

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

REPORT AND OPINION OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF BUTAMBALA DISTRICT LOCAL
GOVERNMENT
FOR THE YEAR ENDED 30TH JUNE, 2014

REPORT AND OPINION OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF BUTAMBALA DISTRICT LOCAL
GOVERNMENT FOR THE YEAR ENDED 30th JUNE 2014

THE HON. SPEAKER OF PARLIAMENT

Introduction

I have audited the accompanying financial statements of Butambala District for the year ended 30th June, 2014. These Financial statements comprise 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, 1995, and section 64 and 86 of the Local Government Act 1997, (as amended), the Accounting Officer is accountable to Parliament for the funds and resources of Butambala district . The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the Local Government 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 Government 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 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 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 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 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 Butambala District 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 Government 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

24th February, 2015

PART "B"

BUTAMBALA DISTRICT 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 Butambala District 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 and confirm whether the financial statements have been prepared in accordance with the requirements of the Local Government 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 Council funds were utilized with due attention to economy and efficiency and only for the purposes for which the funds were provided.
- c. To verify and confirm 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 the 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

Butambala District 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 district received grants totaling to UGX 11,120,755,465 from the Central Government; UGX 30,497,460 from donations; and

UGX 91,171,695 from locally generated revenues. The total revenue of UGX 11,242,424,620 constituting 99% of its approved budget estimates of UGX 11,272,998,000.

5.0 DETAILED AUDIT FINDINGS

This Section outlines the detailed audit findings, management responses and my recommendations in respect thereof.

5.1 Local Revenue Shortfall

Regulation 32 of the local Government's Financial and Accounting regulations, 2007 requires the Head of Finance to ensure that all revenue due to council is promptly collected. Contrary to the above requirement, management collected only UGX.91,171,695 of the approved local revenue budget of UGX.113,331,000 leading to a shortfall of UGX.22,159,305 representing 20% of the budgeted amount. Under collection of revenues impairs national development goals and implementation of planned activities of the district.

Management attributed the shortfall to lack of sufficient manpower in the finance department.

I advised management to revise its existing revenue collection strategies for better performance.

5.2 SERVICE DELIVERY

5.2.1 Understaffing

The approved establishment of the district has 365 posts. However, out of the 365 approved posts, only 201 were filled leaving a balance of 164 vacant posts, representing 44% of the approved establishment. The details are in **Appendix 1**. Understaffing undermines service delivery.

The Accounting Officer explained that he had obtained clearance for recruitment of a number of positions from the Ministry of Public Service for the Financial Year 2014/2015.

The Accounting Officer was advised to ensure that the vacant posts are filled.

5.2.2 Audit Inspection – Gombe Hospital

The audit inspection of the district hospital revealed the following shortcomings;-

(a) Expired drugs

The National Medical Stores is responsible for collecting expired drugs for disposal. A large amount of drugs supplied to the Hospital by National Medical Stores (NMS) had expired as shown in **Appendix 2**.

However, it was observed that despite several reminders by management to NMS to collect the drugs, no response had been received.



Pictures showing boxes and tins of expired drugs at Gombe Hospital

I advised the Accounting Officer to follow up the matter with NMS to ensure that the expired drugs are collected and disposed off.

(b) Condition of staff houses and wards

It was observed that a number of staff houses and wards have not been renovated for quite a long time. Most structures had leaking roofs, cracked and rough floors and blocked sewage systems.

The Accounting Officer explained that the hospital complex was overdue for major renovation whose cost is beyond the budget of the district.

I advised the Accounting Officer to lobby the Ministry of Health to ensure that the hospital staff houses and wards are renovated.

5.3 Non Remittance of Conditional Grant to Gombe Town Council

Regulation 39 of Local Government Financial and Accountability Regulations, 2007, requires the district to remit shared revenue collections to lower Local Governments. Documentation review revealed that a total of UGX.18,651,313 of conditional grant for the year 2010/2011 was not remitted to Gombe Town Council at the close of the financial year under review contrary to the regulations. Delayed remittance of

revenue to lower local Governments adversely affects implementation of planned activities at lower councils, leading to poor service delivery.

I advised the Accounting Officer to remit the shared local revenue to Gombe Town Council as required by law.

5.4 Lack of IT Policy

Section 110 of the LGFRA (2007) requires the Chief Executive to designate an officer to ensure that adequate information and communication technology policies are established and are applied to enable adequate security and protection over computers and of data held on computers or information systems operated by the council. At the time of audit, the district had not established an IT policy. Misuse of computer equipment, loss of vital data and information and theft may not be ruled out.

