

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

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

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FOR THE YEAR ENDED 30TH JUNE 2014

THE RT. HON. SPEAKER OF PARLIAMENT

Introduction

I have audited the accompanying financial statements of BusembatiaTown 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 8 of the Public Finance and Accountability Act, 2003 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 responsible for the preparation of financial statements, in accordance with regulation 68 of the Local Governments Financial and Accounting Regulation, 2007 and for such internal controls as management determines necessary to enable the preparation of financial statements that are free from material misstatements 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 Government 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 my audit in accordance with the International Standards on Auditing(ISA)/ International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that I comply with 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 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 unqualified 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 Busembatia 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"

BUSEMBATIA 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 and of 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 Busembatia 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 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 the 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 various departments 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

Busembatia 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 Council received grants totaling to UGX.536,737,271 from the Central Government; and UGX.199, 172,820 from locally generated revenues. The total revenue of UGX.735, 910,091 constituting 87.7% of its approved budget estimates of UGX.839, 017,625.

5.0 DETAILED AUDIT FINDING

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

5.1 Lack of Land Titles

Regulation 58 (4) of the LGFAR 2007, requires the properties and assets of a local government to be properly registered, titles issued and valued. It was however, observed that Busembatia Town Council did not have land titles for the land on which its properties are located.

Lack of land titles creates a risk of encroachment.

I advised the Accounting Officer to ensure that the Council land is titled.