

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

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

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THE RT. HON. SPEAKER OF PARLIAMENT

I have audited the accompanying financial statements of Bombo 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's Responsibility for the Financial Statements

Under Article 164 of the constitution of the Republic of Uganda, 1995, and section 65 and 86 of the Local Government Act 1997, as amended, the Accounting Officer is accountable to Parliament for the funds and resources of Bombo Town Council. The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the Local Governments Financial and Accountability 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 statements based on my audit. I conducted the audit in accordance with International Standards on Auditing (ISA)/International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that I comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain 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 controls relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances but not for purposes 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 this 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 Bombo 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"

BOMBO 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 the Bombo 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 Government 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 and confirm 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 ascertain 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 Council, assess control risk and identify reportable conditions, including material internal control weaknesses
- e. To verify and confirm whether management of the funds of the entity was in compliance with the Government of Uganda financial regulations.

- f. To verify and confirm 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 payment 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

Bombo Town Council is financed by grants (Conditional and Unconditional) from the Central Government; donations and locally generated revenues from taxes, fees, licenses and charges. During the year, the Town Council received grants totaling to UGX.729,386,288 from the Central Government; and UGX.49,772,450 from locally generated revenues. The total revenue of UGX.779,158,738 constituting 98% of its approved budget estimates of UGX.791,467,913.

5.0 DETAILED AUDIT FINDINGS

This section outlines the detailed audit findings, management responses thereof and my recommendations.

5.1 Lack of a Valuation list

Section 4 of the Rating Act states that, a local authority shall cause to be made for every rating area, within its limits the first valuation list and thereafter a valuation list once at least in every five years, or such longer period as the minister may approve.

It was however observed that property valuation by Bombo town council was last done in 2006. In absence of a valuation list, the council may not realistically estimate property tax and maximize its potential.

The Accounting Officer attributed the anomaly to lack of funding, but the item was included in the budget for FY2014/2015.

I advised the Accounting Officer to expedite the valuation process.

5.2 Understaffing

The staff establishment of the Town Council had 65 approved posts. However, out of the approved posts of 65, only 33 were filled leaving a balance of 32 posts vacant representing 49% as shown in **Appendix 1**. Under staffing undermines service delivery.

Management stated that submissions were made to the service commission on the vacant posts and a response is awaited.

5.3 Lack of Land Titles

Section 58(4) of the LGFAR, 2007 requires properties and assets of a Local Government to be properly registered, titles issued and valued. However, it was noted that the Town Council did not have land titles for its land at Bombo central market compost pit; abattoir and for the health centre II. There is a risk of encroachment on the properties. As a result, I could not confirm that the land is owned by the Town Council.

Management explained that the process of acquiring the title deeds had started and is ongoing.

I advised the Accounting Officer to ensure that the land is surveyed and titles secured to guarantee its ownership.

Appendix 1 : Understaffing

	Proposed establishment	Salary scale	FILLED	Variance
OFFICE OF THE TOWN CLERK				
Town Clerk (Principal Township Officer)	1	U2	0	1
Personal Secretary	1	U4	1	0
Driver	1	U8	1	0
Sub Total	3		2	1
ADMINISTRATION				
Senior Assistant Town Clerk	1	U3	1	0
Personal Officer	1	U4	0	1
Clerk Assistant	1	U4	1	0
Stenographer Secretary	1	U5	0	1
Assistant Records Officer	1	U5	0	1
Office Supervisor	1	U6	1	0
Senior Enforcement Officer	1	U5	1	0
Town Agent	3	U7	3	0
Law Enforcement Assistant	4	U7	4	0
Office Typist	1	U7	1	0
Driver	2	U8	2	0
Askari	2	U8	2	0
Office Attendant	2	U8	2	0
Sub total	21		18	3
FINANCE AND PLANNING				
Senior Treasurer	1	U3	1	0
Assistant Statistical Officer	1	U5	0	1
Senior Accounts Assistant	1	U5	0	1
Assistant Tax Officer	1	U6	0	1
Accounts Assistant	5	U7	2	3
Office Typist	1	U7	0	1
Office Attendant	1	U7	1	0
Driver	1	U8	0	1
Sub total	12		4	8
COMMUNITY BASED SERVICE				
Senior Community Development Officer	1	U3	1	0
Assistant Community Development Officer	1	U6	0	1
Assistant Labour Officer	1	U6	0	1
Sub total	3		1	2
WORKS				
Town Engineer (Senior Engineer)	1	U3	1	0
Assistant Engineering Officer	2	U5	0	2
Assistant Water Officer	1	U5	1	0
Assistant Physical Planner	1	U5	1	0
Land Supervisor	1	U6	0	1
Engineering Assistant	1	U7	0	1
Surveying Assistant	1	U8	0	1
Office Attendant	2	U8	0	2
Driver	2	U8	0	2
Porter	3	U8	0	3
Plumber	1	U8	0	1
Machine Operator	1	U8	0	1
Machine Attendant	1	U8	0	1
Sub total	18		3	15
INTERNAL AUDIT UNIT				

Senior Internal Auditor	1	U3	1	0
Examiner of Accounts	2	U5	1	1
Sub total	3		2	1
PUBLIC HEALTH				
Principal Health Inspector	1	U3	0	1
Health Inspector	1	U5	1	0
Health Assistant	1	U7	1	0
Office Typist	1	U7	1	0
Office Attendant	1	U8	0	1
Sub total	5		3	2
GRND TOTAL	65		33	32