According to management, the district planner who is also the IT focal person has been tasked to develop the IT policy and submit it to management very soon.

I advised the Accounting Officer to expedite the process of developing the IT Policy.

APPENDICES

Appendix 1: Understaffing

Department	Establishment	Filled	Vacant
CAO's Office			
Chief Administrative Officer	1	1	1
Personal Secretary	1	1	1
Driver	1	1	1
Subtotal	3	3	3
Administration			0
Deputy Chief Administrative Officer	1	1	0
Principal Assistant Secretary	1	1	0
Principal Personnel Officer	1	0	1
Senior Personnel Officer	1	1	0
Asst. Chief Admn Officer (SA)	1	0	1
Senior Records Officer	1	0	1
Personnel Officer	1	0	1
Records Officer	1	1	0
Information Officer	1	1	0
Assistant Records Officer	1	1	0
Stenographer Secretary	2	1	1
Pool Stenographer	1	0	1
Office Attendant	2	1	1
Driver	5	1	4
Subtotal	20	9	11
Audit			
Principal Internal Auditor	1	0	1
Internal Auditor	1	1	0
Examiner of Accounts	2	2	0
Subtotal	4	3	1
STATUTORY BODIES			0
Principal Personnel Officer	1	0	1
Clerk to Council/Senior Assistant Secretary	1	0	1
Secretary District Land Board/Senior Assistant Secretary	1	0	1
Clerk Assistant	1	0	1
Assistant Records Officer	1	1	0
Pool Stenographer	1	0	1
Office Attendant	2	0	2
Subtotal	8	1	7
Finance department			

Chief Finance Officer	1	1	0
Senior Accountant	1	1	0
senior finance officer	1	1	0
Accountant	1	0	1
Finance Officer	1	1	0
Senior Accounts Assistant	4	0	4
Stenographer Secretary	1	0	1
Accounts Assistant	5	3	2
Office Attendant	1	1	0
Subtotal	16	8	8
Procurement Unit			
Senior procurement officer	1	1	0
Procurement officer	1	0	1
Assistant procurement Officer	1	1	0
Subtotal	3	2	1
PLANNING UNIT			
District Planner	1	0	1
Senior Planner	1	1	0
Population Officer	1	0	1
Statistician	1	1	0
Stenographer Secretary	1	0	1
Subtotal	5	2	3
WORKS DEPARTMENT			
District Engineer	1	0	1
Senior Civil Engineer	1	1	0
Superintendent of Works(building and roads	2	1	1
Water officer	1	1	0
Pool Stenographer	1	0	1
Assistant Engineering officer(water and mechanical	2	1	1
Road Inspector	1	1	0
Engineering Assistant	2	0	2
Bore hole maintenance Technician	1	1	0
Office Attendant	1	1	0
Plant Operator	2	0	2
Driver	1	2	-1
Subtotal	16	9	7
EDUCATION DEPARTMENT			0
District Education Officer	1	1	0
Senior Education officer	1	0	1
Senior Inspector of SCHOOL	1	1	0

Sports officer	1	1	0
Education officer	2	1	1
Inspector of schools	1	1	0
Office typist	1	1	0
Office Attendant	1	1	0
Subtotal	9	7	2
COMMUNITY BASED SERVICES DAPARTMENT			
District community Development Officer	1	0	1
Senior Community Development officer	1	1	0
Probation and welfare officer	1	1	0
Labour officer	1	0	1
Office Typist	1	0	1
Office Attendant	1	0	1
Subtotal	6	2	4
Natural Resource Department			
District Natural Resources officer	1	0	1
Senior Land Management officer	1	0	1
Senior Environment officer	1	0	1
Physical planner	1	1	0
Registrar of Titles	1	0	1
Environment officer	1	1	0
Forestry Officer	1	1	0
Surveyor	1	1	0
Cartographer	1	0	1
Assistant Records Officer	1	0	1
Forest Ranger	1	1	0
Office Typist	1	0	1
Office Attendant	1	0	1
Forest Guard	3	2	1
Subtotal	16	7	9
Production and marketing department			
District Production Coordinator	1	1	0
Principal Commercial Officer	1	0	1
Principal Agricultural Officer	1	0	1
Principal Veterinary Officer	1	0	1
principal fisheries officer	1	0	1
principal Entomologist	1	0	1
Senior Commercial Officer	1	0	1
Senior Agricultural officer	1	0	1
Senior Agricultural Eng (Water for production)	1	0	1
Senior Veterinary officer	1	1	0

