	8	6	2
8	Production & Marketing	3	Nil	3
	Sub-total	63	36	27

Understaffing undermines service delivery.

The Accounting officer attributed the matter to the ban on recruitment by the Ministry of Public Service and the limited allocation of funds for the wage bill.

I advised the Accounting Officer to engage the district and ensure that the vacant posts are filled.