

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

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

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

THE RT. HON. SPEAKER OF PARLIAMENT

I have audited the accompanying financial statements of Kakoogie 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, the Accounting Officer is accountable to Parliament for the funds and resources of Kakoogie 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 preparation of the entity 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 Kakooge 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"

KAKOOGI 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 Kakoogi 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 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 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

Kakooge 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.318,619,628 from the Central Government; UGX.5,050,000 from donations; and UGX 54,428,300 from locally generated revenues. The total revenue of UGX.378,097,928 constituting 96% of its approved budget estimates of UGX.392,495,736.

5.0 DETAILED AUDIT FINDINGS

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

5.1 Understaffing

The staff establishment revealed 42 approved posts. However, out of the 42 posts, only 23 were filled leaving 19 posts vacant representing 45.2% of the approved structure as shown below;-

Understaffing

	Department	Approved	Filled	Vacant Posts
1	Office of the Town Clerk	5	2	3
2	Administration	13	9	4
3	Finance & Planning	8	5	3
4	Works & Technical Services	7	3	3
5	Community Based Services	4	3	1
6	Internal Audit	3	1	2
7	Environmental Health	2	1	1
	Total	42	23	19

Under staffing undermines service delivery.

The Town Clerk explained that management had plans to submit the request for recruitment but the District Service Commission was non-functional.

I advised the Town Clerk to submit the request for the vacant positions to be filled as soon as the District Service Commission becomes functional.

5.2 Debts

Section 2.3.2.3 of the Local Governments Financial and Accounting Manual, 2007 requires debts to be collected promptly. However contrary to this provision, a sum of UGX.7,696,500 of receivables remained outstanding at the year end. Outstanding debtors represent idle funds which could be used to provide services to the community.

The Accounting Officer explained that efforts were being made to recover the outstanding balances from different revenue sources.

I advised the Accounting officer to initiate measures to ensure that the funds are recovered.

5.3 Lack of approved structural and detailed Town Council plan

Section 10(1) of the Town Council Planning Act, cap 256 regarding preparation of an outline scheme requires the board, in respect of any area declared a planning area to prepare an outline scheme in respect of the area. Section (3) requires every outline scheme to specify and define clearly the area to which it relates. However, the town council had not developed a structural plan by the time of audit contrary to the Act. Lack of town planning may lead to unplanned developments.

The Town Clerk explained that sketch maps had been developed for all the wards, all boundaries marked and the process was on-going and was expected to be completed in the next three years.

I advised the Accounting officer to expedite the process of developing a structural plan and detailed physical plan to enable planned development.

5.4 Lack of Land Title

Local Governments Financial and Accounting Regulations 2007, Regulation 58 (4) requires Government property to be registered and titles issued. However, contrary to the regulation, the town council did not have land titles for its land measuring approximately 2 acres worth UGX.5,000,000 at Kyansimbi village. In the absence of land titles, council land is at risk of encroachment.

The Town Clerk explained that the process of surveying and processing the land title had started and will be completed in the 2014/2015 financial year.

I advised the Accounting Officer to expedite the process of acquiring the land titles.