Senior fisheries officer	1	0	1
Senior Entomologist	1	0	1
Animal Husbandry officer	1	0	1
Fisheries officer (Aqua culture)	1	0	1
Vermin Control Officer	1	0	1
Stenographer Secretary	1	0	1
Office Typist	1	0	1
STORES Assistant	1	0	1
Office Attendant	1	1	0
Driver	1	1	0
Sub total	20	4	16
Health Service Department			
District Health Officer	1	1	0
Assistant Health Officer(Environmental health	1	0	1
Assistant District Health Officer (maternal child Health/Nursing	1	0	1
Senior Health Educator	1	0	1
Bio Statistician/Health Information	1	0	1
Stenographer Secretary	1	0	1
Cold Chain Technician	1	1	0
Stores Assistant	1	0	1
Office Attendant	1	1	0
Driver	1	1	0
Subtotal	10	4	6
SUB COUNTIES			
Sub county Chief/SAS	5	5	0
Community Development Officer	5	3	2
Senior Accounts Assistant	5	2	3
Assistant Community Development	5	1	4
Accounts Assistant	5	5	0
Parish chief	25	23	2
Office typist	5	1	4
Office Attendant	5	5	0
District Subtotal	60	45	15
District Grand total	199	106	93
Gombe Hospital	166	95	71
Grand Total	365	201	164

Appendix 2: Expired drugs at Gombe hospital

EXPIRY DATE	EXPIRED ITEM	BATCH NO.
5/14	FANSIDAR	01112
5/14	AMINOPHELINE	11562
4/14	ANTI SNAKE	046D0
3/14	DUOUI-PAED	001
6/13	CEFIXIME	Y4901008
6/14	BENZA	6241106

7/14	PROMETHAZINE	P21105
7/14	CHLORPROMETTE	T1470
6/14	FERROUS	T1453
3/14	VENTOLIN	T711
4/14	FRUSEMIDE	T1308
8/14	FUSEMIDE	T15253
7/14	AMPITROCIRIN	A3012052
5/14	C'PHENICOL	C058
8/14	DIAZAP	TH124
6/14	MEBENDAZOLE	N060
7/14	PROMETHAZINE TAB	PZ1102
7/14	PROMETHAZINE TAB	PZ1104
7/14	PROMETHAZINE TAB	PZ1106
9/13	ARTHEMETER/ LUMEF (12)	F0572
7/13	ARTHEMETER/ LUMEF (6)	F6498
12/13	ZINC SULPHATE	E128
9/13	ZINC SULPHATE	E114
1/14	ARTEMETER	5X12035
1/14	GENTAMICINE	110104
10/13	MEBENDAZOLE	
10/13	ZIDOVUDINE	
1/14	FOLIC ACID	N009
1/14	FOLIC ACID	N010
1/14	FOLIC ACID	N015
4/13	PROMETHAZINE	T0687
4/13	PROMETHAZINE	T0646
4/14	PROMETHAZINE	T1319
2/12	CHLORPROM	090480
12/13	FERROUS	T1115
12/13	CHLORAPHENAM	NO11
12/13	RHEZ	SLD07
12/13	RHEZ	SL29
12/13	ABACAR 3TC	K20090
12/13	RH 60/30 MG	SL29
12/13	PEHIIDINE	1200010
1/14	PEHIIDINE	1205734
1/14	GENTAMYCINE	110104
2/14	INJECTION ATROP	110318
3/14	SALBAM	
2/14	DIGOXIN	ET101X
2/14	LAZIX	
3/14	NIFEDIPIN	
5/14	PEHIDINE	1220985
5/14	DIGOXIN	
4/14	MAGNESIUM	
5/14	RHEZ	
5/13	VALETRA	6034829
5/13	FANSIDA	
8/13	NIFEDIP	B17800
8/1	CLOXA	XB11122
7/13	NYSTAT	L891

9/13	EPINEPHRINE	091005
6/13	DIAZAP	FHO16
12/13	PETHIDEPIE	1200010
8/13	PHENOB	2510
9/13	CIPROBID	02111
8/13	FRUSEMIDE	T0518
10/13	FRUSEMIDE	T0634
9/13	FOLIC	N005
10/13	DENDRO	T0168
2/13	MAGNESIUM	331
9/13	ERGONETRIN	EF109
1/13	CHLOPROMAZIN	10011
3/13		